WorleyParsons

resources & energy

Annual Report 2010

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EcoNomics™ Delivering profitable sustainability

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

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

Contents

Annual General Meeting

WorleyParsons' 2010 AGM will be held on Tuesday 26 October 2010 commencing at 2.00pm (AEST) at the Westin Hotel, No 1 Martin Place, Sydney, NSW 2000

OUR VISION

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

Leadership

- Committed, empowered and rewarded people
- EcoNomics™ – Delivering profitable sustainability
- Integrity in all aspects of business
- Energy and excitement
- Minimum bureaucracy

Agility

- Smallest assignment to world scale developments
- Local capability with global leverage
- Responsive to customer preferences
- Optimum solutions customized to needs

Relationships

- Rapport with all stakeholders
- Open and respectful
- Collaborative approach to business

Performance

- Zero harm
- Results for our customers and employees
- Creating wealth for our shareholders
- World class resources, capability and experience

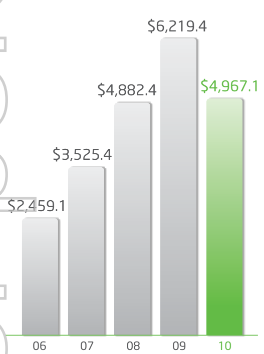
Group Financial Highlights

Five year performance at a glance

$m	2006	2007	2008	2009	2010	% change
Aggregated revenue[1]	2,459.1	3,525.4	4,882.4	6,219.4	4,967.1	–20.1%
EBITDA	219.9	353.4	587.0	693.2	519.3	–25.1%
EBITDA margin	8.9%	10.0%	12.0%	11.1%	10.5%	
Net profit after tax	139.1	224.8	343.9	390.5	291.1	–25.5%
Net profit margin	5.6%	6.4%	7.0%	6.3%	5.9%	
Cash flow from operations	115.7	195.9	198.8	546.4	279.6	–48.8%
Return on equity	32.1%	31.3%	24.5%	25.4%	16.7%	
Basic EPS normalized[2,3] (cents)	66.9	105.4	153.4	172.8	127.9	–26.0%
Basic EPS (cents)[3]	66.3	101.8	142.5	161.1	118.5	–26.4%
Dividends (cents)	41.0	60.5	85.5	93.0	75.5	–18.8%

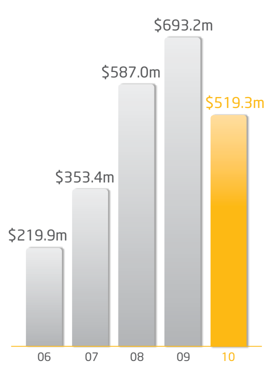
1 Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest income. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.
2 Before amortization of intangibles including tax effect of amortization expense.
3 Basic and normalized EPS for the financial years to 2006 have been adjusted to be comparable to 2007 as a result of the rights issue in March 2007 where shares were issued at a discount to market price.

Revenue



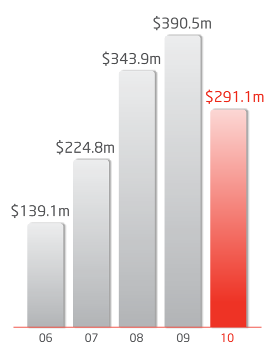
The result was earned on aggregated revenue of $4,967.1 million, a decrease of 20.1% on the $6,219.4 million reported in 2009.

EBITDA



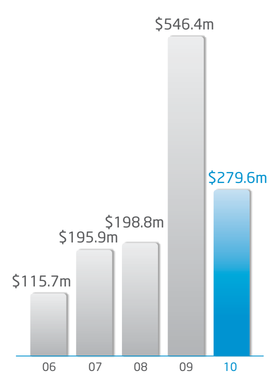
EBITDA for the year was $519.3 million, a decrease of 25.1% from the $693.2 million reported in 2009.

Net profit after tax



The full year result for 2010 was $291.1 million, a decrease of 25.5% over the $390.5 million net profit reported in 2009.

Cash flow from operations



Cash flow from operations was $279.6 million, a decrease of 48.8% from the $546.4 million reported in 2009.

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Right: John Grill
Chief Executive Officer

Left: John M Green
Acting Chairman and
Non-Executive Director

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Chairman's Review

Today we operate in some of the world's most demanding physical environments, bringing unique solutions to our clients. Throughout our more than 39 year history we have adapted to numerous economic cycles and rapidly changing global markets.

The past year has been challenging as the impacts of the global financial crisis continue to be felt in a number of key areas in which we operate.

Given this backdrop and the obvious negative impact this has had on WorleyParsons' financial performance, the Board believes the result delivered is a testament to the Company's resilience, its well developed diversification strategy and an indicator of the opportunities for future growth.

Even in this prevailing operating environment, a number of the regions in which we operate – particularly the Middle East and Australia – performed ahead of our expectations. By comparison, our businesses in North American downstream hydrocarbons and power markets performed poorly.

While the overall financial result was disappointing in the context of strong year–on–year growth since listing in 2002, the Company remains highly profitable with strong financial capacity.

The management team, and the broader WorleyParsons workforce, performed strongly during the year in this challenging environment.

In line with our previously stated aim of aligning shareholder returns with remuneration structures, our 2010 financial result will not trigger payment of employee short-term performance incentives. In a company as diverse as WorleyParsons our success is the result of the efforts of many thousands of people worldwide. However the reality of a year like this is that the large number of our people who have delivered extremely well must also share the impacts of lower performance elsewhere.

The Board is confident that WorleyParsons is emerging from this period a much stronger company and that there are clear signs of future growth emerging.

A prudent focus on cash flow, as well as an early initiative on cost control, meant the Company was well positioned heading into the global financial crisis. As a consequence, WorleyParsons was one of few large Australian companies which did not need to raise equity during this period and was able to refinance lending facilities on acceptable terms.

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WorleyParsons reported a net profit after tax for the year of $291.1 million, a decrease of 25.5% on the prior year and the first such decrease in more than 12 years.

FINANCIAL PERFORMANCE

The Board has resolved to pay a final dividend of 40.0 cents per share, partially franked at 47.1%, bringing the total dividend for the year to 75.5 cents per share, down 18.8% on the previous year. Though the dividend is less than last year it represents a payout of 63.6% of net profit after tax.

WorleyParsons won a number of major new contracts during the year, including several important global services agreements, reflecting the deep and enduring relationships we have with clients.

The Company made several strategic acquisitions during the period, the most significant of which were Brazilian engineering services group CNEC Engenharia and Australian company Evans & Peck. Evans & Peck represents an important strategic step-up in our ability to support major infrastructure projects, while CNEC Engenharia provided us with an important springboard for the next phase of our growth in Latin America.

Looking forward, the Company continues to evaluate strategic acquisition opportunities, and is financially well positioned to execute those which meet our criteria.

SAFETY

WorleyParsons strives to achieve the highest level of safety across the Group, measured against United States Occupational Safety & Health Administration reporting standards. This longstanding commitment to safety performance levels at, or in excess of, international benchmarks, remains our absolute focus. FY2010 safety performance was an improvement on the prior year however we remain focused on the challenge of extending our safety commitment to the numerous contractors the Company engages.

PEOPLE

Currently we have in excess of 30,000 people around the globe, with the trend and indications positive for additional growth in key markets in the coming period.

We know that our ability to deliver complex projects ultimately depends on this team of committed, empowered and technically capable people. This year the difficult market conditions have meant that the demands on our personnel in all areas have been very high.

On behalf of the Board I would like to thank all employees for their dedication and hard work during the year.

REPUTATION AND COMMUNITY

As a leading international professional services company, we operate in an increasingly complex international environment, one which requires us to work within a vast range of different legal regulatory frameworks, governance practices and structures, cultures and ways of doing business.

In the context of this diversity, one of our most valuable assets is our reputation for ethical and professional behaviour. We take this, and our responsibility to the communities in which we work, very seriously. Again this year we made progress in implementing our policy of employing local people wherever possible and believe that the consistent development of our local staff is the most significant contribution we can make to the communities in which we operate. We are particularly pleased with progress in Saudi Arabia, Nigeria, Chile, China and South East Asia generally.

CORPORATE GOVERNANCE

The Board is committed to ensuring that a robust set of corporate governance guidelines, including risk management, corporate values and code of conduct are in place, and applied. Our corporate governance policies and guidelines are regularly and independently audited against best practice, to ensure the appropriate standards are maintained. Details of our governance policies and practices can be found on page 20 of this Annual Report.

BOARD CHANGES

During the year we were delighted that Mr JB McNeil agreed to join the Board following a 34 year career with ExxonMobil. JB's deep understanding of the oil & gas industry globally, together with his strong skill set in the industry, complement our existing Board capabilities. We look forward to working with JB in the coming years.

Grahame Campbell has been a Board member since the IPO and before that was an advisory board member commencing in 1998. Grahame has decided not to stand for re-election to the Board in October. We thank Grahame for his invaluable support to the Board and to the CEO over the last 12 years. His advice, particularly regarding the industries in which we operate and the operational issues involved in large service companies, has been of great assistance.

In other Board changes, Mr Bill Hall retired as a director on 1 July 2010 to be replaced by his alternate director, Mr Larry Benke who has retired from his executive role with the Company. Mr Hall, a former Chairman and CEO of the Parsons E&C Group, has made an important contribution to our Board during his time as a director. Bill will continue in his executive capacity with the organisation. On behalf of my fellow directors, I would like to extend our sincere thanks to Bill for his input and counsel. We are delighted that he will continue to work with us as the alternate director to Larry.

Subsequent to year end, WorleyParsons Chairman Mr Ron McNeilly commenced a temporary leave of absence following a family illness. The Board looks forward to Ron resuming his role in the near future.

CONCLUSION

I would like to thank our outstanding and hardworking executive team and my fellow directors for their contribution during the past 12 months. As a result of their combined experience, commitment and skills, WorleyParsons has emerged from one of its toughest years yet a stronger and more focused organisation, well placed to benefit as economies around the world improve.

John M Green
Acting Chairman and Non-Executive Director

Global Operations and key awards for 2010

POWER

Long-term contracting market key awards included:

- Tennessee Valley Authority's Combined Fossil and Nuclear Energy contract, United States
- Arizona Public Services fleet wide fossil engineering services, United States
- Pacific Gas & Electric's Diablo Canyon nuclear engineering services, United States
- Loy Yang A power station and mine five year asset management and maintenance services contract, Australia
- Saudi Electric Commission consultancy services

Key awards for power projects in 2010 included:

- Tuas Power Tembusu cogeneration and utilities plant in Singapore
- ADGAS's additional power generation facility at Das Island, Abu Dhabi
- Petro Vietnam's Thai Binh 2 coal plant, Vietnam
- Nuscale's Small Modular Reactor program, United States
- Government of Armenia new nuclear program
- Jordan Atomic Energy–new nuclear program
- Ferreira Gomes hydroelectric power plant, Brazil
- American Electric Power–Mountaineer CO_2 capture project, United States

INFRASTRUCTURE & ENVIRONMENT

The Infrastructure and Environment business has continued to successfully secure major roles in four key markets:

1. Integrated pit-to-port market for the mining sector
   - Oakajee Port and Rail for bulk commodity supply chain, Australia
2. Infrastructure and utilities for major resource projects
   - Saudi Ports Authority–new port Saudi Arabia
   - New Doha Port, the largest port development in the world, Qatar
   - Ivanhoe Mines–Oyo Tolgoi copper / gold mine infrastructure, Mongolia
3. Management of water solutions for resource developments
   - Wave and hydrodynamic modeling for Woodside's Browse investment, Australia
   - Support for water management across the coal seam methane market, Australia
   - Water recovery and efficiency strategies for the oil sands market, Canada
4. Environmental Impact Studies for resource developments
   - Origin–coal seam methane development, Australia
   - ExxonMobil's oilfield development work for the West Qurna 1 field, Iraq

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MINERALS & METALS

In the long term contracting market agreements reached included:

- Rio Tinto long-term framework agreement
- Dupont-3 year multi regional agreement for EPCM project delivery
- Alcoa Australia refineries in Wagerup and Bunbury engineering services contract
- US Steel capital projects alliance, United States
- OneSteel Whyalla engineering services agreement, Australia
- Vale Coal engineering services agreement, Australia

Major awards in the Minerals & Metals sector in 2010 include:

- Vale's Serra Sul S11D project, Brazil
- Ma'aden-Alcoa's bauxite mine and alumina refinery, Saudi Arabia
- Karara Mining iron ore project, Australia
- Sasol Mining's Shondoni project, South Africa
- Orica's Nanning detonator plant, China
- FERTIL Fertil 2 Ammonia / Urea Complex, the UAE
- BHP Billiton Cerro Matoso FC01 Rebuild – EPCM, Colombia

HYDROCARBONS

The most significant projects executed over the past twelve months include:

- Suncor-Firebag Phase III project, Canada
- CCRL expansion project, Canada
- ExxonMobil-Single parallel train project, Singapore
- Woodside-Pluto LNG and North Rankin 2 projects, Australia
- ExxonMobil-Maintain Integrity Program, Nigeria
- SAMREF Clean Fuels project, Saudi Arabia
- Kashagan Full Field Development project, Kazakhstan

In the long term contracting market key awards in 2010 included:

- Chevron global terminals alliance
- Woodside-offshore gas and onshore LNG asset services contract
- ExxonMobil PNG LNG project services contract, PNG
- ConocoPhillips engineering services contract, Indonesia
- Syncrude and Imperial Oil alliances contract extensions, Canada
- Total engineering services agreement, Nigeria

Key project awards include:

- Total's Joslyn Creek North project, Canada
- ConocoPhillips Jasmine Development, North Sea
- ExxonMobil's Sakhalin 1 Arkutun Dagi offshore platform contract extension, Russia
- MEG Energy's Christina Lake Phase 2B SAGD project, Canada
- Spectra Energy's Ft Nelson North processing plant , Canada
- SABIC Jubail Olefins Complex, Saudi Arabia
- PDO Amal Steam Surface facilities, Oman
- PetroVietnam Bien Dong 1, Vietnam
- Esso-Longford Gas Conditioning Plant, Australia

Business Summary

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POWER

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2010	509.4	-6.8%	39.3	-41.1%	7.7%
2009	546.3	17.3%	66.7	8.8%	12.2%
2008	465.9	6.5%	61.3	6.1%	13.2%

Business Summary

From traditional generation and transmission solutions, through to the latest renewable solutions involving nuclear, biomass, solar and wind, WorleyParsons has significant capabilities and the experience required

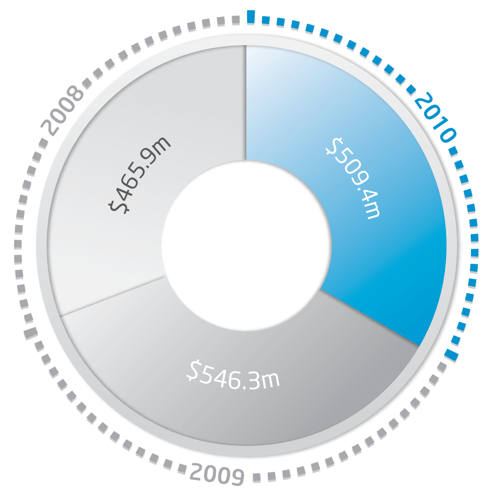
Performance Overview

Power markets in North America, Western Europe and Australia continued to remain focused on energy efficiency, conservation and alternative energy sources, in conjunction with initiatives to restrict carbon emissions. Nuclear power opportunities in developing economies experienced continued growth. The company secured hydroelectric capability through the acquisition of CNEC Engenharia in Brazil.

Future

The company anticipates further extension of services, deeper market penetration across the developing world and a return to good performance in the US. *Improve* contracts supporting fossil fuel assets provide significant potential. New nuclear power plant build, operational plant support and D4 services continue to be a strong market.

Aggregated Revenue



HYDROCARBONS

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2010	3,425.4	-27.7%	375.6	-29.4%	11.0%
2009	4,740.1	31.5%	532.1	34.8%	11.2%
2008	3,604.8	39.8%	394.8	64.8%	11.0%

Business Summary

WorleyParsons provides one of the most comprehensive and technical project offerings in the market, extending from the earliest studies through mega-project execution to supporting sustaining capital programs.

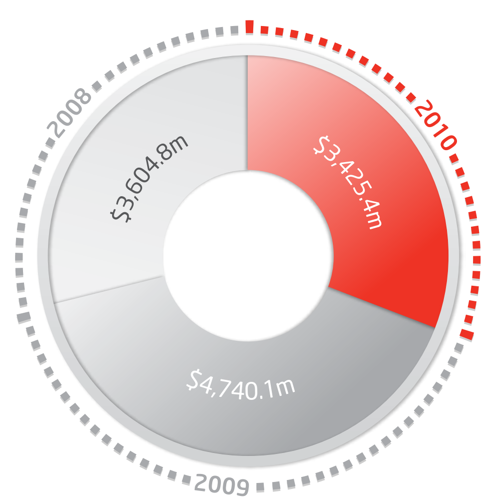
Performance Overview

The company experienced strong performance in the Middle East, Asia and Australia, supporting upstream investments, including key roles in major LNG developments. The downstream market in the US remains challenging and the oil sands market in Canada is experiencing a slow recovery. WorleyParsons continues to expand into "developing world" markets with key projects, partnerships and office presence created and developed.

Future

The upstream market is recovering while the downstream market remains flat. The unconventional gas market is emerging in many regions. There is a growing market in long term contracts delivering continued capital investment and operations-related support services.

Aggregated Revenue



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INFRASTRUCTURE & ENVIRONMENT

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2010	469.8	34.2%	47.7	57.9%	10.2%
2009	350.0	2.2%	30.2	-27.8%	8.6%
2008	342.4	59.3%	41.8	104.9%	12.2%

Business Summary

WorleyParsons' ability to manage or masterplan the critical infrastructure and environmental elements of major projects, including transport, water, waste water, coastal and marine, has been proven across the world.

Performance Overview

Strong performance in delivery of solutions for the integrated pit- to-port market, infrastructure for major resource projects, water management and environmental services. The acquisition of Evans & Peck represents an important strategic step-up in our ability to support major infrastructure projects. The company continues to develop capability in coal seam methane and transport markets.

Future

The company anticipates growth in pit-to-port and resource infrastructure opportunities across Australia, Asia, Africa and South America. Demand for services in water management for major resource projects across the world continues to be strong. The environmental market remains a growth area.

Aggregated Revenue

MINERALS & METALS

	Aggregated Revenue		EBIT		EBIT Margin
	$m	Growth%	$m	Growth%	%
2010	562.5	-3.5%	77.0	-6.8%	13.7%
2009	583.0	24.2%	82.6	2.0%	14.2%
2008	469.3	61.1%	81.0	89.7%	17.3%

Business Summary

From executing bankable feasibility studies to large integrated solutions, WorleyParsons has a proven track record for creating innovative and technically strong solutions for customers.

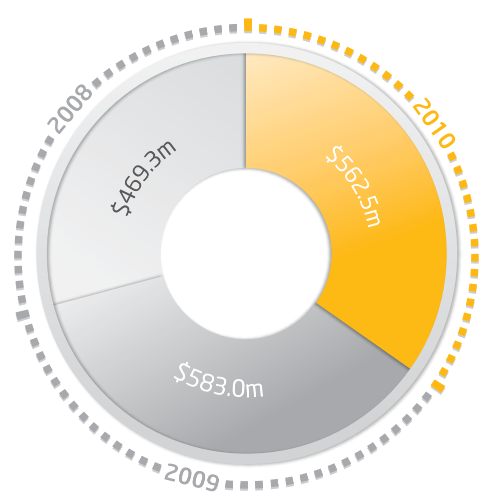
Performance Overview

There is renewed confidence in the mining sector with major greenfield investments occurring, while the metals sector remains focused on production optimization projects. WorleyParsons has secured global agreements with tier one owners and is focused on supporting these contracts. The company has successfully expanded its services and presence across Africa and Latin America and is performing key roles in alumina and iron ore world class developments.

Future

Implementation and optimization of global agreements with tier one customers provides significant growth opportunities. The company is focused on developing the capability to support China based companies in their global expansion initiatives.

Aggregated Revenue



Chief Executive Officer's Report

2010 saw a continuation of the challenging global economic environment. The subsequent delays and project deferrals across a number of sectors in which the Group operates had a significant impact on profitability when compared with the previous year. Last year we predicted a lower demand for our services in the oil sands and minerals and metals sectors. Whilst the Group saw an improved performance in the Canadian oil sands market in the second half of the year, it was not as strong as had been anticipated.

We were also disappointed by the level of downturn in some of the other markets in which we operate. The operations most affected were the United States power and downstream hydrocarbons markets.

The result was also affected by the $41 million impact of a stronger Australian Dollar through the year.

A pleasing feature of this year's result was a significantly higher portion of earnings from our joint ventures, many of which operate in the developing world. We have made a considerable investment of time and money in the development of genuine capability in operations in the developing world and have seen a competitive advantage emerge as a result. Our ability to build local capability by employing and training local staff, positions us well for the future.

We have also increased our share in our China operation and believe that this business will continue to be a fundamental part of the Group's future both for projects in China and for Chinese customers developing projects outside China.

Another highlight was the on-going development of our nuclear business. It is very exciting to develop this business at this rate and we remain confident of securing further contracts in this area.

It is pleasing that we have increased headcount through the second half of the year. Our personnel numbers are now in excess of 30,000 and we are well placed to grow through 2011. Workshare has been a key foundation for growth over the last five years. The reduced workload that was experienced in the last 18 months has decreased the amount of workshare performed; however improving market conditions are predicted to see higher levels in 2011.

Reflecting the importance of performance and its link with reward, no Short Term Incentive Plan (STI) payments were payable for 2010. The STI plan is only triggered when the Group's net profit after tax is greater than 90% of the budget approved by the Board. This threshold was not achieved in 2010.

Through the second half of the year we saw volatility declining in our most affected operations and we can see a good base for 2011. I believe that we are at the start of WorleyParsons' next growth phase. I look forward to leading the Group for the first few years of this exciting period.

Finance

The Group's gearing ratio at 30 June 2010 (calculated on a net debt to net debt + equity basis) was 25.8% in line with the previous year's ratio of 25.5%. Interest cover (EBITDA to total interest expense) remained high at 13.3 times (2009: 14.1 times). The Group's cash position at 30 June 2010 was $140.5 million (2009: $178.3 million).

The Group has available committed debt facilities of $1,286.1 million (2009: $1,376.1 million). The committed debt facilities have an average maturity of 3.8 years (2009: 4.1 years), with $189.9 million (14.8%) maturing within one year, $619.7 million (48.2%) between one and four years and $476.5 million (37.0%) beyond four years. Facility utilization at 30 June 2010 was 61.0%. In addition, the Company has bank guarantees and letter of credit facilities of $669.1 million with utilization of 50.1% on these facilities at 30 June 2010.

Operating cash flow for the period was $279.6 million, compared to $546.4 million in the previous corresponding period. Tax paid in the year was $151.5 million (2009: $173.6 million).

The Group invested $144.8 million in the business in 2010 (2009: $133.4 million). $118.4 million was invested in the acquisitions of Brazilian project services company CNEC Engenharia ($79.9 million) and in the Australian infrastructure services organization Evans & Peck ($38.5 million). $28.6 million in cash was acquired in these entities. In addition $55.0 million was spent on property, plant & equipment, systems and software.

The effective tax rate for the Group for the year ended 30 June 2010 was 23.0%, lower than the 2009 rate of 28.6% due to a higher contribution from associates and lower proportionate earnings from the Group's North American operations. The contributions from associates represented 18.7% of the Group's net profit for the year (2009: 11.3%). The results have been negatively impacted by exchange rate movements in the year to 30 June 2010 compared to 2009. The net profit translation impact is estimated at approximately $41 million.

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Celanese Integrated Chemical Complex

Nanjing, China

Large integrated chemical complex, multiple phases and excellent Health, Safety & Environment performance without a Lost Time Injury. MaisonWorleyParsons provided engineering, design, procurement and construction management services.

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Safety Performance

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

WorleyParsons' safety performance for personnel as reported under OSHA was a TRCFR of 0.12 for the 2010 financial year and our LWCFR rate was 0.01, which is in line with the performance for the previous year. The overall safety performance of contractors on projects for which we were responsible improved in the year. This remains an area for continued attention and improvement.

Last year we launched the Serious about Zero Program (SAZ) – a program developed to assist our employees to conduct HSE observations and conversations across the workplace and as a result instil our expectations regarding HSE practices and culture.

The development and implementation of the OneWay™ integrity management framework has progressed well and is now fully linked into standards and processes for execution of work across all operations. OneWay™ has provided a renewed focus across the business in committing to the vision of zero harm to our people and assets, as well as ensuring no environmental incidents.

WorleyParsons personnel are now actively applying the principles of OneWay™ to day-to-day work. Our employees are improving output, by the extra definition and clarification that OneWay™ provides in their work. Our customers are also seeing the early benefits and are actively asking for OneWay™ to be applied to their projects.

In summary, while progress in the area of safety performance has been pleasing in 2010, this remains a major focus for our business.

Increased investment in China operations; MaisonWorleyParsons

At the date of this report the Company announced the acquisition of an additional 25.0% share in Beijing MaisonWorleyParsons Engineering & Technology Co. Ltd and affiliated business, as well as an additional 12.5% share in Beijing MaisonParsons Engineering & Technology Co. Ltd (collectively "MaisonWorleyParsons") for US$18.5 million, giving WorleyParsons around 80% ownership of the total business in China.

Headquartered in Beijing, MaisonWorleyParsons is the largest international EPCM contractor in China with over 1,500 personnel.

The acquisition is scheduled to complete in the second half of calendar year 2010, subject to regulatory approvals.

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SEGMENT PERFORMANCE

Hydrocarbons

The Hydrocarbons business reported aggregated revenue of $3,425.4 million for the twelve months to 30 June 2010, a decrease of 27.7% from the previous corresponding period. Hydrocarbons contribution to the group's aggregated revenue was 69.0%. Segment EBIT was $375.6 million with a reported segment margin of 11.0% (2009: EBIT $532.1 million; margin 11.2%).

Renewed levels of investment are occurring in major upstream greenfield projects across the world. Oil demand remains high and our customers are identifying contractors for global or regional agreements. The gas and LNG markets across the world continue to grow and we are seeing the emergence of a shale gas market across North America and elsewhere.

The BP incident in the Gulf of Mexico is anticipated to create a range of changes in offshore permits in all United States waters. It is likely that this will result in the industry directing its near-term future investment decisions toward Brazil, West Africa and Asia regions where WorleyParsons is well positioned. WorleyParsons, including its deepwater specialist division INTECSEA, made a significant contribution to providing a solution to the BP incident in the Gulf of Mexico.

The downstream market remains challenging in OECD countries with operators focused on operating efficiency initiatives.

Outlook for Hydrocarbons

Our expectation for Hydrocarbons in 2011 is a recovery in the upstream segment, both onshore and offshore. We have now made excellent progress in Houston in improving our EPCM capability for large topsides in the Arctic. The downstream market remains challenging with some opportunities expected in developing markets.

The emergence of unconventional gas provides a potential new market opportunity in several regions: United States, Canada, Oman, China and Australia in particular. There is also a growing market for the expansion of WorleyParsons' *Improve* services on a global basis, as ageing facilities both upstream and downstream require capital investment and operations-related support services.

We expect improved earnings in the Hydrocarbons sector in 2011.

Power

The Power business reported aggregated revenue of $509.4 million, a decrease of 6.8% on the previous corresponding period. Segment EBIT was $39.3 million with a reported segment margin of 7.7% (2009: EBIT $66.7 million; margin 12.2%).

Across power markets in North America, Western Europe and Australia the shifts to stagnant, and possibly declining, per capita energy demand is underway. In these markets energy efficiency, conservation and alternative energy sources in conjunction with initiatives to restrict carbon emissions are becoming more important with investments likely to follow once government policies become evident.

Services for the nuclear power market remain a focus and a strong area of growth for the Group.

Hydroelectric power has become a serious option in many markets due to its low carbon emission profile. Our acquisition of CNEC Engenharia in Brazil provides us with significant capability in this market.

Outlook for Power

Key drivers in the power sector in 2011 will be improved operational performance in the United States, regional development in Eastern Europe and the Former Soviet Union, Latin America, Asia and the Middle East and the expansion of nuclear services across our markets. In addition the further development of our *Improve* services in this market remains a priority.

We expect an improvement in earnings in the Power sector in 2011.

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Minerals & Metals

WorleyParsons Minerals & Metals business reported a 3.5% decrease in aggregated revenue to $562.5 million. Segment EBIT was $77.0 million with a reported segment margin of 13.7% (2009: EBIT $82.6 million; margin 14.2%). The minerals sector has regained a degree of its confidence and is again investing in greenfield developments while the metals sector continues to focus on cost efficiency and production optimization projects.

We continue to strengthen our relationship with Rio Tinto with the signing of a long-term framework agreement. We are pleased to be considered as a tier 1 service provider by Anglo-American supply chain and are currently in advanced discussions to establish a global framework agreement for EPCM services in support of their capital investments.

Our activities in Latin America continue to grow with new projects in Peru, Colombia, Chile and Brazil. Our role with the world's second largest mining company, Vale continues to expand.

Outlook for Minerals & Metals

Conditions continue to improve in the Minerals & Metals sector, supported by some early signs of recovery in the non-Chinese demand for commodities. The level of resource demand from China has the potential to impact on the sector.

The trend towards global service agreements with our major tier 1 customers is expected to continue in 2011. We see a significant strengthening of our activities in Latin America and Africa as part of this development. WorleyParsons remains well placed to service these agreements with its extensive geographic footprint and project execution capability.

We expect improved earnings in the Minerals & Metals sector in 2011.

Infrastructure & Environment

The Infrastructure & Environment business delivered aggregated revenue for the year of $469.8 million, an increase of 34.2% from the $350.0 million reported in 2009. Segment EBIT was $47.7 million with a margin of 10.2% (2009: EBIT $30.2 million; margin 8.6%).

The Infrastructure & Environment business has continued to successfully secure major roles in four key markets:

1. Integrated pit-to-port market for the mining sector
2. Infrastructure and utilities for major resource projects
3. Management of water solutions for resource developments
4. Environmental Impact Studies for resource developments

The ability to provide services with a strong EcoNomics™ component continues to be an important differentiator for the Group in all markets.

Outlook for Infrastructure & Environment

Our focus in 2011 will be the continued development of our four key markets with particular emphasis on growth of our pit-to-port capability throughout Asia, Africa and Latin America. Our environmental capability assisting major developments move from feasibility to delivery remains a key area of focus. There is also increased importance on remediation and decommissioning of spent facilities at the end of their useful life.

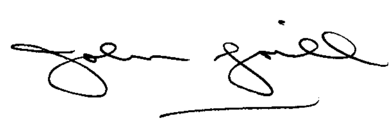
The prospects for our Infrastructure & Environment services are positive for 2011 and we expect earnings growth.

Outlook for WorleyParsons Group

We expect the markets for our services to show improvement through 2011, and on this basis we expect to achieve increased earnings in 2011.

The Group continues to evaluate opportunities for new business growth that will add to its existing capabilities and provide value for our shareholders.

I believe that the next couple of years will be the start of WorleyParsons' next growth phase. I look forward to leading the Group through this exciting period.



John Grill
Chief Executive Officer

WorleyParsons’ *Improve* Services

WorleyParsons’ performance has been underpinned by its extensive long term contracting base. Our *Improve* business is focused on the provision of business improvement, engineering and project services to operating plants across all our customer sectors. We have seen an increased desire by our customers to gain advantage from the combined impact of reduced operating costs, sustainability and strong incremental growth from their existing assets.

We are confident we have developed a strong capability across our organization and a differentiated position in this market with our current offering. We are investing in further development of this capability to support our existing relationships and to secure new relationships.

The strength of the *Improve* offering is the sharing of knowledge, ideas, innovations and lessons learned which is a key to success for all operations. WorleyParsons facilitates a range of forums across the network to support customers to address their challenges and then assists them to implement the initiatives.

We have further developed our *Improve* Operating Platform (IOP) for the delivery of a portfolio of projects within an *Improve* contract. It comprises a generic set of methodologies and systems within a defined framework. It is web-based, enables rapid customization for each *Improve* contract and has a multiple perspective site architecture for simplicity of use. The IOP features both proprietary and in-house systems which are customized to support the delivery of a portfolio of projects.

Over the past twelve months we secured 28 new long term contracts and renewed 20 of our existing contracts. Five of the new contracts were global agreements. Selection for these global agreements is only possible with a high and sustained level of global capability with proven safety and contract performance. We now provide business improvement, engineering and project services in over 200 long-term collaborative contracts around the world.

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Our *Improve* business is focused on providing business improvement, engineering and project services across all our customer sectors.

Tennessee Valley Authority
After a continuous 20 year relationship, this year we have broadened our services to TVA to cover more of the existing power plants and now nuclear services.

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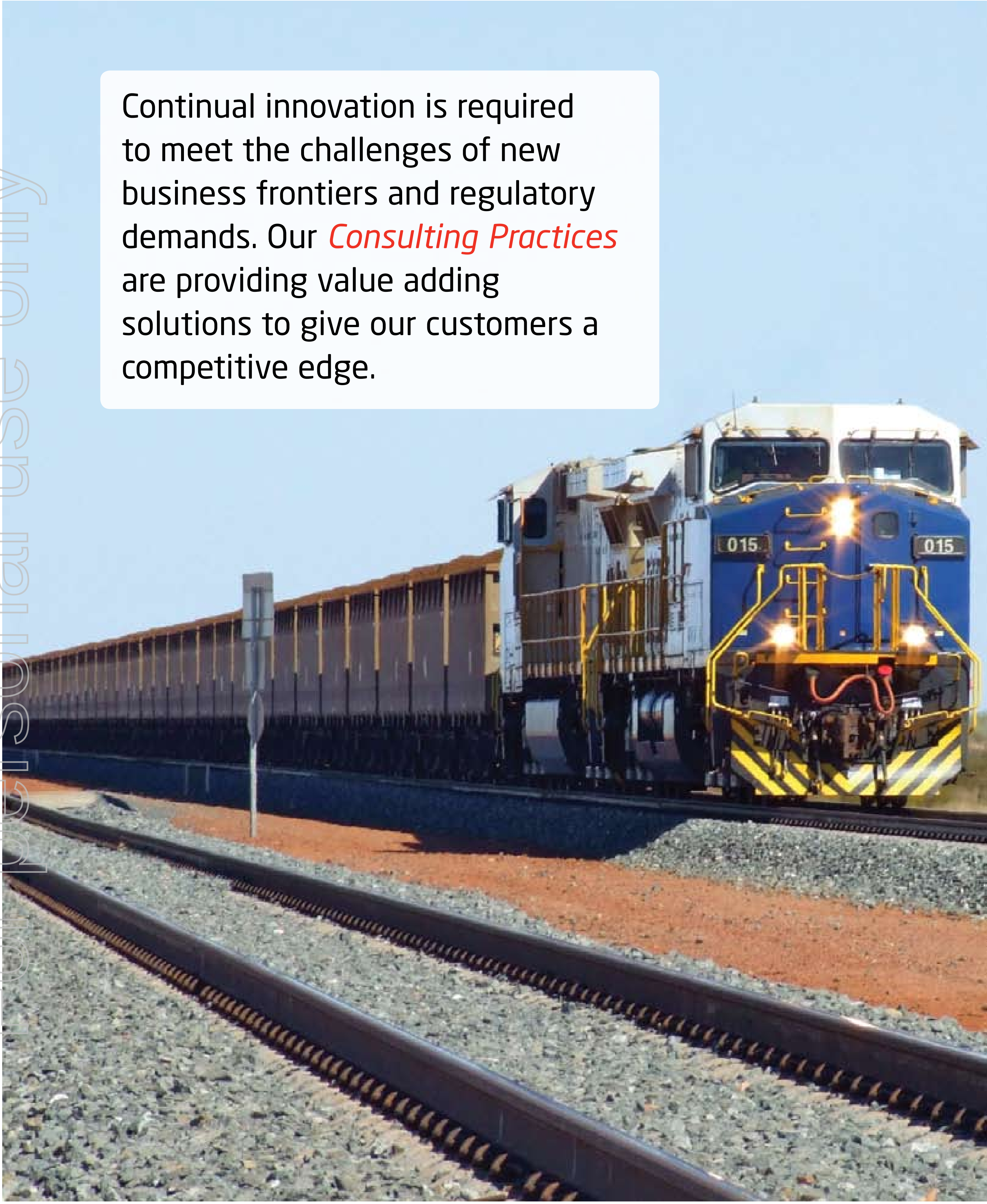
Continual innovation is required to meet the challenges of new business frontiers and regulatory demands. Our *Consulting Practices* are providing value adding solutions to give our customers a competitive edge.



WorleyParsons Consulting Practices

what we started & why

In 2009 we introduced the WorleyParsons Consulting Practices initiative. This on-going program involves the strengthening of our consulting services delivered to our customers either from within our larger project teams or via stand-alone consulting engagements. This core technical consulting strength is a key component of the foundation on which the Company has been built and continues to be enhanced by the companies that have joined with WorleyParsons through our growth. It is due to this heritage consulting strength that we offer our customers this specialist expertise in areas that are not traditionally associated with a global project delivery organization. This initiative acknowledges the choice made by many of our staff to pursue a career path of achieving technical excellence within one of our many consulting groups. It also aims to make WorleyParsons a more attractive employer to the type of industry recognized consultants that we wish to attract.

what we achieved

Our customers face an increasing number of challenges driven by highly competitive operating environments in a world where the rules of engagement are evolving. Continual innovation is required to meet the challenges of new business frontiers and regulatory demands. Our specialist technical consulting staff are providing value adding solutions through those skilled in advanced numerical methods to consultants devising strategies to ensure future water security; from a recognized world leadership position in sulphur management to flow assurance of offshore deepwater gas fields; from master planning of new industrial cities to optimal selection of mineral processing technologies; from undertaking environmental impact assessments to helping our customers future-proof their business within possible carbon emission frameworks. Structured as global consulting businesses these expert groups operate within the greater WorleyParsons organization and have the remit to pursue growth on a global scale whilst supporting our projects across the regions. The consulting practices formally launched within FY10 include; Advanced Analysis; Environmental Management; Sulphur Technology ; Water Solutions; Geotechnical and Carbon Consulting.

what we intend to do

The list of specialist groups within WorleyParsons able to be elevated to operate as global consulting practices is long and varied and will continue to grow as new markets emerge. WorleyParsons remains committed to providing the opportunity for our consultants to pursue both their specialist area of technical expertise and to continue to broaden their careers within the many and varied project opportunities made available to them. In FY11 there will be a focus on ensuring WorleyParsons provides our customers with tailored holistic solutions to meet the challenges of their business. A key focus area will be providing ready access of our consultants to existing *Improve* customers via a tailored offering through our offices established in 40 countries to provide the required local delivery of world class expertise.

Our Consulting Practices team used dynamic simulation to optimize train operations and employed advanced analysis techniques to design the rail wagons for Fortescue Metals Group.

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Board of Directors

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Grahame Campbell
Non-Executive Director

Larry Benke
Non-Executive Director

Peter Janu
Company Secretary and
Corporate Legal Counsel

John M Green
Acting Chairman and
Non-Executive Director

JB McNeil
Non-Executive Director

David Housego
Chief Financial Officer

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John Grill
Chief Executive Officer

Erich Fraunschiel
Non-Executive Director

Catherine Livingstone, AO
Non-Executive Director

Eric Gwee
Non-Executive Director

Ron McNeilly
Chairman
(On temporary leave of absence)

Bill Hall
Alternate Director

Refer to pages 30 to 31 for Directors' biographies

Chief Executive Officer's Committee

The Chief Executive Officer's Committee comprises the leaders of our regions, customer sector groups and key functional areas. Its core responsibilities include the development of cohesive strategies for the optimal use of our resources, the effective implementation of shared initiatives and the achievement of safety and performance targets, in line with our strategic objectives.

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Andrew Wood
Managing Director – Australia / New Zealand

Brian Evans
Managing Director – Hydrocarbons

Stuart Bradie
Managing Director – Europe and Africa

David Steele
Managing Director – Asia and Middle East

Graeme Henderson
Managing Director – *Improve*

John Grill
Chief Executive Officer

David Housego
Chief Financial Officer

Randy Karren
Managing Director – Canada

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Mark Southey
Managing Director – Minerals & Metals

Mark Trueman
Managing Director – Power

Robert Edwardes
Managing Director – US and Latin America

Bill Hall
Managing Director – Mega Projects

Iain Ross
Managing Director – M&A, Strategy and CSGs

Craig Reeves
Managing Director – Special Projects

Gordon Cowe
Managing Director – Infrastructure & Environment

Greg Clinnick
Managing Director – Risk Management

Corporate Governance

INTRODUCTION

The Board of Directors of WorleyParsons Limited (Board) strives to ensure that WorleyParsons Limited (Company or Parent Entity) and the entities it controls (Group or consolidated entity) meet high standards of safety, performance and governance. This commitment requires review, modification and enhancement of the Group's governance systems. The Group recognizes that it has responsibilities to its shareholders, customers, employees and suppliers as well as to the communities in which it operates.

The Board has ultimate authority and oversight of the Group and regards corporate governance as a critical element in the drive to improve the Group's performance. Accordingly, the Board has adopted appropriate charters, codes and policies and established a number of committees to discharge its duties.

As required by the Listing Rules of the Australian Securities Exchange (ASX), this statement outlines the Group's approach to corporate governance for the financial year ended 30 June 2010. It addresses each of the ASX Corporate Governance Council Principles and Recommendations (ASX Principles) as revised and reissued in August 2007, and addresses three areas:

- the composition of the Board and governance policies applicable to the Board;
- the operation and responsibilities of the Board and Board committees; and
- governance policies that apply generally throughout the Group.

The Corporate Governance page in the Investor Relations section of the Group's website (www.worleyparsons.com) contains most of the charters, codes and policies which are referred to in this statement. These documents are regularly reviewed to take account of recent changes in the law and governance practices. The following table indicates where specific ASX Principles are dealt with in this statement:

ASX PRINCIPLE	LOCATION IN CORPORATE GOVERNANCE STATEMENT
Principle 1 – Lay solid foundations for management and oversight	1.3, 1.7, 2.1
Principle 2 – Structure the board to add value[1]	1.1, 1.2, 1.4, 1.6, 1.7, 2.2, 2.3
Principle 3 – Promote ethical and responsible decision making	1.5, 2.4, 3.1, 3.2
Principle 4 – Safeguard integrity in financial reporting[2]	2.3, 3.3, 3.4
Principle 5 – Make timely and balanced disclosure	2.4, 3.5
Principle 6 – Respect the rights of shareholders	3.5, 3.6
Principle 7 – Recognize and manage risk	2.3, 3.3, 3.4
Principle 8 – Remunerate fairly and responsibly	2.3, 3.7

1 The skills, experience, expertise and period of office of each director are set out on page 30 in the Directors' Report. The attendance of members of the Nominations Committee at committee meetings is set out on page 29 in the Directors' Report.

2 The number of meetings of the Audit and Risk Committee and committee member attendance at meetings is set out on page 29 in the Directors' Report.

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

PART 1 – COMPOSITION AND GOVERNANCE POLICIES OF THE BOARD

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

1.1 MEMBERSHIP

The Board comprises 10 directors in office at the conclusion of the reporting period. Mr McNeil was appointed with effect from 1 May 2010. All other directors served as directors for the entire reporting period. Seven of the directors, including the Chairman, were independent, non-executive directors.

The directors of the Company during the reporting period were:

NAME	POSITION
Ron McNeilly	Chairman
Grahame Campbell	Non-Executive Director
Erich Fraunschiel	Non-Executive Director
John M Green	Non-Executive Director
John Grill	Chief Executive Officer
Eric Gwee	Non-Executive Director
William Hall	Executive Director
David Housego	Chief Financial Officer
Catherine Livingstone, AO	Non-Executive Director
JB McNeil	Non-Executive Director
Larry Benke	Alternate Director to Mr Hall

Details of the skills, experience (including the director's period of office) and expertise of each of the directors are contained in the profiles included on pages 30 to 31 in the Directors' Report.

Mr Benke acted as an alternate director to Mr Hall until 30 June 2010. On 1 July 2010, Mr Hall retired as a director and Mr Benke was appointed a non-executive director. Mr Hall then assumed the role of alternate director for Mr Benke. These changes occurred following the retirement of Mr Benke on 30 June 2010 from his executive roles with the Group.

Mr McNeilly took a temporary leave of absence from his role as the Company's Chairman from 4 August 2010 due to a family illness. In his absence, Mr Green assumed the role of Acting Chairman.

1.2 COMPOSITION PRINCIPLES

The Board's composition is determined in accordance with the following principles:

- the Board should comprise at least three members, and maintain a majority of independent non-executive directors;
- the positions of Chairman and Chief Executive Officer (CEO) must be held by separate persons;
- the Chairman must always be a non-executive director;

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- the Board should comprise directors with an appropriate range and mix of qualifications and expertise;
- the performance of the Board and its members should be reviewed annually and objectively;
- all directors (except the CEO) must submit themselves for re-election at regular intervals, and at least every three years; and
- all non-executive directors should serve no more than three terms, unless their tenure is extended by the Board.

1.3 APPOINTMENT, INDUCTION AND TRAINING

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

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

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

1.4 DIRECTOR INDEPENDENCE

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

The Nominations Committee monitors and undertakes an annual assessment of each non-executive director's independence and this assessment applies the ASX Principles, the *Corporations Act 2001* and current corporate governance practice.

At each Board meeting, the Board reviews each non-executive director's independence. In determining that independence, the Board has regard to the materiality and type of interest (for example, as shareholder, advisor, supplier or customer). This maintains the integrity of the Board's ongoing assessment as to the independence of each non-executive director.

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

The Board has considered the positions and relationships of each of the seven non-executive directors and has formed the view that seven of the seven non-executive directors are independent. The Board is of the opinion that each of those seven non-executive directors, and therefore a majority of the Board, is independent of the Group's management and is free of any interest that may affect their free and unfettered judgment.

Mr Fraunschiel, the Chairman of the Company's Audit and Risk Committee, is a director of Woodside Petroleum Limited, which is a material customer of the Group. Mr Gwee is a director of Singapore Power, which is a material customer of one of the Company's Singaporean subsidiaries, WorleyParsons (DRPL) Pte Limited. The Board considers both Mr Fraunschiel and Mr Gwee to be independent after applying the principles stated above. In the opinion of the Board, the judgment of Messrs Fraunschiel and Gwee has not been impaired or conflicted even though they are directors respectively of these other entities.

Mr Green and Mr Campbell are regarded as independent even though they each served on WorleyParsons' advisory board before the Company's initial public offering in 2002.

1.5 NOTIFICATION OF INTERESTS AND TREATMENT OF CONFLICTS

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

1.6 INDEPENDENT ADVICE

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

1.7 PERFORMANCE REVIEW

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

Review of Board performance

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

The review includes:

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

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

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

The internal and external review processes complement each other and seek to ensure that the Board, its committees and the individual directors are subject to appropriate review mechanisms.

A Board evaluation took place during the financial year. This evaluation was conducted in the form of a facilitated discussion by the Board of a series of topics concerning Board and committee

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performance and how the Board and committees can add greater value in future. Following the session, each director was provided with a copy of the notes of the discussion.

Review of senior executive performance

The Board establishes performance criteria for the CEO and conducts a performance review of the CEO at least annually. The Board is advised on these matters by the Nominations Committee. In turn, the CEO conducts annual performance reviews of senior executives and reports on their performance to the Remuneration Committee. The performance and reward of senior executives were reviewed in this manner during the year. Each senior executive has a written position description and a service contract.

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

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

- Board Charter
- Nominations Committee Charter
- Remuneration Committee Charter
- Audit and Risk Committee Charter
- Continuous Disclosure Policy

2.1 BOARD RESPONSIBILITIES AND DELEGATION TO SENIOR EXECUTIVES

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

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

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

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

2.2 BOARD MEETINGS

The Board meets formally at least six times a year, with additional meetings held as required. Senior executives are invited to attend Board meetings on a regular basis, even if they are not Board members. This provides a direct line of communication between the directors and management. Non-executive directors also meet at least twice a year without management. Details of the Board and Committee meetings held and attendances at those meetings are set out in the Directors' Report on page 29.

Details of the directors' experience and qualifications are included on pages 30 to 31 in the Directors' Report.

2.3 BOARD COMMITTEES

The Board has established three standing Committees to ensure that it is well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities: the Audit and Risk Committee; the Nominations Committee; and the Remuneration Committee.

Each Committee has a non-executive director as Chairman, only non-executive directors may be Committee members and a majority of the non-executive directors on each Committee are independent. Each Committee has a charter that the relevant Committee and the Board review at least annually.

Members of senior management may attend Committee meetings upon invitation from the relevant Chairman.

Audit and Risk Committee

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

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

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

NAME	DURATION
Erich Fraunschiel (Chairman)	Whole year
Grahame Campbell	Whole year
Catherine Livingstone, AO	Whole year

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

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

The Committee is responsible for nominating the external auditor to the Board.

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

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Nominations Committee

The Nominations Committee assists and advises the Board on matters relating to Board composition and performance, including director independence, and the CEO's appointment, performance review and remuneration. The Committee reviews, assesses and advises the Board in relation to the necessary and desirable competencies of the Board. It also oversees director selection and appointment. In addition, the Board conducts a formal review of its own performance at least annually.

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

NAME	DURATION
Ron McNeilly (Chairman)	Whole year
Grahame Campbell	Whole year
Erich Fraunschiel	Whole year
John M Green	Whole year
Eric Gwee	Whole year
Catherine Livingstone, AO	Whole year
JB McNeil	From 1 May 2010

The Nominations Committee and the Board consider the composition of the Board at least twice annually: when assessing the Board's performance and when considering the directors' re-election.

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

Candidates are assessed through interviews, meetings and background and reference checks (which may be conducted both by external consultants and by Board members) as appropriate. Following this assessment, the Nominations Committee will make a recommendation to the Board concerning the proposed appointment. If the Board decides to continue the process, as a final step, all directors will meet with the proposed director. The Board will then make its final decision with regard to the appointment.

In considering whether the Board will support the re-election of incumbent directors, the Nominations Committee considers the skills, experience and contribution made to the Board by the incumbent director and the contribution that the director is likely to make if re-elected. If the incumbent director has already served as a director for at least three terms, the Nominations Committee will consider the desirability for Board renewal and Board composition at that time and the incumbent director's skills, experience and contribution. Following this assessment, the Nominations Committee will make a recommendation to the Board as to whether or not the Board should support the re-election of the incumbent director.

Remuneration Committee

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

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

Further details on the operation of the Committee are set out in the Remuneration Report at page 32 of the Annual Report.

The following directors were members of the Remuneration Committee during the year:

NAME	DURATION
John M Green (Chairman)	Whole year
Ron McNeilly	Whole year
Eric Gwee	Whole year

2.4 OTHER COMMITTEES

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

Disclosure Committee

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

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

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PART 3 – GOVERNANCE POLICIES APPLYING TO THE WORLEYPARSONS GROUP

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

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

3.1 ETHICAL DECISION MAKING – THE CODE OF CONDUCT

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

The Group's Code of Conduct guides the Group's personnel as to the standards of behavior expected of all directors, executives, management, employees, contractors and agents of the Group. The Code has been translated into Chinese, Bulgarian, Russian, Kazakh, Romanian, Thai, Spanish, French, Arabic, Vietnamese, Portuguese, Bahasa Malay and Bahasa Indonesian.

While the Code of Conduct (Code) seeks to prescribe standards of behavior for all personnel to observe, it does not, and understandably cannot, identify every ethical issue that a director, employee or others might face. The objective of the Code is to provide a benchmark for professional behavior throughout the Group, to support the Group's reputation and make directors, employees and others aware of the consequences of breaching the Code.

The Code deals with many ethical issues, including:

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

The Group provides the Code to all Group personnel when they start with the Group. All Group personnel can access the Code from the Group's intranet or request a copy.

The Board regularly reviews each of the policies which underlie and expand on the Code's requirements to ensure they remain appropriate.

3.2 SECURITIES DEALING POLICY

The Board has approved a Securities Dealing Policy that applies to all directors, employees and contractors of the Group. The policy is designed to:

- explain the type of conduct in relation to dealings in securities that is prohibited under the relevant law and by the Group; and
- establish a procedure for buying, selling or otherwise dealing in the Company's securities by only allowing dealing during specified trading windows or with prior approval from the Chairman, CEO or CFO.

Directors and executives are not generally permitted to hedge their holdings of Company shares, except as set out in the Securities Dealing Policy. Performance rights may not be hedged. "Hedging" includes entering into any transaction or arrangement in financial products which operates to limit the economic risk of a security holding in the Company, including equity swaps and contracts for difference.

The Securities Dealing Policy requires immediate disclosure by a director or executive to the Company Secretary or CFO if any Company shares held by that director or executive are adversely affected by a margin loan or similar funding arrangement. The disclosure is required so the Company can determine whether or not any announcement must be made to ASX.

3.3 MANAGEMENT OF MATERIAL BUSINESS RISKS

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

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

The Group has processes to systematically identify, assess, and report on both financial and non-financial material business risks. Part of this process requires management to report to the Board as to the effectiveness of the Group's management of its material business risks. A Strategic and Operational Corporate Risk Management report is prepared and analysed by both management and the Board.

This process enables the Board to consider the effectiveness of the Group's management of its material business risks. The Board has also received a written assurance from the CEO and the CFO that the declarations provided by them, in accordance with section 295A of the *Corporations Act 2001* and ASX Corporate Governance Recommendation 7.3, are founded on a sound system of risk management and internal control and that the system is functioning effectively in relation to financial reporting and material business risks.

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3.4 INTERNAL AUDIT

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

3.5 CONTINUOUS DISCLOSURE

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

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

3.6 COMMUNICATING WITH SHAREHOLDERS

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

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

The Continuous Disclosure Policy outlines the procedures for disclosure of relevant information to the market (see above) and incorporates the Group's Communications Policy.

The Board encourages the full participation of shareholders at the Annual General Meeting to seek to ensure a high level of accountability and discussion of the Group's performance and goals. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. The CEO and/or the CFO with other executives occasionally meet with analysts and investors. Any presentations made to these groups are released to the market via the ASX and published on the Investor Relations section of the Group's website. Further, the CEO and/or CFO endeavor to respond to queries from investors and analysts for information in relation to the Group, provided the information requested is already publicly available or is not information which is considered market sensitive.

The external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

3.7 REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

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

The remuneration structure for the non-executive directors is not related to performance. Non-executive directors receive fees which reflect their skills, responsibilities and the time commitments required to discharge their duties. The remuneration structure for senior executives reflects the Group's performance culture: there is a direct correlation between the executive's reward and individual and Group performance.

Further details of the remuneration policies and practices of the Group and the remuneration paid to directors and senior executives are set out in the Remuneration Report on pages 32 to 46 of the Annual Report.

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Financial Report
For the financial year ended 30 June 2010

WORLEYPARSONS LIMITED
ACN 096 090 158

Directors' Report

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The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company or Parent Entity) and the entities it controlled (consolidated entity or Group) at the end of, or during, the financial year ended 30 June 2010 (FY2010).

DIRECTORS

The following persons were directors of the Company during the financial year and until the date of this report:

Ron McNeilly (Chairman) – on leave of absence from 4 August 2010 due to a family illness

Grahame Campbell

Erich Fraunschiel

John M Green – Acting Chairman from 4 August 2010

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego (Chief Financial Officer)

Catherine Livingstone, AO

Larry Benke

JB McNeil (from 1 May 2010).

Mr Benke acted as an alternate director to Mr Hall until 30 June 2010. On 1 July 2010, Mr Hall retired as a director and Mr Benke was appointed a non-executive director. Mr Hall then assumed the role of alternate director for Mr Benke. These changes occurred following the retirement of Mr Benke on 30 June 2010 from his executive roles with the Group.

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

DIRECTORS' NUMBER OF SHARES AND PERFORMANCE RIGHTS

DIRECTORS	NUMBER OF SHARES AND PERFORMANCE RIGHTS
Ron McNeilly	387,484
Grahame Campbell	508,199
Erich Fraunschiel	168,755
John M Green	958,516
John Grill	25,434,942
Eric Gwee	36,802
William Hall (alternate director)	111,515
David Housego	277,842
Catherine Livingstone, AO	13,000
Larry Benke	1,207,977
JB McNeil	Nil

PRINCIPAL ACTIVITIES

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

- Hydrocarbons
- Power
- Minerals & Metals
- Infrastructure & Environment.

DIVIDENDS – WORLEYPARSONS LIMITED

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

	2010 \$'M	2009 \$'M
Interim ordinary dividend for FY2010 of 35.5 cents per ordinary share paid on 25 March 2010	87.0	–
Final ordinary dividend for FY2009 of 55.0 cents per ordinary share paid on 28 September 2009	133.5	–
Interim ordinary dividend for the FY2009 of 38.0 cents per ordinary share paid on 9 April 2009#	–	92.2
Final ordinary dividend for the FY2008 of 47.5 cents per ordinary share paid on 10 October 2008#	–	114.8
Total dividends paid	220.5	207.0

\# Partly franked dividend.

Since the end of the financial year, the directors have resolved to pay a final dividend of 40.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 47.1% (2009: 55.0 cents per share, fully franked). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of \$98.2 million is not recognized as a liability as at 30 June 2010.

REVIEW OF OPERATIONS

A detailed review of the Group's operations for the financial year and the results of those operations are contained in the Chairman's Letter and Chief Executive Officer's Overview.

A summary of the consolidated revenues and results is as follows:

	CONSOLIDATED	
	FY2010 \$'M	FY2009 \$'M
Revenue and other income	5,069.5	5,807.7
EBITDA	519.3	693.2
EBITDA margin on statutory revenue	10.2%	11.9%
Depreciation	(18.7)	(28.4)
Amortization	(73.2)	(59.5)
EBIT	427.4	605.3
Net interest expense	(34.1)	(43.6)
Profit before income tax expense	393.3	561.7
Income tax expense	(90.3)	(160.8)
Profit after income tax expense	303.0	400.9
Profit attributable to non-controlling interests	(11.9)	(10.4)
Profit attributable to members of WorleyParsons Limited	**291.1**	**390.5**
Revenue and other income	5,069.5	5,807.7
Procurement services revenue at nil margin	(875.3)	(288.7)
Share of revenue from associates	777.8	812.9
Procurement services revenue of associates	–	(106.8)
Interest income	(4.9)	(5.7)
Aggregated revenue[1]	4,967.1	6,219.4
EBITDA margin on aggregated revenue	10.5%	11.1%

1 Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest income. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

Directors' Report

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	FY2010 $'M	FY2009 $'M	FY2010 $'M	FY2009 $'M	FY2010 %	FY2009 %
Hydrocarbons	3,425.4	4,740.1	375.6	532.1	11.0	11.2
Power	509.4	546.3	39.3	66.7	7.7	12.2
Minerals and Metals	562.5	583.0	77.0	82.6	13.7	14.2
Infrastructure and Environment	469.8	350.0	47.7	30.2	10.2	8.6
Unallocated	-	-	(112.2)	(106.3)	-	-
	4,967.1	6,219.4	427.4	605.3	8.6	9.7

Aggregated revenue was $4,967.1 million, a decrease of 20.1% on the prior year. EBIT of $427.4 million was down 29.4% from the prior year result of $605.3 million.

The EBIT margin on aggregated revenue for the Group decreased to 8.6% compared with 9.7% in 2009. After tax, the Group earned a net margin on aggregated revenue of 5.9%, compared to the 2009 net margin of 6.3%.

The effective tax rate was 23.0% compared with 28.6% in 2009.

The Group retains a strong cash position and low level of gearing with net debt to net debt + equity at year end of 25.8% (2009: 25.5%). Cash as at 30 June 2010 was $140.5 million (2009: $173.8 million). EBITDA interest cover for 2010 was 13 times (2009: 14 times).

Operating cash inflow for the period was $279.6 million, compared to $546.4 million in 2009. Cash outflow from investing activities was $144.8 million (2009: $133.4 million).

EARNINGS PER SHARE

	FY2010 CENTS	FY2009 CENTS
Basic earnings per share	118.5	161.1
Diluted earnings per share	117.5	159.4

Basic earnings per share were 118.5 cents per share, a decrease of 26.4% from the previous financial year result of 161.1 cents per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACQUISITIONS

The Group acquired 100% of Evans & Peck Group Limited (Evans & Peck) for $89.3 million by way of a takeover bid that closed on 22 December 2009. The consideration for the acquisition comprised a combination of cash and shares in the Company. Evans & Peck provides high end business advisory services to the public and private sectors specializing in major infrastructure. Evans & Peck's experience complements the project delivery and consultancy services currently provided to government and resource companies by the Group's Infrastructure & Environment business.

Effective 24 February 2010 the Group acquired 100% of CNEC Engenharia (CNEC), for BRL 170 million ($104.9 million), comprising BRL 130 million ($79.8 million) in cash consideration, BRL 15 million ($9.2 million) deferred consideration payable upon novation of contracts, and BRL 25 million ($15.9 million) acquiree's intercompany balance assumed from the vendor. CNEC has built a regional and international reputation in thermoelectric and hydroelectric plants, subways, ports, airports, highways, wastewater, industrial plants, refining and distributing of oil and gas, petrochemical and urban development throughout Brazil and in Latin America and Africa. This acquisition complements the existing capabilities of the Group's resource and energy businesses and provides a base for the next phase of the Group's growth across South America.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2010, the Group acquired an additional 25% share in Beijing Maison WorleyParsons Engineering & Technology Co. Ltd and affiliated business, as well as an additional 12.5% share in Beijing MaisonParsons Engineering & Technology Co. Ltd (collectively "Maison WorleyParsons") for USD$18.5 million (AUD$20.2 million) giving the Group approximately 80% ownership of the total business in China. The acquisition is scheduled to complete in the second half of calendar year 2010, subject to certain regulatory approvals.

In the opinion of the directors, there has not arisen in the period between 30 June 2010 and the date of this report, any other matter or circumstance that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

We expect the markets for our services to show improvement through 2011, and on this basis we expect to achieve increased earnings in 2011. The Group continues to evaluate opportunities for new business growth that will add to its existing capabilities and provide value for our shareholders. The directors are confident that the Group's medium-term and long-term prospects remain positive based on its competitive position, its diversified operations and strong financial capacity.

ENVIRONMENTAL REGULATION

In the majority of the Group's business operations, it is not the owner or operator of plant and equipment requiring environmental licenses. The Group typically assists its customers with the management of their environmental responsibilities, rather than holding those responsibilities directly. 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 and supervision 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 relevant environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory of Australia. The Company is not aware of any breaches by the Group of any environmental regulations under those laws.

In the reporting period, the Group held ownership interests in a power station asset that held appropriate environmental licenses. Compliance with these licenses was managed through the operational systems which control and monitor the operation and maintenance of this asset.

CARBON AND ENERGY EMISSIONS AND CONSUMPTION PERFORMANCE

The Group recognizes that responsible, sustainable corporate performance is essential to the long term success of its business, and desirable to all of its stakeholders. For this reason, the Company again completed a response for the Carbon Disclosure Project (CDP) in 2010, detailing its energy consumption and measures implemented to assist both the Group to reduce its energy consumption and the Group's customers to achieve more sustainable project solutions utilizing methodologies under the Group's EcoNomics™ initiative. The data collection and analysis under CDP have stimulated energy and carbon-reduction measures in many of the Group's offices around the world.

The Company is registered under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) as the controlling corporation for the Group as prescribed by section 12 of NGER Act. The Company lodged its National Greenhouse Energy Report (NGER Report) for the period 2008/2009 in October 2009. This NGER Report contains information in relation to the greenhouse gas emissions, energy production and energy consumption from the operation of facilities under the operational control of the Group. The Company will lodge its NGER Report for the Group for the period 2009/2010 in October 2010.

CORPORATE RESPONSIBILITY STATEMENT

The Group recognizes that responsible, sustainable corporate performance is essential to the long term success of our business and desirable to all of our stakeholders. We adhere to the following principles:

- **Environment**
  - We work with our clients to assist in developing and implementing best practice in environmental performance in the design and delivery of all of their projects
  - We take a leadership role in profitable sustainability through our EcoNomics™ initiative both for our clients and ourselves
  - We are identifying the source of the carbon footprint of our business and will aim to reduce it
  - We comply with changing ecological and regulatory environments and adapt to meet these changing needs

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- **Integrity and ethics**
  - We uphold the standards of behavior outlined in our Code of Conduct
  - We maintain the highest standards of corporate governance and we report our governance performance annually
  - We deal fairly with all suppliers, partners, customers and other parties we encounter in our business and we develop productive, co-operative relationships
  - We ensure bids are conducted with integrity and transparency
  - We apply and continuously improve our risk management procedures and protocols
- **Our people**
  - We respect human rights and have as our goal to create a work environment that is positive and safe for all employees and enables optimal performance. We have developed a number of comprehensive policies that set high standards of performance in the following areas and we implement them rigorously:
    - Personnel Policy
    - Equal Opportunity Policy
    - Prevention of Harassment Policy
    - Work and Life Balance Policy
  - We do not employ, nor cause to be employed, forced or child labor
  - We are committed to providing ongoing education and training for our people
- **Health and safety**
  - We have a comprehensive global Health, Safety and Environment Policy and are committed to continuous improvement in this area
  - We are committed to our target of Zero Harm
- **Community**
  - We support the development of local businesses and we use local people and other local resources wherever possible
  - We support local communities in which we work through charitable contributions
  - We encourage the giving of time and money by our employees and have policies in place to match or support these endeavors
- **Performance**
  - We commit to delivering outstanding corporate performance, delivering value to our customers, returns to our shareholders and prosperity to our people.

NON-AUDIT SERVICES

During FY2010, Ernst & Young, the Group's auditor, has performed certain other services in addition to its statutory duties:

Total non-audit services provided by the external auditor amounted to $446,096.

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

ERNST & YOUNG

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

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

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

In relation to our audit of the financial report of WorleyParsons Limited for the year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Paul Flynn
Partner
Sydney
25 August 2010

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BOARD MEETINGS

The number of Board meetings (including meetings of standing Board Committees) held during the financial year and the number of meetings attended by each director were as follows:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		REMUNERATION COMMITTEE	
DIRECTOR	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
Ron McNeilly	9	9	-	-	5	5	7	7
Grahame Campbell	9	9	7	7	5	5	-	-
Erich Fraunschiel	9	9	7	7	5	5	-	-
John M Green	9	9	-	-	5	5	7	7
John Grill	9	9	-	-	-	-	-	-
Eric Gwee	9	9	-	-	5	5	7	7
William Hall	9	9	-	-	-	-	-	-
David Housego	9	9	-	-	-	-	-	-
Catherine Livingstone, AO	9	9	7	7	5	5	-	-
JB McNeil	2	2	-	-	1	1	-	-

In addition to the above meetings, 13 special purpose Board Committee meetings were held during the year. The Board also met informally during the year by way of a Board briefing on five occasions.

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

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INFORMATION ON DIRECTORS AND COMPANY SECRETARY

RON McNEILLY BCOM, MBA, FCPA, FAICD

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

On temporary leave of absence from 4 August 2010 due to a family illness.

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

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Alumina Limited	Non-executive director	11 December 2002	n/a
BlueScope Steel Limited	Deputy Chairman and non-executive director	10 May 2002	n/a

LARRY BENKE BSC ENG (HONS)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2010

Larry was appointed as a non-executive director of the Board on 1 July 2010 following his retirement from his position as Managing Director Canada on 30 June 2010. Larry was appointed as alternate director for William Hall in March 2007 following the Company's acquisition of the Colt Group. He joined Colt as a design engineer in 1977 and has undertaken engineering design, project management and other management roles within the business. In 1988, Larry established the Toronto and Sarnia offices as General Manager before returning to Calgary in 1999 as President of Colt. He has been successful in leading Colt through a period of substantial growth and expansion into the new disciplines of pipelines, power generation and geomatics.

GRAHAME CAMPBELL BE, MENG SC, HON FIE AUST, FAICD, CP ENG

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002

Grahame is a member of the Audit and Risk Committee and the Nominations Committee. Grahame was Managing Director of CMPS&F from 1987 to 1995, at the time one of the largest engineering and project management groups in Australia. Grahame has over 30 years' experience in the management of major Australian and offshore infrastructure projects including oil, gas, road, rail, mining and minerals projects. Grahame was a director of Pacific Hydro Pty Limited, Iluka Resources Limited and a past President of the Association of Consulting Engineers Australia and the Australian Pipeline Industry Association. Prior to his appointment as a non-executive director of the Company on listing in 2002, Grahame was a member of the advisory board for four years.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Iluka Resources Limited	Non-executive director	17 December 1998	21 May 2008

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MARCH 2003

Erich is the Chairman of the Audit and Risk Committee and a member of the Nominations Committee. Erich is a non-executive director of Woodside Petroleum Limited and the Australian and New Zealand subsidiaries of the Rabobank Group. He is Chairman of Wesfarmers General Insurance Limited, Wesfarmers Insurance Pty Limited and the Western Australian Opera Company. 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 Wesfarmer's Commercial Division and from 1992 until his retirement in July 2002, was an executive director and Chief Financial Officer of Wesfarmers.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
West Australian Newspapers Holdings Limited	Non-executive director	2 May 2002	5 November 2008
Woodside Petroleum Limited	Non-executive director	1 December 2002	n/a

JOHN M GREEN BJURIS/LLB, FAICD, SFFIN

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002

Acting Chairman from 4 August 2010.

John is Chairman of the Remuneration Committee and a member of the Nominations Committee. John is a company director, writer and co-founder of book publisher, Pantera Press. He is the author of a financial thriller, "Nowhere Man." Until August 2006, he was an investment banker at Macquarie Bank, where he was an executive director for 13 years. His professional career before investment banking was 17 years in law, including as a partner in law firms Freehills and Dawson Waldron. John is a director of QBE Insurance Group Limited. He is also a director of a not-for-profit: The Centre for Independent Studies. He was appointed a member of the Australian Government Takeovers Panel in May 2009. In past years, John was a member of the ASX National Listings Committee and held a number of posts in the Securities Institute of Australia (now Finsia). Prior to his appointment as a non-executive director of the Company on listing in 2002, John was a member of the advisory board for nine years, including a period as its Chairman.

Australian listed company directorships

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

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

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

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

ERIC GWEE TECK HAI BENG

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE FEBRUARY 2005

Eric is a member of the Remuneration Committee and the Nominations Committee. Eric is a Singaporean national with extensive international experience in the hydrocarbons and power industries, including a career spanning more than 31 years with the ExxonMobil Group. Eric is currently a non-executive director of Singapore Power Limited. He is a non-executive director of the three stapled entities that form SP AusNet. Previously, he was the Chairman of CPG Corporation Pte Ltd and SP Services Limited and a director of ExxonMobil Singapore Pte Ltd and Melbourne Business School Limited.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
SP Australia Networks (Distribution) Limited	Non-executive director	31 May 2005	n/a
SP Australia Networks (RE) Limited	Non-executive director	9 September 2005	n/a
SP Australia Networks (Transmission) Limited	Non-executive director	26 October 2005	n/a

WILLIAM HALL BSC, MSC CHE

ALTERNATE DIRECTOR – DIRECTOR SINCE JULY 2004

William (Bill) resigned as a director of the Board and was appointed as an alternate director for Larry Benke on 1 July 2010. Bill remains an executive of the Group. He joined the Board as a director following the Company's acquisition of Parsons E&C Corporation. Bill was with the Parsons Group for 25 years. He became Chairman and CEO of Parsons Energy & Chemicals Group Inc. in 2002. Prior to this position, he served as President of Parsons Energy & Chemicals Group Inc. (1997-2001), President of The Ralph M. Parsons Company (1992-1995) and Senior Vice President and Manager of the Petroleum & Chemical Division with the company (1989-1991). Bill has 42 years' experience in the global engineering field, holding a number of key project and other US and international management positions with Parsons. Bill has completed the Executive Program at Stanford University. He is also on the Board of Directors of the US-Saudi Arabian Business Council.

DAVID HOUSEGO BBUS, MBA, FCPA

CHIEF FINANCIAL OFFICER – DIRECTOR SINCE LISTING IN NOVEMBER 2002

David has held the role of Chief Financial Officer of the Group since he joined the Company in July 1999. He led the corporate reorganization and initial public offer and listing on the ASX of Worley Group Limited (now WorleyParsons Limited) in 2002 and the subsequent capital raisings for the acquisition of Parsons E&C in 2004 and the Colt Group in 2007.

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

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2007

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

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Macquarie Bank Limited	Non-executive director	19 November 2003	n/a
Macquarie Group Limited	Non-executive director	30 August 2007	n/a
Telstra Corporation Limited	Non-executive director	17 November 2000	n/a
	Chairman	8 May 2009	n/a

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

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MAY 2010

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

PETER JANU BEC/LLB, CA, FCIS

COMPANY SECRETARY and CORPORATE LEGAL COUNSEL – APPOINTED OCTOBER 2008

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

INDEMNITIES AND INSURANCE

Under the Company's Constitution, the Company indemnifies each current and former officer of the Group against certain liabilities and costs incurred by them as an officer of the Group. The Company also indemnifies each current and former officer of the Group against certain liabilities and costs incurred when the officer acts as an officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity. Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former officers under the *Corporations Act 2001*.

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

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

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

ROUNDING OF AMOUNTS

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

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REMUNERATION REPORT

The directors of WorleyParsons Limited (Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the consolidated entity for the year ended 30 June 2010 (FY2010). The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

The Remuneration Report is presented in four sections:

REMUNERATION SNAPSHOT

This remuneration snapshot sets out some of the key details regarding executive director and executive remuneration for FY2010 that are likely to be of interest to shareholders.

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GUIDING REMUNERATION PRINCIPLES

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

Principle	Fair reward for executives, aligned with long term growth.	Alignment of executive and shareholder interests.	Communication with shareholders.
Explanation	In setting remuneration, the Company balances the interests of customers, shareholders and executives, and focuses on long term profitability.	Executives are accountable for the Company's performance and receive greater rewards for better performance.	The Company is committed to clear and transparent disclosure of its remuneration arrangements.
Putting principle into practice	Consistent with the focus on long term growth and profitability, fixed pay has been reduced for the Chief Executive Officer and certain other senior executives in recognition of the globally difficult economic times.	Executives have been rewarded since the Company's listing in 2002 for achieving: • 41% per annum compound earnings growth; • share price growth of over 1,200%; and • total shareholder return (TSR) exceeding 1,100%. The more challenging operating environment in FY2010 is reflected in: • no short term incentive (STI) awards; and • lower long term incentive (LTI) vesting for the period ended 30 June 2010.	The Company strives for ongoing improvement in the clarity and transparency of its remuneration disclosures. This enables shareholders to properly assess and provide feedback on remuneration structures and outcomes.

NEW ACTIONS IN 2010

Minimum shareholding requirement for non-executive directors (NED)

A minimum shareholding requirement equivalent to one year's base fee was introduced for NEDs. This replaces the non-executive director share plan (NED Share Plan) which was suspended at the end of FY2009. This minimum shareholding requirement was introduced to continue to provide alignment between the interests of shareholders and NEDs.

Executive director and executive contract review

The Board has undertaken a review of employment contracts for executive directors and executives. This review had two main objectives:

- to create standard contracts that comply, where relevant, with the new Australian employment termination legislation that came into effect during the year; and
- to ensure that the terms and conditions for all executive directors and executives are broadly consistent.

Introduction of a cap on the size of the LTI plan

During FY2010, the Board adopted and implemented a policy capping the number of securities issued under the LTI plan to the level referred to in the Australian Securities and Investments Commission (ASIC) Class Order applying to employee equity incentive schemes. This cap is currently set at approximately 5% of issued share capital over a five year time horizon. Currently, the number of securities issued and held pursuant to the LTI plan represents 2.78% of the Company's issued share capital.

Executive directors and executives

The executive directors and executives of the Company whose remuneration details are outlined in the Annual Report are listed below. All these executives were employed for all of FY2010 in the positions noted below.

NAME	POSITION
EXECUTIVE DIRECTORS	
John Grill	Chief Executive Officer
Larry Benke[1]	Managing Director, Canada
William Hall[2]	Managing Director, Mega Projects
David Housego	Chief Financial Officer
EXECUTIVES	
Stuart Bradie[3]	Managing Director, Europe and Africa
Robert Edwardes[4]	Managing Director, US, Latin America and the Caribbean
Iain Ross	Managing Director, Customer Sector Groups, Mergers and Acquisitions and Strategy
David Steele[5]	Managing Director, Asia and Middle East
Andrew Wood	Managing Director, Australia and New Zealand

1 Resides in Canada. Alternate director for William Hall for the full financial year. Retired from his executive role on 30 June 2010. A non-executive director from 1 July 2010.
2 Resides in the US. An executive director for the full financial year. Alternate director for Larry Benke from 1 July 2010.
3 Resides in the UK.
4 Resides in the US.
5 Resides in Malaysia.

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Directors' Report

These executive directors and executives, in addition to the non-executive directors listed on page 45 of the Annual Report, comprised the key management personnel of the Company for FY2010. This group also includes the five highest paid executives of the Company for FY2010.

ACTUAL REMUNERATION OUTCOMES

Details of the remuneration received for FY2010 by the Chief Executive Officer (CEO), other executive directors and executives are provided below. Remuneration details prepared in accordance with accounting standards are included on page 41 of the Annual Report.

The actual remuneration outcomes for FY2010 for executive directors and executives set out in the table below reflect the business conditions faced by, and performance outcomes achieved by, the Company. In particular:

- a 15% fixed remuneration reduction was taken by the CEO effective from 1 September 2009;
- a 10% fixed pay reduction was taken by all other executive directors and a number of executives effective from 1 July 2009;
- no STI payments were made in relation to performance for FY2010, reflecting the Company's full year performance falling below the threshold required to trigger STI payments; and
- achievement against the LTI plan performance hurdles for the three year period ended 30 June 2010 will result in 49% of performance rights granted in FY2008 vesting (subject to participants not electing to retest).

These outcomes are consistent with our remuneration strategy of providing fair reward, prioritizing long term growth and linking rewards to the creation of shareholder value.

		CASH SALARY[1] $	SHORT TERM INCENTIVE[2] $	LONG TERM INCENTIVE[3] $	OTHER[4] $	TOTAL $
EXECUTIVE DIRECTORS						
John Grill	2010	1,529,775	–	354,916	52,169	1,936,860
	2009	1,658,016	945,643	1,250,025	130,106	3,983,790
Larry Benke[5]	2010	756,533	–	99,279	20,318	876,130
	2009	725,595	175,761	–	20,231	921,587
William Hall	2010	692,590	–	161,889	153,918	1,008,397
	2009	869,640	302,242	666,680	248,301	2,086,863
David Housego	2010	628,021	–	140,367	49,364	817,752
	2009	665,518	259,621	511,915	82,272	1,519,326
EXECUTIVES						
Stuart Bradie	2010	1,005,057	–	132,038	634,790	1,771,885
	2009	1,282,201	432,755	357,960	773,536	2,846,452
Robert Edwardes	2010	638,997	–	93,571	406,582	1,139,150
	2009	692,091	119,495	274,839	584,821	1,671,246
Iain Ross	2010	710,544	–	116,958	37,564	865,066
	2009	710,874	293,478	465,271	35,929	1,505,552
David Steele	2010	595,834	–	71,272	238,833	905,939
	2009	576,035	169,497	274,839	167,738	1,188,109
Andrew Wood	2010	579,951	–	129,573	70,799	780,323
	2009	674,834	186,184	465,938	35,143	1,362,099
Total Remuneration Received	2010	7,137,302	–	1,299,863	1,664,337	10,101,502
	2009	7,854,804	2,884,676	4,267,467	2,078,077	17,085,024

1 The cash salary value reflects the total amount of fixed pay received by the executive director or executive during FY2010. This includes an assignment uplift for Messrs Bradie, Edwardes and Steele as part of their expatriate assignment terms and conditions.

2 No STI payments have been made in relation to FY2010 performance under the STI plan, reflecting the Company's full year performance falling below the threshold required to trigger STI payments. The 2009 amount relates to the FY2009 award under the STI plan, which was paid in September 2009 with the exception of a portion of Iain Ross's STI which was deferred for 12 months and is payable in September 2010.

3 LTI value reflects the actual value realized by the executive director or executive rather than the accounting value. The 2009 value has been determined based on the number of performance rights that vested for the period ended 30 June 2009 and the closing share price at this date. The 2010 value has been determined based on the number of performance rights that are expected to vest for the period ended 30 June 2010 and the closing share price at this date. These performance rights may vest on 30 September 2010; however, under the terms of the LTI plan, executive directors and executives have a right to one retest should they elect to do so.

4 Other amounts include the value (where applicable) of benefits such as superannuation, car parking, long service leave, expatriate benefits, and salary continuance insurance. These amounts have been determined in accordance with accounting standards and are consistent with the amounts disclosed in the Total remuneration table on page 41.

5 Larry Benke did not participate in the FY2007 LTI grant and therefore had no LTI vest during 2009.

LOOKING FORWARD

Rewarding performance

Alignment of reward with performance is taken seriously at WorleyParsons. Since listing in 2002, with the exception of FY2010, the Company has achieved strong growth, which has rewarded both shareholders and executives. Alignment of reward with performance is also demonstrated in the variable reward outcomes reported for FY2010, with no STI payments being made and reduced LTI vesting.

Although the operating environment during FY2010 was challenging, we continue to seek opportunities for growth and as we do so, it is important that our remuneration structures reinforce our growth strategy by rewarding executives when they successfully execute against this strategy.

It is also important that our pay structures are competitive with those of the companies we compete against for talent.

For these reasons, we intend to put more weight on variable pay in FY2011 to more strongly align the reward for executive directors and executives with the delivery of business growth, both in the short term and longer term.

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More information regarding the change in pay mix can be found under the heading "Putting Policy into Practice" on page 37.

Restoration of fixed remuneration
During FY2010, the CEO, the other executive directors and a number of executives accepted fixed remuneration reductions. As part of the remuneration review for FY2011, their fixed remuneration has been restored to the levels prior to the reductions.

Review of variable reward
The Board regularly reviews the operation of the Company's variable reward plans (STI and LTI) to ensure they continue to be effective and remain aligned with the Company's guiding remuneration principles. The Board considers a variety of inputs, such as competitor practice, governance and compliance standards, shareholder expectations and feedback from executives.

The Board is currently undertaking a detailed review of variable reward to improve alignment between executive director and executive reward outcomes and Company performance, both over the short and longer term, as well as retaining and motivating critical talent.

Approval of termination benefits provided under the LTI plan
In the past, the Board has exercised discretion under the LTI plan to allow unvested LTIs to remain in the plan after an employee has ended their employment and subsequently vest at the end of the performance period subject to achievement against the LTI performance hurdles. Generally, this discretion has been exercised when an employee's employment ends under a "good leaver" scenario, such as retirement.

New Australian termination benefits laws restrict the termination benefits that the Company can provide to certain employees (such as directors of the Company or its subsidiaries) without first obtaining shareholder approval. The term "benefit" has a wide operation that may include benefits arising from the Board exercising its discretion under the rules of the LTI plan.

At this year's Annual General Meeting (AGM), the Company will seek shareholder approval to confirm the Board has the authority to exercise discretions under the LTI plan, including the discretion to vest some or all of the unvested performance rights of any participant who is affected by the termination benefits laws when their employment with the Company ends.

This will assist the Board to meet its existing obligations to executive directors and employees of the Company, and to provide the Board with the flexibility to continue to remunerate employees fairly and responsibly, particularly in relation to its treatment of grants made under the LTI plan.

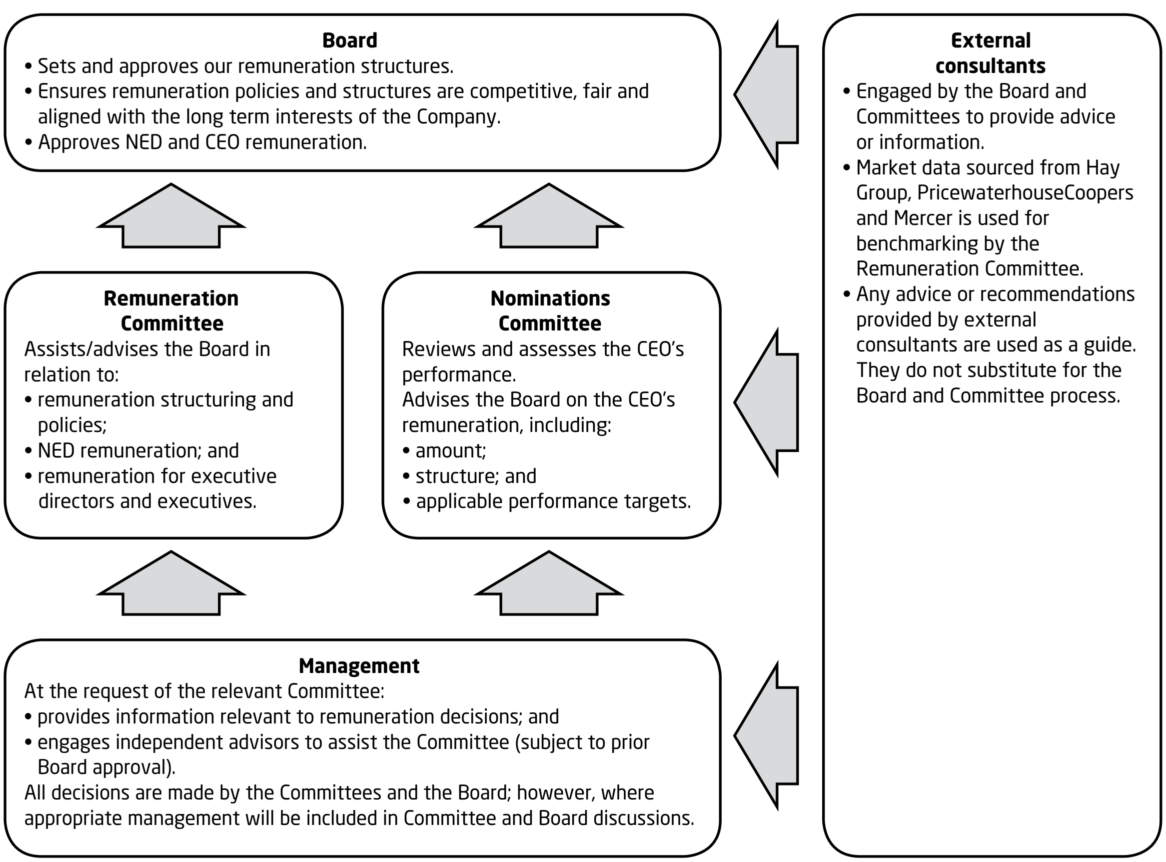
Further detail regarding this approval will be included with the Notice of Meeting for the 2010 AGM.

Productivity Commission review on executive remuneration
Following the Australian Government's response to the Productivity Commission's review into executive remuneration, the Company is reviewing the recommendations and will develop plans over the next 12 months to ensure the Company complies with legislative changes.

As the legislative environment in Australia remains uncertain, the Company will continue to monitor the introduction of new legislation to ensure that the Company not only complies with legislation as it is introduced, but continues to apply sound corporate governance principles in its management of executive remuneration.

SETTING EXECUTIVE REMUNERATION

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



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LINKING REMUNERATION TO VISION AND STRATEGY

Our vision is to be the preferred global provider of professional services (technical, project and operational support) to our customers in the resources and energy sectors and complex process industries, using our distinctive culture to create value for them and prosperity for our people.

Our executive remuneration structures support this vision. The diagram below highlights how our remuneration components and policies reinforce our core corporate objectives of Leadership, Agility, Relationships and Performance. Full details of our corporate objectives, and the principles that underpin them, are set out on the inside front cover of the Annual Report.

Remuneration structure	**Fixed remuneration**	**STI**	**LTI**	**Remuneration policies**
Objective(s) supported L: Leadership A: Agility R: Relationships P: Performance	**L:** Committed, empowered and rewarded people **P:** World-class resources, capability and experience **A:** Local capability with global leverage **R:** Open and respectful	**L:** Committed, empowered and rewarded people **P:** Zero harm **P:** Results for shareholders, customers and employees **A:** Optimum solutions customized to needs **R:** Collaborative approach to business	**L:** Committed, empowered and rewarded people **L:** Delivering profitable sustainability **P:** Creating wealth for our shareholders **P:** Results for customers and employees	**L:** Integrity in all aspects of business **R:** Open and respectful **P:** Creating wealth for our shareholders
Examples of how links are achieved	• Fixed remuneration is set around market median to attract and retain talented employees. • Remuneration packages for global roles are benchmarked against both local and global markets. • Individual fixed remuneration is aligned with the individual's responsibilities, performance, qualifications and experience. • Reductions in fixed remuneration during FY2010 for some roles (including the CEO) show that remuneration is managed prudently and with regard to all stakeholders. These reductions will be reversed in FY2011 to ensure fixed remuneration remains market competitive.	The STI plan only operates if the Group's net profit after tax is greater than at least 90% of budget. Key performance indicators (KPIs) under the STI plan include: • health, safety and environment performance; • achievement of customer objectives; • people management and development; and • development of strategic and tactical responses to changed economic and business landscapes.	The LTI plan places a major portion of remuneration at risk based on delivery of returns to shareholders. Vesting of performance rights only occurs if: • for the TSR component, the Company ranks at or above the median in its peer comparison group; and • for the earnings per share (EPS) component, the Company's average compound EPS growth exceeds consumer price index (CPI) growth by at least 4% per annum. Performance is tested over a three year period, with a performance retest available on the TSR component after four years.	The Company is committed to clear and transparent disclosure of its remuneration arrangements and takes into account the views and interests of all stakeholders in reviewing these arrangements. The Company has adopted a minimum shareholding policy which: • requires executive directors, executives and non-executive directors to establish and maintain a minimum holding of the Company's shares; and • ensures an ongoing alignment between the interests of stakeholders and executive directors, executives and non-executive directors. Consistent with its commitment to good governance and transparency, the Company's securities dealing policy: • prohibits executives from hedging performance rights or shares that are unvested or subject to restriction; and • requires any permitted hedging arrangement to be approved in advance and disclosed (where appropriate).

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PUTTING POLICY INTO PRACTICE

As shown above, in setting our remuneration policies and structures, we take into account a number of relevant factors so that our remuneration arrangements assist us to achieve our vision and values.

Three examples as to how we put our remuneration policy to work in our day-to-day business are set out below:

1. Remuneration mix for executives

Executive remuneration comprises the following:

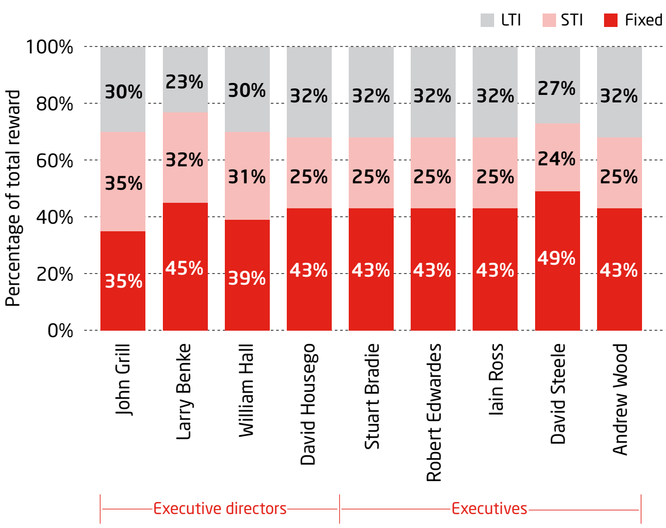
- fixed remuneration, which consists of cash (or base) salary, superannuation/retirement contributions and any salary sacrifice components; and
- variable incentive remuneration, which may be comprised of cash, superannuation/retirement contributions or equity and is dependent on corporate, regional and individual performance assessment.

A proportion of variable incentive remuneration is payable for short term performance, while the remainder is payable for longer term performance. The short term performance period is 12 months, increasing up to 24 months for any part of the STI which is subject to deferral. Longer term performance is a minimum of three years.

As such, executive remuneration is structured to recognize an individual's responsibilities, qualifications and experience, as well as to drive performance over the short and long term.

The targeted FY2010 remuneration mix of each of the executive directors and executives is outlined below:

FY2010 targeted remuneration mix for executive directors and executives



Target incentive remuneration refers to the incentive pay provided for meeting performance requirements and assumes the full vesting of LTIs. Actual incentive remuneration paid can vary for individuals depending on the extent that they meet or exceed performance requirements.

As has already been mentioned under the heading "Looking Forward," the targeted remuneration mix for executive directors and executives is being reviewed.

Further details in relation to our STI and LTI arrangements, including in relation to the specific performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2010 and prior years), are set out in the next section "Executive Remuneration in Detail".

2. Executive minimum shareholding requirement

In FY2009, the Company introduced the executive minimum shareholding requirement (requirement) which applies to executive directors and executives to reinforce our objective of aligning their interests with the interests of shareholders, and to foster an increased focus on building long term shareholder value.

To satisfy the requirement, the CEO, other executive directors and executives must:

- build a holding of the Company's ordinary shares that is equivalent in value to two times fixed remuneration (four times fixed remuneration for the CEO) by the later of six years from the introduction of this requirement or by the sixth anniversary of their appointment to the Chief Executive Officer's Committee (CEOC); and
- maintain this holding (taking into account annual changes in fixed remuneration levels) for as long as they remain on the CEOC.

Compliance with the requirement is assessed as at 30 June each year. The table below provides a summary of the position of each executive director and executive against the requirement as at 30 June 2010:

	PERCENTAGE OF MINIMUM SHAREHOLDING REQUIREMENT ACHIEVED
EXECUTIVE DIRECTORS	
John Grill	> 100%
Larry Benke	> 100%
William Hall	> 100%
David Housego	> 100%
EXECUTIVES	
Stuart Bradie	86%
Robert Edwardes	71%
Iain Ross	> 100%
David Steele	> 100%
Andrew Wood	> 100%

3. Securities trading and margin loans by directors and executives

The Company's securities dealing policy on hedging of securities by directors and executives also supports its policy objectives discussed above.

Directors and executives are not permitted to hedge unvested performance rights or shares acquired on exercise of performance rights that are subject to restrictions. Hedging of shareholdings is only permitted where each of the following requirements has been satisfied:

- permission has been obtained from the Chairman (for directors) or from the CEO (for executives);
- the hedge transaction is treated as a sale or purchase of shares by the director or executive and the relevant approvals, disclosures (to the Australian Securities Exchange (ASX), as appropriate) and notifications are made on this basis;
- the hedge transaction may not be entered into, renewed, altered or closed out when the director or executive is in possession of price sensitive information; and
- all costs or expenses directly or indirectly associated with any hedge dealing are to the directors' or executives' own account.

The Company treats compliance with its policies on securities dealing (including hedging and margin lending arrangements) as a serious issue. Compliance with this policy is monitored through an annual declaration by directors and executives stating that they have complied with the policy. From time to time, the Company will also review compliance with this policy through its internal assurance process. Breaches of the policy will be subject to appropriate sanctions, which could include disciplinary action or termination of employment.

In relation to margin loans, the Company has a policy that where there is (or the director or executive reasonably believes there will be) an unmet margin call, an event of default or other similar occurrence, the director or executive must immediately disclose to the Company Secretary or Chief Financial Officer the necessary information so the Company can comply with its continuous disclosure obligations.

EXECUTIVE REMUNERATION IN DETAIL

REMUNERATION STRUCTURE

Fixed remuneration

As noted above, fixed remuneration consists of cash (or base) salary, superannuation/retirement contributions and any salary sacrifice components. It is set around the market median, with the level of individual fixed remuneration aligned with the executive director's or executive's responsibilities, performance, qualifications and experience.

STI plan

The STI plan links specific 12 month targets or KPIs with the opportunity to earn cash incentives. The target value of the award for executive directors and executives ranges from 50% to 100% of their fixed remuneration, depending on the nature of their role and responsibilities.

Reflecting the importance of performance and its link with reward, the STI plan only operates if the Company's net profit after tax (NPAT) is greater than 90% of the budget approved by the Board. This threshold was not achieved in FY2010 and consequently there were no payments to executive directors or executives under the plan. However, even if this threshold had been attained, to receive an STI payment executive directors and executives were also required to achieve minimum performance standards against pre-agreed KPIs which were:

- critical to the Company's success during the financial year;
- reflective of the key behaviors or results the Company sought to attain; and
- capable of measurement.

The specific KPIs that were selected reflected the accountabilities of the individual, while ensuring that payments to executive directors and executives under the STI plan align with business performance and the creation of value for shareholders. As performance was measured across a number of financial and non-financial KPIs, the maximum STI could only have been achieved for strong performance across a range of areas. A summary of the KPIs for FY2010 is outlined below:

	FINANCIAL KPIs	NON-FINANCIAL KPIs
Weighting	**60%**	**40%**
KPIs	The weighting of actual KPIs varies depending on the specific role of the individual and includes the following: • Group NPAT applicable to all executives; and • cash collection for executives with regional or financial accountability.	These may vary with executive director or executive responsibility, but usually include: • performance in health, safety and environment; • people management and development; • development of strategic and tactical responses to changed economic and business landscapes; and • successful implementation of the business plan for the business unit, location or function.
Method of assessment	Based upon audited financial statements, to ensure the performance assessment for financial KPIs is aligned with business performance and the creation of value for shareholders.	Based upon an assessment of effectiveness against a set of agreed objectives. For example, performance against the health, safety and environment KPI is measured by the level of reduction in the number of reportable injuries and environmental incidents, and the completion of advanced safety audits. As far as possible, performance is assessed against quantifiable, objective KPIs, with performance targets agreed at the start of the financial year, to ensure that STI outcomes are aligned with the creation of value.
Discretionary assessment	A discretionary element of up to 60% of the target award is available to recognize the executive for exceptional performance in areas that include (but are not limited to) leadership, extraordinary effort or contribution exceeding expectations. Any extraordinary amount awarded under the discretionary assessment is deferred for 12 months as described below. A discretionary element will only be awarded if the Group's NPAT is greater than 90% of the budget approved by the Board.	
Tenure and forfeiture conditions	To be eligible for an STI payment, executives must have been employed for at least three months of the financial year and remain in employment at the date of payment. Forfeiture of the deferred STI element may occur under the conditions described below.	

Under the terms of the STI plan, executive directors and executives have the ability to earn an additional 60% of their target STI in recognition of exceptional performance. Reflecting the increased emphasis on long term decision horizons and commitment to the Company, this additional amount will then be deferred (or held back) for a further period of 12 months after the end of the performance period.

At the conclusion of the 12 month deferral period, the Board will review the performance conditions that resulted in the additional STI award to ensure that the original assessment is still applicable. If the Board determines that the basis on which the award was made was incorrect, then the deferred component will be forfeited.

Where WorleyParsons acquires a company, it will seek to transition their reward plans to WorleyParsons plans as soon as practicable.

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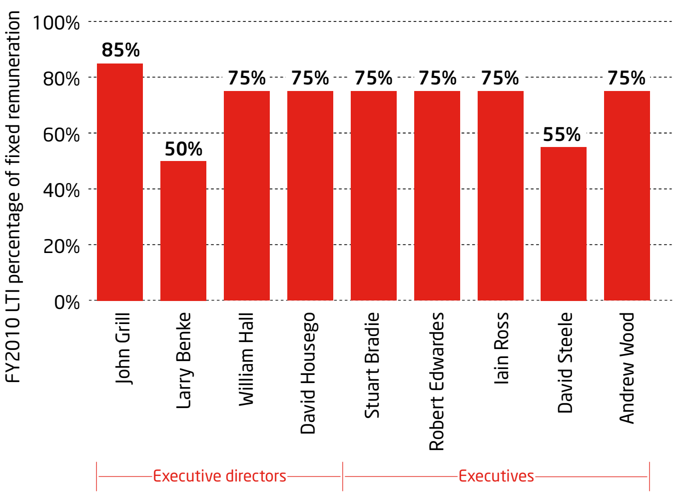
LTI plan

The LTI plan links specific three year performance targets with the opportunity to earn equity incentives. The potential value of the award (assuming full vesting) for each executive director and executive for FY2010 is outlined below:

FY2010 LTI as a percentage of fixed remuneration



There are two specific performance targets. Each is based on a different measure and each is assessed independently. The measures are as follows:

- relative TSR; and
- EPS growth.

The Board believes it is appropriate to assess executive director and executive performance based on both a relative hurdle linked to shareholder value (TSR) and an absolute hurdle more within the executive director's or executive's control (EPS).

The Board has determined that the number of securities issued under the LTI plan should be capped at the level referred to in the ASIC Class Order applying to employee equity incentive schemes. This cap is currently set at approximately 5% of issued share capital over a five year time horizon. The Board adopted and implemented this policy during FY2010. Currently, the number of securities issued and held pursuant to the LTI plan represents 2.78% of the Company's issued share capital.

LTI grants for FY2010

Performance rights (rights) are issued under the LTI plan. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The number of rights issued is based on the executive director's or executive's target LTI with reference to the underlying share price when issued. Rights vest and can only be exercised after a three year period, subject to at least minimum performance hurdles being satisfied.

Where rights cannot be readily issued in certain overseas jurisdictions due to differing securities laws and taxation treatments, the LTI rules ensure an executive director or executive can still be rewarded for their contribution, whilst catering for the local restrictions on the issue of securities. We do this through cash settled rights. The terms and conditions for these are the same as for the equity settled rights as outlined above, except that rather than receiving one fully paid ordinary share in the Company at a nil exercise price, the executive director or executive receives the value of one fully paid ordinary share in the Company in cash (during FY2010, no cash settled rights were issued to executive directors or executives).

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

Details of the rights granted to executive directors and executives as the LTI component of their remuneration are outlined on page 44.

Relative TSR performance hurdle (applies to 60% of potential LTI)

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

Executive directors and executives will only derive value from the TSR component of the grants made in FY2010 if the Company's TSR performance is at least at the median of companies in the peer comparison group. For LTI grants made in FY2010, the peer comparison group comprises AECOM, Aker Solutions, AMEC, Fluor Corporation, Foster Wheeler, Jacobs Engineering Group, KBR, SNC-Lavalin, URS Corporation and Wood Group.

These companies were selected on the basis that they compete directly with the Company for customers, people and projects. As these companies are subject to similar challenges, opportunities and market sentiment, our performance in comparison to that of these companies should more fairly reflect the strength of our performance and so be better aligned with our remuneration philosophy. The Board has discretion to adjust the comparison group to take into account events including, but not limited to, takeovers or mergers that might occur during the performance period.

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

RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	30%
Greater than the 50th percentile but less than the 75th percentile	Pro rated vesting between 31% and 60%
At 75th percentile or greater	60% (i.e. maximum available under the plan)

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

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

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

The Remuneration Committee allows one retest to reflect the volatile nature of the industry. The way in which the retest is applied maintains alignment with shareholder interests and the ability to retest has been in place since the Company listed. FY2010 will be the first year the retest is an option for employees.

EPS performance hurdle (applies to 40% of potential LTI)

Basic EPS is determined by dividing the Group's net profit by the weighted average number of the Company's ordinary shares outstanding during the financial year. Growth in EPS will be measured by comparing the EPS in the year of issue and the measurement year. EPS has been chosen as a performance hurdle because it provides a clear line of sight between executive director and executive performance and Company performance. It is also a well recognized and understood measure of performance from both within and outside the organization.

Executive directors and executives will only derive value from the EPS component of the grants made in FY2010 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in CPI over the three year performance period.

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

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

Exercise of rights and allocation of shares

To the extent that the performance hurdles have been satisfied, performance rights are automatically exercised (unless an executive director or executive elects otherwise) and executive directors and executives acquire shares in the Company at a nil exercise price. Any rights not automatically exercised on vesting must be exercised within seven years from the date of grant. If they are not exercised within this time, they will expire.

Shares allocated to executive directors and executives upon exercise of rights rank equally with all other ordinary shares on issue. Whilst the shares allocated to executive directors and executives remain subject to transfer restrictions, executive directors and executives can apply to have the restrictions lifted. Upon release of the restrictions, the executive directors or executives will have unencumbered ownership of the shares.

Cessation of employment and change of control

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

In the event of a change of control of the Company (i.e. where a third party unconditionally acquires more than 50% 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.

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REMUNERATION OUTCOMES

Total remuneration

Details of remuneration for the executive directors and executives are provided in the following table in accordance with accounting standards. The details of remuneration received are provided on page 34 under the heading "Actual Remuneration Outcomes".

		SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG TERM BENEFITS	SHARE BASED PAYMENTS			
		CASH SALARY $	STI[1] $	NON-MONETARY BENEFITS[2] $	SUB TOTAL $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	EQUITY SETTLED[3] $	% OF TOTAL REMUN-ERATION	VARIABLE PAY % OF TOTAL REMUN-ERATION	TOTAL $
EXECUTIVE DIRECTORS											
John Grill	2010	1,529,775	-	12,843	1,542,618	14,461	24,865	245,118	13.4%	13.4%	1,827,062
	2009	1,658,016	945,643	10,184	2,613,843	90,832	29,090	884,921	24.5%	50.6%	3,618,686
Larry Benke	2010	756,533	-	8,493	765,026	11,824	-	47,788	5.8%	5.8%	824,638
	2009	725,595	175,761	8,755	910,111	-	11,476	141,172	13.3%	29.8%	1,062,759
William Hall	2010	692,590	-	78,964	771,554	14,375	60,580	101,444	10.7%	10.7%	947,953
	2009	869,640	302,242	165,735	1,337,617	16,351	66,215	419,090	22.8%	39.2%	1,839,273
David Housego	2010	628,021	-	13,504	641,525	25,043	10,816	93,204	12.1%	12.1%	770,588
	2009	665,518	259,621	11,024	936,163	59,197	12,051	350,890	25.8%	44.9%	1,358,301
EXECUTIVES											
Stuart Bradie[4]	2010	1,005,057	-	554,658	1,559,715	80,133	-	96,705	5.6%	5.6%	1,736,553
	2009	1,282,201	432,755	688,438	2,403,394	85,098	-	294,253	10.6%	26.1%	2,782,745
Robert Edwardes[4]	2010	638,997	-	406,582	1,045,579	-	-	77,674	6.9%	6.9%	1,123,253
	2009	692,091	119,495	581,987	1,393,573	2,115	719	216,882	13.4%	20.9%	1,613,289
Iain Ross	2010	710,544	-	11,051	721,595	14,461	12,051	102,471	12.0%	12.0%	850,578
	2009	710,874	293,478	10,133	1,014,485	13,745	12,051	315,024	23.2%	44.9%	1,355,305
David Steele[4]	2010	595,834	-	238,833	834,667	-	-	56,682	6.4%	6.4%	891,349
	2009	576,035	169,497	162,242	907,774	4,719	777	183,397	16.7%	32.2%	1,096,667
Andrew Wood	2010	579,951	-	10,300	590,251	50,055	10,443	97,160	13.0%	13.0%	747,909
	2009	674,834	186,184	9,956	870,974	13,745	11,442	323,638	26.5%	41.8%	1,219,799
Total remuneration	2010	7,137,302	-	1,335,228	8,472,530	210,352	118,755	918,246			9,719,883
	2009	7,854,804	2,884,676	1,648,454	12,387,934	285,802	143,821	3,129,267			15,946,824

1 The 2009 amount relates to the FY2009 award under the STI plan, which was paid in September 2009 with the exception of a portion of Iain Ross's STI which was deferred for 12 months.
2 Non-monetary benefits include benefits such as expatriate benefits (i.e. housing, home leave etc), health insurance, car parking, company cars or car allowances, fringe benefits tax, tax advisory services, life insurance and club memberships.
3 Remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined based on the fair value at grant date, adjusted for the movement in the fair value of the liability during the reporting period and is allocated progressively over the vesting period. The amount included as remuneration is not related to, or indicative of, the benefit (if any) that individual executive directors and executives may ultimately realize should the equity instruments vest.
4 In addition to their cash salary, Messrs Bradie, Edwardes and Steele each received an assignment uplift as part of their expatriate assignment terms and conditions. Payment of this uplift will cease at the conclusion of the assignment.

Rewards derived from at risk remuneration
The sections below contain further details of how the Company's performance over the past five years has impacted on remuneration outcomes for executive directors and executives under the Company's STI and LTI programs.

STI outcomes

As outlined in the description of the STI plan, reward outcomes for executive directors and executives are linked primarily to performance against annual financial KPIs, although non-financial (including individual) KPIs are also relevant.

The table below contains a snapshot of the Company's performance against key annual financial performance indicators over the past five years:

FINANCIAL YEAR ENDED 30 JUNE	2006	2007	2008	2009	2010
Closing share price ($)	20.10	34.00	37.86	23.81	22.21
Dividends paid[1] (cent per share)	41.0	60.5	85.5	93.0	75.5
Basic EPS[2] (cent per share)	66.3	101.8	142.5	161.1	118.5
EBIT ($m)	199.5	319.1	520.0	605.3	427.4
NPAT ($m)	139.1	224.8	343.9	390.5	291.1

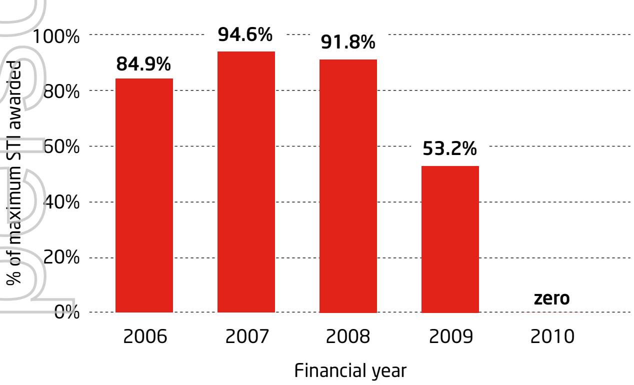
1 The FY2010 final dividend has been declared and is scheduled to be paid on 28 September 2010.
2 Basic EPS for 2006 financial year has been adjusted to be comparable to that for 2007 and 2008 as a result of the rights issue in March 2007 where shares were issued at a discount to market price.

STI payments for executive directors and executives demonstrate strong alignment between Company performance and reward outcomes.

The 2009 and 2010 financial years proved challenging, which is reflected in the Company's performance and lower STI awards in 2009 and no STI awards in 2010.

The graph below illustrates the average percentage of maximum STI awarded to executive directors and executives over the past five years:

Average % of maximum STI awarded to executive directors and executives



The average percentage of maximum STI for 2009 relates to amounts paid in September 2009 with the exception of a portion of Iain Ross's STI which was deferred for 12 months.

Before any STI is awarded under the plan, the Company's NPAT must be greater than 90% of the budget approved by the Board, as outlined in the STI plan summary on page 38. As the NPAT threshold was not achieved for FY2010, no STI awards were made to executive directors and executives.

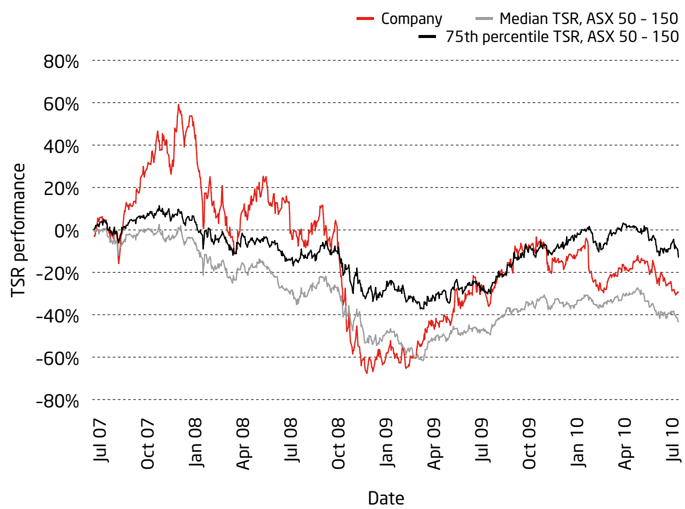
LTI outcomes

Vesting outcomes under the LTI plan are directly linked to the Company's relative TSR performance over the three year performance period. For the LTI grants made in FY2009 and FY2010, the TSR comparator group comprises the 10 companies listed previously, which compete with the Company for customers, people and projects.

However, for the LTI grants made in FY2006, FY2007 and FY2008, the comparator group for the TSR performance hurdle comprised the companies ranked 50 to 150 by market capitalization (ASX 50 – 150 peer group) in the ASX index at the start of the performance period. This is the comparator group relevant for the LTI award that vested for 2010.

The graph below tracks the Company's TSR over the last three years against the median TSR of the ASX 50 – 150 peer group used under the LTI plan:

TSR performance measured over the last three years



This graph illustrates that growth in the Company's TSR has exceeded the median of the peer group over the last three years. The Company's TSR percentile ranking was at the 66th percentile, which will result in an 82% vesting outcome against the TSR performance hurdle for LTI granted in FY2008.

Over the same three year period, the Company's EPS was below the minimum required to trigger vesting against the EPS performance hurdle for LTI granted in FY2008.

Based on these performance outcomes, and consistent with our stated remuneration policy of rewarding executive directors and executives for delivering returns to shareholders, 49% of performance rights granted under the LTI plan in FY2008 will vest.

All prior performance rights granted under the LTI plan have achieved 100% vesting. The FY2008 LTI grant will vest on 30 September 2010 (subject to any retest elections).

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The tables below show the history of the grants that have vested to date:

Summary of vested rights

GRANT	PERFORMANCE PERIOD	TSR PERCENTILE ACHIEVED[1]	% OF TOTAL LTI GRANT VESTED/ EXERCISED	VESTING DATE	VALUE PER RIGHT VESTED/ EXERCISED[2] $
EQUITY SETTLED					
FY2005	1 Jul 04 – 30 Jun 07	99th	100%	30 Sep 07	37.87
FY2006	1 Jul 05 – 30 Jun 08	100th	100%	30 Sep 08	34.34
FY2007	1 Jul 06 – 30 Jun 08	81st	100%	30 Sep 09	28.40
CASH SETTLED					
FY2005	1 Jul 04 – 30 Jun 07	99th	100%	30 Sep 07	37.94

1 Represents the Company's relative TSR ranking over the performance period compared to the comparator group (being the ASX 50 – 150 ranked companies at the start of the performance period).

2 This amount is based on the volume weighted average share price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).

All of the rights granted in FY2005, FY2006 and FY2007 vested (i.e. the percentage of each grant forfeited was nil) and were exercised for a nil exercise price. No other rights granted to executive directors or executives in FY2005, FY2006 or FY2007 vested or were exercised during this period.

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Details of vested and outstanding rights over the last five years

	YEAR OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE[4]	EXPIRY DATE	NUMBER OF RIGHTS VESTED AND EXERCISED	VALUE OF RIGHTS VESTED[5] AND EXERCISED $
EXECUTIVE DIRECTORS								
John Grill	FY2010	45,293	19.27	872,796	30 Sep 12	30 Sep 16	–	–
	FY2009	43,317	19.11	827,788	30 Sep 11	30 Sep 15	–	–
	FY2008	32,546	30.48	992,002	30 Sep 10	02 Oct 14	–	–
	FY2007	52,500	16.35	858,375	30 Sep 09	01 Feb 14	52,500	1,491,000
	FY2006	78,657	9.32	733,083	30 Sep 08	30 Sep 12	78,657	2,701,081
Larry Benke	FY2010	11,214	19.27	216,094	30 Sep 12	30 Sep 16	–	–
	FY2009	10,183	19.11	194,597	30 Sep 11	30 Sep 15	–	–
	FY2008	9,105	30.48	277,520	30 Sep 10	02 Oct 14	–	–
William Hall	FY2010	18,665	19.27	359,675	30 Sep 12	30 Sep 16	–	–
	FY2009	16,428	19.11	313,939	30 Sep 11	30 Sep 15	–	–
	FY2008	14,847	30.48	452,537	30 Sep 10	02 Oct 14	–	–
	FY2007	28,000	16.35	457,800	30 Sep 09	01 Feb 14	28,000	795,200
	FY2006	47,788	9.32	445,384	30 Sep 08	30 Sep 12	47,788	1,641,040
David Housego	FY2010	17,385	19.27	335,009	30 Sep 12	30 Sep 16	–	–
	FY2009	15,834	19.11	302,588	30 Sep 11	30 Sep 15	–	–
	FY2008	12,873	30.48	392,369	30 Sep 10	02 Oct 14	–	–
	FY2007	21,500	16.35	351,525	30 Sep 09	01 Feb 14	21,500	610,600
	FY2006	35,075	9.32	326,899	30 Sep 08	30 Sep 12	35,075	1,204,476
EXECUTIVES								
Stuart Bradie	FY2010	19,361	19.27	373,086	30 Sep 12	30 Sep 16	–	–
	FY2009	15,692	19.11	299,874	30 Sep 11	30 Sep 15	–	–
	FY2008	12,109	30.48	369,082	30 Sep 10	02 Oct 14	–	–
	FY2007	15,034	16.35	245,806	30 Sep 09	01 Feb 14	15,034	426,966
	FY2006	18,400	9.32	171,488	30 Sep 08	30 Sep 12	18,400	631,856
Robert Edwardes	FY2010	15,721	19.27	302,944	30 Sep 12	30 Sep 16	–	–
	FY2009	11,466	19.11	219,115	30 Sep 11	30 Sep 15	–	–
	FY2008	8,582	30.48	261,579	30 Sep 10	02 Oct 14	–	–
	FY2007	11,543	16.35	188,728	30 Sep 09	01 Feb 14	11,543	327,821
	FY2006	15,423	9.32	143,742	30 Sep 08	30 Sep 12	15,423	529,626
Iain Ross	FY2010	19,316	19.27	372,219	30 Sep 12	30 Sep 16	–	–
	FY2009	15,834	19.11	302,588	30 Sep 11	30 Sep 15	–	–
	FY2008	10,727	30.48	326,959	30 Sep 10	02 Oct 14	–	–
	FY2007	19,541	16.35	319,495	30 Sep 09	01 Feb 14	19,541	554,964
	FY2006	30,721	9.32	286,320	30 Sep 08	30 Sep 12	30,721	1,054,959
David Steele	FY2010	10,746	19.27	207,075	30 Sep 12	30 Sep 16	–	–
	FY2009	8,809	19.11	168,340	30 Sep 11	30 Sep 15	–	–
	FY2008	6,536	30.48	199,217	30 Sep 10	02 Oct 14	–	–
	FY2007	11,543	16.35	188,728	30 Sep 09	01 Feb 14	11,543	327,821
	FY2006	15,423	9.32	143,742	30 Sep 08	30 Sep 12	15,423	529,626
Andrew Wood	FY2010	18,650	19.27	359,386	30 Sep 12	30 Sep 16	–	–
	FY2009	15,288	19.11	292,154	30 Sep 11	30 Sep 15	–	–
	FY2008	11,883	30.48	362,194	30 Sep 10	02 Oct 14	–	–
	FY2007	19,569	16.35	319,953	30 Sep 09	01 Feb 14	19,569	555,760
	FY2006	29,851	9.32	278,211	30 Sep 08	30 Sep 12	29,851	1,025,083
Total vested		450,568		5,459,279			450,568	14,407,879
Total outstanding		448,410		9,952,726			–	–
Total		898,978		15,412,005			450,568	14,407,879

1 The service and performance criteria for the rights are discussed under the heading "LTI plan" above. Shareholders approved the FY2010 grant of performance rights to Messrs Grill, Benke, Hall and Housego at the 2009 AGM. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option).

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

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

4 This is the date at which rights first become exercisable subject to meeting performance hurdles. Once vested, rights are exercisable up until the expiry date.

5 This amount is based on the volume weighted average share price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).

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Remuneration objectives achieved

The analysis set out above indicates that whilst executive directors and executives have derived substantial rewards from the variable or at risk components of their remuneration during the past five years, these rewards only flowed when performance of the Company has delivered results to shareholders.

EMPLOYMENT ARRANGEMENTS

During FY2010, a review of executive director and executive contracts was undertaken. This review had two main objectives:

- to create standard contracts that, where relevant, comply with the new Australian employment termination legislation that came into effect during the year; and
- to ensure that the terms and conditions for all executive directors and executives are broadly consistent and reflect the criticality of these roles to the Company.

The key aspects of executive director and executive contracts are outlined below:

	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS
EXECUTIVE DIRECTORS			
John Grill	Unlimited duration	6 months	12 months
Larry Benke[1]	Retired	n/a	n/a
William Hall	5 October 2011	Remainder of the term of the contract	6 months
David Housego	Unlimited duration	6 months	6 months
EXECUTIVES			
Stuart Bradie	Unlimited duration	6 months	6 months
Robert Edwardes	Unlimited duration	6 months	6 month
Iain Ross	Unlimited duration	6 months	6 months
David Steele	Unlimited duration	6 months	6 months
Andrew Wood	Unlimited duration	6 months	6 months

1 Mr Benke retired from his executive role on 30 June 2010. He was appointed a non-executive director on 1 July 2010.

The contracts include the components of remuneration which are to be paid to executive directors and executives, but do not prescribe how remuneration levels are to be modified from year to year.

In the event of termination, all executive directors and executives are entitled to receive their statutory leave entitlements and superannuation benefits. In relation to incentive plans upon termination, where an executive director or executive has resigned, STI is paid only if the executive director or executive is employed on the date of payment. In relation to LTI, the treatment of vested and unvested performance rights, whether equity or cash settled, in all instances of separation remains the subject of Board discretion in accordance with the plan rules (as outlined in the LTI plan discussion above).

The Company did not pay sign-on payments to any executive directors or executives during the financial year.

NON-EXECUTIVE DIRECTOR REMUNERATION

NON-EXECUTIVE DIRECTORS

This section of the Remuneration Report outlines the remuneration arrangements in place for the Company's non-executive directors. The non-executive directors for FY2010 are listed below:

NAME	POSITION
Ron McNeilly[1]	Chairman
Grahame Campbell	Director
Erich Fraunschiel	Director
John M Green[2]	Acting Chairman
Eric Gwee[3]	Director
Catherine Livingstone, AO	Director
JB McNeil[4]	Director

1 Due to a family illness, Mr McNeilly sought and was granted a leave of absence from 4 August 2010.
2 Mr Green was appointed Acting Chairman on 4 August 2010 for the duration of Mr McNeilly's absence and has served in this capacity since this time.
3 Resides in Singapore.
4 Resides in the US.

JB McNeil was appointed to the Board effective from 1 May 2010. All other directors held office for the whole of FY2010.

REMUNERATION POLICY

Fairness is also the key principle underpinning our remuneration philosophy for non-executive directors.

No fee increase for fourth year

Reflecting the principles of fairness and shareholder alignment is a commitment to restraint. The date of the last fee increase was 1 July 2007 and the Board will not consider any further reviews of its fee structure until 1 July 2011. This means that FY2011 is the fourth successive year in which the non-executive directors will have been paid the same level of fees.

The aggregate amount of fees (which include Board and Committee fees) that may be paid to non-executive directors in any year is capped at a level approved by shareholders at the AGM. The current maximum aggregate amount of $2 million per annum was approved by shareholders at the 2008 AGM. Of the aggregate annual fee pool, 72% ($1.449 million) was utilized during FY2010.

Non-executive directors do not receive performance related payments.

Prior to his appointment as a non-executive director, Larry Benke was an executive director of the Company and received allocations of performance rights under the LTI plan. Upon his retirement as an executive director, the Board exercised its discretion to allow a pro rata proportion of his outstanding performance rights to remain in the plan. Pro rata vesting of the performance rights will remain subject to achievement against the performance hurdles that apply under the plan. This is consistent with the Company's practice in relation to unvested LTI held by retiring employees.

REMUNERATION STRUCTURE

Board and Committee fees

Board and Committee fees for FY2010 are set out below. These amounts are inclusive of superannuation contributions made on behalf of non-executive directors in accordance with the Company's statutory obligations.

ROLE	FY2010 FEES
Chairman	$437,500
Other non-executive director	$175,000
Chairman of Audit and Risk Committee	$35,000
Member of Audit and Risk Committee	$17,500
Chairman of Remuneration Committee	$20,000
Member of Remuneration Committee	$12,000
Chairman/Member of Nominations Committee	Nil

Other benefits
Non-executive directors are eligible to receive travel allowances and fees for special duties. Non-executive directors are also entitled to be reimbursed for all business related expenses, including travel, incurred in the discharge of their obligations.

During FY2010, non-executive directors received a travel allowance for attendance at Board meetings held overseas during the financial year. The travel allowance for attendance at overseas meetings is currently $5,000 per trip (effective 1 July 2009).

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

Non-executive director share plan
The Company operated a NED Share Plan to reinforce a focus on long term performance and growth.

The NED Share Plan operated from FY2003 through to its suspension at the end of FY2009 as a result of legislative changes. Under the terms of the NED Share Plan, non-executive directors were required to sacrifice between 25% and 100% of their gross annual fees for an equivalent value of shares at the prevailing market price. These shares are subject to a restriction on dealing which expires on the earliest of:

- 10 years from the date the shares were granted;
- the time the director ceases to hold office; or
- the time the Board decides in its discretion that any restrictions cease.

This plan has been suspended and replaced with a minimum shareholding requirement which is described below.

Non-executive director minimum shareholding requirement
A minimum shareholding requirement was introduced in FY2010 to provide continued alignment between director and shareholder interests following the suspension of the NED Share Plan. To comply with this requirement, each non-executive director must build a holding of the Company's ordinary shares equivalent to that director's annual fee. Directors are expected to comply with this requirement within their first full term of three years as a director.

Compliance with the requirement will be assessed as at 30 June each year. The table below provides a summary of each NED's positioning against the minimum shareholding requirement as at 30 June 2010:

DIRECTORS	PERCENTAGE OF MINIMUM SHAREHOLDING REQUIREMENT ACHIEVED
Ron McNeilly	> 100%
Grahame Campbell	> 100%
Erich Fraunschiel	> 100%
John M Green	> 100%
Eric Gwee	> 100%
Catherine Livingstone, AO	> 100%
JB McNeil	0%

Mr McNeil only joined the Board effective from 1 May 2010. As there has been no opportunity for directors to purchase shares under the Company's securities dealing policy, he was not expected to comply with the minimum shareholding requirement as at 30 June 2010.

Particulars of directors' beneficial interests in shares of the Company as at 30 June 2010 are set out in note 31 to the financial statements.

REMUNERATION OUTCOMES
Remuneration of the non-executive directors for FY2010 and FY2009 is set out below:

	SHORT TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	
	FEES AND ALLOWANCES[1] $	SUPER-ANNUATION[2] $	NON-EXECUTIVE DIRECTOR SHARE PLAN[3] $	TOTAL $
Ron McNeilly				
2010	409,076	28,424	–	437,500
2009	339,875	27,708	72,917	440,500
Grahame Campbell				
2010	178,039	14,461	–	192,500
2009	151,496	11,921	32,083	195,500
Erich Fraunschiel				
2010	197,949	12,051	–	210,000
2009	164,996	13,004	35,000	213,000
John M Green				
2010	145,001	49,999	–	195,000
2009	65,500	100,000	32,500	198,000
Eric Gwee				
2010	192,000	–	–	192,000
2009	173,834	–	31,166	205,000
Catherine Livingstone, AO				
2010	178,039	14,461	–	192,500
2009	148,496	11,921	32,083	192,500
JB McNeil				
2010	29,167	–	–	29,167
Total remuneration				
2010	1,329,271	119,396	–	1,448,667
2009	1,044,197	164,554	235,749	1,444,500

1 Includes travel and similar allowances.
2 Superannuation contributions are made on behalf of the non-executive directors in accordance with the Company's statutory superannuation obligations. The superannuation figures also include additional (i.e. non-statutory) salary sacrifice contributions to superannuation and pension plans, as nominated by non-executive directors.
3 The NED Share Plan was discontinued at the end of FY2009 and no shares were allocated under this plan during FY2010.
The amount disclosed in FY2009 in relation to share based payments includes salary sacrifice amounts intended to be used for the purchase of shares under the NED Share Plan. This purchase did not proceed due to the suspension of the plan and the amounts were subsequently paid as fees. The FY2009 comparative figure has therefore been adjusted to reflect the actual value of shares purchased.

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

JOHN M GREEN
Acting Chairman
Sydney, 25 August 2010

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Statement of Financial Performance For the financial year ended 30 June 2010

	NOTES	CONSOLIDATED 2010 $'M	2009 $'M
REVENUE			
Services revenue		5,059.7	5,794.7
Interest income		4.9	5.7
Other		4.9	7.3
Revenue and other income		**5,069.5**	**5,807.7**
EXPENSES			
Staff costs		(2,505.0)	(3,291.0)
Contract related reimbursable costs		(1,507.3)	(1,173.9)
Office and administration costs		(425.1)	(457.6)
Depreciation		(18.7)	(28.4)
Amortization		(73.2)	(59.5)
Borrowing costs		(39.0)	(49.3)
Other		(162.3)	(230.4)
Total expenses		**(4,730.6)**	**(5,290.1)**
Share of net profits of associates accounted for using the equity method	23(C)	54.4	44.1
Profit before income tax expense		**393.3**	**561.7**
Income tax expense	5	(90.3)	(160.8)
Profit after income tax expense		**303.0**	**400.9**
less: Profit attributable to non-controlling interests		(11.9)	(10.4)
Profit attributable to members of WorleyParsons Limited		**291.1**	**390.5**
Basic earnings per share (cents)	20	118.5	161.1
Diluted earnings per share (cents)	20	117.5	159.4

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

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Statement of Comprehensive Income For the financial year ended 30 June 2010

	CONSOLIDATED	
	2010 $'M	2009 $'M
Profit after income tax expense	**303.0**	**400.9**
Net movement in foreign currency translation reserve	52.5	32.5
Net movement in hedge reserve	2.0	0.1
Total comprehensive income, net of tax	**357.5**	**433.5**
Total comprehensive income, net of tax, attributable to:		
Members of WorleyParsons Limited	345.2	423.1
Non-controlling interests	12.3	10.4

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Statement of Financial Position As at 30 June 2010

	NOTES	CONSOLIDATED 2010 $'M	2009 $'M
ASSETS			
Current assets			
Cash and cash equivalents	6	140.5	173.8
Trade and other receivables	7	1,266.6	1,210.1
Inventories		0.9	0.3
Prepayments		47.6	61.6
Derivatives	34	–	2.3
Finance lease receivable	28	1.3	–
Assets held for sale	27	–	39.8
Total current assets		**1,456.9**	**1,487.9**
Non-current assets			
Equity accounted associates	23(B)	135.6	122.6
Property, plant and equipment	8	116.0	139.0
Intangible assets	9	1,781.2	1,663.1
Finance lease receivable	28	31.3	–
Deferred tax assets	10	108.9	86.8
Derivatives	34	5.9	16.8
Other non-current assets		6.6	1.3
Total non-current assets		**2,185.5**	**2,029.6**
TOTAL ASSETS		**3,642.4**	**3,517.5**
LIABILITIES			
Current liabilities			
Trade and other payables	11	581.7	650.4
Interest bearing loans and borrowings	12	32.0	10.3
Income tax payable		5.9	61.5
Provisions	13	316.0	266.1
Derivatives		1.4	0.2
Liabilities held for sale	27	–	26.4
Total current liabilities		**937.0**	**1,014.9**
Non-current liabilities			
Interest bearing loans and borrowings	14	746.3	707.2
Deferred tax liabilities	15	95.8	99.0
Provisions	16	24.3	41.3
Total non-current liabilities		**866.4**	**847.5**
TOTAL LIABILITIES		**1,803.4**	**1,862.4**
NET ASSETS		**1,839.0**	**1,655.1**
EQUITY			
Issued capital	17	1,208.3	1,142.6
Reserves	18	(72.3)	(117.5)
Retained profits	19	694.1	623.5
Parent Entity interest		1,830.1	1,648.6
Non-controlling interests		8.9	6.5
TOTAL EQUITY		**1,839.0**	**1,655.1**

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

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Statement of Changes in Equity For the financial year ended 30 June 2010

CONSOLIDATED	ISSUED CAPITAL $'M	RETAINED PROFITS $'M	FOREIGN CURRENCY TRANSLATION RESERVE $'M	HEDGE RESERVE $'M	PERFORMANCE RIGHTS RESERVE $'M	ASSET REVALUATION RESERVE $'M	MEMBERS OF THE PARENT $'M	NON-CONTROLLING INTERESTS $'M	TOTAL $'M
As at 1 July 2009	**1,142.6**	**623.5**	**(145.5)**	**(3.6)**	**31.6**	**-**	**1,648.6**	**6.5**	**1,655.1**
Profit	-	291.1	-	-	-	-	291.1	11.9	303.0
Other comprehensive income	-	-	52.1	2.0	-	-	54.1	0.4	54.5
Total comprehensive income	**-**	**291.1**	**52.1**	**2.0**	**-**	**-**	**345.2**	**12.3**	**357.5**
Transactions with owners									
Ordinary shares issued	50.8	-	-	-	-	-	50.8	-	50.8
Performance rights	14.9	-	-	-	(8.9)	-	6.0	-	6.0
Dividends paid	-	(220.5)	-	-	-	-	(220.5)	(9.9)	(230.4)
As at 30 June 2010	**1,208.3**	**694.1**	**(93.4)**	**(1.6)**	**22.7**	**-**	**1,830.1**	**8.9**	**1,839.0**
As at 1 July 2008	**1,132.5**	**438.8**	**(178.0)**	**(3.7)**	**22.7**	**1.2**	**1,413.5**	**3.0**	**1,416.5**
Profit	-	390.5	-	-	-	-	390.5	10.4	400.9
Other comprehensive income	-	-	32.5	0.1	-	-	32.6	-	32.6
Total comprehensive income	**-**	**390.5**	**32.5**	**0.1**	**-**	**-**	**423.1**	**10.4**	**433.5**
Transactions with owners									
Ordinary shares issued	0.3	-	-	-	-	-	0.3	-	0.3
Performance rights	9.8	-	-	-	8.9	-	18.7	-	18.7
Transfer of asset revaluation reserve	-	1.2	-	-	-	(1.2)	-	-	-
Dividends paid	-	(207.0)	-	-	-	-	(207.0)	(6.9)	(213.9)
As at 30 June 2009	**1,142.6**	**623.5**	**(145.5)**	**(3.6)**	**31.6**	**-**	**1,648.6**	**6.5**	**1,655.1**

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

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Statement of Cash Flows For the financial year ended 30 June 2010

	NOTES	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		5,074.8	6,106.0
Payments to suppliers and employees (inclusive of goods and services tax)		(4,648.5)	(5,364.3)
		426.3	741.7
Dividends received from associates	23(E)	38.9	20.5
Interest received		4.5	5.3
Borrowing costs paid		(38.6)	(47.5)
Income taxes paid		(151.5)	(173.6)
Net cash inflow from operating activities	25	**279.6**	**546.4**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		-	22.5
Payments for acquisition of controlled entities	22(D)	(118.4)	(9.4)
Cash balances in controlled entities acquired, net of bank overdraft	22(D)	28.1	0.2
Payments for purchase of property, plant and equipment and computer software		(55.0)	(147.2)
Proceeds from sale of property, plant and equipment		0.5	0.5
Net cash outflow from investing activities		**(144.8)**	**(133.4)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(509.6)	(1,102.4)
Proceeds from borrowings		572.3	1,002.6
Costs of bank facilities and proceeds from finance leases		(5.1)	(3.6)
Net loans to/(from) related parties		(2.6)	0.6
Dividends paid to the Company's shareholders	21(B)	(220.5)	(207.0)
Dividends paid to non-controlling interests		(9.9)	(6.7)
Net cash outflow from financing activities		**(175.4)**	**(316.5)**
Net (decrease)/increase in cash		**(40.6)**	**96.5**
Cash and cash equivalents at the beginning of the financial year		178.3	76.3
Effects of exchange rate changes on cash		(7.5)	5.5
Cash and cash equivalents at the end of the financial year	6	**130.2**	**178.3**

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

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1. CORPORATE INFORMATION

The financial report of WorleyParsons Limited (the Company or Parent Entity) for the financial year ended 30 June 2010 was authorized for issue in accordance with a resolution of the directors on 25 August 2010.

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

The nature of the operations and principal activities of the Company is described in note 33.

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.

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates

In the application of AAS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments.

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

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

- goodwill and intangible assets with identifiable useful lives, refer note 9;
- warranty provisions, refer notes 13 and 16;
- share based payments, refer note 2(D); and
- recovery of deferred taxes, refer note 2(E).

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.

(iv) Adoption of new accounting standards

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009:

- AASB 3 Business Combinations (Revised) effective 1 July 2009;
- AASB 8 Operating Segments effective 1 July 2009; and
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 July 2009.

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 8 Operating Segments
AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 33, including the related revised comparative information.

Determination and presentation of operating segments
As of 1 July 2009, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker. This is in line with the adoption of AASB 8 Operating Segments. Previously, operating segments were determined and presented in accordance with AASB 114 Segment Reporting. Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

An operating segment's operating results, for which discrete financial information is available, are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment. Unallocated items comprise mainly corporate assets, head office expenses, interest and income tax assets and liabilities.

AASB 101 Presentation of Financial Statements
The revised AASB 101 Presentation of Financial Statements separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

AASB 3 Business Combinations
AASB 3 introduces changes to the valuation of non-controlling interests, accounting for transaction costs, the recognition and measurement of contingent consideration and business costs achieved in stages. These changes have been applied to acquisitions occurring within the financial year.

The following amending standards have been adopted from 1 July 2009:

- AASB 123 (Revised) and AASB 2007-6 (Borrowing Costs and consequential amendments to other Australian Accounting Standards)
- AASB 127 (Revised) (Consolidated and Separate Financial Statements)
- AASB 2008-1 Amendments to Australian Accounting Standards

The Group has also elected to early adopt AASB 2009-5 Amendments to Australian Accounting Standards.

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

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(B) STATEMENT OF COMPLIANCE

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

(C) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons Limited as at 30 June 2010 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 group (see note (C)(iv) below).

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

(i) Controlled entities

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance and the consolidated 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.

(ii) Jointly controlled operations and assets

The proportionate interests in the assets, liabilities and expenses of jointly controlled operations and jointly controlled assets have been incorporated in the financial statements under the appropriate headings. Details of the jointly controlled operations have been set out in note 24.

(iii) Joint ventures

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

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

(iv) Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the consolidated entity's share of the post-acquisition profits or losses after tax of associates is recognized in the consolidated statement of financial performance and the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognized in consolidated reserves.

The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. Details of the associates have been set out in note 23.

(v) Non-controlling interests

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

(D) EMPLOYEE BENEFITS

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

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

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

Equity based compensation scheme – performance rights

Performance rights (rights) over the ordinary shares of WorleyParsons Limited are granted to executive directors and other executives of the consolidated entity for nil consideration in accordance with performance guidelines approved by the Board. The fair values of the rights are amortized on a straight line basis over their performance period. For share settled rights, the fair value of the rights is the share price at grant date adjusted for the impact of performance hurdles and other vesting or exercise criteria attached to the right.

For cash settled rights, the fair value of the rights is recalculated at the end of each reporting period and amortized on a straight line basis over their vesting period. The accounting estimates and assumptions relating to rights would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(E) TAXES

(i) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

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

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

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

(ii) Tax consolidation

WorleyParsons Limited and its wholly owned Australian entities elected to form a tax consolidated group from 1 July 2003.
On formation of the tax consolidated group, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability

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

(iii) Goods and services tax (GST)

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

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

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

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

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

(F) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Translation of foreign currency transactions

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

At each balance date, the Group measures ineffectiveness 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 statement of financial performance.

(iii) Specific hedges

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

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

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

(G) ACQUISITION OF ASSETS AND BUSINESS COMBINATIONS

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

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.

(H) REVENUE RECOGNITION

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

(i) Engineering design and project services

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

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

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

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

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

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

(iv) Dividends
Revenue is recognized when the Group's right to receive the payment is established.

(I) TRADE AND OTHER RECEIVABLES

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

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

(J) INVENTORIES

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

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

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

(K) PROPERTY, PLANT AND EQUIPMENT

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

(L) IMPAIRMENT OF ASSETS

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

(M) LEASEHOLD IMPROVEMENTS

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.

(N) LEASES

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

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

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

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

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

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

(O) INTANGIBLE ASSETS

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

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

Goodwill is allocated to cash generating units for the purposes of impairment testing. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized.

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortization period or method, as appropriate, which is a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the statement of financial performance. The amortization period is between three and 15 years.

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

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

(P) TRADE AND OTHER PAYABLES

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

Payables to related parties are carried at principal amount. Interest, when charged by the lender, is recognized as an expense on an accrual basis.

(Q) INTEREST BEARING LOANS AND BORROWINGS

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

(R) PROVISIONS

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

(i) Dividends payable

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

(ii) 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.

(iii) Warranties

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

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

(iv) Insurance claims on acquisition

Provisions for insurance claims on acquisition are recognized based on the discounted estimated liability at the date of acquisition.

(v) Deferred revenue

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

(vi) Expected losses on contracts

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

(vii) Restructurings

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

(S) REPAIRS AND MAINTENANCE

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

(T) BORROWING COSTS

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

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

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

(iii) finance lease charges.

(U) CASH AND CASH EQUIVALENTS

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

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

(V) ISSUED CAPITAL

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

(W) EARNINGS PER SHARE

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(a) costs of servicing equity (other than dividends);

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(b) the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and

(c) 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.

(X) SEGMENT REPORTING

(i) Identification of reportable segments

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

Discrete pre-tax financial information about each of these customer sector groups is reported to the Chief Executive Officer on a monthly basis.

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

(ii) Accounting policies and inter-segment transactions

Segment revenue 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.

The accounting policies used by the Group in reporting segments internally are the same as those used in the prior period.

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

- derivative gains and losses;
- gains and losses on the sale of investments;
- finance costs;
- certain general and administration expenditure; and
- income tax expense.

(Y) ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying value and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortized.

For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

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

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

(Z) DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

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

(ii) Investments in equity and debt securities

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

(iii) Derivatives

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

(iv) Non-derivative financial liabilities

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

3. FINANCIAL RISK MANAGEMENT

(A) OVERVIEW

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

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

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing that 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.

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3. FINANCIAL RISK MANAGEMENT (continued)

(A) OVERVIEW (continued)

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

(B) CREDIT RISK

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

(i) Trade and other receivables

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

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

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

(ii) Guarantees

Details of outstanding guarantees are provided in note 28. 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.

(iii) Derivatives

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, quotational period derivatives and derivative financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group has a counterparty policy which limits volume of individual cash investments and derivatives by counterparty and its Moody's (or equivalent) credit rating.

(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.

(D) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risk. Generally, the Group seeks to apply hedge accounting in order to reduce volatility in profit and loss.

(i) Currency risk

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

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

(ii) Interest rate risk

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

(E) CAPITAL MANAGEMENT

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

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

The Board monitors this through the gearing ratio (net debt/net debt plus total equity), the size of available banking facilities and the assessment of the outlook for the Group operations. The target for the Group's gearing ratio is between 25% and 35%. The gearing ratios at 30 June 2010 and 2009 were as follows:

	CONSOLIDATED	
	2010 $'M	2009 $'M
Total interest bearing liabilities	781.5	745.2
less: Cash and cash equivalents	140.5	178.3
Net debt	641.0	566.9
Total equity	1,839.0	1,655.1
Gearing	25.8%	25.5%

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

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

4. EXPENSES AND LOSSES/(GAINS)

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

	CONSOLIDATED	
	2010 $'M	2009 $'M
EXPENSES AND LOSSES		
Operating lease rentals – minimum lease payments	177.0	179.6
Retirement benefits	101.7	100.8
Performance rights expense	6.0	19.1
Ineffective hedges	–	6.5
Provisions:		
Deferred revenue	(4.5)	16.2
Insurance	10.9	3.4
Warranties	(17.7)	(7.2)

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	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M

5. INCOME TAX

(A) INCOME TAX EXPENSE

	2010 $'M	2009 $'M
Current tax	121.5	204.0
Deferred tax	(32.0)	(35.4)
Under/(over) provision in previous financial periods	0.8	(7.8)
Income tax expense	90.3	160.8
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Increase in deferred tax assets	(26.4)	(24.2)
Decrease in deferred tax liabilities	(5.6)	(11.2)
Deferred tax	(32.0)	(35.4)

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

	2010 $'M	2009 $'M
Profit before income tax expense	393.3	561.7
At the Group's statutory income tax rate of 30% (2009: 30%)	118.0	168.5
Tax effect of amounts which are (non-taxable)/ non-deductible in calculating taxable income:		
Non-deductible performance rights	1.8	2.0
Share of profits of associates accounted for using the equity method	(16.3)	(13.2)
Research and development concession	–	(1.6)
Plant and machinery rebate	–	(2.0)
Tax losses not previously recognized	(0.7)	(0.2)
Under/(over) provision in previous financial periods	0.8	(7.8)
Difference in overseas tax rate*	(19.7)	(5.0)
Other	6.4	20.1
Income tax expense	90.3	160.8

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

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

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

	2010 $'M	2009 $'M
Current tax – debited directly to equity	–	(9.0)
Deferred tax – credited directly to equity	0.6	16.6

(D) TAX LOSSES

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

	2010 $'M	2009 $'M
Unused tax losses for which no deferred tax asset has been recognized	25.5	14.3
Potential tax benefit at 30%	7.7	4.3

The benefit for tax losses will only be recognized if:

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

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

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

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

6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	NOTES	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Cash and cash equivalents		140.5	173.8

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

	NOTES	2010 $'M	2009 $'M
Cash at bank and on hand		140.5	173.8
Cash and cash equivalents		140.5	173.8
Cash held for sale	27	–	4.5
Bank overdraft	12	(10.3)	–
Balance per statement of cash flows		130.2	178.3

7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	NOTES	2010 $'M	2009 $'M
Trade receivables		680.3	713.6
Unbilled contract revenue		493.9	390.0
Retentions		8.3	11.2
Allowance for doubtful debts		(42.2)	(28.7)
		1,140.3	1,086.1
Other receivables		61.6	67.5
Amounts owing by associates and related parties	31(B)	64.7	56.5
		1,266.6	1,210.1
Allowance for doubtful debts:			
Balance at the beginning of the financial year		28.7	16.5
Net charge to statement of financial performance		14.0	11.4
Difference arising on translation of foreign operations		(0.5)	0.8
Balance at the end of the financial year		42.2	28.7

The Group's exposure to liquidity and currency risk for trade receivables and unbilled contract revenue is disclosed in notes 35 and 36.

8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Land and buildings		
At cost	2.0	2.0
Accumulated depreciation	(0.1)	(0.1)
	1.9	1.9
Leasehold improvements		
At cost	106.8	92.4
Accumulated amortization	(41.9)	(32.8)
	64.9	59.6
Plant and equipment		
At cost	108.0	122.4
Accumulated depreciation	(68.8)	(64.9)
	39.2	57.5
Computer equipment		
At cost	60.2	63.3
Accumulated depreciation	(50.2)	(43.3)
	10.0	20.0
Total property, plant and equipment	116.0	139.0

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8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATIONS

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

	CONSOLIDATED				
	LAND AND BUILDINGS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	COMPUTER EQUIPMENT $'M	TOTAL $'M
Balance at 1 July 2009	1.9	59.6	57.5	20.0	139.0
Additions due to the acquisition of entities	–	0.6	1.2	1.8	3.6
Additions	–	25.6	0.9	0.2	26.7
Disposals	–	(0.6)	(2.5)	(3.5)	(6.6)
Reclassification to intangible assets	–	–	–	(4.9)	(4.9)
Depreciation	–	–	(15.6)	(3.1)	(18.7)
Amortization	–	(18.6)	–	–	(18.6)
Differences arising on translation of foreign operations	–	(1.7)	(2.3)	(0.5)	(4.5)
Balance at 30 June 2010	1.9	64.9	39.2	10.0	116.0
Balance at 1 July 2008	1.9	25.7	37.4	16.7	81.7
Additions	–	63.8	41.8	8.5	114.1
Disposals	–	(12.6)	(0.7)	(0.5)	(13.8)
Depreciation	–	–	(22.5)	(5.9)	(28.4)
Amortization	–	(16.2)	–	–	(16.2)
Differences arising on translation of foreign operations	–	(1.1)	1.5	1.2	1.6
Balance at 30 June 2009	1.9	59.6	57.5	20.0	139.0

9. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	CONSOLIDATED	
	2010 $'M	2009 $'M
Goodwill		
At cost	1,588.3	1,489.2
Accumulated impairment	(1.6)	(1.0)
	1,586.7	1,488.2
Customer contracts and relationships		
At cost	127.1	95.8
Accumulated amortization	(57.4)	(38.0)
	69.7	57.8
Trade names		
At cost	74.4	70.2
Accumulated amortization	(38.8)	(28.8)
	35.6	41.4
Computer software		
At cost	139.1	105.8
Accumulated amortization	(55.1)	(37.8)
	84.0	68.0
Favorable property leases		
At cost	10.4	10.1
Accumulated amortization	(6.9)	(4.7)
	3.5	5.4
Other		
At cost	3.8	3.7
Accumulated amortization	(2.1)	(1.4)
	1.7	2.3
Total intangible assets	1,781.2	1,663.1

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RECONCILIATIONS

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

	CONSOLIDATED						
	GOODWILL $'M	CUSTOMER CONTRACTS AND RELATIONSHIPS $'M	TRADE NAMES $'M	COMPUTER SOFTWARE $'M	FAVORABLE PROPERTY LEASES $'M	OTHER $'M	TOTAL $'M
Balance at 1 July 2009	1,488.2	57.8	41.4	68.0	5.4	2.3	1,663.1
Additions due to the acquisitions of entities	106.1	29.7	4.0	–	–	–	139.8
Additions	–	–	–	33.0	–	–	33.0
Reclassification from plant, property and equipment	–	–	–	4.9	–	–	4.9
Amortization	–	(19.2)	(9.5)	(21.7)	(2.0)	(0.6)	(53.0)
Differences arising on translation of foreign operations	(7.6)	1.4	(0.3)	(0.2)	0.1	–	(6.6)
Balance at 30 June 2010	1,586.7	69.7	35.6	84.0	3.5	1.7	1,781.2
Balance at 1 July 2008	1,394.8	70.5	48.7	38.5	7.2	2.7	1,562.4
Additions due to the acquisitions of entities	3.3	–	–	–	–	–	3.3
Additions	–	–	–	40.8	–	–	40.8
Amortization	–	(17.6)	(9.7)	(11.7)	(2.2)	(0.6)	(41.8)
Differences arising on translation of foreign operations	90.1	4.9	2.4	0.4	0.4	0.2	98.4
Balance at 30 June 2009	1,488.2	57.8	41.4	68.0	5.4	2.3	1,663.1

Impairment testing

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

The cash generating units that have significant goodwill are Hydrocarbons in Canada of $851.8 million (2009: $829.2 million) and Hydrocarbons in the United States of $216.5 million (2009: $232.0 million). Key assumptions used for impairment testing in these cash generating units for the year ended 30 June 2010 include pre-tax discount rates of 13% and 14% (2009: 13% and 15%) per annum respectively, expected future profits, and future nominal growth rates of between 5% and 25% per annum respectively, for the first five years without reinvestment. The growth rate beyond five years is assumed to be 3% per annum.

Key assumptions have been based on management's understanding of the short and long term prospects for the industry and previous experience.

The calculation of value in use for the cash generating units is most sensitive to the following assumptions:

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

With regards to the assessment of the cash generating units, the sensitivity analysis indicates that the recoverable amount exceeds the carrying value of the assets.

Goodwill is not impaired at reporting date. The business segments form the basis of the cash generating units.

10. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
The balance comprises temporary differences attributable to:		
Amounts recognized in the statement of financial performance:		
Allowance for doubtful debts	2.9	2.8
Employee benefits provision	37.6	44.8
Warranty provision	0.7	4.1
Project provisions	4.5	12.8
Fixed assets	7.1	4.0
Other provisions	10.1	4.9
Sundry accruals	5.5	6.0
Recognized tax losses	0.1	2.8
Unused foreign tax credits	30.5	2.8
Foreign exchange losses	2.4	1.8
Other	7.5	–
Net deferred tax assets	108.9	86.8
Balance at the beginning of the financial year	86.8	60.7
Acquisition of controlled entity	4.6	–
Credited to the statement of financial performance	26.4	24.2
Charged to equity	(0.9)	(2.6)
Differences arising on translation of foreign operations	(8.0)	4.5
Balance at the end of the financial year	108.9	86.8

11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	NOTES	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Trade payables		210.2	194.3
Accruals		211.6	260.6
Payables to associates and related parties	31(B)	8.1	29.7
Billings in advance		36.3	30.1
Accrued staff costs		115.5	135.7
		581.7	650.4

The Group's exposure to currency and interest rate risk for trade and other payables is disclosed in notes 35 and 37.

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	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
12. CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS		
Bank overdraft	10.3	–
Secured bank loans	1.2	–
Unsecured bank loans	20.5	–
Promissory note	–	10.2
Lease and hire purchase liabilities	–	0.1
	32.0	10.3

BANK OVERDRAFT

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

UNSECURED BANK LOANS

Refer to note 14 for terms and conditions.

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
13. CURRENT LIABILITIES – PROVISIONS		
Employee benefits	174.8	148.1
Deferred revenue	76.1	71.2
Insurance	28.6	18.6
Warranties	16.2	20.1
Deferred consideration	10.7	0.2
Other	9.6	7.9
	316.0	266.1

RECONCILIATIONS

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

	CONSOLIDATED					
	EMPLOYEE BENEFITS $'M	DEFERRED REVENUE $'M	INSURANCE $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Carrying amount at 1 July 2009	148.1	71.2	18.6	20.1	0.2	7.9
Provision from entities acquired	19.8	16.3	–	–	–	–
Additional provisions	96.5	12.4	12.8	12.8	10.7	17.0
Differences arising from translation of foreign operations	(4.4)	(6.6)	(0.9)	(1.2)	(0.2)	(3.2)
Release of unused provision	(11.1)	(15.8)	(1.1)	(15.5)	–	(1.8)
Amounts utilized	(74.1)	(1.4)	(0.8)	–	–	(10.3)
Carrying amount at 30 June 2010	174.8	76.1	28.6	16.2	10.7	9.6
Carrying amount at 1 July 2008	112.5	78.9	15.1	26.9	5.8	6.6
Provision from entities acquired	3.2	–	–	–	–	–
Additional provisions	39.6	0.3	3.4	–	–	–
Differences arising from translation of foreign operations	8.8	6.9	1.5	1.9	–	1.3
Release of unused provision	–	–	–	(7.2)	–	–
Amounts utilized	(16.0)	(14.9)	(1.4)	(1.5)	(5.6)	–
Carrying amount at 30 June 2009	148.1	71.2	18.6	20.1	0.2	7.9

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

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Notes payable	570.5	613.2
Secured bank loans	20.2	–
Unsecured bank loans	155.6	93.9
Lease liabilities	–	0.1
	746.3	707.2

NOTES PAYABLE IN US$

Unsecured notes payable were issued in the United States private debt capital market in May 2007 and April 2008. The issue in April 2008 comprised US$144.5 million maturing in 2018 with a fixed coupon of 6.5% per annum. The issue in May 2007 comprised US$40.0 million at floating rates maturing in May 2012, US$140.5 million maturing in May 2014 with a fixed coupon of 5.61% per annum and US$169.5 million maturing in May 2017 with a fixed coupon of 5.75% per annum.

SECURED BANK LOAN

Secured bank loan of $21.4 million is a fixed and floating interest rate term loan facility. This bank loan is secured by the assets of Exmouth Power Station Pty Limited. The terms of the loan facility precludes the assets from being used as a security for other debt within the Group. The loan facility requires the assets to be insured.

UNSECURED BANK LOANS

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

15. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
The balance comprises temporary differences attributable to:		
Amounts recognized in the statement of financial performance:		
Identifiable intangible assets and goodwill	59.7	49.9
Unbilled contract revenue	15.0	19.1
Fixed assets	8.2	8.1
Unrealized foreign exchange gain	1.3	5.1
Prepayments	1.3	5.6
Other	10.3	9.7
	95.8	97.5
Amounts recognized directly in equity:		
Other	–	1.5
Deferred tax liabilities	95.8	99.0
Balance at the beginning of the financial year	99.0	124.9
Acquisition of controlled entities	10.6	–
(Credited) to the statement of financial performance	(5.6)	(11.2)
(Credited) to equity	(1.5)	(19.2)
Differences arising on translation of foreign operations	(6.7)	4.5
Balance at the end of the financial year	95.8	99.0

16. NON-CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Employee benefits	9.6	10.3
Claims acquired on acquisition	10.9	12.4
Deferred revenue and warranties	–	18.4
Other	3.8	0.2
	24.3	41.3

NATURE AND TIMING OF PROVISIONS

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

Claims acquired on acquisition: The Company recognized a provision for claims acquired as a result of the acquisition of purchased entities.

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

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

RECONCILIATIONS

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

	CONSOLIDATED			
	EMPLOYEE BENEFITS $'M	CLAIMS ACQUIRED ON ACQUISITION $'M	DEFERRED REVENUE AND WARRANTIES $'M	OTHER $'M
Carrying amount at 1 July 2009	10.3	12.4	18.4	0.2
Additional provisions	0.4	–	(0.3)	3.3
Differences arising from translation of foreign operations	–	(1.5)	(3.1)	0.4
Release of unused provision	(0.5)	–	(15.0)	0.1
Amounts utilized	(0.6)	–	–	(0.2)
Carrying amount at 30 June 2010	9.6	10.9	–	3.8
Carrying amount at 1 July 2008	8.5	10.7	12.5	0.4
Additional provisions	3.2	–	9.9	–
Differences arising from translation of foreign operations	0.1	2.1	(0.7)	–
Amounts utilized	(1.5)	(0.4)	(3.3)	(0.2)
Carrying amount at 30 June 2009	10.3	12.4	18.4	0.2

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17. ISSUED CAPITAL

	CONSOLIDATED			
	2010		2009	
	NUMBER OF SHARES	$'M	NUMBER OF SHARES	$'M
Ordinary shares, fully paid[1,2]	245,425,979	1,208.3	242,743,025	1,142.6
Special voting share	1	-	1	-
	245,425,980	1,208.3	242,743,026	1,142.6

1 Included in ordinary shares are 6,161,369 (2009: 8,900,755) exchangeable shares. The issuance of the exchangeable shares and the attached special voting share replicate the economic effect of issuing ordinary shares in the Company. Accordingly, for accounting purposes, exchangeable shares are treated in the same single class of issued capital as ordinary shares. In addition, the Australian Securities Exchange (ASX) treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules.

2 The WorleyParsons Limited Plans Trust holds 267,173 (2009: 267,173) shares in the Company which has been consolidated and eliminated in accordance with the accounting standards.

(A) MOVEMENTS IN SHARES

	2010		2009	
	NUMBER OF SHARES	$'M	NUMBER OF SHARES	$'M
Balance at the beginning of the financial year	242,743,026	1,142.6	241,779,456	1,132.5
Ordinary shares issued	1,850,070	50.8	16,791	0.3
Ordinary shares issued on redemption of exchangeable shares	2,739,386	73.4	1,213,567	32.5
Exchangeable shares exchanged for ordinary shares	(2,739,386)	(73.4)	(1,213,567)	(32.5)
Transfer from performance rights reserve on purchase and issuance of shares	832,884	14.9	946,779	9.8
	245,425,980	1,208.3	242,743,026	1,142.6

(B) TERMS AND CONDITIONS OF ISSUED CAPITAL

Ordinary shares

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

Exchangeable shares

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

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

The exchangeable shares, through a voting trust which holds a special voting share in the Company, entitle their holders to vote at the Company's general meetings as though they hold ordinary shares. During the financial year ended 30 June 2010, 2,739,386 (2009: 1,213,567) exchangeable shares were exchanged.

Special voting share

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

(C) PERFORMANCE RIGHTS

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

	NUMBER OF PERFORMANCE RIGHTS	
	2010	2009
Balance at the beginning of the financial year	2,544,195	2,825,627
Rights granted	1,039,106	1,021,076
Rights exercised	(832,884)	(946,779)
Rights lapsed or expired	(73,861)	(355,729)
Balance at the end of the financial year	2,676,556	2,544,195

18. RESERVES

	CONSOLIDATED	
	2010 $'M	2009 $'M
Foreign currency translation reserve	(93.4)	(145.5)
Hedge reserve	(1.6)	(3.6)
Performance rights reserve	22.7	31.6
	(72.3)	(117.5)

(A) FOREIGN CURRENCY TRANSLATION RESERVE

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

Balance at the beginning of the financial year	(145.5)	(178.0)
Foreign exchange movement on translation of foreign controlled entities and associates	51.1	116.2
Net investments hedged, net of tax	1.0	(83.7)
Balance at the end of the financial year	(93.4)	(145.5)

(B) HEDGE RESERVE

The hedge reserve is used to record gains or losses on hedging instruments used in the cash flow hedges that are recognized directly in equity, as described in note 2(F)(iii). Amounts are recognized in the profit and loss when the associated hedged transaction affects the profit and loss. There were no forecast transactions which were hedged but did not occur.

Balance at the beginning of the financial year	(3.6)	(3.7)
Net (loss)/gain on foreign exchange hedges, net of tax	(1.7)	1.1
Fair value gain on mark to market of cross currency hedge, net of tax	3.8	2.7
Net loss on interest rate hedges, net of tax	(0.1)	(1.8)
Share of interest rate hedges recognized in associates	-	(1.9)
Balance at the end of the financial year	(1.6)	(3.6)

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
(C) PERFORMANCE RIGHTS RESERVE		
The performance rights reserve is used to recognize the fair value of performance rights issued but not vested.		
Balance at the beginning of the financial year	31.6	22.7
Performance rights expense	16.7	18.7
Reversal of performance rights expense associated with rights which did not vest based on EPS hurdles	(10.7)	-
Transfer to issued capital on purchase and issuance of shares to satisfy performance rights	(14.9)	(9.8)
Balance at the end of the financial year	22.7	31.6

19. RETAINED PROFITS

	NOTES	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Balance at the beginning of the financial year		623.5	438.8
Profit attributable to members of WorleyParsons Limited		291.1	390.5
Dividends paid	21(B)	(220.5)	(207.0)
Transfer from asset revaluation reserve		-	1.2
Balance at the end of the financial year		694.1	623.5

20. EARNINGS PER SHARE

	CONSOLIDATED 2010	CONSOLIDATED 2009
ATTRIBUTABLE TO MEMBERS		
Basic earnings per share (cents)	118.5	161.1
Diluted earnings per share (cents)	117.5	159.4
The following reflects the income and security data used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share ($'M)	291.1	390.5
Weighted average number of ordinary securities used in calculating basic earnings per share	245,635,911	242,423,531
Element of performance rights which are considered dilutive	2,150,496	2,567,947
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	247,786,407	244,991,478

The weighted average number of converted, lapsed or cancelled potential ordinary shares used in diluted earnings per share was 350,350 (2009: 396,605).

21. DIVIDENDS

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
(A) FINAL DIVIDEND PROPOSED		
Dividend in respect of the six months to 30 June 2010:		
40.0 cents per share (18.8 cents franked)	98.2	-
Dividend in respect of the six months to 30 June 2009:		
55.0 cents per share (55.0 cents franked)	-	133.5

The Directors have resolved to pay a final dividend of 40.0 cents per share; partially franked at 47.1% (2009: 55.0 cents per share, fully franked). Combined with the half year (interim) dividend, the Company will make total dividend payments of 75.5 cents per share for the year (2009: 93.0 cents per share). The dividend will be paid on 28 September 2010 for shareholders on the register at the record date of 3 September 2010.

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
(B) DIVIDENDS PAID DURING THE YEAR		
Dividend in respect of the six months to 31 December 2009:		
35.5 cents per share (35.5 cents franked)	87.0	-
Dividend in respect of the six months to 30 June 2009:		
55.0 cents per share (55.0 cents franked)	133.5	-
Dividend in respect of the six months to 31 December 2008:		
38.0 cents per share (28.9 cents franked)	-	92.2
Dividend in respect of the six months to 30 June 2008:		
47.5 cents per share (33.7 cents franked)	-	114.8
	220.5	207.0
(C) FRANKING CREDIT BALANCE OF THE PARENT ENTITY		
The amount of franking credits available on a tax paid basis for future tax distributions is:		
Franking credits balance as at the end of the financial year at the corporate tax rate of 30% (2009: 30%)	7.1	7.0
Franking credits arising from the payment of income tax provided in this financial report	12.7	57.3
Franking credits available for distribution	19.8	64.3
Franking debits that will arise from the payment of the final dividend	(19.8)	(57.2)
Franking credits available for future dividends	-	7.1

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22. INVESTMENTS IN CONTROLLED ENTITIES

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES:

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2010 %	2009 %
A.C.N. 009 009 643 Pty Limited[6]	Australia	-	100
A.C.N. 009 265 927 Pty Limited[6]	Australia	-	100
A.C.N. 099 425 877 Pty Limited[1,c]	Australia	100	100
Australian Biodiesel Pty Limited[1]	Australia	51	51
Beijing MaisonParsons Engineering & Technology Co Limited[2]	People's Republic of China	75	75
Braeside Properties Ltd.	Canada	100	100
Cadskills Pte Limited	Singapore	100	100
CNEC WorleyParsons Engenharia[8,b]	Brazil	100	-
Cord WorleyParsons Ltd.[e]	Canada	100	100
CTR Solutions Pty Limited[1]	Australia	100	100
Damit WorleyParsons Engineering Sdn Bhd	Brunei	70	70
EFC Capital Limited[1]	Cyprus	100	100
Energy Resourcing Australia Pty Limited	Australia	100	100
Energy Resourcing Singapore Pte Limited	Singapore	100	100
EnergySkills Recruitment (Thailand) Limited[6]	Thailand	-	100
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	100	100
Evans & Peck (Asia) Pte Limited[8]	Singapore	100	-
Evans & Peck (HK) Co Limited[8]	Hong Kong	100	-
Evans & Peck (Middle East) Fz LLC[8]	Dubai	100	-
Evans & Peck (New Zealand) Limited[8]	New Zealand	100	-
Evans & Peck (Singapore) Pte Limited[8]	Singapore	100	-
Evans & Peck Co Limited[8]	China	100	-
Evans & Peck Group Pty Limited[8,a]	Australia	100	-
Evans & Peck Pty Limited[8]	Australia	100	-
Evans & Peck Services Pty Limited[8]	Australia	100	-
Exmouth Power Station Pty Limited	Australia	100	100
Fraser Worley Pty Limited[6]	Australia	-	100
Heerema EPS1 LLC[6]	USA	-	100
Heerema EPS2 LLC[6]	USA	-	100
HEPS (US) Inc[6]	USA	-	100
Holbourn Pty Limited atf The WorleyParsons Limited Plans Trust	Australia	100	100
INTEC Consulting & Engineering Services Nigeria Ltd[1]	Nigeria	100	100
INTEC do Brasil Limitada	Brazil	100	100
INTEC Engineering LLC[6]	USA	-	100
INTEC Engineering Mexico SA de CV	Mexico	100	100
INTECSEA (UK) Limited	United Kingdom	100	100
INTECSEA Asia Pacific Sdn Bhd[8]	Malaysia	100	100
INTECSEA BV	The Netherlands	100	100
INTECSEA Group BV	The Netherlands	100	100
INTECSEA Inc	USA	100	100
INTECSEA Pty Limited	Australia	100	100
INTECSEA Sdn Bhd	Malaysia	100	100
INTECSEA Services Inc[f]	USA	100	100
International System Dynamics Pty Limited[8]	Australia	100	-
John Thompson Engineering Pty Limited	Australia	100	100
John Wilson & Partners (Services) Pty Limited	Australia	100	100
John Wilson & Partners Pty Limited	Australia	100	100
Jones & Jones Engineering Design Pty Limited	Australia	100	100
Komex (Cyprus) Limited	Cyprus	100	100
Komex Environmental Limited[2]	Ireland	100	100
LMA Projects Pty Limited[8]	Australia	100	-
Lyneham Planning & Management Consultants Pty Limited	Australia	100	100
Mar WorleyParsons SA de CV[5]	Mexico	55	55
Maxview Engineering Limited[2]	Hong Kong	100	100
Parsons E&C United Limited	Saudi Arabia	100	100
Parsons Energy & Chemicals Group Limited	Cayman Islands	100	100
Parsons Group International Zagreb d.o.o[2]	Croatia	100	100
Parsons Proceso y Asociados SA[1]	Colombia	71	71
Paterson Britton & Partners Pty Limited	Australia	100	100
PCT Pollution Control Technologies Ltd	Canada	100	100
Perancang Lestari Sdn Bhd	Malaysia	100	100
Perunding Utama Sdn Bhd	Malaysia	100	100
Polestar GB Limited[1]	United Kingdom	100	100
Pollution Control Technologies Inc	USA	100	100
Pollution Control Technologies Limited	United Kingdom	100	100
PT WorleyParsons Indonesia	Indonesia	100	100
Rabwat Al-Basrah Engineering Services Co Limited[7]	Iraq	100	-
Sinn Phan Thavee Co Limited	Thailand	100	100
SolarRem Corporation[1]	USA	100	100
Worley & Partners Engineering Consultancy LLC	Oman	100	100
Worley Astron Pty Limited	Australia	100	100
Worley International Inc	USA	100	100
Worley No 2 Pty Limited[4]	Australia	100	100
Worley SAFF Qeshm Limited[1]	Iran	60	60
Worley SPV1 Pty Limited	Australia	100	100
Worley UK Finance Pty Limited	Australia	100	100
Worley US Finance Pty Limited	Australia	100	100
WorleyParsons (AES) Pte Limited	Singapore	100	100
WorleyParsons (DRPL) Pte Limited	Singapore	100	100
WorleyParsons (Thailand) Limited	Thailand	100	100
WorleyParsons Acquisitions Pty Limited	Australia	100	100
WorleyParsons Africa Holdings Pty Limited	Australia	100	100
WorleyParsons Angola Limitada	Angola	51	51
WorleyParsons Asset Management Pty Limited	Australia	100	100

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ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2010 %	2009 %
WorleyParsons Australia Inc[1]	USA	100	100
WorleyParsons Belgium NV	Belgium	100	100
WorleyParsons Canada (International) Ltd.[k]	Canada	100	100
WorleyParsons Canada Callco Ltd.	Canada	100	100
WorleyParsons Canada Finance No 2 Pty Limited	Australia	100	100
WorleyParsons Canada Finance Pty Limited	Australia	100	100
WorleyParsons Canada GP Ltd.	Canada	100	100
WorleyParsons Canada Holdings Pty Limited	Australia	100	100
WorleyParsons Canada LP Ltd.[6]	Canada	–	100
WorleyParsons Canada Ltd.	Canada	100	100
WorleyParsons Canada Pty Limited	Australia	100	100
WorleyParsons Canada Services L.P.[i]	Canada	100	100
WorleyParsons Canada Services Ltd.[j]	Canada	100	100
WorleyParsons Canada SPV Ltd.	Canada	100	100
WorleyParsons Canada Technologies Ltd.[n]	Canada	100	100
WorleyParsons Canadian Finance Sub Limited	Canada	100	100
WorleyParsons Chile Limitada	Chile	100	100
WorleyParsons Colombia SAS[7]	Colombia	100	–
WorleyParsons Constructors Inc	USA	100	100
WorleyParsons Corporation	USA	100	100
WorleyParsons Czech Republic s.r.o	Czech Republic	100	100
WorleyParsons Developments Pty Limited	Australia	100	100
WorleyParsons do Brasil Engenharia Limitada	Brazil	100	100
WorleyParsons EA Holdings Pty Limited[e]	Australia	100	100
WorleyParsons EAMES Holdings Limited	United Kingdom	100	100
WorleyParsons Egypt Limited[5]	Egypt	100	100
WorleyParsons Energy Services Company	USA	100	100
WorleyParsons Engineering (India) Pvt Limited	India	100	100
WorleyParsons Engineering Pty Limited[4]	Australia	100	100
WorleyParsons Engineering Pvt Limited	India	100	100
WorleyParsons Engineers Egypt Limited	Egypt	100	100
WorleyParsons Engineers Limited	Cayman Islands	100	100
WorleyParsons Environmental Sdn Bhd	Malaysia	100	100
WorleyParsons España SL[2]	Spain	100	100
WorleyParsons Europe Energy Services Limited[2]	Bulgaria	100	100
WorleyParsons Europe Limited	United Kingdom	100	100
WorleyParsons Financial Services Pty Limited[4]	Australia	100	100
WorleyParsons GCT Inc	USA	100	100
WorleyParsons Geomatics Ltd.[m]	Canada	100	100
WorleyParsons Geomatics Partnership[h]	Canada	100	100
WorleyParsons Global Pty Limited	Australia	100	100

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2010 %	2009 %
WorleyParsons Group Inc	USA	100	100
WorleyParsons HK Limited	Hong Kong	100	100
WorleyParsons Holding Pty Limited atf the WP Holding Trust[6]	Australia	–	100
WorleyParsons Infrastructure & Environment Limited	United Kingdom	100	100
WorleyParsons Infrastructure (M) Sdn Bhd	Malaysia	100	100
WorleyParsons Infrastructure Holdings Pty Limited	Australia	100	100
WorleyParsons International Inc	USA	100	100
WorleyParsons International Infrastructure Pty Limited	Australia	100	100
WorleyParsons Italy SRL	Italy	100	100
WorleyParsons Jamaica Limited	Jamaica	100	100
WorleyParsons Kazakhstan LLP[2]	Republic of Kazakhstan	100	100
WorleyParsons Komex Inc	USA	100	100
WorleyParsons Kuwait WLL	Kuwait	75	75
WorleyParsons Limitada	Chile	100	100
WorleyParsons Malta Holdings Limited[5]	Malta	100	100
WorleyParsons Malta Limited[5]	Malta	100	100
WorleyParsons Mexico Ingenieria SAPI de CV[7]	Mexico	100	–
WorleyParsons Mexico SA de CV[d]	Mexico	100	100
WorleyParsons Netherlands BV	The Netherlands	100	100
WorleyParsons North Africa Engineering & Project Management JSC	Libya	85	85
WorleyParsons of Michigan Inc	USA	100	100
WorleyParsons of New York Inc	USA	100	100
WorleyParsons of North Carolina Inc	USA	100	100
WorleyParsons of Virginia Inc[1]	USA	100	100
WorleyParsons Oman Engineering LLC	Oman	51	51
WorleyParsons Peru SAC	Peru	100	100
WorleyParsons PetroVietnam Engineering Joint Stock Company	Vietnam	51	51
WorleyParsons Philippines Inc	Philippines	100	100
WorleyParsons PNG Limited	Papua New Guinea	100	100
WorleyParsons Polestar Inc	USA	100	100
WorleyParsons Polestar Technical Services Inc[6]	USA	–	100
WorleyParsons Project Services LLC	Russia	100	100
WorleyParsons Projects Pty Limited	Australia	100	100
WorleyParsons Pte Limited	Singapore	100	100
WorleyParsons Qatar WLL	Qatar	98	100
WorleyParsons Risk Management Limited	Bermuda	100	100
WorleyParsons Romania SRL	Romania	100	100
WorleyParsons Sdn Bhd	Malaysia	100	100
WorleyParsons Sea Inc	USA	100	100
WorleyParsons Sea India Pvt Limited	India	100	100
WorleyParsons SEA Pty Limited	Australia	100	100
WorleyParsons Services (USA) Inc[3,l]	USA	100	100
WorleyParsons Services Inc	USA	100	100
WorleyParsons Services Pty Limited[4]	Australia	100	100

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22. INVESTMENTS IN CONTROLLED ENTITIES (continued)

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES (continued):

ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2010 %	2009 %
WorleyParsons Services Sdn Bhd	Malaysia	100	100
WorleyParsons Singapore Holding Pte Limited	Singapore	100	100
WorleyParsons South America Holdings Pty Limited	Australia	100	100
WorleyParsons South Carolina Inc[1]	USA	100	100
WorleyParsons Technologies Pty Limited	Australia	100	100
WorleyParsons Trinidad Limited	Trinidad	100	100
WorleyParsons UK Finance Sub Limited	United Kingdom	100	100
WorleyParsons Ukraine LLC	Ukraine	100	100
WorleyParsons UniField Inc	USA	100	100
WorleyParsons US Finance Sub Limited	USA	100	100
WorleyParsons US Holding Corporation	USA	100	100
WorleyParsons Venezuela CA	Venezuela	100	100
WorleyParsons West Inc	USA	100	100
WorleyParsons Westmar Corp	USA	100	100
WP Infrastructure Developments Pty Limited	Australia	100	100
WP Management Pty Limited atf The WP Management Trust	Australia	100	100
WPES Tecnica de Venezuela CA	Venezuela	100	100

1 Dormant company.
2 Balance date is 31 December, being the balance date at the time the entity was acquired.
3 Balance date is 31 January, being the balance date when the entity was acquired.
4 Entities subject to Class Order relief.
5 In liquidation.
6 Liquidated during the financial year.
7 Incorporated during the financial year.
8 Acquired during the financial year.
a Previously named Evans & Peck Group Ltd.
b Previously named CNEC Projectos de Engenharia SA.
c Previously named Worley Maunsell Pty Limited.
d Previously named Parsons E&C de Mexico SA de CV.
e Previously named Worley SPV2 Pty Limited.
f Previously named INTEC Engineering Services Inc.
g Previously named INTEC Asia Pacific Sdn Bhd.
h Previously named The Colt-CGSL Partnership.
i Previously named The Colt Companies L.P.
j Amalgamation of Colt Engineering Corporation and Colt Engineering (Ontario) Corporation.
k Previously named Colt Engineering (International) Limited.
l Previously named Colt Engineering Inc.
m Previously named Colt Geomatic Solutions Ltd.
n Previously named Colt Technologies Inc.
o Previously named Cord Projects Ltd.

(B) PARENT ENTITY

WorleyParsons Limited Parent Entity accounts include investments in the following entities, attributable to members:

ENTITY	COUNTRY OF INCORPORATION	2010 $'M	2009 $'M
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94.7	94.7
WorleyParsons Canada Callco Ltd.	Canada	329.8	329.8
WorleyParsons Canada Holdings Pty Limited	Australia	197.9	197.9
WorleyParsons Financial Services Pty Limited	Australia	440.1	440.1
		1,062.5	1,062.5

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

	2010 $'M	2009 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	120.7	167.5
Income tax expense	(0.6)	(0.3)
Profit after income tax expense	120.1	167.2
Profit attributable to members of WorleyParsons Limited	120.1	167.2
Retained profits at the beginning of the financial year	186.1	226.1
Dividends paid	(220.5)	(207.2)
Retained profits at the end of the financial year	85.7	186.1
STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax expense	120.1	167.2
Total comprehensive income, net of tax	120.1	167.2
STATEMENT OF FINANCIAL POSITION		
Current assets	254.8	355.5
Total assets	1,317.3	1,418.0
Current liabilities	0.6	57.7
Total liabilities	0.6	57.7
Net assets	1,316.7	1,360.3
Issued capital	1,208.3	1,142.6
Performance rights reserve	22.7	31.6
Retained profits	85.7	186.1
Total equity	1,316.7	1,360.3

(C) CLOSED GROUP

Pursuant to Australian Securities and Investments Commission Class Order 98/1418, relief has been granted to Worley No 2 Pty Limited, WorleyParsons Engineering Pty Limited, WorleyParsons Financial Services Pty Limited and WorleyParsons Services Pty Limited, from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Class Order, WorleyParsons Limited together with the parties noted entered into a Deed of Cross Guarantee on 26 May 2003. The effect of the deed is that WorleyParsons Limited has guaranteed to pay any deficiency in the event of the winding up of the abovementioned controlled entities. The controlled entities have also given a similar guarantee in the event that WorleyParsons Limited is wound up. The consolidated 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:

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	CLOSED GROUP	
	2010 $'M	2009 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	237.4	327.6
Income tax expense	(77.8)	(94.5)
Profit after income tax expense	159.6	233.1
Profit attributable to members of WorleyParsons Limited	159.6	233.1
Retained profits at the beginning of the financial year	245.0	218.9
Dividends paid	(220.5)	(207.0)
Retained profits at the end of the financial year	184.1	245.0
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	86.8	9.7
Trade and other receivables	1,233.8	1,294.0
Prepayments	24.4	34.7
Other current assets	0.5	7.2
Total current assets	1,345.5	1,345.6
Non-Current assets		
Equity accounted associates	13.5	17.2
Property, plant and equipment	45.9	22.7
Intangible assets	176.1	94.5
Deferred tax assets	33.4	69.7
Other non-current assets	1,555.1	1,611.1
Total non-current assets	1,824.0	1,815.2
TOTAL ASSETS	3,169.5	3,160.8
LIABILITIES		
Current liabilities		
Trade and other payables	1,526.5	1,596.8
Provisions	126.6	109.5
Total current liabilities	1,653.1	1,706.3
Non-Current liabilities		
Interest bearing loans and borrowings	53.3	3.7
Deferred tax liabilities	24.4	45.5
Provisions	11.9	10.8
Total non-current liabilities	89.6	60.0
TOTAL LIABILITIES	1,742.7	1,766.3
NET ASSETS	1,426.8	1,394.5
EQUITY		
Issued capital	1,208.3	1,142.6
Reserves	34.4	6.9
Retained profits	184.1	245.0
TOTAL EQUITY	1,426.8	1,394.5

(D) ACQUISITION OF CONTROLLED ENTITIES

Effective 22 December 2009, WorleyParsons Infrastructure Holdings Pty Limited, a wholly owned subsidiary of WorleyParsons Limited, acquired 100% of Evans & Peck Group Limited (Evans & Peck), based in Sydney, for a total consideration of $89.3 million comprising cash and an issue of equity instruments. The Company issued 1,849,052 ordinary shares with a fair value of $28 each based on the share price at the date of exchange.

Evans & Peck provides high end business advisory services to the public and private sectors specializing in major infrastructure. Evans & Peck's experience complements the project delivery and consultancy services currently provided to government and resource companies by the Group's Infrastructure & Environment business.

On 24 February 2010, WorleyParsons do Brasil Engenharia Limitada, a wholly owned subsidiary of Worley Parsons Limited, acquired 100% of CNEC Engenharia (CNEC) for consideration of BRL 170.0 million ($104.9 million). CNEC is a São Paulo engineering company operating in the Hydrocarbons, Power, Infrastructure and Minerals & Metals market sectors. BRL 15 million ($9.2 million) of the total consideration is payable upon the completion of the novation of contracts to CNEC. In addition, an acquiree intercompany balance of BRL 25 million ($15.9 million) was assumed from the vendor upon acquisition.

This acquisition complements the existing capabilities of the Group's resource and energy businesses and provides a base for the next phase of the Group's growth across South America.

The above acquisitions contribution to the Group's reported after-tax profit attributable to members of the Parent Entity was $9.0 million, and the reported contribution to revenue was $94.5 million. Had these acquisitions taken place at 1 July 2009, the contribution to the Group's profit after income tax expense would have been $19.9 million and revenue would have been $224.9 million.

	CNEC ACQUISITION	EVANS & PECK ACQUISITION	TOTAL
ASSETS			
Cash and cash equivalents	15.5	12.6	28.1
Trade and other receivables	45.0	19.8	64.8
Inventories	0.2	–	0.2
Prepayments	–	0.5	0.5
Property, plant and equipment	2.2	1.1	3.3
Intangible assets	0.8	3.9	4.7
Deferred tax assets	–	4.0	4.0
Other assets	5.4	0.1	5.5
Total assets	69.1	42.0	111.1
LIABILITIES			
Trade and other payables	(6.0)	(5.8)	(11.8)
Income tax payable	(0.4)	–	(0.4)
Provisions	(20.6)	(11.2)	(31.8)
Total liabilities	(27.0)	(17.0)	(44.0)
Net assets	42.1	25.0	67.1
Intangible assets	22.2	11.8	34.0
Deferred tax liability on intangible assets	(6.7)	(3.5)	(10.2)
Goodwill arising on acquisition	47.3	56.0	103.3
Total consideration, excluding acquisition costs expensed	104.9	89.3	194.2
Consideration:			
Cash consideration	79.9	38.5	118.4
Shares issued, at fair value	–	50.8	50.8
Deferred consideration	9.2	–	9.2
Assumption of acquiree's intercompany balance from vendor	15.9	–	15.9
Costs associated with the acquisition	1.4	0.3	1.7
Total consideration paid	106.4	89.6	196.0
Net cash effect:			
Cash consideration paid	79.9	38.5	118.4
Cash and cash equivalents included in net assets acquired	(15.5)	(12.6)	(28.1)
Net cash outflow	64.4	25.9	90.3

Goodwill represents the value of the assembled workforce and any premium from synergies and future growth opportunities that cannot be recognized separately. Except as indicated, the carrying value equals the fair value of the net assets acquired.

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)

(D) ACQUISITION OF CONTROLLED ENTITIES (continued)

$1.1 million of costs associated with the issue of shares as part of the acquisition of Evans & Peck have been deducted from the fair value of the shares issued. The remaining acquisition costs have been included within other costs in the statement of financial performance.

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

23. INVESTMENTS IN ASSOCIATES

		OWNERSHIP INTEREST CONSOLIDATED		CARRYING VALUE CONSOLIDATED	
ENTITY	PRINCIPAL ACTIVITY	2010 %	2009 %	2010 $'M	2009 $'M
(A) DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS:					
Aluminium Smelter Developments Pty Limited	Minerals & Metals	50	50	-	-
ARA WorleyParsons SA	Infrastructure & Environment	50	50	15.0	13.7
Beijing MaisonWorleyParsons Engineering & Technology Co Limited[1]	Minerals & Metals	50	50	12.2	14.6
Beijing MaisonWorleyParsons Project Management Co Ltd[a]	Infrastructure & Environment	50	50	1.3	0.3
Clyde-WorleyParsons Pte Limited	Minerals & Metals	50	50	0.1	-
DeltaAfrik Engineering Limited	Hydrocarbons	49	49	13.4	11.0
Demand Response Limited	Hydrocarbons	50	25	-	-
Gazneft Engineering LLC[1]	Hydrocarbons	50	50	0.6	0.7
I&E Systems Pty Limited	Hydrocarbons	50	50	1.9	1.4
KDPC Limited	Hydrocarbons	50	50	-	-
K-WAC Limited	Hydrocarbons	45	45	5.9	-
NANA WorleyParsons, LLC[2]	Hydrocarbons	50	50	8.3	11.2
NWKC LLC	Hydrocarbons	50	50	3.7	0.1
Pacific Waterworks LLC	Infrastructure & Environment	50	50	-	-
Perunding Ranhill Worley Sdn Bhd	Hydrocarbons	50	50	0.9	0.8
Petrocon Arabia Co Limited[1]	Hydrocarbons	50	50	7.0	8.1
PFD (UK) Limited	Hydrocarbons	50	50	-	-
PFD International LLC	Hydrocarbons	50	50	6.7	9.9
Protek Engineers Sdn Bhd	Hydrocarbons	49	49	0.5	0.4
Ranhill WorleyParsons Sdn Bhd	Hydrocarbons	49	49	19.5	19.1
Sakhneftegaz Engineering[1]	Hydrocarbons	49	49	1.9	0.4
Transfield Services-WorleyParsons JV (M) Sdn Bhd[3,4]	Hydrocarbons	33	-	0.3	-
Transfield Worley Limited	Hydrocarbons	50	50	6.6	5.7
Transfield Worley Power Services Pty Limited	Power	50	50	1.7	0.9
Transfield WorleyParsons Nouvelle Caledonie SAS	Minerals & Metals	50	50	4.5	1.5
WorleyParsons Academy (Pty) Limited	Power and Hydrocarbons	50	50	-	-
WorleyParsons Arabia Limited Company	Hydrocarbons	50	50	20.6	19.7
WorleyParsons Bahrain WLL	Hydrocarbons	50	50	(0.2)	0.1
WorleyParsons Engineering Consultancies Company	Hydrocarbons	50	50	0.1	-
WorleyParsons Momin Sdn Bhd	Dormant	50	50	-	-
WorleyParsons SA (Proprietary) Limited	Power and Hydrocarbons	50	50	3.1	3.0
Equity accounted associates				135.6	122.6

1 Balance date is 31 December, which was the balance date when the entity was acquired.
2 Balance date is 30 September, which was the balance date when the entity was acquired.
3 Incorporated during the financial year.
4 16.5% held by WorleyParsons SEA Pty Limited and 33.5% by Ranhill WorleyParsons Sdn Bhd.
a Previously named Beijing Maihuasheng E&T Co Ltd.

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	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
(B) CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES		
Carrying amount at the beginning of the financial year	122.6	91.8
Net profits of associates	54.4	44.1
Dividends received from associates	(38.9)	(20.5)
Movement in hedge reserve of associates	3.3	(3.0)
Movement in foreign currency translation reserve of associates	(5.8)	10.2
Carrying amount at the end of the financial year	135.6	122.6
(C) NET PROFITS ATTRIBUTABLE TO ASSOCIATES		
Profits before income tax expense	66.8	55.4
Income tax expense	(12.4)	(11.3)
Net profits of associates	54.4	44.1
(D) RESERVES ATTRIBUTABLE TO ASSOCIATES		
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(2.8)	(13.0)
Effect of (increase)/decrease in reserve	(5.8)	10.2
Balance at the end of the financial year	(8.6)	(2.8)
(E) RETAINED PROFITS ATTRIBUTABLE TO ASSOCIATES		
Balance at the beginning of the financial year	90.8	67.2
Share of profits of associates accounted for using the equity method	54.4	44.1
Dividends paid	(38.9)	(20.5)
Balance at the end of the financial year	106.3	90.8
(F) SHARE OF ASSOCIATES' CONTINGENT LIABILITIES		
Performance related guarantees issued	27.6	19.2
(G) SHARE OF ASSOCIATES' EXPENDITURE COMMITMENTS		
Operating lease commitments	27.6	16.7
(H) SUMMARY OF FINANCIAL POSITION OF ASSOCIATES		
The consolidated entity's share of aggregate assets and liabilities of associates is:		
Current assets	254.7	217.5
Non-current assets	18.6	21.6
Current liabilities	(147.9)	(132.9)
Non-current liabilities	(6.1)	(1.4)
Net assets	119.3	104.8
Identifiable intangible assets, net of amortization	–	0.4
Goodwill	16.3	17.4
Carrying amount at the end of the financial year	135.6	122.6

24. INTERESTS IN JOINT VENTURE OPERATIONS AND ASSETS

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES:

JOINT VENTURE ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2010 %	OWNERSHIP INTEREST CONSOLIDATED 2009 %
AMEC-Colt (Fort Hills) Joint Venture[2]	Hydrocarbons	–	50
AMEC-Colt Joint Venture	Hydrocarbons	50	50
ANSTO WorleyParsons Joint Venture[2]	Infrastructure & Environment	–	50
ARUP-WorleyParsons Joint Venture	Hydrocarbons	50	50
Bechtel WorleyParsons Joint Venture	Minerals & Metals	50	50
Colt-KBR Joint Venture[1,2]	Hydrocarbons	–	50
Eos Joint Ventures	Hydrocarbons	50	50
Evans & Peck – TSA Management Joint Venture	Infrastructure & Environment	50	–
Fluor WorleyParsons Arctic Solutions Joint Venture	Hydrocarbons	50	50
Foster Wheeler Energy WorleyParsons (Pluto LNG) Joint Venture	Hydrocarbons	40	40
Foster Wheeler WorleyParsons (BPV) Joint Venture[2]	Hydrocarbons	–	50
Foster Wheeler WorleyParsons (LNG Phase V) Joint Venture	Hydrocarbons	25	25
Foster Wheeler WorleyParsons Joint Venture (Browse LNG)[2]	Hydrocarbons	–	50
FWP Joint Venture[1]	Hydrocarbons	50	50
G*UB*MK Constructors Joint Venture	Power	34	34
Hazco/Komex Grande Prairie Joint Venture	Infrastructure & Environment	50	50
Iraq Power Alliance Joint Venture	Power	50	50
John Holland BRW Joint Venture[2]	Infrastructure & Environment	–	50
MMM WorleyParsons Joint Venture[2]	Power	–	50
Parsons Iraq Joint Venture	Hydrocarbons	85	85
Select-Granherne (B2B) Joint Venture	Hydrocarbons	50	50
SNC-Lavalin WorleyParsons Joint Venture	Hydrocarbons	33	33
Transfield Lucas WorleyParsons Joint Venture	Hydrocarbons	33	–
Transfield Services WorleyParsons Malaysia Joint Venture	Hydrocarbons	50	50
Transfield Worley Solutions Joint Venture	Minerals & Metals	50	50
Transfield Worley Joint Venture	Hydrocarbons	50	50
Transfield Worley TRAGS Joint Venture	Hydrocarbons	28	28
TW Water Joint Venture[2]	Infrastructure & Environment	–	50
TWH Ahuroa Joint Venture	Hydrocarbons	25	–
Worley Dome Joint Venture	Hydrocarbons	51	51
Worley Maunsell Joint Venture	Minerals & Metals	50	50
WorleyParsons Arabian Industries Joint Venture	Hydrocarbons	50	50
WorleyParsons Fluor Joint Venture	Minerals & Metals	50	–

1 Balance date is 31 December.
2 Closed.

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24. INTERESTS IN JOINT VENTURE OPERATIONS AND ASSETS (continued)

WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES (continued):

The consolidated entity's interests in the assets and liabilities employed in the joint ventures are included in the consolidated statement of financial position under the following classifications:

	CONSOLIDATED	
	2010 $'M	2009 $'M
ASSETS		
Current assets		
Cash and cash equivalents	33.3	10.3
Trade and other receivables	137.2	148.5
Other current assets	0.4	0.1
Total current assets	170.9	158.9
Non-Current assets		
Property, plant and equipment	0.3	0.4
Total non-current assets	0.3	0.4
TOTAL ASSETS	171.2	159.3
LIABILITIES		
Current liabilities		
Trade and other payables	125.6	129.5
Provisions	18.7	11.9
Total current liabilities	144.3	141.4
Non-Current liabilities		
Other non-current liabilities	1.4	1.6
Total non-current liabilities	1.4	1.6
TOTAL LIABILITIES	145.7	143.0
NET ASSETS	25.5	16.3

	CONSOLIDATED	
	2010 $'M	2009 $'M
25. NOTE TO THE STATEMENT OF CASH FLOWS		
Reconciliation of profit after income tax expense to net cash inflow from operating activities:		
Profit after income tax expense	303.0	400.9
NON-CASH ITEMS		
Depreciation	18.7	28.4
Amortization	73.2	59.5
Performance rights expense	6.0	19.1
Doubtful debts expense	14.0	11.4
Share of associates' net profits in excess of dividends received	(15.5)	(23.6)
Net loss/(gain) on foreign exchange	0.4	(9.0)
Other	3.7	1.2
Cash flow adjusted for non-cash items	403.5	487.9
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES		
(Increase)/decrease in trade and other receivables	(104.7)	73.3
(Increase)/decrease in inventories	(0.5)	0.4
Decrease/(increase) in prepayments	21.8	(8.9)
(Increase)/decrease in deferred tax assets	(30.1)	9.4
(Decrease)/increase in trade and other payables	(36.8)	9.9
Increase in billings in advance	6.3	17.2
Decrease in hire purchase liabilities	(0.2)	(0.6)
(Decrease)/increase in income tax payable	(34.5)	2.8
Increase/(decrease) in deferred tax liabilities	3.5	(27.1)
Increase/(decrease) in other provisions	51.3	(17.9)
Net cash inflow from operating activities	279.6	546.4

26. COMMITMENTS FOR EXPENDITURE

(A) OPERATING LEASES		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	180.9	170.7
Later than one year and not later than five years	507.8	454.9
Later than five years	204.5	152.1
Commitments not recognized in the financial statements	893.2	777.7
(B) CAPITAL EXPENDITURE COMMITMENTS		
Estimated capital expenditure contracted for at reporting date but not provided for payable as follows:		
Within one year	1.6	19.8
Later than one year and not later than five years	2.5	2.6
Commitments not recognized in the financial statements	4.1	22.4
(C) OPERATING EXPENDITURE COMMITMENTS		
Estimated commitments for operating expenditure in relation to software as follows:		
Within one year	0.7	3.6
Later than one year and not later than five years	3.3	4.1
Commitments not recognized in the financial statements	4.0	7.7

The Parent Entity has no commitments for expenditure.

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27. ASSETS AND LIABILITIES HELD FOR SALE

The Exmouth power station was presented as held for sale in the financial year ended 30 June 2009. In the current financial year, the directors have reassessed the plan to dispose of the asset and due to strength of its operational performance, have decided to withdraw the asset as being held for sale. In the current year, it has been disclosed as a finance lease receivable, refer note 28.

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Cash and cash equivalents	–	4.5
Trade and other receivables	–	1.0
Inventories	–	0.3
Finance lease receivable	–	33.8
Equity accounted investments	–	0.0
Deferred tax assets	–	0.2
	–	39.8
Trade and other payables	–	3.3
Interest bearing loans and borrowings	–	22.6
Deferred tax liabilities	–	0.5
	–	26.4

The above assets and liabilities are included in the Power business segment in note 33.

28. FINANCE LEASE RECEIVABLE

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Current finance lease receivable	1.3	–
Non-current finance lease receivable	31.3	–
Gross investment in lease receivable	32.6	–
Present value of minimum lease payments:		
Within one year	1.3	–
Later than one year and not later than five years	6.2	–
More than five years	25.1	–
Present value of minimum lease payments	32.6	–
Gross investment in lease receivable	32.6	–

29. 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 2010 $'M	CONSOLIDATED 2009 $'M	PARENT ENTITY 2010 $'M	PARENT ENTITY 2009 $'M
Bank guarantees outstanding at balance date in respect of financing facilities	22.0	25.5	22.0	25.5
Bank guarantees outstanding at balance date in respect of contractual performance	335.0	239.2	172.7	129.2
Commitments not recognized in the financial statements	357.0	264.7	194.7	154.7

The Company is subject to various actual and pending claims arising in the normal course of business. The Directors are of the view that the consolidated entity is adequately provided in respect of these claims.

The Company has entered into a deed of guarantee for an associate, DeltaAfrik Engineering Limited. Under the terms of the guarantee, the Company has guaranteed the repayment of bank loans and performance guarantees outstanding in respect of an external borrowing facility taken on by the associate. The amount of borrowings and performance guarantees in the associate at 30 June 2010 was $22.0 million (2009: $25.5 million).

(B) ASBESTOS

Certain members of Parsons E&C Group and other subsidiaries of Parsons Corporation, have been, and continue to be, the subject of litigation relating to the handling of, or exposure to, asbestos.

Based on its due diligence investigations during the acquisition of Parsons E&C Corporation from Parsons Corporation, including an analysis of available insurance coverage, and in light of 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 material residual contingent exposure for the Group in respect of asbestos liabilities.

30. REMUNERATION OF AUDITORS

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
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	3,297,681	2,753,007
Other auditors of controlled entities	218,879	437,307
	3,516,560	3,190,314
Amounts received for other services:		
Tax related services	260,994	251,011
Acquisition related assurance services	165,752	85,010
Other non-audit services	19,350	532,864
	446,096	868,885
	3,962,656	4,059,199

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:

Ron McNeilly (Chairman)

Grahame Campbell

Erich Fraunschiel

John M Green

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego

Catherine Livingstone, AO

Larry Benke (alternate director for William Hall)

JB McNeil.

(B) OTHER RELATED PARTIES

Aggregate amounts included in the determination of profit before income tax expense that resulted from transactions with each class of other related parties were as follows:

	CONSOLIDATED	
	2010 $'M	2009 $'M
Dividend revenue from associates	38.9	20.5
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:		
Loans advanced to:		
Associates and related parties	15.7	2.6
Loan repayments from:		
Associates and related parties	18.3	3.2
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	64.7	56.5
Current payables		
Associates and related parties	8.1	29.7

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.

32. KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) PARTICULARS OF KEY MANAGEMENT PERSONNEL (KMP) INTERESTS IN SHARES

Particulars of KMP's beneficial interest in shares of the Company as at 30 June 2010 are as follows:

	NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED				
	BALANCE AT 1 JULY 2009	SHARES ISSUED AS REMUN-ERATION[1]	ON EXERCISE OF PERFORMANCE RIGHTS	TRANSACTIONS	BALANCE AT 30 JUNE 2010
EXECUTIVE AND NON-EXECUTIVE DIRECTORS					
John Grill[3]	33,261,286	-	52,500	(8,000,000)	25,313,786
William Hall	42,408	-	28,000	(8,833)	61,575
David Housego	210,250	-	21,500	-	231,750
Larry Benke[2]	1,177,475	-	-	-	1,177,475
Ron McNeilly	401,064	-	-	-	401,064
Grahame Campbell	508,199	-	-	-	508,199
Erich Fraunschiel	168,755	-	-	-	168,755
John M Green	958,516	-	-	-	958,516
Eric Gwee	36,802	-	-	-	36,802
Catherine Livingstone, AO	7,600	-	-	5,400	13,000
Subtotal	36,772,355	-	102,000	(8,003,433)	28,870,922
EXECUTIVES					
Stuart Bradie	30,000	-	15,034	-	45,034
Robert Edwardes	13,101	-	11,543	(2,833)	21,811
Iain Ross	567,591	-	19,541	-	587,132
David Steele	102,256	-	11,543	1,045	114,844
Andrew Wood	864,182	-	19,569	-	883,751
Subtotal	1,577,130	-	77,230	(1,788)	1,652,572
Grand total	38,349,485	-	179,230	(8,005,221)	30,523,494

1 The non-executive director share plan was discontinued at 30 June 2009 and no shares were allocated under this plan in the financial year ended 30 June 2010.
2 Larry Benke received exchangeable shares as part of the Colt Group consideration.
3 On 31 May 2010, John Grill made an off-market disposal of 8,000,000 shares.

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(B) PARTICULARS OF KMP PERFORMANCE RIGHTS

Particulars of KMP's equity settled performance rights granted as at 30 June 2010 are as follows:

	NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED			
	BALANCE AT 1 JULY 2009	GRANTED	EXERCISED	BALANCE AT 30 JUNE 2010
EXECUTIVE DIRECTORS				
John Grill	128,363	45,293	(52,500)	121,156
William Hall	59,275	18,665	(28,000)	49,940
David Housego	19,288	17,385	(21,500)	15,173
Larry Benke	50,207	11,214	-	61,421
Subtotal	257,133	92,557	(102,000)	247,690
EXECUTIVES				
Stuart Bradie	42,835	19,361	(15,034)	47,162
Robert Edwardes	31,591	15,721	(11,543)	35,769
Iain Ross	46,102	19,316	(19,541)	45,877
David Steele	26,888	10,746	(11,543)	26,091
Andrew Wood	46,740	18,650	(19,569)	45,821
Subtotal	194,156	83,794	(77,230)	200,720
Grand total	451,289	176,351	(179,230)	448,410

No cash settled performance rights were granted at 30 June 2010.

All performance rights vested during the year were exercised in full.

(C) SUMMARY OF KMP REMUNERATION

	CONSOLIDATED	
	2010 $	2009 $
Short term employee benefits	8,472,530	12,387,934
Post-employment benefits	210,352	285,802
Other long term benefits	118,755	143,821
Share based payments	918,246	3,129,267
Total compensation	9,719,883	15,946,824

33. SEGMENT INFORMATION

(A) IDENTIFICATION OF REPORTABLE SEGMENTS

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

Discrete pre-tax financial information about each of these customer sector groups is reported to the Chief Executive Officer on a monthly basis.

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

(B) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment.

Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis and are eliminated on consolidation.

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2.

The segment results include the allocation of overhead that can be directly attributed to an individual business segment.

The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- derivative gains and losses;
- gains and losses on the sale of investments;
- finance costs;
- certain general and administration expenditure; and
- income tax expense.

(C) MAJOR CUSTOMERS

The Group does not have a customer that contributes more that 10% of the total Group revenue.

33. SEGMENT INFORMATION (continued)

(D) OPERATING SEGMENTS

2010	HYDROCARBONS $'M	POWER $'M	MINERALS & METALS $'M	INFRASTRUCTURE & ENVIRONMENT $'M	TOTAL $'M
Revenue					
Sales to external customers	3,165.1	505.6	562.2	458.2	4,691.1
Procurement services revenue at margin	257.3	3.0	-	10.8	271.1
Other income	3.0	0.8	0.3	0.8	4.9
Total aggregated revenue*	3,425.4	509.4	562.5	469.8	4,967.1
*Segment result***	375.6	39.3	77.0	47.7	539.6
Depreciation and amortization expense	67.2	9.4	7.3	8.0	91.9
Share of profits from associates	35.4	0.7	17.4	0.9	54.4
Investment in equity accounted associates	79.2	1.9	52.9	1.6	135.6
Purchase of non-current assets	41.5	5.8	4.3	7.4	59.0

2009	HYDROCARBONS $'M	POWER $'M	MINERALS & METALS $'M	INFRASTRUCTURE & ENVIRONMENT $'M	TOTAL $'M
Revenue					
Sales to external customers	4,601.1	542.0	569.6	322.1	6,034.8
Procurement services revenue at margin	133.1	3.8	12.9	27.5	177.3
Other income	5.9	0.5	0.5	0.4	7.3
Total aggregated revenue*	4,740.1	546.3	583.0	350.0	6,219.4
*Segment result***	532.1	66.7	82.6	30.2	711.6
Depreciation and amortization expense	70.1	6.0	5.5	6.3	87.9
Share of profits from associates	30.5	4.7	7.7	1.2	44.1
Investment in equity accounted associates	77.7	5.2	33.2	6.5	122.6
Purchase of non-current assets	106.9	19.9	17.9	10.2	154.9

* Segment revenue represents aggregated revenue, which is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest.

** Segment result represents earnings before interest and tax expense (EBIT) which is the key financial measure that is presented to the Chief Executive Officer.

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Reconciliation of segment result to net profit after income tax expense per the statement of financial performance		
Segment result	539.6	711.6
Income tax expense	(90.3)	(160.8)
Interest and tax for associates	(10.2)	(15.5)
Amortization of acquired intangible assets	(33.1)	(32.9)
Performance rights	(6.0)	(19.1)
Corporate expenses	(62.9)	(38.8)
Net borrowing costs	(34.1)	(43.6)
Income after tax expense per the statement of financial performance	303.0	400.9
Reconciliation of segment revenue to total revenue per the statement of financial performance		
Segment revenue	4,967.1	6,219.4
Procurement services revenue	875.3	288.7
Share of revenue from associates	(777.8)	(706.1)
Interest	4.9	5.7
Total revenue per the statement of financial performance	5,069.5	5,807.7

(E) GEOGRAPHIC SEGMENTS

	2010 $'M	2009 $'M
Revenue from external customers:*		
Asia and Middle East	1,100.3	856.9
Australia and New Zealand	1,396.5	1,434.8
Canada	1,042.2	1,468.5
Europe and Africa	474.6	646.0
United States and Latin America	1,046.1	1,388.5
Total revenue from external customers	5,059.7	5,794.7
Non-current assets by geographical location:**		
Asia and Middle East	59.7	22.9
Australia and New Zealand	180.1	113.0
Canada	1,368.6	1,385.3
Europe and Africa	86.8	110.5
United States and Latin America	375.5	294.3
Total non-current assets**	2,070.7	1,926.0

* Revenue is attributed to the geographic location based on the location of the entity providing the services.

** Excludes derivatives and deferred tax assets.

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34. CREDIT RISK

The financial assets of the Group comprise cash and cash equivalents, trade and other receivables, and derivative financial instruments and off statement of financial position guarantees and letters of credit. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. Credit exposure of derivatives is considered to be any positive market value.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED CARRYING AMOUNT	
	2010 $'M	2009 $'M
Cash and cash equivalents	130.2	173.8
Trade receivables and unbilled contract revenue	1,140.3	1,086.1
Amounts owing by associates and related parties	64.7	56.5
Derivatives and currency swaps	5.9	19.1
Bank guarantees and letters of credit	22.0	25.5
	1,363.1	1,361.0

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

	GROSS 2010 $'M	IMPAIRMENT 2010 $'M	GROSS 2009 $'M	IMPAIRMENT 2009 $'M
Unbilled contract revenue	493.9	-	390.0	-
0-30 days	448.1	(3.5)	487.3	(4.9)
Past due 31-60 days	83.0	-	95.5	(5.2)
Past due 61-90 days	42.2	-	49.6	(1.9)
Past due 91-120 days	25.8	(6.3)	29.4	(8.0)
More than 121 days	89.5	(32.4)	63.0	(8.7)
	1,182.5	(42.2)	1,114.8	(28.7)

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

The allowance amounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount is considered irrecoverable and is written off against the financial asset directly.

Counterparties with receivables neither past due nor impaired are assessed as creditworthy.

35. LIQUIDITY RISK

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

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

	CONSOLIDATED	
	2010 $'M	2009 $'M
SECURED FACILITIES		
Total facilities available:		
Loan facilities	21.4	22.6
	21.4	22.6
Facilities utilized at balance date:		
Loan facilities	21.4	22.6
	21.4	22.6
Facilities available at balance date:		
Loan facilities	-	-
	-	-
The maturity profile in respect of the Group's secured loan and overdraft facilities is set out below:		
Due within one year	1.2	1.2
Due between one and four year(s)	4.3	4.0
Due after four years	15.9	17.4
	21.4	22.6
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	1,215.2	1,295.2
Overdraft facilities	49.5	58.3
Bank guarantees and letters of credit	669.1	452.5
	1,933.8	1,806.0
Facilities utilized at balance date:		
Loan facilities	749.8	722.6
Overdraft facilities	10.3	-
Bank guarantees and letters of credit	335.0	239.2
	1,095.1	961.8
Facilities available at balance date:		
Loan facilities	465.4	572.6
Overdraft facilities	39.2	58.3
Bank guarantees and letters of credit	334.1	213.3
	838.7	844.2
The maturity profile in respect of the Group's unsecured loan and overdraft facilities is set out below:		
Due within one year	188.7	367.7
Due between one and four year(s)	615.4	422.2
Due after four years	460.6	563.6
	1,264.7	1,353.5

35. LIQUIDITY RISK (continued)

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

	TRADE PAYABLES $'M	PAYABLES TO RELATED PARTIES AND ASSOCIATES $'M	INTEREST BEARING LOANS AND BORROWINGS $'M	EXPECTED FUTURE INTEREST PAYMENTS $'M	DERIVATIVES $'M	TOTAL FINANCIAL LIABILITIES $'M
AS AT 30 JUNE 2010						
Due within one year	210.2	8.1	32.0	0.3	1.4	252.0
Due between one and four year(s)	–	–	319.5	44.2	–	363.7
Due after four years	–	–	430.0	181.1	–	611.1
	210.2	8.1	781.5	225.6	1.4	1,226.8
AS AT 30 JUNE 2009						
Due within one year	194.3	29.7	10.2	40.5	0.2	274.9
Due between one and four year(s)	–	–	148.8	102.3	–	251.1
Due after four years	–	–	563.6	116.4	–	680.0
	194.3	29.7	722.6	259.2	0.2	1,206.0

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36. CURRENCY RISK

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

(A) FORWARD EXCHANGE CONTRACTS

The Group is exposed to exchange rate transaction risk on foreign currency sales, purchases, and loans to and from related entities. The most significant exchange risk is US dollar receipts by Australian and non-US entities. When required, hedging is undertaken through transactions entered into in the foreign exchange markets. Forward exchange contracts have been used for hedging purposes. Forward exchange contracts are generally accounted for as cash flow hedges.

At balance date, the details of outstanding contracts were:

CONTRACTS MATURING DURING THE SIX MONTHS ENDING	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2010	2009	2010 $'M	2010 $'M	2009 $'M	2009 $'M
31 December 2010 contracts to:						
Buy AUD and sell CAD	0.90		AUD 2.8	CAD (2.5)		
Buy AUD and sell EUR	0.66		AUD 2.2	EUR (1.5)		
Buy AUD and sell HKD		4.92			AUD 0.1	HKD (0.3)
Buy AUD and sell SGD	1.21		AUD 1.71	SGD (2.1)		
Buy AUD and sell USD	0.86	0.65	AUD 62.0	USD (53.6)	AUD 11.3	USD (7.4)
Buy BND and sell USD	1.39		BND 3.1	USD (2.2)		
Buy CAD and sell AUD	0.92		CAD 7.0	AUD (7.6)		
Buy CAD and sell KWD	3.60		CAD 3.5	KWD (1.0)		
Buy CAD and sell USD	1.03	0.85	CAD 25.1	USD (24.2)	CAD 4.6	USD (4.0)
Buy EUR and sell USD	1.37		EUR 1.7	USD (2.3)		
Buy GBP and sell AUD	0.59		GBP 0.7	AUD (1.2)		
Buy GBP and sell CAD	1.56		GBP 1.9	CAD (3.0)		
Buy GBP and sell MYR	4.88		GBP 0.1	MYR (0.5)		
Buy GBP and sell USD	1.51		GBP 4.4	USD (6.6)		
Buy JPY and sell USD	92.91		JPY 210.6	USD (2.3)		
Buy MYR and sell USD		0.28			MYR 1.3	USD (0.4)
Buy SGD and sell AUD	1.20	0.90	SGD 11.8	AUD (9.8)	SGD 7.0	AUD (6.3)
Buy SGD and sell GBP		0.46			SGD 1.1	GBP (0.5)
Buy SGD and sell USD	1.39	1.49	SGD 8.5	USD (6.1)	SGD 2.2	USD (1.5)
Buy THB and sell AUD		0.04			THB 33.0	AUD (1.3)
Buy USD and sell AUD	0.87		USD 5.0	AUD (5.8)		
Buy USD and sell CAD	1.06		USD 2.1	CAD (2.2)		
Buy USD and sell EUR	1.37		USD 0.03	EUR (0.02)		
Buy USD and sell GBP	1.55		USD 0.6	GBP (0.4)		
Buy USD and sell JPY	93.0		USD 0.1	JPY (8.5)		
Buy USD and sell SGD	1.40		USD 1.1	SGD (1.6)		
30 June 2011 contracts to:						
Buy AUD and sell USD	0.84		AUD 1.4	USD (1.2)		
Buy CAD and sell KWD	3.59		CAD 11.2	KWD (3.1)		
Buy CAD and sell USD	1.03		CAD 1.0	USD (1.0)		
Buy EUR and sell USD	1.37		EUR 0.4	USD (0.6)		
Buy GBP and sell USD	1.54		GBP 0.7	USD (1.1)		
Buy JPY and sell USD	92.63		JPY 46.2	USD (0.5)		
Buy SGD and sell USD	1.41		SGD 0.8	USD (0.6)		
Buy USD and sell SGD	1.41		USD 0.6	SGD (0.8)		
31 December 2011 contracts to:						
Buy CAD and sell KWD	3.58		CAD 2.6	KWD (0.7)		
Buy GBP and sell USD	1.54		GBP 0.8	USD (1.2)		
30 June 2012 contracts to:						
Buy GBP and sell USD	1.55		GBP 0.7	USD (1.0)		
31 December 2012 contracts to:						
Buy GBP and sell USD	1.49		GBP 0.3	USD (0.4)		

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36. CURRENCY RISK (continued)

(A) FORWARD EXCHANGE CONTRACTS (continued)

As these contracts are hedging anticipated future receipts and sales, to the extent that they satisfy hedge accounting criteria, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognized in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated.

The gains and losses deferred in the statement of financial position were:

	CONSOLIDATED	
	2010 $'M	2009 $'M
Effective hedge – unrealized gains	0.3	2.3
Effective hedge – unrealized losses	(0.6)	(0.2)
Net unrealized (losses)/gains, pre-tax	(0.3)	2.1

(B) CROSS CURRENCY SWAPS

The Group uses cross currency swaps to hedge its foreign currency interest rate risk, most with a maturity of greater than one year from the reporting date.

At balance date, the details of cross currency swaps were:

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2010	2009	2010 $'M	2010 $'M	2009 $'M	2009 $'M
Contracts to buy USD and sell CAD:						
Maturing 30 April 2018	1.00	1.00	USD 144.5	CAD (144.5)	USD 144.5	CAD (144.5)

The following gains and losses have been deferred at balance date:

	CONSOLIDATED	
	2010 $'M	2009 $'M
Fair value gain cross currency hedge	5.6	16.8
Foreign exchange loss on hedge relationship	(6.9)	(23.7)
Net unrealized loss pre-tax in hedge reserve	(1.3)	(6.9)

(C) CONSOLIDATED FOREIGN CURRENCY RISK EXPOSURE

The Group's year-end statement of financial position exposure to foreign currency risk was as follows, based on notional amounts. The following are financial assets and liabilities (unhedged amounts) in currencies other than the functional currencies of the entity in which they are recorded.

30 JUNE 2010	CAD[1]	GBP[1]	USD[1]	OTHER[1]
Cash and cash equivalents	0.1	1.0	28.4	7.0
Trade receivables and unbilled contract revenue	–	17.6	61.0	17.9
Derivative assets	–	–	–	–
Trade payables	(1.3)	(17.3)	(37.5)	(19.4)
Gross statement of financial position exposure	(1.2)	1.3	51.9	5.5

30 JUNE 2009	CAD[1]	GBP[1]	USD[1]	OTHER[1]
Cash and cash equivalents	0.2	3.6	39.7	24.9
Trade receivables and unbilled contract revenue	0.4	8.3	45.4	17.8
Derivative assets	–	–	1.6	–
Trade payables	(4.0)	(6.6)	(29.0)	(32.3)
Gross statement of financial position exposure	(3.4)	5.3	57.7	10.4

1 Represents in currency million as indicated.

(D) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2010 would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed and shown on the same basis for 2009.

	CONSOLIDATED			
	2010		2009	
EFFECTS IN MILLIONS OF AUD:	EQUITY	PROFIT	EQUITY	PROFIT
CAD	–	(0.1)	–	(0.3)
GBP	–	0.2	–	0.8
USD	–	4.8	–	5.4
Other	–	0.4	–	0.8

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2010 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 applied during the year:

	AVERAGE EXCHANGE RATE		REPORTING DATE SPOT EXCHANGE RATE	
	2010	2009	2010	2009
CAD	0.9310	0.8714	0.9043	0.9296
GBP	0.5581	0.4629	0.5807	0.4907
USD	0.8814	0.7492	0.8668	0.8065

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37. INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

(A) CONSOLIDATED INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table:

			FIXED INTEREST MATURING IN:							
	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE $'M	1 YEAR OR LESS $'M	1 TO 2 YEARS $'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 2010										
FINANCIAL ASSETS										
Cash and cash equivalents	2.2	140.5	–	–	–	–	–	–	–	140.5
Trade receivables and unbilled contract revenue	–	–	–	–	–	–	–	–	1,140.3	1,140.3
Amounts owing by associates and related parties	–	–	–	–	–	–	–	–	64.7	64.7
Derivatives	–	–	–	–	–	–	–	–	5.9	5.9
Total financial assets		140.5	–	–	–	–	–	–	1,210.9	1,351.4
FINANCIAL LIABILITIES										
Bank loans	4.3	189.2	1.6	1.3	1.4	1.6	1.7	14.2	–	211.0
Notes payable	5.5	46.1	–	–	–	162.1	–	362.3	–	570.5
Trade payables	–	–	–	–	–	–	–	–	210.2	210.2
Payables to associates and related parties	–	–	–	–	–	–	–	–	8.1	8.1
Derivatives	–	–	–	–	–	–	–	–	1.4	1.4
Interest rate swaps	–	(20.9)	1.2	1.3	1.4	1.5	1.6	13.9	–	–
Total financial liabilities		214.4	2.8	2.6	2.8	165.2	3.3	390.4	219.7	1,001.2
Net financial assets										350.2
AS AT 30 JUNE 2009										
FINANCIAL ASSETS										
Cash and cash equivalents	0.62	173.8	–	–	–	–	–	–	–	173.8
Trade receivables and unbilled contract revenue	–	–	–	–	–	–	–	–	1,086.1	1,086.1
Amounts owing by associates and related parties	–	–	–	–	–	–	–	–	56.5	56.5
Derivatives	–	–	–	–	–	–	–	–	19.1	19.1
Total financial assets		173.8	–	–	–	–	–	–	1,161.7	1,335.5
FINANCIAL LIABILITIES										
Bank loans	4.7	93.9	10.2	–	–	–	–	–	–	104.1
Notes payable	5.6	49.6	–	–	–	–	174.2	389.4	–	613.2
Other interest bearing loans and borrowings	–	0.1	0.1	–	–	–	–	–	–	0.2
Trade payables	–	–	–	–	–	–	–	–	194.3	194.3
Payables to associates and related parties	–	–	–	–	–	–	–	–	29.7	29.7
Derivatives	–	–	–	–	–	–	–	–	0.2	0.2
Interest rate swaps	–	(22.0)	1.1	1.2	1.3	1.4	1.5	15.5	–	–
Total financial liabilities		121.6	11.4	1.2	1.3	1.4	175.7	404.9	224.2	941.7
Net financial assets										393.8

(B) INTEREST RATE SWAP CONTRACTS

Exmouth Power Station Pty Limited, 100% owned by a wholly owned subsidiary of WorleyParsons Limited, built and operates the Exmouth power station and has drawn down on a loan facility which currently has a floating interest rate. It is policy to protect part of the loan from exposure to increasing interest rates. Accordingly, the entity has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contract is settled on a net basis and the net amount receivable or payable at the reporting date is included in other receivables or payables.

The contract requires settlement of net interest receivable or payable six monthly. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover approximately 97.5% (2009: 97.5%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rate is 5.89% per annum (2009: 5.89% per annum).

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37. INTEREST RATE RISK (continued)

(B) INTEREST RATE SWAP CONTRACTS (continued)

At 30 June 2010, the notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	CONSOLIDATED 2010 $'M	CONSOLIDATED 2009 $'M
Less than one year	1.2	1.1
Later than one year but not later than five years	5.8	5.4
Later than five years	13.9	15.5
	20.9	22.0

As these contracts are hedging anticipated future receipts and sales, 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 transactions provided the underlying transactions are still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedging transactions is still expected to occur as designated. These contracts have been accounted for as a cash flow hedge.

(C) CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE INTEREST BEARING FINANCIAL ASSETS AND LIABILITIES

A change of 100 basis points (BP) per annum in interest rates at the reporting date would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	EQUITY		PROFIT	
EFFECT IN MILLIONS OF AUD 2010	100BP INCREASE	100BP DECREASE	100BP INCREASE	100BP DECREASE
Variable rate instruments	-	-	0.4	(0.4)
Interest rate swaps	0.1	(0.1)	-	-
Cash and overdraft	-	-	0.9	(0.9)
Cash flow sensitivity (net)	0.1	(0.1)	1.3	(1.3)

	EQUITY		PROFIT	
EFFECT IN MILLIONS OF AUD 2009	100BP INCREASE	100BP DECREASE	100BP INCREASE	100BP DECREASE
Variable rate instruments	-	-	(1.0)	1.0
Interest rate swaps	0.2	(0.2)	-	-
Cash and overdraft	-	-	1.2	(1.2)
Cash flow sensitivity (net)	0.2	(0.2)	0.2	(0.2)

38. FAIR VALUES

FAIR VALUES VERSUS CARRYING AMOUNTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2010		2009	
	CARRYING AMOUNT $'M	FAIR VALUE $'M	CARRYING AMOUNT $'M	FAIR VALUE $'M
Assets:				
Cash and cash equivalents	140.5	140.5	173.8	173.8
Trade receivables and unbilled contract revenue	1,140.3	1,140.3	1,086.1	1,086.1
Amounts owing by associates and related parties	64.7	64.7	56.5	56.5
Derivatives	5.9	5.9	19.1	19.1
Liabilities:				
Interest bearing loans and borrowings	781.5	888.5	717.5	822.8
Trade payables	210.2	210.2	194.3	194.3
Payables to associates and related parties	8.1	8.1	29.7	29.7
Derivatives	1.4	1.4	0.2	0.2
	350.2	243.2	393.8	288.5

The Group classifies fair value measurement using the hierarchy that reflects the significance of the inputs used in making the measurements. Derivatives held by the Group are fair valued using Level 2 measurements within the hierarchy. The fair value of the derivatives held by the Group are estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), such as forward interest and foreign currency rates. The Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable inputs exist and other relevant models used by market participants.

The basis for determining fair values is disclosed in note 2(Z).

39. SUBSEQUENT EVENTS

Subsequent to 30 June 2010, the Group acquired an additional 25% share in Beijing Maison WorleyParsons Engineering & Technology Co. Ltd and affiliated business, as well as an additional 12.5% share in Beijing MaisonParsons Engineering & Technology Co. Ltd (collectively "Maison WorleyParsons") for USD$18.5 million (AUD$20.2 million) giving the Group approximately 80% ownership of the total business in China. The acquisition is scheduled to complete in the second half of calendar year 2010, subject to certain regulatory approvals.

No other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

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

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

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

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(B);

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010; and

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in 22 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

JOHN M GREEN

Acting Chairman

Sydney, 25 August 2010

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

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

Independent auditor's report to the members of WorleyParsons Limited

Report on the Financial Report

We have audited the accompanying financial report of WorleyParsons Limited, which comprises the statement of financial position as at 30 June 2010, and statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2B, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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Auditor's Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 46 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of WorleyParsons Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Paul Flynn
Partner
Sydney
25 August 2010

Shareholder Information

TOP 20 HOLDERS OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2010

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	34,880,717	14.20	1
JP Morgan Nominees Australia Limited	31,250,354	12.72	2
National Nominees Limited	24,369,480	9.92	3
Wilaci Pty Limited	16,811,039	6.84	4
Citicorp Nominees Pty Limited	8,878,287	3.61	5
Mrs Edeltraud Franziska Grill	8,000,000	3.26	6
Cogent Nominees Pty Limited	4,519,509	1.84	7
UBS Wealth Management Australia Nominees Pty Ltd	4,509,376	1.84	8
Lujeta Pty Ltd	4,158,400	1.69	9
Mr John Michael Grill	3,578,960	1.46	10
Lujeta Pty Ltd	2,860,500	1.16	11
Behana Pty Ltd	2,400,410	0.98	12
ANZ Nominees Limited	2,353,973	0.96	13
Behana Pty Ltd	2,300,000	0.94	14
Equitas Nominees Pty Limited	1,500,000	0.61	15
Equitas Nominees Pty Limited	1,500,000	0.61	16
Inmac Engineering Pty Limited	1,500,000	0.61	17
Taylor Square Designs Pty Ltd	1,457,997	0.59	18
Skiptan Pty Ltd	1,447,781	0.59	19
RBC Dexia Investor Services Australia Nominees Pty Limited	1,200,970	0.49	20
Total	159,477,753	64.91	

Total number of current holders for all named classes is 38,632.

The table above includes exchangeable shares. The ASX treats these shares as having been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules.

SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2010*

NAME	NOTICE DATE	SHARES
John Grill and associated companies	31 May 2010	25,313,786

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

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RANGE OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2010

	1 TO 1,000	1,001 TO 5,000	5,001 TO 10,000	10,001 TO 100,000	100,001 TO (MAX)	TOTAL
Holders						
Issuer	1,830	892	133	176	60	3,091
CHESS	26,004	8,407	696	367	67	35,541
Total	27,834	9,299	829	543	127	38,632
Shares						
Issuer	794,992	1,934,820	932,333	4,804,139	40,932,082	49,398,366
CHESS	11,538,890	17,630,428	4,969,219	9,514,570	152,641,679	196,294,786
Total	12,333,882	19,565,248	5,901,552	14,318,709	193,573,761	245,693,152
Total holders for classes selected						38,632
Total shares						245,693,152

The number of shareholders holding less than the marketable parcel of shares is 400 (shares: 4,948).

The table above includes exchangeable shares. The ASX treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. In addition to the shares set out in the table, there is one special voting share issued to Computershare Trust Company of Canada Limited (Trustee) as part of the consideration for the acquisition of the Colt Group.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 17 AUGUST 2010

All ordinary shares carry one vote per share without restriction. In the case of the exchangeable shares, voting rights are provided through the special voting share which carried an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

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Corporate Information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

Ron McNeilly (Chairman) – on leave of absence from 4 August 2010 due to a family illness.
Larry Benke
Grahame Campbell
Erich Fraunschiel
John M Green (Acting Chairman from 4 August 2010)
John Grill (Chief Executive Officer)
Eric Gwee
William Hall
David Housego
Catherine Livingstone, AO
JB McNeil
William Hall (alternate executive director for Larry Benke)

COMPANY SECRETARY

Peter Janu

REGISTERED OFFICE

Level 12
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

HSBC
Royal Bank of Scotland
Westpac Banking Corporation
JPMorgan Chase
Commonwealth Bank of Australia
Royal Bank of Canada
Bank of America
UBS
Standard Chartered Bank

LAWYERS

Freehills

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia
Ph: 1300 855 080

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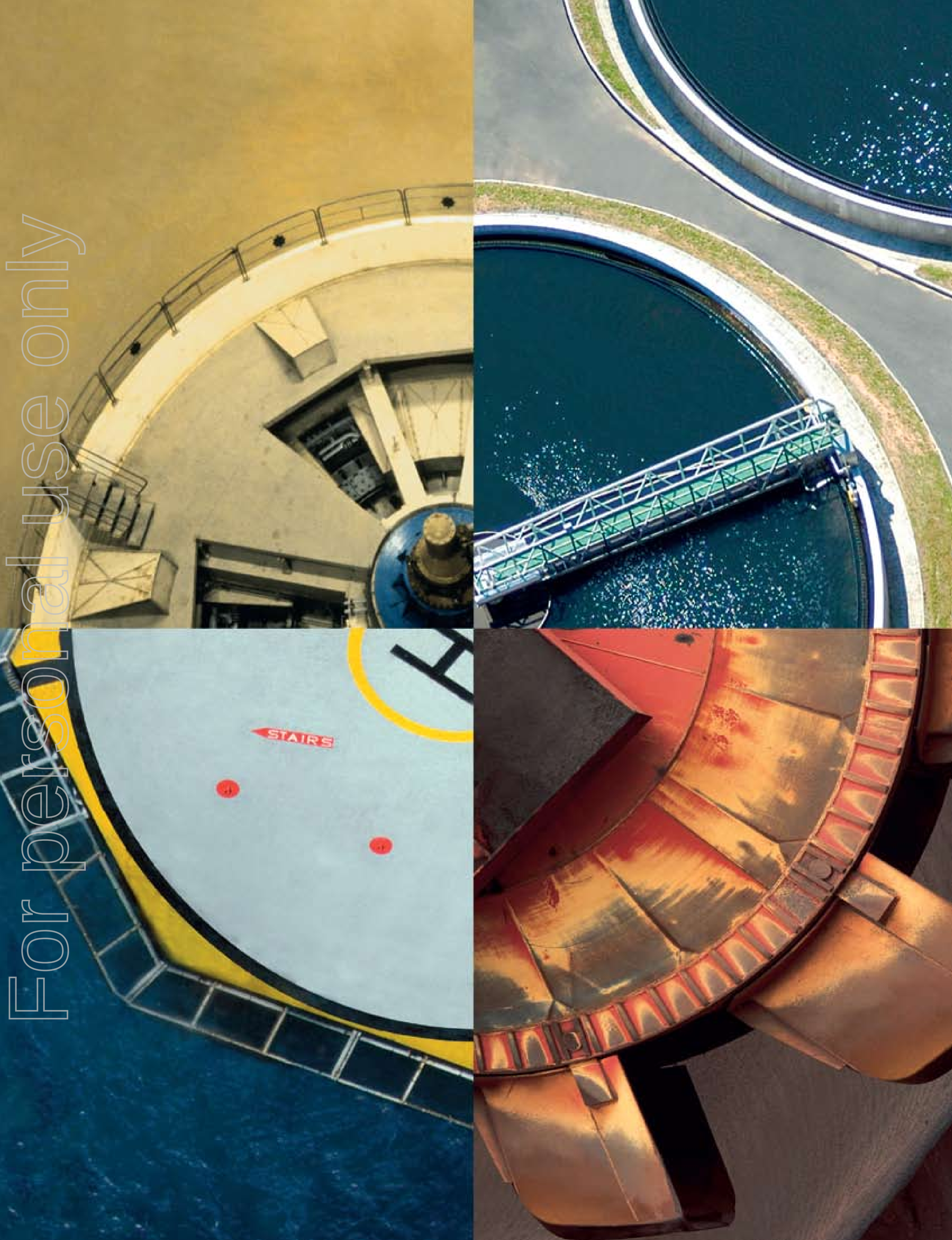

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