WorleyParsons

resources & energy

Annual Report 2017





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EcoNomics™ Delivering profitable sustainability

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

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

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

Annual General Meeting

WorleyParsons Limited 2017 Annual General Meeting will be held on Friday 27 October 2017 commencing at 2.00pm (AEDT) at The Westin Sydney, 1 Martin Place, Sydney.

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Our Values

Performance

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

Relationships

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

Agility

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

Leadership

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



We have created our 2017 shareholder results microsite, which offers our 2017 results documents and detailed information on our business operations.

Visit us online

annualreport2017.worleyparsons.com

Front Cover Hebron Platform at Bull Arm, NL, Canada.

Group Financial Highlights

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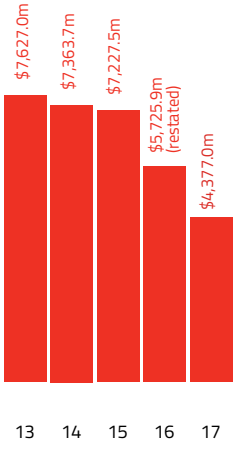
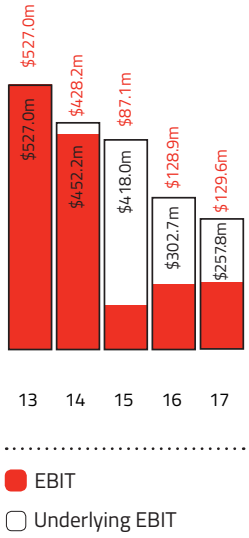
Five year performance at a glance

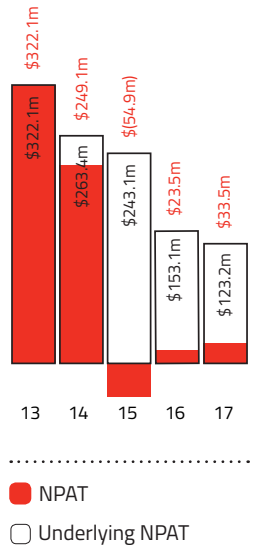
Aggregated revenue
$4,377.0m



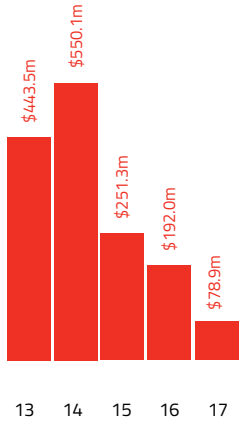
EBIT
$129.6m



Net profit after tax
$33.5m



Cash flow from operations
$78.9m



$m	2013	2014	2015	2016	2017	% change
Aggregated revenue[1]	7,627.0	7,363.7	7,227.5	5,725.9	**4,377.0**	(23.6)
EBIT	527.0	428.2	87.1	128.9	**129.6**	0.5
EBIT margin	6.9%	5.8%	1.2%	2.3%	**3.0%**	0.7pp
Net profit after tax	322.1	249.1	(54.9)	23.5	**33.5**	42.6
Net profit margin	4.2%	3.4%	(0.8%)	0.4%	**0.8%**	0.4pp
Cash flow from operations	443.5	550.1	251.3	192.0	**78.9**	(58.9)
Return on equity	16.2%	12.5%	9.2%	6.9%	**6.9%**	0.0pp
Basic EPS normalized (cents)[2]	137.8	108.5	(14.7)	16.3	**20.3**	24.5
Basic EPS (cents)	130.8	101.0	(22.2)	9.5	**13.5**	42.1
Dividends (cents per share)	92.5	85.0	56.0	–	**–**	–

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

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

Chairman's Report

Welcome to the WorleyParsons Annual report for financial year 2017.

Your business has improved in many ways over the last 12 months. Gross margin and EBIT Margins have increased, chargeability is on target, cash collection is improving and importantly, backlog for new work has increased. This improvement has been driven by the Realize our Future initiatives that have reshaped and resized the business to meet the changing market dynamics.

Reshaping the business

Over the last three years the business has been reshaped and resized. We have reorganized into four business lines: Advisian, Major Projects, Integrated Solutions and Services. We are now more closely aligned with our customers with an ability to offer full range and value of services from advisory to implementation to asset optimization. Key business development activities have been contained in a new Global Sales and Marketing function to ensure global responses to global opportunities, and all our capabilities are brought to all our customers.

As the resource and energy markets have worked through structural changes in commodity pricing, fuel choice and other fundamentals, your company has developed a new strategic architecture to respond more dynamically to a changing world. This will provide a greater ability to capture revenue growth opportunities, systematically improve business performance and address the dramatic changes in the industry.

The three pillars of the new architecture focus on operational excellence, offering all of our value to all of our customers and positioning the business as a key player in the new resource and energy world. Andrew Wood discusses progress against these pillars on page 12.

Resizing the business

Significant effort has been placed on resizing the business over the last 18 months. Overheads have significantly reduced with some $500 million being removed from the business over the last 18 months. We have closed or divested a further 14 offices around the world and we are now active in 42 countries with 106 offices. I am pleased to say that we have also added two offices, one in Germany and the other in Azerbaijan – both at the specific request of two of our key global customers.

Our staff numbers have stabilized, with our workforce now at 22,800. We are meeting our targeted staff utilization rates. We have embedded processes into the Company to drive ongoing operational improvement and share best practices. We have changed the Company's cultural mindset to where change is now a constant with a continuous improvement expectation.

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Market Dynamic - Inflexion point

The resources and energy markets are at an interesting inflexion point. Our customers are now indicating that they are returning to capital and operational expenditure growth.

Population growth and economic development are driving up world energy demand. At the same time, technological advances are increasing energy efficiency, driving down costs for a variety of technologies, and making more unconventional energy resources economically viable.

The results are rapidly changing global trends in energy production, consumption, and trade flows. Most forecasters are indicating a modest growth in oil demand, with gas growing more rapidly than oil.

Underinvestment in energy markets is creating a projected supply-demand gap. The recent cuts in upstream oil investment have re-shaped the outlook for oil markets. If suppressed investment continues, it is unlikely supply and demand can be matched without a rapid increase in investment in the near future.

This emerging supply-demand gap will likely be filled by production from conventional crude oil projects that are yet to be approved. We believe more investment is needed in oil production capacity to avoid the risk of an under supply towards the end of 2022. We are now starting to see early signs of that investment.



John Grill AO
Chairman and Non-Executive Director

> "WorleyParsons' unyielding stand on safety continues to deliver industry leading results."

Financial performance

The Group reported an underlying net profit after tax of $123.2 million (which excludes $89.7 million of one off costs) down 19.5% on the 2016 underlying result. Significantly, as a result of our cost out program, a total of approximately $500m in sustainable costs has been removed from the business in the last 18 months, allowing EBIT and NPAT margins to increase from 2016.

The Group delivered a positive operating cash flow of $78.9m (cash conversion at 236% of NPAT). Our gearing at 29.1% remains within our target range, and leverage has reduced to 2.4 times.

The Board has resolved not to pay a final dividend for financial year 2017 as the Company continues to ensure the strength of its balance sheet.

Health, Safety and Environment (HSE)

WorleyParsons' unyielding stand on safety continues to deliver industry leading results. We are one of the few companies in our industry that has been able to deliver improved safety performance during this period of disruption. This year, for our employees we had fewer recordable incidents leading to a flat Total Recordable Case Frequency Rate (TRCFR) compared to last year. For the broader coverage of employees and contractors we had a significant improvement of the TRCFR from 0.17 to 0.14 during the period.

People

I am pleased to say that our staff numbers are now stabilising, at around 22,800. Again our people have had to withstand another difficult year as our customers faced challenging market conditions. Our workforce has had to adapt to a rapidly changing environment as we adjust to the shifting dynamics of our markets. We believe we have the right structure in place to manage through the transition to growing customer demand. During this period we will remain vigilant and ensure adjustments are made when necessary to ensure we can maximize market opportunities as they arise.

Let me be clear – this has been a very difficult period for our staff. WorleyParsons staff have demonstrated commitment above and beyond all reasonable expectations in supporting the significant change undertaken during the last 3 years. The Board acknowledges that commitment and contribution and expresses their deep appreciation to all of our people.

Chairman's Report

> "The Company fulfils its corporate responsibilities across all the parts of the world where we do business."

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Board changes

John Green retired as a director after the 2016 Annual General Meeting and we thank him for his strong guidance and leadership since joining WorleyParsons in 1993, first as Chairman and then a member of our Board through listing in 2002 until his retirement.

Larry Benke also retired effective from the 2016 Annual General Meeting and I would like to offer our thanks for his six years of service and wise counsel over his period on the Board. Larry was the CEO of the Colt group of companies when we merged in 2007 and remained a key member of our executive committee until he retired in 2010.

I would also like to announce that Ron McNeilly will be retiring from the Board at the 2017 Annual General Meeting. Ron has been a member of the Board since listing in 2002, including many years as Chairman and Deputy Chairman. We thank Ron for his enormous contribution to the growth and development of WorleyParsons during his tenure.

Our objective is to resize the Board to a total of seven directors, with six being non-executive. The Company has undergone significant restructure, and renewal of the Board will be part of that process.

Ethics and corporate responsibility

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

The Company fulfils its corporate responsibilities across all the parts of the world where we do business. We ensure that our programs are as effective and efficient as possible in delivering value to the communities we support. The WorleyParsons Foundation continues to grow, supporting an even more diverse range of activities and projects across the globe. The willingness of our personnel to volunteer their time and money in support of their local activities is a key driver to this year's achievements.

We have a continued commitment to environmental sustainability and improving the transparency of our own environment performance via robust reporting and disclosure practices. We note that in June 2017 the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) released its final recommendations for reporting climate-related financial information. We will be working with industry to review its impact, what disclosures are appropriate and how we can help our customers address climate risk.

For the second year in a row, The Australian Council of Superannuation Investors awarded WorleyParsons the rating of "Leading" in corporate responsibility reporting practices. The target set for greenhouse gas emissions for FY16 was achieved and we have seen progress towards gender diversity with the 2020 measurable objective for women senior executives met this year. The Corporate Responsibility section of this Annual Report provides detail of these activities.

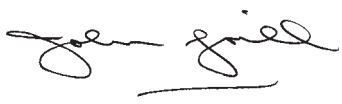
Corporate governance

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

The Corporate Governance Statement 2017 can be found on the Company's website.

Conclusion

I would like to thank the directors, the Group Leadership Team, and all of our people for their contribution in what has been another difficult year as we transition to meet the challenges ahead. I would like to thank our shareholders for their continuing support and look forward to realizing the future of WorleyParsons together.



John Grill AO
Chairman and Non-Executive Director

Board of Directors

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

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

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

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

Nuala O'Leary
Group Company Secretary

Andrew Wood
Chief Executive Officer

Jagjeet Bindra
Non-Executive Director
Jagjeet (Jeet) is a member of the Health, Safety and Environment Committee, member of the Nominations Committee and Chairman of the Remuneration Committee.

Ron McNeilly
Deputy Chairman and Lead Independent Director
Ron is a member of the Health, Safety and Environment Committee, member of the Audit and Risk Committee and a member of the Nominations Committee.

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

For detailed information on Directors and the Group Company Secretary see pages 34 to 35.

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We completed the Lake Turkana Wind Power Project in Kenya; 365 turbines installed in 362 days







Chief Executive Officer's Review

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"We are beginning to see positive signs on the horizon as our customers are now indicating that they are returning to capital and operational expenditure growth."



Andew Wood
Chief Executive Officer

We believe we are in one of the biggest energy and resource industry transitions in 40 years. This has required significant adjustments to our Company to ensure we remain a viable and sustainable business and return to growth.

As I look back on the 2017 financial year, I reflect on the many outstanding outcomes delivered by our people in one of the toughest periods in our history. This commitment and performance is what makes WorleyParsons special and gives me confidence in the future of our Company. I would like to outline some of our achievements.

Safety performance

Our unyielding stand on safety continues to deliver industry leading results. As outlined in the Chairman's Report, we are one of the few companies in our industry that has been able to deliver improved safety performance during this period of disruption.

Project work

Work was completed on the Hebron Topside, one of our largest ever EPC contracts. TANAP, one of the world's largest pipelines, continues its1800 km journey from Georgia through Turkey to Europe. The Tengizchevroil project (TCO) achieved the go ahead during the period committing our team to deliver the largest, and one of the most complex, oil and gas developments in the world today. We completed the Lake Turkana Wind Power Project in Kenya; 365 turbines installed in 362 days in one of the most remote places on the planet with full support and engagement of the local community. It will now deliver 310MW of power for a million Kenyan households which truly fulfils our purpose of helping our customers meet the world's changing resources and energy needs.

Company reshaping and resizing initiatives

Our overhead reduction target, driven by our Realize our Future program, has delivered approximately $500m in reduced overhead costs making us much more competitive. Whilst many parts of the Realize our Future program are now complete, it will continue to support the organization in maintaining sustainable performance in line with company strategy.

Whilst we have been very internally focused in driving the changes inside the business, we have also ensured that we are optimizing our ability to grow revenue. We established the Global Sales and Marketing team (GSM) which has lived up to its promise of driving focus and discipline into the sales and marketing process. We're seeing an improvement in our win rate across large and strategically important contracts.

We opened two new offices to support key customers – Ludwigshafen in Germany to support BASF and Baku in Azerbaijan to support BP. In Saudi Arabia, one of our strategic priorities, we saw significant new wins and growth from our existing customers including the extension of the Saudi Aramco GES+ contract and the Southern Gas contract.

Advisian has established a global brand presence in the market. Advisian's differentiated offering is beginning to strike a chord with customers.

In the 2017 financial year we created the New Energy group to help our customers navigate the rapidly changing energy world. I am excited about the opportunity this represents as we seek to bring the resources and energy of our team to claim our position as a key player in this new world.

Global Operations and Significant Contract Awards

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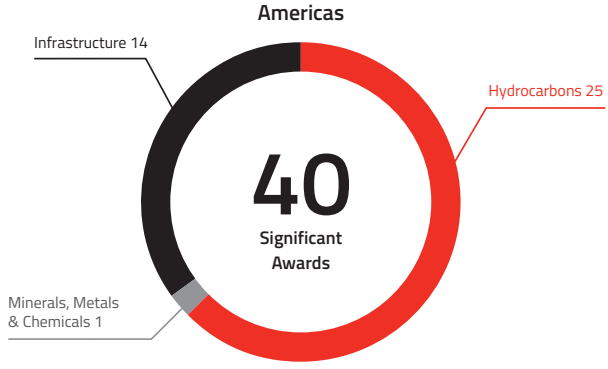
42 Countries
106 Offices
22,800 Employees



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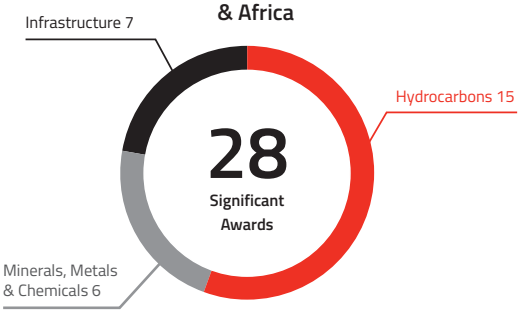
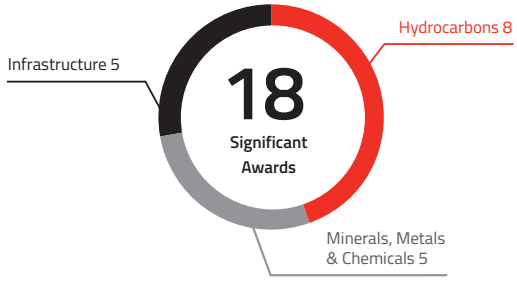
Europe, Middle East & Africa





Australia, Pacific, Asia and China



The Future

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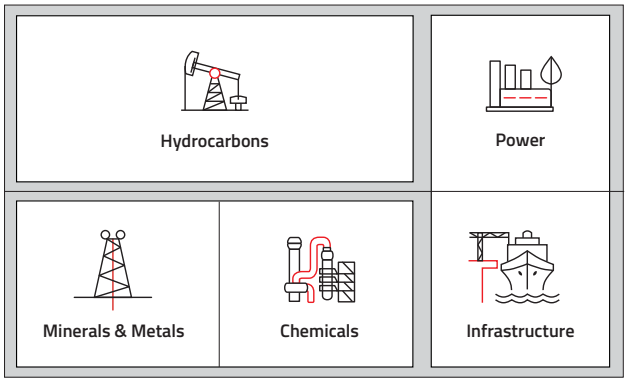
"We are beginning to see positive signs on the horizon as our customers are now indicating that they are returning to capital and operational expenditure growth. This is on the back of increasing demand for energy and resources while investment to meet that demand has been declining in recent years."



Trends in our core markets

Energy

Hydrocarbons

Our largest sector is hydrocarbons, representing over 70% of our aggregated revenue. The market remains attractive into the future during a period where the global energy sector is changing rapidly. Population growth and economic development are driving up world energy demand while at the same time technological advances are increasing energy efficiency, driving down costs for a variety of technologies, and making more unconventional energy resources economically viable. This results in rapidly changing global trends in energy production, consumption, and trade flows. As a result, while long term energy outlooks differ between a number of organizations all outlooks indicate a modest growth in oil demand, with gas growing more rapidly than both oil and coal. There are some significant differences among the outlooks, at both the regional and fuel level, which reflect differences on key assumptions, such as the availability and cost of oil and gas supplies, the speed of deployment of new technologies, the pace of structural change in China and the impact of energy and environmental policies. However, none of the central scenarios from the main energy agencies (such as the International Energy Agency, the US Energy Information Administration and OPEC) and oil majors currently see global oil and gas demand peaking before 2040. Expectations are for global oil demand to grow on average by 1.2 million barrels per day each year to at least 2022 in all credible scenarios, including those with aggressive growth of electric and autonomous vehicles. Customers will continue to force very disciplined use of their capital, and as such we expect to see it directed towards lower cost production and upgrades to existing facilities. We are focusing on our strategic priorities of onshore conventional (including in Saudi Arabia), offshore, heavy oil and oil sands.

In terms of the 15 largest spending global hydrocarbons operators, eight are key customers of WorleyParsons supported through formal long term service agreements. During the year we secured new enterprise framework agreements with a number of these customers to allow us to support them globally for years to come. We will continue to sharpen our focus on maintenance, modifications and operations (MMO) activities and on national oil companies that increasingly own available reserves, to build a greater share of the international energy and resources expenditure.

Power

The power market is experiencing rapid change and we continue to provide thought leadership to our customers with their energy challenges. Electricity use continues to grow on a global basis, but demand has peaked in developed nations. In countries where there is an abundance of gas and coal, fossil energy remains an attractive generating source and we are capturing the full-scope of these services, from facilitating front-end project sanction right through to operations and maintenance. In regions such as Asia where power demand growth is high, power from LNG is becoming more prolific and we are seeing growing opportunities in this area.

New energy continues to be a strategic priority for WorleyParsons as the unstoppable trend of decarbonization challenges the energy industry. We discuss more about what we are doing in this sector on page 13.

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Resources

Minerals & Metals

Global mining expansion capital expenditure is expected to increase in the coming years. Recovery in commodity prices, the need to protect market share and maintain low cost production rates are all pointing to renewed investment and spend in the mining sector. Many of our customers are now in a strong cash position and are expected to progress cautiously with capital spend growth and to continue to invest in sustaining capital and operational improvements. Improved recoveries and maintaining their social license to operate remain the focus areas for many producers.

The fundamentals for copper are strong with the commodity remaining central to the world's largest developing economies including China and India. A supply side deficit is predicted in the next two to four years while investment is also necessary to replenish existing supply. We are seeing renewed spend in exploration and Tier 1 miners are all retaining copper as part of their core business.

It is expected the dominant iron ore producers will continue to develop mines. The driving force for these investments by the major players is the need to bring new ore bodies on line to maintain low cost production rates and market share.

Global population growth and urbanization are unstoppable trends driving the demand for mined fertilizer products. This is being reflected in renewed study activity and a wave of investment centered on the Middle East and North Africa.

Chemicals

The chemicals market is expanding with long term demand driven by the unstoppable trends including urbanization, sustainability and population growth. Geographically North America, Middle East, South East Asia and China will be the main drivers of growth.

Demand for agrichemicals is driven by the need for food surety and world population growth. There is a major shift in this sector with industry consolidation resulting in significant activity across this industry segment.

Geographically, investment hot spots move over time and this trend is expected to continue. In recent years we have seen this occur in America as a result of access to low cost feedstock. The fall in oil price saw many of our customers redirect their investments. In the Middle East there has been a move to higher value products and activity in the region is expected to continue, particularly in petrochemicals.

In North America high levels of investment activity remain. The first phase of major petrochemicals assets are starting to come on stream increasing supply of bulk feedstocks to drive successive waves of polymer and specialty chemicals investments. A second wave of larger petrochemicals projects are also being developed, many with a significant foreign investment component.



Shagaya Renewable Energy Park, Kuwait. Owner's Engineer and Project Manager, Advisian Madrid. Construction PMC WorleyParsons Kuwait.

Photo courtesy of the Kuwait Institute for Scientific Research.

We have increased our presence in Europe with the establishment of the Germany office. This brings us closer to the many European based Chemicals customers and strengthens our position with customers such as BASF, providing access to new opportunities both locally and globally.

Infrastructure

The largest share of our infrastructure business continues to be with our energy and resources customers, where we have a deep understanding of their infrastructure needs.

With capability across all modes of transport; ports, rail, roads and airports, our transport division understands how to optimize transport and logistics across the entire supply chain. Our core business focuses on 'outside the battery limit' energy and resource infrastructure as well as supporting government transport investment.

Asia-Pacific, the Belt & Road Initiative and the provision of logistics solutions to the energy and resources sectors remain attractive focus areas. Investment in transport infrastructure in Asia Pacific is projected to almost double to 2025. Advisian is experiencing growth in government-related transactional services, supporting the development of business cases and procurement models to attract private-partnership. Our Middle East transport business growth continues supporting energy and resource infrastructure expansions and the development of economic and industrial zones throughout UAE, Qatar, Oman and Saudi Arabia.

We are investing in nurturing and growing our China relationships to support Belt & Road-related opportunities across all regions.

Global pressures on water resources for both domestic and industrial uses are likely to continue into the foreseeable future. Our water business is differentiated in servicing our traditional customers and utilities in industrial water as customers seek the transfer of non-core water assets off their balance sheet.

New strategic architecture

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During the year we developed a new strategic architecture to allow us to respond more dynamically to the changing world.

The architecture is a framework that integrates all the strategic processes at WorleyParsons, describing how they interact over the course of the financial year. It defines how they allow us to improve our collective performance, accelerate our revenue growth and address the dramatic change in our industry in a systematic way.

The objective is to balance strategic thinking with a bias for action by translating strategic conversations into real practical actions in the field. This will create a scheduled regular set of actions over the year for both strategic conversations and the review of strategic initiatives. The intent is that this will increase our ability to spot market and customer shifts early and to seize the opportunity or take corrective action in a timely manner.

The architecture is built around the following three pillars:

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

We have distilled our strategy into a number of priority areas, which will be reviewed on a regular basis as part of the cadence of strategy review. The current priority areas are indicated on page 13.



Pillar 1

Viable and competitive business

We need every single part of our business to pull its weight to ensure our overall collective performance. To this end we have adopted a more granular lens of approximately 80 units for reviewing performance. This will help us address previously hidden areas of potential underperformance.

We look to areas that are performing below average on a range of financial and non-financial metrics and help them lift their performance to at least average. As these performance metrics are achieved new and higher level targets are introduced. This is a much more highly structured and disciplined approach to unit performance than we have adopted in the past.

Current performance = future business

The greatest way to ensure future work is to deliver superior performance on our existing projects. This involves ensuring that we have the best problem solving talent in the organization and that we work in smarter ways to exceed our customers' expectations.



Pillar 2

All our value to all our customers

Pillar 2 seeks to provide an action orientated framework for delivering all of our value to all of our customers.

In the first half of this financial year we brought all of our business development under new leadership, establishing our Global Sales and Marketing team (GSM). We recognized the need to ensure our customers were being offered the best of our global capabilities at all times. While we have been very focused on cost control in the business we have been also making sure that we are optimizing our ability to win work.

As part of this shift we needed to become much more systematic, particularly in our bids on large bespoke projects. We introduced our Swarm processes to ensure we were putting our best collective foot forward with every major bid and to raise our win-rate.

We also introduced our Sprint programs to take our proven offerings to known customers who are likely to need those offerings. This will ensure we take the best of WorleyParsons to all our customers.



Pillar 3

Key player in the new world

There are several unstoppable trends in the world that will demand a new approach to the use of resources and sources of energy. Pillar 3 ensures that we are shaping the business for the outcomes of those trends including participating in the emerging resources and energy arenas, and enhancing how we work through automation and digitization of core processes for both WorleyParsons and our customers. As we automate our traditional activities, we will move more and more toward being a solution provider. This will require the development of alternate commercial models beyond tolling the man-hours that we provide to commercial models that reward us for the value that we bring to our customers.

We are positioning the business to be relevant and thrive in this new world.

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Strategic priorities

Horizon 1
Core growth

- Onshore Conventional
- Offshore
- Heavy Oil & Oil Sands

Horizon 2
Growth Potential

- Chemicals & Petrochemicals (Europe)
- Minerals & Metals
- Power – Fossil (Middle East, Africa and SE Asia)
- Saudi Arabia
- Maintenance, Modifications and Operations (MMO)

Horizon 3
Emerging markets & products

- New Energy
- Digital (Internal and External)
- Belt & Road Initiative

Investing in New Energy

The world is in transition as new technologies and business models challenge traditional energy sectors. Whilst we expect our core hydrocarbons markets to continue to grow, we are already participating in this New Energy market. This includes renewable electricity generation, new technology enablers such as battery energy storage, and the rise of data management as a core integration tool.

Our progress to date shows that we are perfectly placed to leverage our deep technical expertise in the power and energy markets to support our existing and new customers as they embrace New Energy. We have developed centres of excellence in Brazil, Spain, Australia and the United States which in turn support New Energy projects across the globe.

The recently completed Lake Turkana Wind Power Project in northern Kenya delivered 365 wind turbines with a combined generating capacity of 300 MW. WorleyParsons provided the complete Project Management and Owner's Engineer services.

The soon-to-be-completed Shagaya Renewable Energy Project in Kuwait includes a 50 MW Concentrated Solar Power plant with molten salt energy storage, a 10 MW Photovoltaic Solar plant, and a 10 MW Wind Farm. WorleyParsons and Advisian have combined to provide overall Precinct Project Management, as well as engineering specialists to ensure the projects meet the demanding specification and operational performance required.

Advisian is a consortium partner for The Energy Storage for the Commercial Renewable Integration Project in South Australia. This project aims to prove that large scale battery storage can assist with the integration of large quantities of renewable energy into electricity markets. Advisian has provided technical and procurement specialists, and once the project is completed will be monitoring the asset's performance.

Advisian also continued The New Energy Future series of thought leadership white papers with a detailed assessment of electric vehicles and their impact on the energy mix.

We are expanding our efforts in New Energy as a strategic priority for us. Investments will see us broadening our capabilities in response to the markets we seek to address.



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Digital Enterprise

The energy and resources industries are also undergoing significant retooling as a result of digital disruption. WorleyParsons through our Digital Enterprise is embracing this opportunity with our customers. The following are a few examples of how we are developing and applying digital solutions for real world industry problems.

Success of a project or operation is often compromised or made less efficient by a lack of timely access to reliable information. Our digital asset offerings build fit-for purpose information assets that reflect the physical asset in the real world laying a foundation for a more data-centric (and efficient) operation.

Evolve is our proprietary asset data remediation platform; a field-tested product that creates a reliable digital copy of critical assets in a facility and keeps the digital and physical in-sync.

For a confidential customer we collated, structured and remidated gaps and conflicts in their asset data across multiple systems and facilities using the Evolve platform. The project collected and structured 32 million data attributes across disparate data sets. 12.5 million attributes across more than 10 facilities were deemed operation critical and required remediation.

After our data science algortihm rectified the data integrity issues, the data was transfered back to over 1000 personnel restoring confidence in the information they use every day. Eliminating costly manual data processes, reduced maintainence spend, identifying redundant spare equipment were some of the operating cost reductions the customer realized which returned a program payback of months.

In partnership with leading platform developers, we are seeing the transformational effects e-commerce platforms can achieve in the enterprise world by connecting buyers and sellers together without the need of intermediaries or undue process.

Requis represents a paradigm shift for industrial projects and operations where equipment inventory is always in imbalance. Equipment surplus is capital inefficient as cash remains stuck in redundant physical assets and deficits are an operational risk. Requis brings buyers and sellers together on a global online industrial equipment and material marketplace. At the end of a construction job, a major IOC customer of WorleyParsons had a range of surplus equipment in their inventory. Using Requis to divest the surplus, the operator achieved 10 times expected value.

Operating assets face many external environmental factors that impact their physical and economic performance. The challenge is providing real-time and actionable information that cuts through the data noise. We use advanced sensing, machine learning and information sharing technology to collect, interpret and distribute information to the front line, so people have the right information at the right time to deliver better results.

Fugitive Emission Control We are currently in field testing phase of an advanced technology configuration that can detect leakage remotely using drones equiped with advanced sensors. Using the sensor data our proprietary machine learning platform then quantifies the volume and velocity of emission leak. Confidential customers in USA and Canada are participating in field pilot programs with the expectation that the solution will prioritize asset repairs , minimize product loss, drastically reduce monitoring costs and assist in meeting environmental regulations.

SaltGrid HSE combines powerful data analytics with automation concepts of artificial intelligence and machine learning. Deploying this new platform allows an organization to break new ground by moving away from HSE data analysis as a means of reporting past events towards creating a meaningful and granular forecast about future state risks so that those safety risks can be targeted and mitigated in a focused way.



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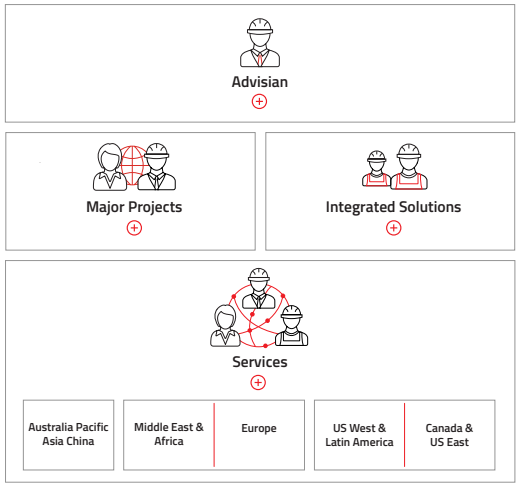
Group Leadership Team

The Group Leadership Team is the senior leadership team for WorleyParsons. It comprises the leaders of our business lines (Advisian, Major Projects, Integrated Solutions and Services in the US West and Latin America, Canada and US East, APAC, Europe and Middle East and Africa regions), of Finance and People and Assurance. The Group Leadership Team advises the Chief Executive Officer with regard to the effective and efficient functioning of the global business of WorleyParsons.





Andrew Wood
Chief Executive Officer

Tom Honan
Group Managing Director Finance/ CFO

Dennis Finn
Group Managing Director & CEO, Advisian

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

Denis Lucey
Regional Managing Director – Services, APAC

Alan Gordon
Regional Managing Director - Services, Europe

Marian McLean
Group Managing Director - People and Assurance

Nuala O'Leary
Group Company Secretary

Chris Ashton
Group Managing Director - Major Projects and Integrated Solutions

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

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

Detailed information on the Group Leadership Team can be found on the website www.worleyparsons.com/investorrelations/pagesexecutivecommittee.aspx

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



Meeting the challenges ahead

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

To meet this challenge, we have focused business development on priority areas, implemented flexible work models, optimized our property portfolio, simplified and standardized IT, introduced a regional pooled resources model and a streamlined management structure.

These are significant changes, some structural, some process, involving the whole organization. We will ensure that these changes are sustained within the business.

Conclusion

In summary, we are a much leaner and more agile business that is able to take advantage of the current market conditions. We have reshaped our business to maximize opportunities as they arise while at the same time ensuring we can translate those opportunities into solid margins and returns.

I would like to acknowledge the extraordinary efforts of all our people who have worked through a very difficult period to reach the point at which we are today. We still have a lot more to do but I believe we are in a better position to be able to execute our strategies and harness the opportunities that are before us.

We could not have achieved all that we have without significant sacrifice and commitment of all of our people. I thank all of them for their support.

To our shareholders, I would like to thank you for your patience as we have managed our way through very difficult market conditions and I look forward to successfully leading your Company through the next phase of our growth.



Andrew Wood
Chief Executive Officer

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Corporate Responsibility

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

The Group continues to maintain its strong commitment to corporate responsibility despite the difficult conditions in our operating environment and the changes to our employee base. Contributions to developing our local communities via local employment and enterprise development are providing support to our aims of long term sustainability. The willingness of our personnel to volunteer their time and make donations in support of their local corporate responsibility activities is a key driver to the success of our corporate responsibility achievements for the financial year ended 30 June 2017 (FY2017).

The target set for greenhouse gas emissions for FY2016 was achieved and we have seen progress towards gender diversity with the FY2020 measurable objective for woman senior executives met in FY2017.

For FY2017, we saw a decline in volunteering hours, contributions by operations and personnel members in line with the reduction in our people numbers and challenging trading conditions.

The Group's commitment to our people remains strong with significant investments in our online and instructor led training, the WorleyParsons Academy and other innovative ways to engage work between locations. We remain staunch in our support of diversity including indigenous participation and human rights with a number of key initiatives supporting gender equality.

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

"We are a partner in delivering sustained economic and social progress, creating opportunities for individuals, companies and communities to find and realize their own futures."
- WorleyParsons Purpose Statement

Corporate Responsibility Policy

WorleyParsons is committed to working with our customers and suppliers to achieve results that grow our Company, reward our shareholders and our people and contribute to our communities. We acknowledge our responsibilities to the communities in which we operate. Our Corporate Responsibility Policy outlines our commitments to: **Governance, Ethics and Transparency, Our People, Human Rights, Community, Fair Operating Practices and Supply Chain and the Environment.**



21 newly recruited female engineers in WorleyParsons Saudi Arabia.

WorleyParsons Foundation

WorleyParsons Foundation

The WorleyParsons Foundation objectives are to:

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

The WorleyParsons Foundation recognizes and acknowledges employees for their personal contribution in activities that help promote our key corporate responsibility themes.

The Foundation Awards are now entering their fifth year. In FY2017, awards were given to 373 individuals responsible for 153 outstanding corporate responsibility activities across 21 countries.

The Foundation continues to grow with nine projects granted funding in FY2017:

- expanding accommodation at Jeevadaan HIV/AIDS housing shelter for abandoned women and children, India;
- supporting water and sanitation workshops with the Centre of Affordable Waste and Sanitation Technology, Colombia;
- collaborating with the Red Cross for disaster recovery and sanitation projects, the Philippines;
- sponsoring 15 WorleyParsons' employees to attend the Pollinate Energy Fellowship Program, India;
- contributing towards mine clearing activities with the Mines Advisory Group (MAG), Angola;
- supporting the Cystic Fibrosis Foundation via the 20th Annual Breath of Life Golf Tournament, Houston;
- developing and growing local and indigenous businesses in our Enterprise Development Program, South Africa;
- supporting STEM engagement in high schools through Power of Engineering across Australia and other selected offices; and
- partnering with World Vision and Asia P3 Hub to improve sanitation, Papua New Guinea.

A further two projects continued to progress during FY2017:

- selection and provision of Kangaroo Mother Care support chairs for the National Hospital, Timor Leste; and
- installation of water facilities and solar power and refurbishment of school facilities across a number of villages, India.

Milestones

In FY2017, the Group reached a number of corporate responsibility milestones, including:

- making significant investment in the training and development of our employees with the launch of our revamped WorleyParsons Academy and a campus opening in Saudi Arabia;
- delivering non-financial performance commitments, exceeding our environmental emissions targets and measurable objective for women senior executives;
- further expanding the WorleyParsons Foundation by supporting the largest number of community partners since launching the Foundation;
- extending our strategic partnerships and collaborations for skilled volunteering opportunities for our people by being a key founder of the first community of practice for pro bono engineering in Australia;
- fulfilling the Group's fifth year obligations as a signatory to the United Nations (UN) Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption;
- continuing as a member of the Dow Jones Sustainability Index and participating in the Corporate Sustainability Assessment for the second time;
- developing our own set of social impact key performance indicators aligned to the UN Sustainable Development Goals;
- continuing to be a leader for championing human rights and gender equality (through our Women of WorleyParsons) globally with some significant highlights in the Middle East and India;
- launching a Women of WorleyParsons chapter in Saudi Arabia;
- supporting local content and indigenous minorities through enterprise development in the supply chain, education support and home nation employment initiatives globally; and
- since tracking our corporate responsibility contributions in 2012, our operations and people have now contributed:
  - by operations: about $13 million for corporate responsibility themed initiatives;
  - by our people: an additional $9 million for corporate responsibility themed initiatives; and
  - by our people: over 115,000 volunteering hours.

Activity highlights

In addition to supporting our customers on their sustainability programs through our project delivery and consulting services, the Group undertook various corporate responsibility activities across our operations in FY2017, including:

- participating directly in and reporting over 350 corporate responsibility activities across 22 countries, involving over 6,800 Group personnel;
- supporting local communities through the network of corporate responsibility champions across 65 offices as well as ongoing participation in the Group's own programs: DeltaAfrik Foundation in Nigeria and UnitedWay program in North America;
- launching a tool to quickly and easily connect volunteering opportunities with our employees;
- reducing carbon emissions across a number of offices through office consolidation, LED lighting replacement, behavioral change programs, encouraging the use of public transport, flexible work options from home, recycling and smart printing;
- demonstrating responsible attitudes to water and sanitation including a recognized stewardship program in Singapore and rainwater recycling in South Africa;
- participating in and contributing to various workshops and forums on diversity, anti-corruption, indigenous issues, ethical supply chain and human rights issues; and
- supporting local employment and enterprise development initiatives.

Diversity and inclusion highlights

The Group undertook various diversity and inclusion activities in FY2017, including:

- continuing to implement the Diversity and Inclusion Expectations and support for locations to achieve visible traction for local priorities with a leadership statement and videos;
- continuing the global Diversity and Inclusion Working Group champion forums to provide guidance and support for diversity and inclusion initiatives and promote engagement with local networks;
- developing and maintaining an internal diversity scorecard to monitor and review progress across the expectations for discussion and action by leaders;
- cascading delivery of 'Check Yourself, Bias Awareness' workshops and developing diversity-related training for WorleyParsons Academy informal discussions targeted at middle management across a number of offices;
- launching a global 'Be Bold for Change' campaign for International Women's Day 2017, which engaged 890 of our people across 20 countries and 40 locations;
- addressing gender pay gaps through annual pay reviews and conducting analysis of global gender pay gaps;
- supporting diversity and Women of WorleyParsons networks across 20 regions, prompting local activities and progress; and
- offering, in the context of UN World Day for Cultural Diversity practical training to all employees and managers via 'CultureWizard', providing feedback across cultural contexts.

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Corporate responsibility indicators

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

The Group uses the United States Occupational Safety and Health Administration reporting requirements for Total Recordable Case Frequency Rate (TRCFR) and Lost Workday Case Frequency Rate (LWCFR). The Group also measures online training hours.

The Group's corporate responsibility indicators for FY2017 were:

Indicators[1]	2017	2016	2012-2017
Contributions by operations[2]	$1.00 million	$1.72 million	$12.98 million
Contributions by personnel[2]	$0.69 million	$0.85 million	$8.73 million
Volunteer hours by personnel (community/internal)[2]	14,728 hours	26,257 hours	115,378 hours
TRCFR	0.08	0.07	n/a
LWCFR	0.02	0.03	n/a
Online training hours	18,354 hours	19,968 hours	n/a

[1] Definitions and clarifications, refer: http://www.worleyparsons.com/InvestorRelations/corporateresponsibility/Documents/CRDefinitions.pdf

[2] For corporate responsibility activities. Personnel include employees and contractors.

The Group completed a response for the Carbon Disclosure Project (CDP) for FY2016 which was reported in June 2017. The Group's energy consumption and greenhouse gas emissions were recorded to assist the Group to measure and reduce its energy consumption and to reduce its greenhouse gas emissions. The data collection and analysis stimulated energy and carbon reduction measures in the global energy efficiency program in selected offices. The Company also completed a CDP response in respect of its water use for FY2016.

We are aware of the growing expectations for climate related financial disclosures as a result of the Paris Climate Agreement. We will work with industry, including our customers, to collectively develop clarity on reporting disclosure. We will progress our Global Energy Efficiency Program as well as supporting our customers to adopt diverse and sustainable energy futures.

Our energy target for FY2016 was set at 2.5% reduction of total carbon dioxide equivalents (tCO2-e) against base year FY2014. In FY2016, a reduction of 31% was achieved well above the two year target. Business downsizing and subsequent consolidation of office area have contributed to this reduction.

The Group is now deregistered under the *Australian National Greenhouse and Energy Reporting Act 2007* as the corporate threshold was not exceeded in FY2016 due to the sale of Exmouth Power Station in July 2015.

Data for greenhouse gas emissions and energy consumption for FY2015 and FY2016 were:

		2016		2015
Indicators	Per personnel	Total	Per personnel	Total
Greenhouse gas emissions tCO2-e	2.35	57,534	2.68	84,091
Energy consumption MWh	2.33	57,089	7.84	246,043

The Board has set measurable objectives for achieving gender diversity. FY2017 shows encouraging progress, and the Group is focused on improving our female representation with the proportion of women employees within the Group, women in senior executive positions and women non-executive directors, to achieve our target. The Group's progress over time is included in the 2017 Corporate Governance Statement and progress towards achieving the objectives in FY2017 is set out in the table below:

MEASURES	OBJECTIVES	2017	2016
Women employees[1]	Increase the proportion of women employees to 30% by 2020	~21%	~23%
Women senior executives[2]	Increase the proportion of women senior executives to 25% by 2020	~26%	~22%
Women non-executive directors	Increase the number of women non-executive directors to 3 by 2020	2	2

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

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

Broader measures for diversity are also tracked internally, with improved diversity in leadership teams, with 44% of the senior executive group (Group Leadership Team and those reporting to a Group Leadership Team member) having at least one diversity flag for age, culture or gender diversity.

Corporate responsibility materiality assessment

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

Further information on our corporate responsibility materiality assessment and the associated materiality matrix is included in the 2016 and 2017 Corporate Responsibility Performance Report.

Assurance

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

We continued to apply these reporting processes in the 2017 Annual Report. Access the assurance statement at http://www.worleyparsons.com/InvestorRelations/corporateresponsibility/Documents/FY15AssuranceStatement.pdf

Corporate Responsibility Performance Report

A more comprehensive analysis of our corporate responsibly program and progress made is shared in the Corporate Responsibility Performance Report. The Report is published annually via the Company website: http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx and the Annual Report microsite for corporate responsibility reporting http://annualreport2017.worleyparsons.com/corporate-responsibility/

Awards

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



WorleyParsons was recognized as the third most attractive company in our sector and Australia's 24th most attractive employer at this year's 2017 Randstad Awards. Out of the 150 of Australia's largest companies surveyed, WorleyParsons was also one of the leading contenders for offering stimulating and challenging work.

WorleyParsons was awarded with the 2016 United Way Campaign - Outstanding Workplace Campaign Award for the Engineering Sector. For this award, we were recognized for our strong management support, increase in employee involvement, and taking fresh and innovative approaches to our United Way campaign. Through joint collaboration in supporting the local community, our Calgary and Edmonton offices collectively raised over $300,000 for local agencies and programs.

WorleyParsons Canada received a Supplier Recognition Award for its work on ConocoPhillips' Surmont SAGD project in the Fort McMurray oil sands. "WorleyParsons consistently challenged the status quo, ultimately delivering a fit-for-purpose design well below the targeted cost," ConocoPhillips said in a statement. "Their full integration into the project team supported open communication and transparency throughout the project, reducing review cycles and encouraging collaborative decision making.

WorleyParsons United Arab Emirates (UAE) won an award at the 2016 ADMA-OPCO & ZADCO HSE Awards Ceremony. The annual award ceremony recognizes teams that have been most successful in setting new standards of excellence in the areas of occupational health, safety, environment & sustainability and energy. The efforts of an integrated ADMA-OPCO and WorleyParsons team were recognized for identifying and rectifying the process safety-related performance issues of the existing Knock-Out Drum on the Habshan Platform within the Umm Shaif Super Complex. The successful outcome was largely due to the collaborative efforts of the WorleyParsons Advanced Analysis Group in Perth and the WorleyParsons Abu Dhabi project team.



At the Offshore Technology Conference, Exploration and Production magazine awarded WorleyParsons INTECSEA a 2017 Special Meritorious Award for Engineering Innovation in the category of floating systems and rigs. The award was for our industry leading innovation in low-motion floating production storage and offloading.

The Superior Technical Achievement Recognition (STAR) Award recognizes the personal contributions of Fiatech members who have given immensely of their own time and energy to help Fiatech achieve its vision. At the 2017 Fiatech Technology Conference & Showcase, Advisian Digital Enterprise's Jim Purvis was awarded the STAR Award for his effort over the past year, helping Fiatech merge with its parent organization the Construction Industry Institute.

WorleyParsons Canada was named in the Forbes top 100 employers in Canada for 2017. 8,000 employees of Canada's largest employers were surveyed anonymously to determine the rankings. WorleyParsons was also in the top 5 within its industry, representing yet further evidence of our commitment and support to our people.

Abu Dhabi Blood Bank organized a ceremony honoring their valuable donors, leading establishments and companies on 14 June 2017, World Blood Donor Day. Abu Dhabi Blood Bank acknowledged the efforts of WorleyParsons and during the ceremony WorleyParsons received an award from the blood bank.

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Case studies

The WorleyParsons Foundation Supports the Pollinate Energy Fellowship Program, India

Many of our people want to make a social impact. Opportunities for skilled volunteering have been made available with Pollinate Energy, a not-for-profit social business which through its network of micro-distributors, supplies solar powered home lighting systems to India's poor living without electricity. The aim of the Pollinate Energy Fellowship is to bring fantastic professionals with diverse skill-sets, ideas and perspectives together to resolve challenging hurdles. The program runs in India, delivering sustainable micro-financed renewable energy solutions.

A significant number of applications were received from our passionate volunteers across 20 countries of operation, in a competitive selection process where 15 have been selected. The successful candidates have shared their journeys via their photo blogs on our internal communications channels contributing to broader employee engagement.



WorleyParsons fellows in Lucknow.

Powering Kenya's Future with Africa's Premier Wind Power Project, Kenya

WorleyParsons was contracted by the Lake Turkana Wind Power (LTWP) consortium to provide overall project management, engineering review and construction management services for the LTWP project, which will be the largest wind farm in Africa, and in the world, when completed. When operating at full capacity, LTWP will add 310 MW of renewable generation capacity to Kenya's grid. This output from the wind farm will be enough to power more than 1 million Kenyan households.

As part of the Company's localization philosophy, 43% of the 33-strong team is from WorleyParsons' South African office, 33% from the Nairobi office, and the balance of 24% comprises the support staff from Kenya. WorleyParsons contribution to this project made a difference to the lives of Kenyans and specifically local tribes. We had a strong focus on localization and social upliftment to ensure that the surrounding communities benefitted from this project, and placed particular emphasis on health and safety awareness as most of the local workforce has not been exposed to any health and safety practices.



WorleyParsons' project management team is an integrated team, with international project leaders and local professional personnel from Kenya.

Saving Lipuko Beach, Papua New Guinea

A WorleyParsons' customer was undertaking several community obligation projects at Lihir, Papua New Guinea. One such project was to seal a road between two villages located near their site operations on the island.

WorleyParsons' site team reconsidered the initial (typical) design for corrosion prevention along the coastline on a section of the road and brainstormed a better solution, utilizing concrete and expired mine truck tyres. In further consultation with the local villagers, they also realigned the road in another section to recover access to an historical cemetery that had become inaccessible under the old road.

What appeared to be a picturesque Papua New Guinea coastline disappearing to erosion is now an area to be enjoyed by the local community.



Lipuko Beach after expired mine truck tyres were used to protect the coastline from erosion.

Women of WorleyParsons Launches, Saudi Arabia

Women of WorleyParsons (WoW) is a global network that brings together men and women to focus on locally defined opportunities to support and inspire women to advance their careers. The Al Khobar office in Saudi Arabia is a recent addition to WoW with participation of over 65 females. An inaugural event was held to coincide with International Women's Day 2017 and featured a learning session with a presentation by one of Saudi Aramco's senior female executives, who shared knowledge and expertise to empower and inspire local females who pursue professional development and advance in their careers.

"The thing we most enjoyed as we celebrated International Women's Day 2017 WorleyParsons Saudi Arabia, was to see a room full of positive vibes and overwhelming energy which I never thought we would have. As they say, some leaders are born women." Sarah Alsubaie, Al Khobar office, Saudi Arabia.



Women of WorleyParsons in Al Khobar celebrating International Women's Day 2017.

WorleyParsons Invites Saudi Customer to Host a Cultural Awareness Day, USA

To celebrate ethnic diversity, the WorleyParsons Los Angeles office implemented cultural awareness days. The events are planned by WorleyParsons and their customers were invited. One customer, Saudi Aramco, showed so much interest that they hosted a cultural awareness day. They provided home cooked Arabian dishes and a coffee bar, and gave a presentation about their culture as well as demonstrations. Over 300 people attended with significant increases in relationship building and comradery between WorleyParsons and their customer. Further cultural awareness days are planned with a focus on The Philippines and Armenia.



Saudi nationals from Saudi Aramco describing their culture and country to engaged attendees.

Case studies

WorleyParsons Upped the Game for People with Disabilities for Casual Day, South Africa

Casual Day, South Africa's foremost fundraising campaign for persons with disabilities, is the flagship project of the National Council of Persons with Physical Disabilities. Led by the Graduate Development Organization in South Africa, local employees made a difference this year for Casual Day.

Our Shondoni project team made a difference in 2015 with a similar initiative, raising funds that enabled them to buy two wheelchairs and upgrade a computer lab for the Merietjie Special School in Secunda. This year, the team identified Basizeni Special School as the recipient for this year's donations.Basizeni Special School is situated in a small township called Embalenhle, near where the Sasol Shondoni mine project is being executed. *"The visit was warm, emotional and a wonderful experience for all of us, we had a chance to interact with the educator's students and to attend classes with the ever smiling and welcoming learners,"* commented Candice Mack after the visit.



Fundraisers from the WorleyParsons RSA GDO.

Global Diversity Campaign for International Women's Day 2017

A global campaign was held for International Women's Day 2017 inviting our people to participate in a local challenge to 'Be Bold for Change'. Participants were invited to submit a photo of their local challenges and initiatives. The competition attracted a large response of inspiring and powerful photos from 28 locations.

Initiatives included yoga challenges, panel discussions, walking and fitness challenges, diversity and inclusion themed events, raising of funds for local causes and other team activities. Over 3,000 people in our organization shared their support for this campaign via internal newsfeed. Our CEO, Andrew Wood, participated in a local fitness challenge in our Beijing office.

"WorleyParsons Dubai celebrated International Women's Day 2017 by getting the whole office together for a fun and challenging diversity and inclusion themed quiz and some team activities. We learned a bit more about each other and that championing diversity is everyone's responsibility." Nicola O'Hara, Dubai office, United Arab Emirates.



CEO, Andrew Wood participating in Beijing's International Women's Day Be Bold for Change challenge.

Volunteers Upgrade Kids' Outdoor Facilities for United Way Day of Caring, Canada

The Engineering Challenge Day of Caring was created 11 years ago by three of Edmonton's largest engineering firms: Colt Engineering (now WorleyParsons), CoSyn Technology and Stantec. Over the period, this annual event has grown to include participation from more than a dozen Edmonton engineering firms.

This year, 17 engineering firms and 52 staff volunteers came together to fix up the outdoor facilities at KARA, which is a not-for-profit that provides parents the opportunity to learn and interact with their pre-school children. The United Way is a core funder of KARA's programs.

In addition to replacing the grass with artificial turf, the team built a reading corner complete with a chalkboard affixed to the fence, a child-sized market/theatre playhouse, a bench and an awning shelter for the staff. It was a very ambitious project to take on in one day.

"We hit a few snags right off the bat, starting with the supplies being delivered late to the site," Heather Toepfer, Lead Mechanical Engineer stated. *"We had a few scope changes along the way which also set us back."* As a result, the day extended into several, but the end result was well worth the hard work.



Volunteers from WorleyParsons Edmonton office utilizing tools provided by WorleyParsonsCord.

Recognition from Global Industry Bodies for HSE Success by the DeltaAfrik Joint Venture, Nigeria

The WorleyParsons and DeltaAfrik joint venture (JV) in Nigeria has produced a strong HSE performance, receiving international recognition. The American Society of Safety Engineers (ASSE) presented the outstanding service award to DeltaAfrik's Principal HSE Engineer, Kamildeen Abiodun, at the ASSE global professional development conference 'Safety 2016' held in Atlanta, USA.

The Nigeria Safety Award for Excellence, Hall of Fame (known as the NaijaSAFE Awards) is Nigeria's first-ever independent award that recognizes outstanding HSE initiatives and is endorsed by several large global industry bodies such as the World Safety Organization and ASSE. This year, Agharese Lucia Ojelede, Project HSE Manager and Niyi Oladimeji, HSE Manager once again put DeltaAfrik on the honor list at the Naija Safe Awards.

DeltaAfrik was one of the two joint winners of the Chairman's HSE Award for the Bay Atlantic project's achievement of 2.3 million hours without a recordable incident.



DeltaAfrik JV Team Award winners.

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Operating and Financial Review

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1. OPERATIONS

1.1 OVERVIEW

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

As a result, during the financial year ended 30 June 2017 (FY2017), we reported along three segments of Advisian, Major Projects and Integrated Solutions, and Services and three customer sectors, each of which is focused on customers involved in the following activities:

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

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

The diversity of our business in terms of geography, industry and service offering is a fundamental strength. We operate in 42 countries, with no country individually representing more than 21% of aggregated revenue.

1.2 BUSINESS MODEL

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

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

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

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

1.3 REVIEW OF OPERATIONS

The statutory result for FY2017 was a net profit after tax (NPAT) of $33.5 million, compared with $23.5 million in FY2016. Underlying NPAT[1] was $123.2 million for FY2017, down 19.5% on the previous corresponding period.

Aggregated revenue declined by 23.6%, against a backdrop of ongoing declines in market activity. Sustained low commodity prices and the fall in oil prices have resulted in our customers continuing to reduce capital and operating expenditure. The decline in revenue was arrested during the year, with revenue growing 2.1% from the first half to second half.

Aggregated revenue declined across all of our business lines, geographies and customer sectors.

We have been taking action since 2013 to reshape and resize the business to align it with market activity and customer operating preferences. During FY2017, generally subdued commodity prices across the energy and resources sectors resulted in a further contraction of our customers' capital and operating expenditure, project cancellations and deferrals. However, this contraction showed signs of abatement during the year, with indications that customer activity has now bottomed out. In FY2016 we commenced the Realize our Future transformation program to deliver on our objectives to improve our financial performance by delivering $300 million in overhead savings and $300 million reduction in net debt. We have exceeded our initial expectations in cost out, with $500 million of sustainable savings implemented.

The actions taken in FY2017 resulted in the recognition of a series of charges related to redundancy, onerous leases, onerous contracts and other restructuring costs in the statutory result.

We now employ 22,800 people and still maintain a presence in 106 offices across 42 countries, compared with 24,500 people across 118 offices at 30 June 2016.

We secured 86 significant awards this year compared with 85 in FY2016. Backlog at 30 June 2017 was $5.1 billion, compared to $4.2 billion at 30 June 2016, with $3.0 billion relating to FY2018.

Our financial position remains sound with the Company's gearing ratio of 29.1% at 30 June 2017, in the middle of the target range of 25% to 35%.

The FY2016 segment result and segment margins shown in sections 1.3.1 and 1.3.2 of this review have been restated to reflect a change in definition of aggregated revenue to exclude pass-through revenue at nil margin. The reconciliation of the underlying earnings before interest and tax (EBIT) and underlying NPAT results to the EBIT and NPAT attributable to members of WorleyParsons Limited is shown in the following table:

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

	FY2017 $'M	FY2016 $'M
EBIT	**129.6**	**128.9**
Add: staff restructuring costs	59.2	76.8
Add: onerous lease contracts	24.2	86.4
Add: onerous engineering software licenses	3.2	14.3
Add: other restructuring costs	38.9	4.6
Add: impairment of associate intangible assets	2.3	-
Add: net loss on sale of assets held for sale	0.4	12.1
Less: net gain on revaluation of investments previously accounted for as joint operations	-	(4.5)
Less: certain functional currency related foreign exchange gains	-	(15.9)
Underlying EBIT	**257.8**	**302.7**

NPAT attributable to members of WorleyParsons Limited	33.5	23.5
Add: staff restructuring costs, post tax	41.4	56.3
Add: onerous lease costs, post tax	17.0	63.4
Add: onerous engineering software licenses, post tax	2.2	10.5
Add: other restructuring costs, post tax	27.2	3.4
Add: net loss on sale of assets held for sale	0.3	12.1
Less: certain functional currency related foreign exchange gains, post tax	-	(11.6)
Add: impairment of associate intangible assets	1.6	(4.5)
Underlying NPAT	**123.2**	**153.1**

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

1. AGGREGATED REVENUE;
2. EBIT (EARNINGS BEFORE INTEREST AND TAX); AND
3. NPAT (NET PROFIT AFTER TAX) ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED.

			FY2017 $'M	FY2016 $'M	Comments	Movement
1.	**Aggregated revenue**		4,377.0	5,725.9	We define aggregated revenue as: • our revenue and income calculated in accordance with relevant accounting standards; • plus our share of revenue earned by our associates; • less procurement revenue at nil margin, pass-through revenue at nil margin, net gain on revaluation of investments previously reported as joint operations and interest income.	Our aggregated revenue decreased by 23.6% in FY2017 when compared with that for FY2016, due to several large projects progressing to completion, while potential new project work was cancelled or deferred due to reduced customer capital and operating expenditure.
2.	**EBIT**	(statutory)	129.6	128.9	EBIT means earnings before interest and tax.	Our statutory EBIT increased by 0.5% in FY2017 when compared with that for FY2016, due primarily to the benefit of a reduction in overhead costs with increased margins, offsetting reduced volume.
		(underlying)	257.8	302.7		Underlying EBIT has decreased by 14.8% when compared with that for FY2016. This reduction is due to reduced volume more than offsetting improved gross margin and decreased overheads.

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		FY2017 $'M	FY2016 $'M	Comments	Movement
3. **NPAT**	(statutory)	33.5	23.5	NPAT means net profit after tax.	Our statutory NPAT increased to $33.5 million in FY2017, compared with $23.5 million for FY2016, due primarily to the benefit of reduced restructuring costs.
	(underlying)	123.2	153.1		Underlying NPAT has decreased by 19.5% when compared with that for FY2016, primarily due to reduced volumes more than offsetting improved margins as well as additional interest costs during the year.

1.3.1 BUSINESS LINE PERFORMANCE

SERVICES

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

The Services business line reported aggregated revenue of $2,681.1 million and segment result of $242.8 million (FY2016 restated: aggregated revenue of $3,630.8 million and segment result of $265.9 million). The segment margin improved to 9.1% from 7.3%.

Aggregated revenue was lower across all regions due to projects completing or moving into construction, reduced customer spending and project deferrals and cancellations. The Middle East operations continued to perform well growing their contribution to the business. Segment margins increased due to overhead reductions and improved project performance.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	2,681.1	(26)	61	242.8	(9)	9.1
FY2016 (restated)	3,630.8		63	265.9		7.3

MAJOR PROJECTS AND INTEGRATED SOLUTIONS

Major Projects are specialists in full project delivery of large, complex, strategically important projects wherever they are in the world. Integrated Solutions delivers maintenance, modification, operations, engineering, fabrication, construction, hook-up and commissioning in support of greenfield and brownfield assets globally. The Major Projects and Integrated Solutions business lines reported aggregated revenue of $1,213.4 million and segment result of $119.5 million (FY2016 restated: aggregated revenue of $1,434.2 million and segment result of $127.6 million). The segment margin improved to 9.8% from 8.9%.

Aggregated revenue declined as a result of project completions and other projects moving into construction during FY2017, together with reduced customer spending. Segment margins increased through the improved performance of our portfolio of major projects and integrated solutions contracts.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	1,213.4	(15)	28	119.5	(6)	9.8
FY2016 (restated)	1,434.2		25	127.6		8.9

ADVISIAN

Advisian is a global consulting firm that provides strategic advice, integrated with deep technical expertise to clients in the energy, resources and infrastructure sectors. Advisian reported aggregated revenue of $482.5 million and segment result of $12.5 million (FY2016 restated: aggregated revenue of $660.9 million and segment result of $45.7 million). The segment margin declined to 2.6% from 6.9%.

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

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	482.5	(27)	11	12.5	(73)	2.6
FY2016 (restated)	660.9		12	45.7		6.9

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1.3.2 SECTOR PERFORMANCE

HYDROCARBONS

The Hydrocarbons sector reported aggregated revenue of $3,105.6 million and segment result of $311.3 million with a margin of 10.0% (FY2016 restated: aggregated revenue of $4,099.9 million, segment result of $339.4 million and segment margin of 8.3%). Hydrocarbons' contribution to the Group's aggregated revenue was 71%, slightly down on that for last year.

Aggregated revenue declined due to projects reaching completion combined with customers' reduced capital and operating expenditure.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	3,105.6	(24)	71	311.3	(8)	10.0
FY2016 (restated)	4,099.9		72	339.4		8.3

MINERALS, METALS & CHEMICALS

The Minerals, Metals & Chemicals sector reported aggregated revenue of $441.4 million and segment result of $16.7 million with a margin of 3.8% (FY2016 restated: aggregated revenue of $642.5 million, segment result of $39.9 million and segment margin of 6.2%). Minerals, Metals & Chemicals contributed 10% to the Group's aggregated revenue. Chemicals now represents more than 50% of this sector's contribution.

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

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	441.4	(31)	10	16.7	(58)	3.8
FY2016 (restated)	642.5		11	39.9		6.2

INFRASTRUCTURE

The Infrastructure sector reported aggregated revenue of $830.0 million and segment result of $46.8 million with a margin of 5.6% (FY2016 restated: aggregated revenue of $983.5 million, segment result of $59.9 million and segment margin of 6.1%). Infrastructure's contribution to the Group's aggregated revenue increased to 19%.

The Infrastructure sector aggregated revenue included growth in the Middle East somewhat offsetting declines in Australia. Margins declined primarily due to the tighter competition in the global markets.

	Aggregated revenue		Contribution to Group aggregated revenue	Segment result		Segment margin
	$'M	Variance %	%	$'M	Variance %	%
FY2017	830.0	(16)	19	46.8	(22)	5.6
FY2016 (restated)	983.5		17	59.9		6.1

1.4 SIGNIFICANT CHANGES IN OPERATIONS

From 1 July 2016, WorleyParsons operations have been managed and reported through the following business lines: Services, Major Projects, Integrated Solutions and Advisian.

Major Projects and Integrated Solutions have been combined into a single segment providing coverage of all construction and fabrication yard activity, easy access to Global Delivery Center resources and a shared management team in one group. This strengthens our capability and reputation in integrated EPC with the aim of extending this offering to existing and new customers.

Improve integrated services relationships and opportunities became part of the Integrated Solutions business line, including O&M and full delivery EPC relationships.

To remove duplication of engineering activities and to provide single points of contact to our customers, *Improve* engineering only relationships and businesses have been moved into the Services business line.

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2. FINANCIAL POSITION AND CASH FLOW

2.1 MATTERS RELEVANT TO UNDERSTANDING WORLEYPARSONS' FINANCIAL POSITION

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

		FY2017 $'M	FY2016 $'M	Comments	Movement
1.	**Operating cash flow**	78.9	192.0	Our operating cash flow comprises the payments we receive from our customers less the amount we pay our suppliers plus related interest and tax paid. In our financial statements, operating cash flow is called net cash inflow from operating activities.	Our operating cash flow for FY2017 represents a decrease from FY2016, due largely to reduced volume, increased cash restructuring costs and reduced procurement assets and liabilities at year end.
2.	**Gearing ratio**	29.1%	29.2%	Our gearing ratio is our net debt divided by the sum of our net debt and our total equity, at the end of the financial year. Refer to note 12 to the Financial Statements for the calculation of the gearing ratio.	Our gearing ratio slightly decreased by 0.1 percentage point in FY2017 when compared with that for FY2016. This ratio is within our gearing target of 25% to 35%.
3.	**Debt facility utilization**	60%	57%	Our debt facility utilization is the percentage of our debt facilities that we were using at the end of the financial year.	Our debt facility utilization increased in FY2017 when compared with that for FY2016, due to a reduction in facilities available due to a maturing private placement note.
4.	**Loan, overdraft and lease facilities**	1,835	2,182	Our loan, overdraft and lease facilities are the amount of our debt facilities at the end of the financial year.	The amount of our loan, overdraft and lease facilities decreased during FY2017, due to the repayment of a US private placement note.

2.2 DIVIDENDS

Our directors resolved not to pay a final dividend. The total dividend with respect to FY2017 is nil cents per share.

2.3 SIGNIFICANT CHANGES IN WORLEYPARSONS' FINANCIAL POSITION

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

During FY2017, we divested our South African public infrastructure business and our interest in Cegertec in Quebec. We also acquired an additional 14% of WorleyParsons Oman and the remaining 6% of WorleyParsons Chile.

2.4 FUTURE COMMITMENTS

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

- operating leases; and
- operating expenditure commitments.

These future commitments represent approximately 11.6% of our expenses.

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

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

3. BUSINESS STRATEGY, OUTLOOK AND RISKS

3.1 BUSINESS STRATEGY

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

The architecture is built around the following three pillars:

1. Operational excellence ensuring we always maintain a viable and competitive business.

2. Grow the business in the near term by offering all of our value to all of our customers.

3. Position the new business to grow as a key player in the new world.

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

Further details on the three strategic pillars can be found on page 12 of this Annual Report.

3.2 OUTLOOK

We are beginning to see increased activity from our energy and resources customers despite the constrained resource price environment. While increased backlog provides support for the near term, the medium term revenue outlook remains uncertain.

Our focus on costs will continue, while ensuring the sustainability of the cost savings already achieved. It is expected the benefits of the overhead savings achieved in FY2017 will be reflected in FY2018

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earnings. We also expect our balance sheet metrics to continue to improve.

3.3 RISKS

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

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

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

3.3.1 HEALTH SAFETY ENVIRONMENT RISK

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

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

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

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

3.3.2 OPERATING RISKS

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

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

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

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

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

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

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

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

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

3.3.3 REPUTATION RISK

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

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

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

3.3.4 FINANCIAL RISKS

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

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

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

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

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

3.3.5 STRATEGIC RISKS

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

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

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

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

3.4 UNREASONABLE PREJUDICE

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

3.5 FORWARD LOOKING STATEMENTS

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

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For the financial year ended 30 June 2017

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NOTES TO THE FINANCIAL STATEMENTS

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

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

The notes are organized into the following sections:

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Directors' Report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company) and the entities it controlled (Group or consolidated entity) at the end of, or during, the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

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

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

DIRECTORS

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

- John Grill (Chairman)
- Ron McNeilly (Deputy Chairman and Lead Independent Director)
- Larry Benke (retired on 25 October 2016)
- Jagjeet Bindra
- Erich Fraunschiel
- John M Green (retired on 25 October 2016)
- Christopher Haynes
- Catherine Livingstone
- Wang Xiao Bin
- Andrew Wood (Chief Executive Officer)

DIRECTORS' SHARES AND PERFORMANCE RIGHTS

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

DIRECTORS	NUMBER OF SHARES	NUMBER OF PERFORMANCE RIGHTS
John Grill	25,372,173	–
Ron McNeilly	418,984	–
Jagjeet Bindra	19,000	–
Erich Fraunschiel	198,755	–
Christopher Haynes	11,945	–
Catherine Livingstone	13,000	–
Wang Xiao Bin	11,000	–
Andrew Wood	849,065	656,518

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

DIRECTORS' MEETINGS

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

	BOARD		AUDIT AND RISK COMMITTEE		NOMINATIONS COMMITTEE		REMUNERATION COMMITTEE		HEALTH, SAFETY AND ENVIRONMENT COMMITTEE	
DIRECTORS	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
John Grill	10	10			6	6	7	7	6	6
Ron McNeilly	10	10	6	6	6	6	2	2	6	6
Larry Benke[1]	3	3	2	2	2	2			2	2
Jagjeet Bindra	10	10			6	6	7	7	6	6
Erich Fraunschiel	10	10	6	6	6	6				
John M Green[1]	3	3			2	2	2	2		
Christopher Haynes	10	10			6	6	5	5	6	6
Catherine Livingstone	10	10	6	6	6	6				
Wang Xiao Bin	10	10	6	6	6	6				
Andrew Wood	10	10								

[1] Larry Benke and John M Green retired on 25 October 2016.

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

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

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

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DIVIDENDS – WORLEYPARSONS LIMITED

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

	2017 $'M	2016 $'M
Final ordinary dividend for 2015 of 22.0 cents per ordinary share paid on 30 September 2015 (unfranked)	–	54.4
Total dividends paid	–	54.4

Since the end of the financial year, the directors have resolved not to pay a dividend (2016: 0 cents per share).

REVIEW OF OPERATIONS

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
Revenue and other income	5,220.6	7,790.1
Depreciation	(18.0)	(25.1)
Amortization	(62.8)	(65.0)
Write down of investment in equity accounted associates	(1.3)	(12.1)
Earnings before interest and tax (EBIT)	129.6	128.9
Net interest expense	(68.8)	(60.0)
Profit before income tax expense	60.8	68.9
Income tax expense	(4.6)	(20.3)
Statutory profit after income tax expense	56.2	48.6
Non-controlling interests	22.7	25.1
Net profit after income tax expense attributable to members of WorleyParsons Limited:	**33.5**	**23.5**
Add: Staff restructuring costs	59.2	76.8
Add: Onerous lease contracts	24.2	86.4
Add: Other restructuring costs	38.9	4.6
Add: Onerous engineering software licenses	3.2	14.3
Add: Net loss on the sale of assets held for sale	0.4	12.1
Add: Impairment of associate intangible assets	2.3	–
Less: Certain functional currency related foreign exchange gains	–	(15.9)
Less: Net gain on revaluation of investments previously accounted for as joint operations	–	(4.5)
Less: Net tax expense on staff and other restructuring costs, onerous lease contracts, onerous engineering software licences and certain functional currency related foreign exchange gains	(38.5)	(44.2)
Underlying net profit after income tax expense attributable to members of WorleyParsons Limited[1]	**123.2**	**153.1**

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
Revenue and other income	5,220.6	7,790.1
Less: Procurement revenue at nil margin (including share of revenue from associates)	(826.2)	(2,226.4)
Less: Pass-through revenue at nil margin	(229.0)	(167.0)
Add: Share of revenue from associates	218.7	342.5
Less: Net gain on revaluation of investments previously accounted for as joint operations	–	(4.5)
Less: Interest income	(7.1)	(8.8)
Aggregated revenue[2]	**4,377.0**	**5,725.9**

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 %	2016 %
Services	2,681.1	3,630.8	242.8	265.9	9.1	7.3
Major Projects and Integrated Solutions	1,213.4	1,434.2	119.5	127.6	9.8	8.9
Advisian	482.5	660.9	12.5	45.7	2.6	6.9
	4,377.0	5,725.9	374.8	439.2	8.6	7.7
Global support costs[3]			(96.7)	(109.0)		
Interest and tax for associates			(3.5)	(8.3)		
Amortization of acquired intangible assets			(16.8)	(19.2)		
Underlying EBIT[1]			**257.8**	**302.7**	**5.9**	**5.3**

Aggregated revenue was $4,377.0 million, a decrease of 23.6% on the prior financial year. Underlying EBIT of $257.8 million was down 14.8% from the prior financial year result of $302.7 million.

The underlying EBIT margin on aggregated revenue for the Group, increased to 5.9% compared with 5.3% in 2016. After tax, the members of WorleyParsons Limited earned an underlying net margin, on aggregated revenue of 2.8%, compared to the 2016 net margin of 2.7%.

The underlying effective tax rate of 22.4% compared with 26.6% in 2016.

The Group retains a strong cash position of $244.3 million (2016: $373.1 million) with gearing (net debt/net debt plus total equity) at financial year end of 29.1% (2016: 29.2%).

Operating cash inflow for the period was $78.9 million, compared to $192.0 million in 2016. Cash outflow from investing activities was $62.5 million (2016: $79.9 million).

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

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

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EARNINGS PER SHARE

	2017 CENTS	2016 CENTS
Basic earnings per share	13.5	9.5
Diluted earnings per share	13.4	9.5

Underlying basic earnings per share was 49.6 cents per share, a decrease of 19.7% from the previous financial year result of 61.8 cents per share.

Underlying basic earnings per share is determined by dividing the underlying profit attributable to members of WorleyParsons Limited (as set out on page 32) by the weighted average number of ordinary shares outstanding during the financial year (as set out in note 16 to the financial statements).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

From 1 July 2016, WorleyParsons operations are managed and reported through the following business lines: Services, Major Projects, Integrated Solutions and Advisian.

Major Projects and Integrated Solutions have been combined into a single segment providing coverage of all construction and fabrication yard activity, easy access to Global Delivery Center resources and a shared management team in one group. This strengthens our capability and reputation in integrated EPC with the aim of extending this offering to existing and new customers. *Improve* integrated services relationships and opportunities became part of the Integrated Solutions business line, including O&M and full delivery EPC relationships.

To remove duplication of engineering activities and to provide single points of contact to our customers, *Improve* engineering only relationships and businesses have been moved into the Services business line.

As a result, during the financial year ended 30 June 2017, the Group reported along three segments of Services, Major Projects and Integrated Solutions, and Advisian and three customer sectors, each of which is focused on customers involved in the following activities:

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

This represents a change to the operating segments reported in the previous corresponding period. The previously reported segment results for the year ended 30 June 2016 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments.*

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors have resolved not to pay a final dividend (2016: 0 cents per share).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments in the Group's operations in future financial years and the expected results of those operations are set out in section 3 of the Operating and Financial Review on page 27.

ENVIRONMENTAL REGULATION

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

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

NON-AUDIT SERVICES

During the financial year, Ernst & Young, the Group's auditor, performed certain other services in addition to its statutory audit duties. Total fees for non-audit services provided by the auditor amounted to $521,692.

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

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

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

EY
Building a better working world

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

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

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

As lead auditor for the audit of WorleyParsons Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

S J Ferguson
Partner
23 August 2017

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Unless otherwise expressly stated, amounts referred to in this report have been rounded off to the nearest hundred thousand dollars in accordance with that Instrument and amounts less than $50,000 that have been rounded down are represented in this report by 0.0.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2017 may be accessed from the Company's website at http://www.worleyparsons.com/InvestorRelations/Pages/CorporateGovernance.aspx

INFORMATION ON DIRECTORS AND GROUP COMPANY SECRETARY

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

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

John is Chairman of the Board and Chairman of the Nominations Committee and a member of the Remuneration Committee and Health, Safety and Environment Committee. He has over 40 years' experience in the resources and energy industry, starting his career with Esso Australia. In 1971, he became Chief Executive of Wholohan Grill and Partners, the entity that ultimately became WorleyParsons Limited. This specialized consulting practice acquired the business of Worley Engineering Pty Limited in Australia in 1987. It listed on the Australian Securities Exchange (ASX) in 2002 as Worley Group Limited following a restructuring of that company. In 2004, Worley Group Limited acquired Parsons E&C Corporation, a United States-based global project services company, and changed its name to WorleyParsons Limited. The Group then acquired the Colt Group in Canada in 2007, substantially increasing its capability in the upstream and downstream components of oil sands.

John has personal expertise in every aspect of project delivery in the resources and energy industry. He has strong relationships with the Group's major customers and was closely involved at board level with the Group's joint ventures.

John was awarded an honorary doctorate by The University of Sydney in 2010 in recognition of his contribution to the engineering profession. He was appointed an Officer of the Order of Australia in 2014 for distinguished service to engineering and to business, to the minerals, energy and power supply industries and as a supporter of advanced education and training. John is Chairman of Neuroscience Research Australia. He has served as Chairman of the Growth Centre Advisory Board for the Department of Industry, Innovation and Science since February 2015.

RON MCNEILLY BCOM, MBA, FCPA, FAICD

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

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

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
BlueScope Steel Limited	Deputy Chairman and non-executive director	10 May 2002	7 April 2015

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

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

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

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

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

Erich is a member of the Audit and Risk Committee and the Nominations Committee. He is Chairman of BWP Management Limited, the responsible entity of the BWP Trust, an Australian real estate investment trust listed on the ASX. Erich's early business career was in the petroleum marketing and management consulting industries. In 1981, he joined the Australian Industry Development Corporation where he was involved in project lending, investment banking and venture capital investment. In 1984, he joined Wesfarmers to start the company's projects and business development function. In 1988, he became General Manager of Wesfarmers' Commercial Division and from 1992 until his retirement in July 2002, was an executive director and Chief Financial Officer of Wesfarmers. Since 2002, he has served as a non-executive director on the boards of several listed and unlisted companies.

Australian listed company directorships

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

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

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JANUARY 2012
COUNTRY OF RESIDENCE – UNITED KINGDOM

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

Australian listed company directorships

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

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

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2007
COUNTRY OF RESIDENCE – AUSTRALIA

Catherine joined the Board on 1 July 2007 and is Chair of the Audit and Risk Committee and a member of the Nominations Committee. She is Chair of the Commonwealth Bank of Australia and a director of Saluda Medical Pty Limited and the George Institute for Global Health and is the President of the Australian Museum Trust and Chancellor of University of Technology Sydney. Catherine was the President of the Business Council of Australia from 2014 to 2016 and the Chair of Telstra Corporation Limited from May 2009 to April 2016 and of CSIRO from 2001 to 2006. She has also served on the boards of Macquarie Bank Limited, Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited. Catherine was the Managing Director of Cochlear Limited from 1994 to 2000, taking it through to an initial public offer in 1995. In 2003, Catherine was awarded the Centenary Medal for service to Australian Society in Business Leadership and in 2008 she was appointed an Officer of the Order of Australia for service to the development of Australian science, technology and innovation policies to the business sector. She has a Bachelor of Arts (Honors) in Accounting, is a Chartered Accountant and was the Eisenhower Fellow for Australia in 1999.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Commonwealth Bank of Australia	Non-executive director	1 March 2016	n/a
	Chair	1 January 2017	n/a
Telstra Corporation Limited	Non-executive director	30 November 2000	27 April 2016
	Chair	8 May 2009	27 April 2016

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

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2011
COUNTRY OF RESIDENCE – HONG KONG, CHINA

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

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

CHIEF EXECUTIVE OFFICER – EXECUTIVE DIRECTOR SINCE OCTOBER 2012
COUNTRY OF RESIDENCE – AUSTRALIA

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

NUALA O'LEARY LLB, BA

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

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

Peter Janu held the role of Company Secretary during the financial year until the date of Nuala O'Leary's appointment in August 2016.

INDEMNITIES AND INSURANCE

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

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

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

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

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Remuneration Report



KEY MESSAGES FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders

I am pleased to present the WorleyParsons Remuneration Report for FY2017.

As announced during the 2016 Annual General Meeting, we undertook a review of our remuneration arrangements in FY2017 and we continue to be comfortable that the makeup of our executives' remuneration aligns to our remuneration principles and strategy. In this year's report, we have provided a simple explanation of each component of remuneration and the pay mix (fixed versus variable pay), and have included the objectives for using each of the cash and equity instruments. These enhancements are intended to give clarity for our shareholders on why our pay structure is appropriate for the Company at this time (see page 42).

WORLEYPARSONS' PERFORMANCE AND THE IMPACT ON REMUNERATION OUTCOMES IN FY2017

Our Company's leadership has delivered improvements in our performance in a year where we saw significant changes in the industry with the consolidation of a number of our peers, a very competitive business environment and, more recently, indications of an improvement in external market conditions.

As highlighted last year, these dynamics have resulted in the need to reshape and resize our business to reflect our renewed strategy of being a key player in the new world through a focus on maximizing value to our customers and thereby a viable and increasingly attractive company with which to do business.

The focus of our executives during FY2017 has resulted in greater than forecast delivery of our cost out program, making positive progress toward the targets set for earnings and liquidity levels, continued emphasis on customer delivery and significant headway on business development.

Notwithstanding the progress made in the areas outlined above, we acknowledge the impact felt by shareholders and employees through this period due to the downturn in overall business activity. Noting this, the outcomes of the executives' challenging FY2017 key performance indicators based mainly on key financial targets for this period, resulted in your Board determining that the executives should receive a partial cash payment as part of their variable pay.

Following a review of the external market, we decided not to increase the fixed pay of our executives for FY2017.

For the sixth consecutive year, the Non-Executive Director annual fees remained unchanged. In addition, Mr Grill waived his full Chairman fee for FY2017.

The FY2014 long term equity performance hurdles of relative total shareholder return (TSR) and earnings per share (EPS) growth have not been achieved, resulting in zero vesting for that grant.

REMUNERATION FOR FY2018

As we look to the future, the focus on building long term employee commitment through share ownership (as highlighted in our remuneration principles) continues to be important. The ongoing use of the share price performance rights (SPPRs) and long term equity vehicles supports this focus.

Constructive feedback received from shareholders last year on the SPPR minimum share price 'floor' was considered and we have addressed this through a higher 'floor' which will be implemented for the first time for the upcoming grants. This change is intended to address the previous concerns from shareholders (see page 45 for details).

Further, the strategic targets used as one of the two performance hurdles (in addition to TSR) for the FY2017 long term equity grant is a one-off performance condition that was introduced to motivate executives as we undertake our transition and will not be used as an ongoing hurdle.

For FY2018, we will return to using our previous long term equity performance hurdles of relative TSR and EPS growth. We will retain the overall four year vesting period, with no ability to retest. However, in order to better align our long term equity provisions with that of our peers and the generally accepted broader Australian market practice, the performance hurdles will be measured over a three year period plus an additional one year restriction period will apply to the vested shares (see page 40).

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

Kind regards



Jeet Bindra

Chairman, Remuneration Committee

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The Company's directors present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* (Act) for the Company and the consolidated entity for the financial year ended 30 June 2017 (FY2017). The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Act. This Remuneration Report forms part of the Directors' Report.

THE REMUNERATION REPORT IS PRESENTED IN FIVE SECTIONS:

SECTION	PAGE
1. **Remuneration in Brief -** Key Management Personnel Covered in This Report, Key Shareholder Questions	38
2. **Executive Remuneration in Detail -** Guiding Remuneration Principles, Executive Remuneration Structure, Remuneration Outcomes in FY2017, Company Performance over a Five Year Period, Variable Pay in Detail, Employment Arrangements	41
3. **Non-Executive Director Remuneration -** Guiding Principles, Remuneration Structure, Remuneration Outcomes, Non-Executive Director Interests in Shares	47
4. **Remuneration Governance Framework -** Remuneration Decision Making, Executive Minimum Shareholding Requirement, Hedging, Clawback (Malus) Provision, Cessation of Employment and Change of Control	48
5. **Remuneration Tables -** Statutory and Actual Remuneration Outcomes, Executive Minimum Shareholding Requirement, Executive Interests in Shares and Performance Rights, Non-Executive Director Remuneration Outcomes, Non-Executive Director Interests in Shares	50

1. REMUNERATION IN BRIEF

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

KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

Set out below is a list of the Key Management Personnel (KMP) of the Company whose remuneration details are outlined in this Remuneration Report. The use of the term "Executives" throughout this report refers to the Executives listed. These Executives and the Non-Executive Directors comprised the KMP of the Company for FY2017, as defined under the Accounting Standards.

All KMP were employed/held office for the whole of FY2017, except where otherwise stated.

NAME	POSITION	COUNTRY OF RESIDENCE
Non-Executive Directors		
John Grill	Chairman	Australia
Ron McNeilly	Deputy Chairman and Lead Independent Director	Australia
Jagjeet S Bindra	Non-Executive Director	United States
Erich Fraunschiel	Non-Executive Director	Australia
Christopher Haynes	Non-Executive Director	United Kingdom
Catherine Livingstone	Non-Executive Director	Australia
Wang Xiao Bin	Non-Executive Director	Hong Kong, China
Former Non-Executive Directors		
Larry Benke[1]	Former Non-Executive Director	Canada
John M Green[1]	Former Non-Executive Director	Australia
Executives		
Andrew Wood	Chief Executive Officer	Australia
Robert (Chris) Ashton[2]	Group Managing Director – Major Projects and Integrated Solutions	United States
Dennis Finn	Group Managing Director/Chief Executive Officer, Advisian	Australia
Thomas Honan	Group Managing Director Finance/CFO	Australia
Previously Reported Executives		
Filippo Abba[3]	Former Group Managing Director – *Improve* and Major Projects	United Kingdom
Denis Lucey[3]	Regional Managing Director – Asia Pacific	Indonesia
Christopher Parker[3]	Regional Managing Director – Americas	United States

1 Mr Benke and Mr Green retired effective 25 October 2016.
2 Mr Ashton changed roles effective 1 December 2016, his previous role was Regional Managing Director - Europe, Africa & Middle East.
3 Following Mr Abba notifying the Company of his resignation, the Chief Executive Officer (CEO) resumed responsibility for the strategic planning and direction of the Services business line. This change impacted Mr Abba, Mr Lucey and Mr Parker who all ceased to be KMP effective 1 December 2016.

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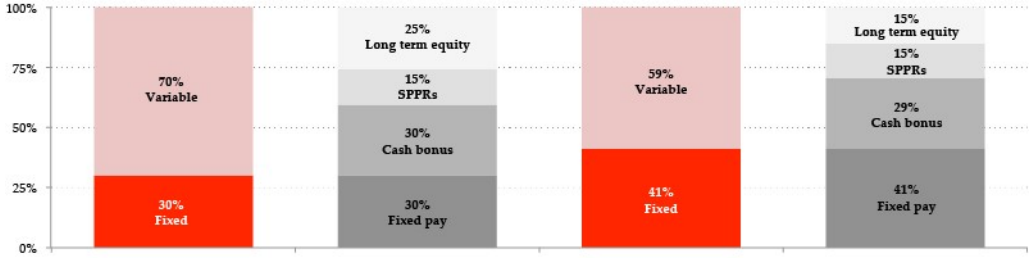
KEY SHAREHOLDER QUESTIONS

QUESTION	ANSWER	DETAILS
How is performance reflected in the remuneration of Executives in FY2017?	The Company's FY2017 financial outcomes have resulted in a decision being made by the Board that a partial cash payment based on achievement of key performance indicators (KPIs) will be provided through the cash component of the Executives' variable pay. The cash payout for FY2017 as a portion of each Executive's target through the variable plan is between 21-22%. No equity vested during FY2017 for the Executives as at 30 June 2017. The relative TSR and EPS growth minimum performance hurdles required for the FY2014 long term equity awards to vest were not achieved.	See pages 42, 43
Have any changes been made to the remuneration of the Non-Executive Directors (NEDs)?	For the sixth consecutive year, there have been no increases to NED annual fees. In addition, Mr Grill offered to waive his full Chairman fee for FY2017 and will also waive his full fee for FY2018.	See page 48
What changes have been made to remuneration components during FY2017?	With the exception of the use of the strategic performance hurdle as part of the long term equity grant made during FY2017 (which was disclosed in the 2016 Annual Report), no further changes have been made to any of the remuneration components for FY2017.	See pages 42, 45
Are there provisions in place for Clawback of variable pay?	Yes, the Company maintains Clawback/Malus provisions across all variable pay plans.	See page 49
Are there minimum shareholding requirements in place for the KMP?	Yes, mandatory for both Executives and NEDs. Executives must retain equity until they hold shares equivalent in value to two times fixed pay (or four times fixed pay for the CEO) and must subsequently maintain that multiple. NEDs are required to build a holding equivalent in value to their annual fee. The minimum shareholding requirements are assessed each year. All NEDs currently comply with the requirement.	See pages 48, 49 and 52
Has Executives' fixed pay been reviewed in FY2017?	There have been no fixed pay increases for Executives in FY2017. The Executive remuneration framework is reviewed annually and in doing so, the Board considers the pay practices of the industry and markets in which the Company currently operates, so as to provide competitive remuneration (which includes fixed pay) that will attract and retain suitably qualified executives. In regards to the CEO, a 10% reduction which he offered to be applied to his FY2015 fixed pay continued to apply for both FY2016 and FY2017.	See page 49
How is variable pay delivered to Executives?	Variable pay (or pay at risk) is delivered to Executives through a mix of cash and equity (both medium and long term performance rights subject to specific performance hurdles). Variable pay is weighted as a significant proportion of an Executive's total remuneration package as shown below in the pay mix graphic, and is linked to various aspects of the Company's performance. The targeted mix of remuneration components assumes all performance conditions are satisfied. Allowances and benefits are for specific purposes and are excluded from determining the pay mix. **CEO pay mix** **Other Executives pay mix**  	See page 42
What are the annual KPIs and their outcomes for FY2017?	The cash component of the Executives' variable pay is linked to achievements against annually set KPIs. The KPIs for FY2017 as determined and measured at the end of the year by the Board, were primarily focused on the achievement of specific financial measures for the period. Based on the overall Company performance, it was determined by the Board that partial cash payments linked to KPI achievements will be made to the Executives for FY2017.	See page 44
What is the rationale for applying two equity	The Executive pay mix contains two equity components (the SPPRs and the long term equity) with varying performance hurdles, all of which aim to drive value for shareholders in both the medium and the long	See pages 44,

based plans within the variable pay arrangements?	term. The two equity based plans are aligned with the remuneration principles which include building share ownership and aligning employee, customer and shareholder interests.	45 and 46
What are the performance hurdles and measurement period for the SPPRs?	The Board introduced the SPPRs in FY2016 (an annual grant of performance rights with a share price multiplier and performance hurdle) as a way to ensure our Executives continue to be aligned with shareholders and strive toward strengthening the core and positioning the Company for the future. SPPRs are performance rights which provide strong alignment to shareholders' interests and they also motivate our Executives to take action that results in enhanced shareholder return. The performance period is two years, with the quantum of vesting linked to share price movement during that period (within a minimum 'floor' and maximum 'cap'), a service condition and satisfactory performance.	See pages 44, 45
What are the performance hurdles and measurement period for the long term equity grant?	From FY2013 to FY2016, the long term equity grants had two equally weighted performance hurdles, relative TSR and EPS growth. There is a four year performance period, with no opportunity to retest. As disclosed in the 2016 Remuneration Report, the FY2017 long term equity grant is subject to relative TSR and strategic performance hurdles to focus Executives on the Company's Realize our future strategy (weighted at 50% each). The strategic performance hurdle is subject to the achievement of cost reduction and net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) targets. The introduction of the strategic targets as a one-off measure is to motivate and incentivise Executives during our current transition phase. Details of performance against the targets will be disclosed retrospectively due to the commercially sensitive nature of the targets.	See pages 45, 46
Are there any changes planned for the Executive's variable pay in FY2018?	In response to shareholder feedback, the SPPR minimum share price required for any vesting to occur (floor) has been increased for future grants to 70% of the original share price (previously 50%). This will apply to SPPR awards granted from FY2018. This adjustment has taken into consideration the feedback received from shareholders at the 2016 Annual General Meeting. We have reviewed the long term equity plan during the year to ensure that it continues to suit our business needs and focuses our Executives on the long term through applying both internal and external performance requirements. Following this review, a decision was made that relative TSR and EPS growth measures will again be utilized for long term equity grants from FY2018, with a four year vesting period. The relative TSR and EPS growth hurdles will be measured over a three year performance period and an additional one year restriction period, subject to continued employment, will apply to the vested shares following the measurement of the targets.	See pages 45, 46

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2. EXECUTIVE REMUNERATION IN DETAIL

GUIDING REMUNERATION PRINCIPLES

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

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

Strategic pillars



Viable and competitive business



All our value to all our customers



Key player in the new world

Company beliefs

- Deliver what we promise
- Prudently contain cost and eliminate waste
- Build enduring customer relationships
- Zero Harm
- Develop and reward teams who deliver on customer expectations

Executive remuneration principles drive the behaviors and results to help us achieve our strategy and vision through ensuring we:

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

Putting our remuneration principles into practice:

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

We ensure performance metrics are sufficiently demanding and provide greater alignment between Executive remuneration outcomes and long term shareholder wealth creation

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EXECUTIVE REMUNERATION STRUCTURE

Executive remuneration is structured to recognise an individual's role, responsibilities, qualifications and experience as well as to drive performance over the short and long term. The proportion of variable pay is reflective of an Executive's ability to influence Company performance through their role. The diagram below provides details of the various remuneration components, the pay mix, timing for their delivery and their link to the remuneration principles. Actual variable pay for the Executives can vary for individuals depending on the extent that they and the Company, meet or exceed performance requirements.

Further details in relation to the Company's variable pay arrangements, the performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2017 and prior years), are set out below and on page 43.

COMPONENT	FIXED PAY	VARIABLE PAY		
DELIVERY METHOD	CASH	CASH	MEDIUM TERM EQUITY	LONG TERM EQUITY
PURPOSE/ PERFORMANCE FOCUS	To provide a competitive fixed pay, set relative to market.	To reward prior year's performance against Company goals and KPIs.	Future focused to motivate delivery of sustainable growth in share price.	Designed to reward for delivering on long term performance measured against external peers and internal targets.
FORM OF REWARD AND PERFORMANCE REQUIREMENTS	Cash (or base) salary, superannuation contributions and any salary sacrificed components. Requires ongoing employment and performance.	Cash linked to achievement against annual KPIs which are set and measured by the Board.	Equity through SPPRs linked to two year performance targets (share price movement). Also requires continued employment and performance. No retesting provisions allowed or dividends paid on unvested SPPRs.	Long term equity typically linked to four year performance targets (relative TSR and EPS growth*). Also requires continued employment and performance. No retesting provisions allowed or dividends paid on unvested long term equity.

PAY MIX**	FIXED PAY	VARIABLE CASH	MEDIUM TERM EQUITY (SPPRs)	LONG TERM EQUITY
CEO	30%	30%	15%	25%
OTHER EXECUTIVES	41%	29%	15%	15%

* Excludes the FY2017 grant, see varied performance hurdles on page 45. The FY2018 performance period will be three years plus an additional one year restriction period.
** The targeted mix of remuneration components shown above refers to the amount that would be payable if all performance conditions that apply to variable pay are satisfied and assumes 100% achievement of cash and equity awards. Allowances and benefits are for specific purposes and are excluded in determining the mix.

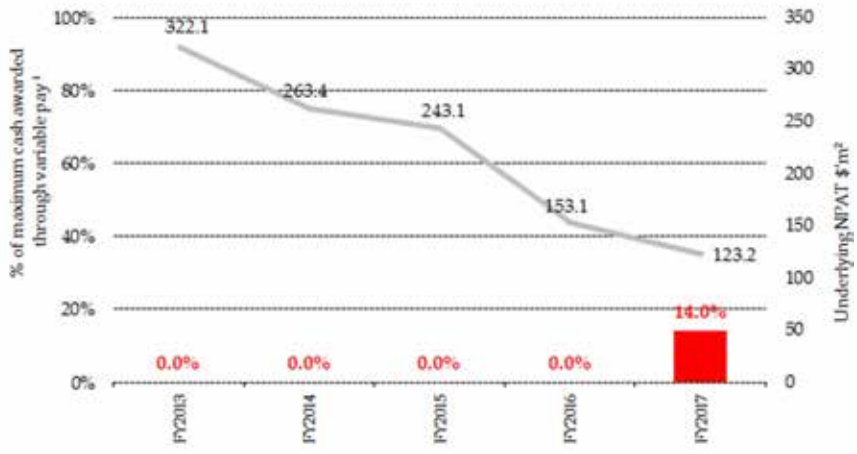
REMUNERATION OUTCOMES IN FY2017

Variable pay outcomes - Cash

Reward outcomes paid as cash to Executives are linked to performance against annually agreed KPIs.

Based on the outcomes of the FY2017 KPIs and the Company's financial performance for the period, it was determined that there would be partial cash payments made to the Executives through the variable pay plan for FY2017.

Over the past five years, the strong alignment between Company performance and payment outcomes to Executives through their variable pay is clearly demonstrated. The graph to the right, illustrates this alignment compared to the Group net profit after tax (NPAT) outcomes.



Variable pay outcomes - SPPRs

The first SPPRs which were granted during FY2016 will be tested against their performance hurdles in FY2018.

1 The average cash amount awarded as a percentage of maximum for any financial year relates to amounts that were paid under the cash portion of the variable pay plans (previously the Combined Incentive Plan) in the September following that financial year end.
2 Underlying NPAT figures are used for this graph, in FY2013, these are the same as reported Group NPAT figures.

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Variable pay outcomes - long term equity

The graph below tracks the Company's TSR over the last four years against the 50th percentile TSR of the peer comparator group used for the long term equity plan:

TSR performance measured over the last four years



This graph illustrates that growth in the Company's TSR was below the 50th percentile, which has resulted in a nil vesting for Executives for TSR related long term equity (previously known as long term incentive (LTI)) granted in FY2014. As vesting was not achieved, the TSR performance rights will lapse on 30 September 2017.

Over the same four year period, the Company's EPS growth was below the minimum required to trigger vesting against the EPS performance hurdle for long term equity granted in FY2014. EPS performance rights will lapse on 30 September 2017. No retest applies to either measure.

Summary of vested rights

The table below shows the recent history of vesting of Executives' long term equity grants and demonstrates the strong link between remuneration and outcomes and shareholder experience:

GRANT	PERFORMANCE PERIOD	TSR PERCENTILE ACHIEVED[1]	CHANGE IN EPS ACHIEVED[2]	% OF TOTAL LTI GRANT VESTED/EXERCISED	VESTING DATE	VALUE PER RIGHT VESTED/EXERCISED $
FY2012[3]	01 Jul 11 – 30 Jun 14	lowest	(4.2%)	0%	30 Sep 14	n/a
FY2013	01 Jul 12 – 30 Jun 15	8th	(17.0%)	0%	30 Sep 15	n/a
FY2013[4]	01 Jul 12 – 30 Jun 16	11th	(18.6%)	0%	30 Sep 16	n/a
FY2014	01 Jul 13 – 30 Jun 17	36th	(21.5%)	0%	30 Sep 17	n/a

1 Represents the Company's relative TSR ranking over the performance period compared to the peer comparator group.
2 Change in EPS achieved is calculated as the compound annual growth rate of EPS over the performance period.
3 The FY2012 grant was retested to consider the Company's relative TSR ranking over a four year performance period compared to the peer comparator group. The lowest percentile was achieved.
4 In FY2013, Andrew Wood was granted LTI with a four year vesting period, details are provided in the remuneration report for the relevant year.

COMPANY PERFORMANCE OVER A FIVE YEAR PERIOD

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

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

	FINANCIAL YEAR ENDED 30 JUNE	FY2013	FY2014	FY2015	FY2016	FY2017	ANNUALIZED GROWTH OVER FIVE YEARS
	Closing share price ($)	19.49	17.41	10.41	7.20	11.22	(15.0%)
	Dividends paid (cents per share)	92.5	85.0	56.0	-	-	(100%)
TSR portion of long term equity	1 year TSR for the Company (%)	(19.6)	(6.8)	(36.4)	(30.2)	56.3	
	1 year TSR for 50th %ile of peer group (%)	21.6	1.4	(23.6)	(4.0)	3.8	
	Vesting outcome of LTI (%)	nil	nil	nil	nil	nil	
EPS portion of long term equity	Underlying EPS (cents per share)[1]	130.8	106.8	98.4	61.8	49.6	(18.8%)
	Vesting outcome of LTI (%)	nil	nil	nil	nil	nil	
Cash portion of variable pay[2]	Underlying NPAT ($'m)[3]	322.1	263.4	243.1	153.1	123.2	(18.6%)
	Average % of maximum cash portion awarded to Executives (%)	nil	nil	nil	nil	14	

1 Underlying EPS, which in the Board's opinion reflects the Company's operating results, has been used to calculate the outcomes.
2 The cash component of the variable pay is linked to the achievement of annual KPIs; previously, this was the Combined Incentive Plan which was a mix of cash and equity.
3 Group NPAT was considered to reflect the Company's operating results for FY2013 and has been used to calculate the remuneration outcomes for that financial year. For all other financial periods represented in this table, underlying NPAT has been used to calculate the remuneration outcomes. Underlying NPAT excludes impairment of goodwill, restructuring costs (net of tax), net loss on sale of assets held for sale, impairment of associate intangible assets, certain functional currency related foreign exchange gains, net gain on revaluation of investments previously accounted for as equity accounted associates and joint operations and other adjustments at the Board discretion, being the difference between reported Group NPAT and underlying NPAT.

VARIABLE PAY IN DETAIL

By linking pay to performance, the Company focuses on total reward and provides motivation to Executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment. The elements of remuneration which are at risk are in the form of both cash and equity. The following section provides details about each of the components of variable pay.

Cash component - linked to performance against KPIs

Performance targets are set and measured through both financial and non-financial KPIs. These KPIs are agreed at the beginning of the financial year and the Board retains rigorous oversight, to ensure they retain sufficient stretch, and appropriate thresholds. The minimum potential value is zero where applicable levels of performance have not been met; the maximum opportunity is 150%[1] of the Executive's target. To be eligible for a cash payment, generally participants must have been employed for at least three months of the financial year and remain in employment at the date of payment.

The KPIs chosen for FY2017 are heavily focused on a number of the Company's key financial indicators in order to strengthen the alignment between short term remuneration outcomes and financial objectives of the Company. The FY2017 KPIs and their link to the Company's strategy are provided below:

FINANCIAL KPIs (90% WEIGHTING)	**OUTCOMES FOR FY2017** - assessed at the end of FY2017 by the Board	**PERFORMANCE MEASURES**	**COMMENTARY**
Delivery of cost out program	Exceeds target - the cost out program has achieved savings above the initial target.	Chosen for the performance year (1 July 2016 to 30 June 2017) as they reflect and measure achievement against a number of the Company's core financial KPIs. Significant focus has been on sustainably reshaping and resizing the business to ensure we continue to be viable and competitive as the resources and energy markets evolve into the future.	Each KPI has an individual threshold; for financial KPIs, achievement above 80% of the budget/target is required before a sliding scale applies i.e. for each 1% above 80% of the budget, 5% is awarded. This is capped at 200% (at 120% achievement against budget). Non-financial KPIs have a maximum achievement of 100%.
Delivery of Group days sales outstanding	Below target - whilst good progress in most parts of the business, the group wide target was not achieved.		
Delivery of additional cash	Below target - progress has been made in improving the cash position.		
Maintained earnings at agreed targets	Below target - as earnings slightly below internal target, the cost out program and increased margins could not offset market contraction.		
Maintained liquidity targets	On target - liquidity indicators are within an acceptable level.		
NON-FINANCIAL KPIS (10% WEIGHTING)	**OUTCOMES FOR FY2017** - assessed at the end of FY2017 by the Board	**PERFORMANCE MEASURES**	
Health, Safety and Environment (HSE)	On target - delivered industry leading safety performance through this period.	Chosen in support of the Company's goal of Zero Harm and measured through the reduction in the number of reportable incidents and the demonstration of personal and visible leadership.	

1 Variation for Mr Finn - maximum opportunity is 200% of target.

It should be noted that for FY2017, the Board has applied discretion to provide a partial payment to the Executives through the cash portion of their variable pay plan. This recognises their achievements against the challenging financial KPIs, in particular, their efforts on the cost out program. The amount equates to between 21-22% of their target.

SPPRs - linked to medium term company performance

Performance rights which are granted annually to Executives as SPPRs, provide the motivation and alignment to drive sustainable share price growth through an increase in share price measured over a two year vesting period. The number of SPPRs granted is determined by dividing the dollar value of the award achieved by the face value of shares.

For the SPPRs to convert into shares, the share price at the end of the two year performance period (the closing share price) must be in between the maximum cap and the minimum floor of the opening share price; the SPPRs vest on a proportionate basis between the cap and the floor. An Executive must remain in service and receive satisfactory performance ratings throughout the two year vesting period. If these conditions are not met, the SPPRs will lapse. No dividends are payable on unvested SPPRs.

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

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

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

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

Scenario 4: The closing share price is half or less than half of the opening share price; then the SPPRs lapse and no shares are issued.

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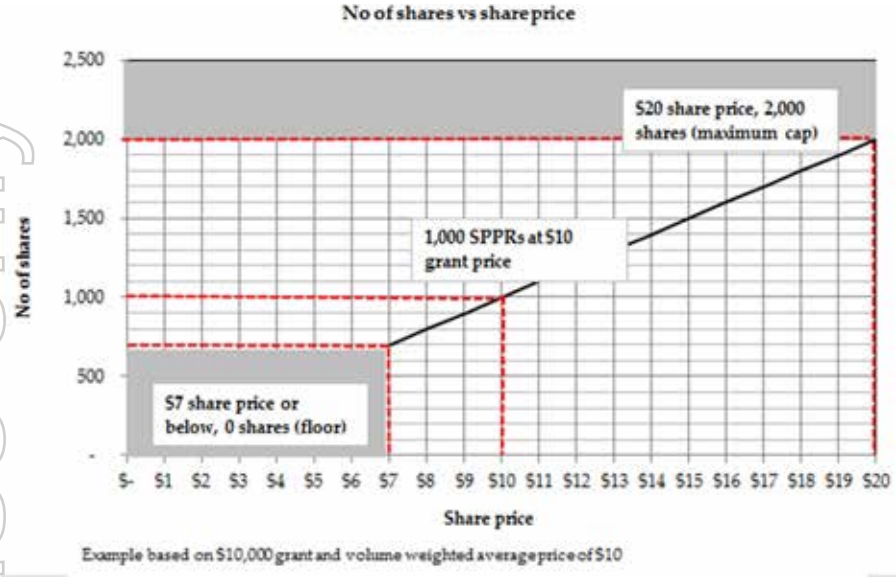
FY2018 SPPR update

Following feedback received from shareholders in relation to the SPPR 'floor', the grant of SPPRs in FY2018 will have a significantly higher 'floor' at 70% of the opening share price. As such, if the closing share price is 70% or less than the opening share price, the SPPRs lapse.



The graph to the left demonstrates how the multiplier, based on share price variation is applied to the SPPRs with the new hurdle.

FY2016 and FY2017 SPPR grants
(Grant price $7.26 and $8.11 respectively)

Cap = 2x original grant price
Floor = at or less than half original grant price.

Long term equity - linked to long term company performance

Long term equity is assessed against two equally weighted, independent performance targets that align an Executive's interests with shareholder returns while driving long term Company performance. Long term equity grants are delivered to Executives as rights that are issued under the WorleyParsons Performance Rights Plan. After vesting, each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The number of rights issued is based on the Executive's target long term equity with reference to the underlying share price when the rights are issued.

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

For grants made during FY2017, the following performance hurdles apply:

Relative total shareholder return (TSR) performance hurdle 50% weighting

The TSR measure represents the change in the value of the Company's share price over a period, including reinvested dividends, expressed as a percentage of the opening value of the shares. Relative TSR has been chosen as a performance hurdle because, in the opinion of the Board, it provides the most direct measure of shareholder return and reflects an investor's choice to invest in this company or direct competitors.

Executives will only derive value from the TSR component of the long term equity plan if the Company's TSR performance is at least at the 50th percentile of the companies in the peer comparator group over a four year period. Executives are not provided an opportunity for retesting of their long term equity under the relative TSR measure.

50% of the FY2017 long term equity award is subject to a relative TSR performance hurdle that uses the same TSR vesting schedule as shown below for the FY2013 to FY2016 awards; however, the peer comparator group comprises a revised list of companies that were identified by the Board as having similar business profiles and with which the Company competes for capital and executive talent; these include: AECOM, Aker Solutions, AMEC Foster Wheeler, Arcadis, Fluor Corporation, Fugro, Jacobs Engineering Group, JGC Corporation, KBR, Petrofac, SNC Lavalin, Stantec, Tetra Tech, Wood Group and WSP Global.

Strategic performance hurdles 50% weighting

Given the importance of delivery of the Company's Realize our future strategy and the role that Executives play in leading its implementation, the Board introduced strategic hurdles as a one-off change for the FY2017 award. These performance hurdles include the achievement of cost reduction and net debt to EBITDA targets measured at the end of FY2018, both of which are key to the delivery of the Company's current strategy. A further two year restriction period applies to the shares following the measurement of the targets. Details of performance against the targets will be disclosed retrospectively due to the commercially sensitive nature of the targets.

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For grants made during FY2013 to FY2016, the following performance hurdles apply:

Relative total shareholder return (TSR) performance hurdle 50% weighting

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

RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	25%
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between 25% and 50%
At 75th percentile or greater	50% (i.e. maximum available under the plan)

The TSR comparator group include: AECOM, AMEC Foster Wheeler, Arcadis, Balfour Beatty, Cardno, Chicago Bridge & Iron Company, CIMIC[1], Downer EDI, Fluor Corporation, Fugro, Jacobs Engineering Group, JGC Corporation, KBR, McDermott International, Monadelphous Group, SNC Lavalin[2], Saipem, Serco Group, Stantec, TechnipFMC[3], Tecnicas Reunidas, Tetra Tech and Wood Group.

1 Due to the acquisition by CIMIC on 28 December 2016, UGL is no longer listed above.
2 Due to the acquisition by SNC Lavalin on 30 June 2017, Atkins is no longer listed above.
3 Due to the merger of Technip and FMC Technologies on 16 January 2017.
Aker Solutions not listed in the above following separation into two entities in 2014.

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

Earnings per share (EPS) growth performance hurdle 50% weighting

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

Executives will only derive value from the EPS growth component of the grants made between FY2013 and FY2016 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in the Consumer Price Index (CPI) over the four year performance period.

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

AVERAGE COMPOUND GROWTH IN EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET
Less than 4% p.a. above the increase in CPI	0%
4% p.a. above the increase in CPI	25%
More than 4% p.a. above the increase in CPI but less than 8% p.a. above the increase in CPI	Pro-rated vesting between 25% and 50%
8% p.a. or greater above the increase in CPI	50% (i.e. maximum available under the plan)

It should be noted that for long term equity grants made in FY2018, the EPS growth performance hurdles shown above will once again be used in addition to relative TSR (50/50 weighting). These will be measured over a three year performance period plus an additional one year restriction period.

Other provisions

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

Dilution limit

The Board has determined that the number of securities issued to Executives and all other participants under the Company's equity plans should be capped at 5% of the issued share capital of the Company over a five year time horizon. Currently, the number of securities issued and held pursuant to the equity plans represents 2.25% of the Company's issued share capital (FY2016: 2.01%).

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Eligible recipients

With the exception of Dennis Finn who has a varied pay mix more aligned with professional services, all current Executives are able to receive rights through the long term equity plan. Details of the rights granted to Executives as the long term equity component of their remuneration in FY2017 are outlined on page 53.

Exercise of rights and allocation of shares

To the extent that the performance hurdles have been satisfied, rights are automatically exercised (unless an Executive elects otherwise) and participants acquire shares in the Company at a nil exercise price. Shares allocated to participants upon exercise of rights rank equally with all other ordinary shares on issue. Participants will have unencumbered ownership of the shares, subject to compliance with the Company's Securities Dealing Policy and minimum shareholding requirement.

EMPLOYMENT ARRANGEMENTS

The key aspects of Executive contracts are outlined below:

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

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

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

In the event of termination, all Executives are generally entitled to receive their statutory leave entitlements. In relation to variable pay plans upon termination, where an Executive resigns, the cash portion of the variable pay is paid only if the Executive is employed on the date of payment (which is subsequent to the performance year).

In accordance with the plan rules, the Board retains discretion on the treatment of both vested and unvested equity in all instances of separation as outlined on page 49. In exercising such discretion, this is typically on a pro-rata basis and subject to the original performance requirements and timing.

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

Mr Abba ceased to be KMP of WorleyParsons from 1 December 2016 following his resignation from the Company. All unvested equity lapsed upon his cessation of employment.

The Company did not provide sign-on or separation payments to Executives during FY2017.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

This section outlines the remuneration arrangements in place for the Company's Non-Executive Directors (NEDs). All directors held office for the whole of FY2017, except where otherwise stated on page 38.

GUIDING PRINCIPLES

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

Directors' fees remained constant in FY2017 and for the sixth consecutive year, there will be no increase in annual fees for NEDs in FY2018.

The aggregate amount of fees (which include Board and Committee fees) that may be paid to NEDs in any year is capped at the level approved by shareholders. The current maximum aggregate amount of $3.25 million per annum was approved by shareholders at the 2012 Annual General Meeting. Of the aggregate annual fee pool, 53% ($1.73 million) was utilized during FY2017 (76% ($2.47 million) for FY2016). NEDs are paid fees for services on the Board and its Committees. The directors do not receive any performance related incentives such as options or rights to shares, and no retirement benefits are provided to NEDs other than superannuation contributions.

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REMUNERATION STRUCTURE

Board and Committee fees

Board and Committee fees for FY2016 and FY2017 are set out below.

These amounts are inclusive of superannuation contributions made on behalf of NEDs in accordance with the Company's statutory obligations.

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

1 The Chairman of the Board does not receive additional Board membership fees or fees for Committees of which he may be a member. The Chairman of a Committee does not receive additional membership fees for that Committee.
2 Mr Grill requested a temporary reduction in his Chairman fee of $520,000 per annum in FY2016 (reduced to $395,053) and to receive no fees for his role in FY2017.
3 The Deputy Chairman and Lead Independent Director does not receive additional fees for Committees of which he may be a member.

Other benefits

NEDs are eligible to receive travel allowances of $5,000 per trip for additional time incurred on overseas business related travel including attendance at Board meetings and site visits. These payments are made within the NED fee pool. NEDs are also entitled to be reimbursed for all business related expenses, including travel, incurred in the discharge of their obligations. The Company does not pay retirement benefits to NEDs, except where required by legislation. From time to time, the Board may determine special fees for additional duties undertaken by directors. No such fees were paid in FY2017.

REMUNERATION OUTCOMES

The remuneration outcomes of the NEDs for FY2017 and FY2016 are set out in the Remuneration Tables section of the report, on page 54.

NON-EXECUTIVE DIRECTOR INTERESTS IN SHARES

The NED beneficial interests in shares of the Company as at 30 June 2017 are detailed in the Remuneration Tables section of the report, on page 54.

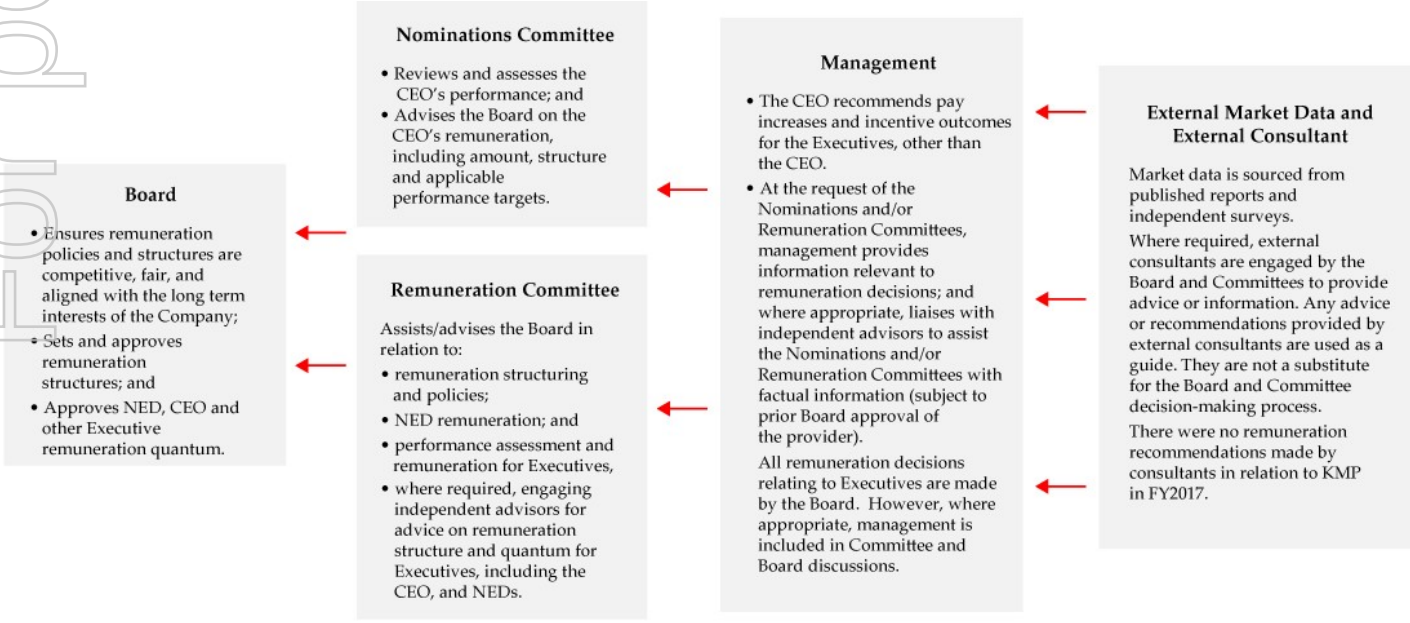
NED minimum shareholding requirement

A minimum shareholding requirement exists to provide alignment between director and shareholder interests. Each NED must build a holding of the Company's ordinary shares equivalent in value to that director's annual fee. NEDs are expected to comply with this requirement within their first full term of three years as a director. For the purpose of this test, the value of shares is calculated using the number of shares held at 30 June 2017 multiplied by the five day volume weighted average price of the Company's shares up to and including 30 June 2017 ($11.12) or purchase price if higher. All NEDs currently comply with the minimum shareholding requirement.

4. REMUNERATION GOVERNANCE FRAMEWORK

REMUNERATION DECISION MAKING

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



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Benchmarking of total remuneration and remuneration mix for Executives during FY2017 was performed by Aon Hewitt, an independent research and advisory remuneration consulting firm. This advice was used as a guide, and was not a substitute for thorough consideration of all of the issues by the Remuneration Committee. The cost of advice and assistance by Aon Hewitt for the Executives is not material for either party. Aon Hewitt was engaged by and reported to the Chairman of the Remuneration Committee. The Board is therefore satisfied that the information provided by Aon Hewitt was free from undue influence by members of the Executive group to whom the remuneration benchmark information related.

PwC was engaged to provide commentary and market practice data during FY2017; however, no advice was provided. The cost of the support was not material for either party. Orient Capital calculated the TSR for the purpose of vesting long term equity. The amount paid to Orient Capital for TSR reporting is not material for either party.

EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

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

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

Compliance with the requirement is assessed as at 30 June each year. The table on page 52 provides a summary of the position of each Executive against the requirement as at 30 June 2017.

HEDGING

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

CLAWBACK (MALUS) PROVISION

The Company maintains a Clawback provision within the variable pay plans.

If in the Board's opinion, an employee:

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

the Board may determine that unvested performance rights lapse; this is also known as a Malus provision. The Board may also deem any vested but unexercised performance rights to have lapsed.

CESSATION OF EMPLOYMENT AND CHANGE OF CONTROL

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

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

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5. REMUNERATION TABLES

STATUTORY REMUNERATION OUTCOMES

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

Accounting standards require the value of equity based payments to be amortized over the relevant period of performance (or vesting period). The value of equity based payments awarded during the year is determined as a percentage of fixed pay that the Company aims to deliver. This can be found in the SPPR and LTI columns under the remuneration awarded section of Actual Remuneration Outcomes on page 51.

		SHORT TERM EMPLOYEE BENEFITS				POST-EMPLOY-MENT BENEFITS	OTHER LONG TERM BENEFITS	TERMIN-ATION BENEFITS	SHARE BASED PAYMENTS			
		CASH SALARY $	CASH INCENTIVE[1] $	OTHER BENEFITS[2] $	TOTAL SHORT TERM CASH AND BENEFITS $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	TERMIN-ATION BENEFITS $	EQUITY INCENTIVE[3] $	LTI EQUITY SETTLED[3] $	TOTAL REMUN-ERATION IN ACCORDANCE WITH ACCOUNTING STANDARDS $	VARIABLE PAY % OF TOTAL REMUN-ERATION %
EXECUTIVE DIRECTOR												
Andrew Wood	FY2017	1,434,930	317,673	6,970	**1,759,573**	19,615	24,112	-	549,003	587,537	**2,939,840**	49.5%
	FY2016	1,435,238	-	9,533	**1,444,771**	19,307	24,112	-	147,591	140,765	**1,776,546**	16.2%
GROUP EXECUTIVES												
Robert (Chris) Ashton[4]	FY2017	511,773	72,446	262,222	**846,441**	12,561	-	-	133,630	54,743	**1,047,375**	24.9%
	FY2016	299,410	-	188,593	**488,003**	6,245	-	-	18,192	10,286	**522,726**	5.4%
Dennis Finn	FY2017	1,049,371	217,096	95,972	**1,362,439**	19,615	14,313	-	507,192	-	**1,903,559**	38.0%
	FY2016	1,225,831	-	455,171	**1,681,002**	-	-	-	190,947	-	**1,871,949**	10.2%
Thomas Honan[5]	FY2017	930,385	124,488	1,544	**1,056,417**	19,615	15,748	-	128,382	109,994	**1,330,156**	27.3%
	FY2016	542,094	-	895	**542,989**	16,945	9,147	-	-	-	**569,081**	-
PREVIOUSLY REPORTED GROUP EXECUTIVES												
Filippo Abba[6]	FY2017	227,566	-	185,391	**412,957**	4,142	-	-	(385,906)	(65,899)	**(34,706)**	n/a
	FY2016	661,610	-	643,656	**1,305,266**	52,631	-	-	54,697	424,359	**1,836,953**	26.1%
Denis Lucey[7]	FY2017	259,774	33,216	158,022	**451,012**	7,889	-	-	60,620	37,272	**556,793**	23.5%
	FY2016	356,457	-	238,748	**595,205**	8,017	-	-	-	10,099	**613,321**	1.6%
Chris Parker[7]	FY2017	242,455	30,187	9,666	**282,308**	3,187	-	-	54,364	42,526	**382,385**	33.2%
	FY2016	322,657	-	14,525	**337,182**	14,892	-	-	-	24,681	**376,755**	6.6%
Total remuneration	**FY2017**	**4,656,254**	**795,106**	**719,787**	**6,171,147**	**86,624**	**54,173**	**-**	**1,047,285**	**766,173**	**8,125,402**	
	FY2016[8]	**5,547,828**	**-**	**1,770,496**	**7,318,324**	**141,769**	**120,929**	**522,770**	**421,257**	**424,287**	**8,949,336**	

1 The amount relates to the cash portion of the FY2017 variable pay plan typically payable in September 2017.
2 This includes assignment uplifts, market adjustments and non-monetary benefits which include benefits such as expatriate benefits (i.e. housing, home leave etc. applicable to Mr Ashton, Mr Finn, Mr Abba and Mr Lucey), health insurance, car parking, company cars or car allowances, fringe benefits tax, tax advisory services and life insurance. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.
3 This remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments is determined based on the fair value at grant date, varies based on the probability of vesting and is expensed progressively over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
4 Remuneration for FY2016 was disclosed to the extent that it related to Mr Ashton's employment in the capacity of an Executive, which commenced on 1 January 2016.
5 Remuneration for FY2016 was disclosed to the extent that it related to Mr Honan's employment in the capacity of an Executive, which commenced on 1 December 2015.
6 Remuneration is disclosed to the extent that it relates to Mr Abba's employment in the capacity of an Executive, which ceased on 1 December 2016. All of Mr Abba's unvested equity lapsed following his departure. See page 53.
7 Remuneration is disclosed to the extent that it relates to Mr Lucey and Mr Parker's employment in the capacity of an Executive, which ceased on 1 December 2016. See page 38.
8 The FY2016 totals match the amounts disclosed in the 2016 Remuneration Report. Full details of prior year total remuneration are set out in the remuneration report for the relevant year.

Share based payments are disclosed to the extent they relate to their employment in the capacity of an Executive.

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ACTUAL REMUNERATION OUTCOMES

The table below shows actual remuneration awarded during the year and actual remuneration received during the year. This is separate to the Executive remuneration details in accordance with the accounting standards per page 50.

		AWARDED AND RECEIVED DURING REPORTING PERIOD		RECEIVED DURING REPORTING PERIOD DEFERRED FROM PREVIOUS PERIODS[2]			AWARDED DURING REPORTING PERIOD DEFERRED FOR FUTURE PERIODS[3]		
		SHORT TERM CASH AND BENEFITS $	OTHER BENEFITS[1] $	EQUITY INCENTIVE $	LTI $	TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD $	EQUITY INCENTIVE /SPPR $	LTI $	TOTAL REMUNERATION AWARDED DURING REPORTING PERIOD $
EXECUTIVE DIRECTOR									
Andrew Wood	FY2017	1,759,573	43,727	-	-	**1,803,300**	727,272	1,236,370	**3,766,942**
	FY2016	1,444,771	43,419	-	-	**1,488,190**	727,271	1,236,356	**3,451,817**
GROUP EXECUTIVES									
Robert (Chris) Ashton[4]	FY2017	846,441	12,561	-	-	**859,002**	170,213	283,688	**1,312,903**
	FY2016	488,003	6,245	-	-	**494,248**	153,868	-	**648,116**
Dennis Finn	FY2017	1,362,439	33,928	-	-	**1,396,367**	490,087	-	**1,886,454**
	FY2016	1,681,002	-	-	-	**1,681,002**	1,042,188	-	**2,723,190**
Thomas Honan[5]	FY2017	1,056,417	35,363	-	-	**1,091,780**	284,994	569,995	**1,946,769**
	FY2016	542,989	26,092	-	-	**569,081**	-	-	**569,081**
PREVIOUSLY REPORTED GROUP EXECUTIVES									
Filippo Abba[6]	FY2017	412,957	4,142	-	179,873	**596,972**	170,042	340,085	**927,226**
	FY2016	1,305,266	52,631	-	163,187	**1,521,084**	204,188	424,187	**1,986,272**
Denis Lucey[7]	FY2017	451,012	7,889	-	-	**458,901**	185,419	309,032	**953,352**
	FY2016	595,205	8,017	-	-	**603,222**	-	-	**603,222**
Chris Parker[7]	FY2017	282,308	3,187	-	-	**285,495**	170,205	283,680	**739,380**
	FY2016	337,182	14,892	-	-	**352,074**	-	-	**352,074**
Total remuneration	**FY2017**	**6,171,147**	**140,797**	**-**	**179,873**	**6,491,817**	**2,198,232**	**3,022,850**	**11,533,026**
	FY2016[8]	**7,318,324**	**785,468**	**26,130**	**163,187**	**8,293,109**	**2,536,412**	**2,555,538**	**13,195,742**

1 This is the total of superannuation received and long service leave benefits accrued during the reporting period.
2 Remuneration received in reporting period from previous periods includes equity awards granted under the variable pay plans in previous years which vested during reporting period. The Equity Incentive and LTI value reflects the actual value realized by the Executive.
3 Remuneration awarded during the reporting period but deferred for future periods includes equity awards granted under the variable pay plans (SPPRs and long term equity) which may vest and become available to Executives in future periods. A grant value based on fixed pay (as defined on page 42) multiplied by the variable pay plan target percentage approved by the Board has been included; this is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
4 Remuneration for FY2016 was disclosed to the extent that it related to Mr Ashton's employment in the capacity of an Executive, which commenced on 1 January 2016.
5 Remuneration for FY2016 was disclosed to the extent that it related to Mr Honan's employment in the capacity of an Executive, which commenced on 1 December 2015.
6 Remuneration is disclosed to the extent that it relates to Mr Abba's employment in the capacity of an Executive, which ceased on 1 December 2016. Mr Abba's unvested equity lapsed following his departure. See page 53.
7 Remuneration is disclosed to the extent that it relates to Mr Lucey and Mr Parker's employment in the capacity of an Executive, which ceased on 1 December 2016. See page 38.
8 The FY2016 totals match the amounts disclosed in the 2016 Remuneration Report. Full details of prior year total remuneration are set out in the remuneration report for the relevant year.

Share based payments are disclosed to the extent they relate to their employment in the capacity of an Executive.

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EXECUTIVE MINIMUM SHAREHOLDING REQUIREMENT

Compliance with the requirement is assessed as at 30 June each year. The table below provides a summary of the position of each Executive against the requirement as at 30 June 2017:

	WEIGHTED NUMBER OF SHARES HELD AT 30 JUNE 2017[1]	VALUE OF SHARES HELD AT 30 JUNE 2017[2] $	ANNUAL FIXED PAY AT 30 JUNE 2017[3] $	PERCENTAGE OF MINIMUM REQUIREMENT ACHIEVED
EXECUTIVE DIRECTOR				
Andrew Wood[4]	1,184,824	13,175,242	1,600,000	>100%
GROUP EXECUTIVES				
Robert (Chris) Ashton	51,538	587,207	559,701	52%
Dennis Finn	101,991	1,134,139	1,080,000	53%
Thomas Honan	62,712	697,357	950,000	37%

1 Includes shares held in the Company plus a 50% weighting of unvested performance rights provided on page 53.
2 Calculated as the weighted number of shares held at 30 June 2017 multiplied by the volume weighted average price of the Company's shares for the five trading days up to and including 30 June 2017 ($11.12) or the price at which performance rights were allocated.
3 The Australian dollar equivalent of annual fixed pay as at 30 June 2017.
4 Effective 1 July 2015, Mr Wood elected to reduce his fixed pay by 10%. The minimum shareholding requirement will be held against the higher fixed pay amount.

EXECUTIVE INTERESTS IN SHARES AND PERFORMANCE RIGHTS

Executives' beneficial interests in shares and performance rights granted as at 30 June 2017 are detailed in the table below. The service and performance criteria for the rights are discussed in the SPPR and long term equity sections on pages 44 to 46 or are available in prior year remuneration reports.

NUMBER OF SHARES AND PERFORMANCE RIGHTS HELD IN WORLEYPARSONS LIMITED

	TYPE	BALANCE AT 1 JULY 2016	GRANTED PERFORMANCE RIGHTS	ON EXERCISE OF PERFORMANCE RIGHTS	CHANGE IN STATUS	OTHER TRANSACTIONS[1]	BALANCE AT 30 JUNE 2017
EXECUTIVE DIRECTOR							
Andrew Wood	Shares	856,565	n/a	-	-	-	856,565
	Rights	467,476	242,126	-	-	(53,084)	656,518
GROUP EXECUTIVES							
Robert (Chris) Ashton	Shares	10,255	n/a	-	-	-	10,255
	Rights	26,598	55,968	-	-	-	82,566
Dennis Finn	Shares	-	n/a	-	-	-	-
	Rights	143,552	60,430	-	-	-	203,982
Thomas Honan	Shares	10,000	n/a	-	-	-	10,000
	Rights	-	105,424	-	-	-	105,424
PREVIOUSLY REPORTED GROUP EXECUTIVES							
Filippo Abba[2]	Shares	12,537	n/a	21,312	(24,208)	(9,641)	-
	Rights	151,168	62,901	(21,312)	(192,757)	-	-
Denis Lucey[3]	Shares	104,088	n/a	-	(104,088)	-	-
	Rights	5,306	60,968	-	(66,274)	-	-
Christopher Parker[3]	Shares	7,455	n/a	-	(7,455)	-	-
	Rights	22,585	55,966	-	(78,551)	-	-
Grand total	**Shares**	**1,000,900**	**-**	**21,312**	**(135,751)**	**(9,641)**	**876,820**
	Rights	**816,685**	**643,783**	**(21,312)**	**(337,582)**	**(53,084)**	**1,048,490**

1 May include rights lapsed or a transaction where the Company incurs overseas withholding tax obligations due to the vesting of the Executives' performance rights; a sufficient number of the shares that the Executive otherwise would have retained following vesting of their performance rights will be relinquished in order to enable the Company to meet its withholding tax obligations.
2 Mr Abba ceased to be KMP effective 1 December 2016 following his resignation.
3 Mr Lucey and Mr Parker ceased to be KMP effective 1 December 2016.

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DETAILS OF VESTED, LAPSED AND OUTSTANDING RIGHTS

Full details of prior year equity grants are set out in the remuneration report for the relevant year.

	PLAN	DATE OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT (AT GRANT DATE)[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE	EXPIRY DATE	NUMBER OF RIGHTS VESTED	VALUE OF RIGHTS VESTED[4] $	NUMBER OF RIGHTS EXERCISED	VALUE OF RIGHTS EXERCISED[4] $	NUMBER OF RIGHTS LAPSED[5]	VALUE OF RIGHTS LAPSED[6] $	% OF RIGHTS LAPSED
EXECUTIVE DIRECTOR														
Andrew Wood	LTI	31 Oct 16	76,225	5.96	454,301	30 Sep 20	30 Oct 23	-	-	-	-	-	-	-
		31 Oct 16	76,225	6.41	488,602	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
		30 Oct 15	170,297	3.69	628,396	30 Sep 19	28 Oct 22	-	-	-	-	-	-	-
		30 Oct 14	83,232	8.62	717,460	30 Sep 18	30 Oct 21	-	-	-	-	-	-	-
		24 Oct 13	60,688	13.59	824,750	30 Sep 17	24 Oct 20	-	-	-	-	-	-	-
		23 Oct 12	53,084	15.76	836,604	30 Sep 16	18 Oct 19	-	-	-	-	53,084	836,604	100.0%
	SPPR	31 Oct 16	89,676	10.96	982,849	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
		30 Oct 15	100,175	4.42	442,774	31 Oct 17	28 Oct 22	-	-	-	-	-	-	-
GROUP EXECUTIVES														
Robert (Chris) Ashton[7]	LTI	31 Oct 16	17,490	5.96	104,240	30 Sep 20	30 Oct 23	-	-	-	-	-	-	-
		31 Oct 16	17,490	6.41	112,111	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	SPPR	31 Oct 16	20,988	10.96	230,028	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	Comb Incentive	30 Oct 15	21,194	5.15	109,149	30 Sep 18	28 Oct 22	-	-	-	-	-	-	-
		30 Oct 14	5,404	11.42	61,714	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-
Dennis Finn[7]	SPPR	31 Oct 16	60,430	10.96	662,313	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
		30 Oct 15	81,060	4.42	358,285	30 Sep 17	28 Oct 22	-	-	-	-	-	-	-
	Comb Incentive	30 Oct 15	62,492	5.15	321,834	30 Sep 18	28 Oct 22	-	-	-	-	-	-	-
Thomas Honan	LTI	31 Oct 16	35,141	5.96	209,440	30 Sep 20	30 Oct 23	-	-	-	-	-	-	-
		31 Oct 16	35,142	6.41	225,260	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	SPPR	31 Oct 16	35,141	10.96	385,145	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
PREVIOUSLY REPORTED GROUP EXECUTIVES														
Filippo Abba[8]	LTI	31 Oct 16	20,967	5.96	124,963	30 Sep 20	30 Oct 23	-	-	-	-	20,967	124,963	100.0%
		31 Oct 16	20,967	6.41	134,398	30 Sep 18	30 Oct 23	-	-	-	-	20,967	134,398	100.0%
		30 Oct 15	58,428	3.69	215,599	30 Sep 19	28 Oct 22	-	-	-	-	58,428	215,599	100.0%
		01 Apr 15	11,333	5.37	60,858	30 Sep 18	01 Apr 22	-	-	-	-	11,333	60,858	100.0%
		01 Apr 15	26,641	7.82	208,333	30 Sep 17	01 Apr 22	-	-	-	-	26,641	208,333	100.0%
		01 Apr 15	26,641	8.40	223,784	30 Sep 16	01 Apr 22	21,312	172,627	21,312	172,627	5,329	44,764	20.0%
	SPPR	31 Oct 16	20,967	10.96	229,798	30 Sep 18	30 Oct 23	-	-	-	-	20,967	229,798	100.0%
		30 Oct 15	28,125	4.42	124,313	30 Sep 17	28 Oct 22	-	-	-	-	28,125	124,313	100.0%
Denis Lucey[7]	LTI	31 Oct 16	19,052	5.96	113,550	30 Sep 20	30 Oct 23	-	-	-	-	-	-	-
		31 Oct 16	19,053	6.41	122,130	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	SPPR	31 Oct 16	22,863	10.96	250,578	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	Comb Incentive	30 Oct 14	5,306	11.42	60,595	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-
Christopher Parker[7]	LTI	31 Oct 16	17,489	5.96	104,234	30 Sep 20	30 Oct 23	-	-	-	-	-	-	-
		31 Oct 16	17,490	6.41	112,111	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
		30 Oct 14	18,522	8.62	159,660	30 Sep 18	30 Oct 21	-	-	-	-	-	-	-
	SPPR	31 Oct 16	20,987	10.96	230,018	30 Sep 18	30 Oct 23	-	-	-	-	-	-	-
	Comb Incentive	30 Oct 14	4,063	11.42	46,399	30 Sep 17	30 Oct 21	-	-	-	-	-	-	-

1 The service and performance criteria for the rights are discussed in the long term equity section on page 45 and 46. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). Where rights were granted prior to commencement as Executives, the service and performance criteria are aligned with those discussed in the Combined Incentive Plan section in the 2015 Remuneration Report.

2 Fair value per right at grant date is independently determined using an appropriate option pricing model in accordance with AASB 2 Share-based Payment that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. This amount represents the actual cost to the Company. We have used a Monte Carlo simulation model to value the relative TSR and strategic hurdle rights and SPPRs and a Black-Scholes model to value the EPS growth rights, other cash settled rights and other equity settled rights.

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

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

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

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

7 The value of the rights issued to Mr Ashton, Mr Finn, Mr Lucey and Mr Parker are disclosed on page 50 to the extent that they were granted during their term as an Executive. Mr Ashton, Mr Finn and Mr Parker were granted rights in the Combined Incentive Plan prior to them becoming KMP.

8 The performance rights granted to Mr Abba in April 2015, as disclosed in the 2015 Remuneration Report, were structured with specific targets related to his personal performance and the ongoing performance of the *Improve* business line. Partial vesting was achieved against the grant which vested on 30 September 2016, with the remainder being lapsed at that time. Mr Abba ceased to be an Executive on 1 December 2016.

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

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NON-EXECUTIVE DIRECTOR REMUNERATION OUTCOMES

Remuneration of the NEDs for FY2017 and FY2016 is set out below:

		SHORT TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
		FEES $	TRAVEL ALLOWANCES $	SUPERANNUATION[1] $	TOTAL $
John Grill	FY2017	-	-	-	-
	FY2016	378,439	-	16,614	395,053
Ron McNeilly	FY2017	292,385	5,000	19,615	317,000
	FY2016	292,693	15,000	19,307	327,000
Larry Benke[2]	FY2017	74,061	10,000	-	84,061
	FY2016	232,000	30,000	-	262,000
Jagjeet S Bindra	FY2017	243,000	35,000	-	278,000
	FY2016	225,500	25,000	-	250,500
Erich Fraunschiel	FY2017	213,658	5,000	19,264	237,922
	FY2016	221,808	20,000	19,192	261,000
John M Green[2]	FY2017	52,376	-	5,822	58,198
	FY2016	203,511	20,000	18,689	242,200
Christopher Haynes	FY2017	242,576	25,000	-	267,576
	FY2016	224,000	25,000	-	249,000
Catherine Livingstone	FY2017	209,112	5,000	18,964	233,076
	FY2016	201,390	20,000	18,610	240,000
Wang Xiao Bin	FY2017	201,310	35,000	18,690	255,000
	FY2016	201,390	25,000	18,610	245,000
Total remuneration	**FY2017**	**1,528,478**	**120,000**	**82,355**	**1,730,833**
	FY2016	**2,180,731**	**180,000**	**111,022**	**2,471,753**

1 Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. In some cases, the amounts in this table are lower than the annualized superannuation guarantee cap (Cap). The legislation requires the Cap to apply quarterly. The lower amount results from those quarters in which only one payment was made and it is lower than the quarterly Cap.
2 Mr Benke and Mr Green retired effective 25 October 2016.

NON-EXECUTIVE DIRECTOR INTERESTS IN SHARES

NED beneficial interests in shares of the Company as at 30 June 2017 are detailed in the below table:

NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED

	TYPE	BALANCE AT 1 JULY 2016	CHANGE IN STATUS	OTHER TRANSACTIONS	BALANCE AT 30 JUNE 2017
John Grill	Shares	25,372,173	-	-	25,372,173
Ron McNeilly	Shares	442,564	-	-	442,564
Larry Benke[1]	Shares	1,133,383	(1,133,383)	-	n/a
Jagjeet S Bindra	Shares	35,650	-	(16,650)	19,000
Erich Fraunschiel	Shares	198,755	-	-	198,755
John M Green[1]	Shares	891,869	(891,869)	-	n/a
Christopher Haynes	Shares	11,945	-	-	11,945
Catherine Livingstone	Shares	13,000	-	-	13,000
Wang Xiao Bin	Shares	11,000	-	-	11,000

1 Mr Benke and Mr Green retired effective 25 October 2016.

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



JOHN GRILL AO
Chairman
Sydney, 23 August 2017

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Statement of financial performance

For the financial year ended 30 June 2017

	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
REVENUE AND OTHER INCOME			
Professional services revenue		3,558.7	4,641.8
Procurement revenue		1,142.4	2,571.7
Construction and fabrication revenue		502.8	561.6
Interest income		7.1	8.8
Other income		9.6	6.2
Total revenue and other income	**4**	**5,220.6**	**7,790.1**
EXPENSES			
Professional services costs		(3,364.6)	(4,446.6)
Procurement costs		(1,135.4)	(2,558.0)
Construction and fabrication costs		(444.0)	(513.8)
Global support costs	3(E)	(103.3)	(115.0)
Other costs	5	(40.2)	(16.7)
Borrowing costs		(75.9)	(68.8)
Total expenses		**(5,163.4)**	**(7,718.9)**
Share of net profit/(losses) of associates accounted for using the equity method	21(C)	3.6	(2.3)
Profit before income tax expense		**60.8**	**68.9**
Income tax expense	6(A)	(4.6)	(20.3)
Profit after income tax expense		**56.2**	**48.6**
Profit after income tax expense attributable to:			
Members of WorleyParsons Limited		**33.5**	**23.5**
Non-controlling interests		**22.7**	**25.1**
Basic earnings per share (cents)	16	13.5	9.5
Diluted earnings per share (cents)	16	13.4	9.5

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 2017

	CONSOLIDATED	
	2017 $'M	2016 $'M
Profit after income tax expense	**56.2**	**48.6**
Other comprehensive income/(loss)		
Items that may be reclassified in future periods to the Statement of Financial Performance		
Net movement in foreign currency translation reserve	(37.9)	(111.9)
Net movement in hedge reserve	(3.0)	3.8
Total comprehensive income/(loss), net of tax	**15.3**	**(59.5)**
Total comprehensive income/(loss), net of tax, attributable to:		
Members of WorleyParsons Limited	**(4.4)**	**(79.9)**
Non-controlling interests	**19.7**	**20.4**

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

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Statement of financial position

As at 30 June 2017

	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
ASSETS			
Current assets			
Cash and cash equivalents	7	226.2	303.7
Trade receivables	8	1,110.2	1,323.5
Other receivables	8	183.4	231.0
Procurement assets	27	103.0	394.1
Prepayments		110.8	116.6
Income tax receivable		3.2	15.4
Derivatives		2.6	0.7
Total current assets		**1,739.4**	**2,385.0**
Non-current assets			
Trade receivables	8	28.2	-
Intangible assets	10	2,002.6	2,077.2
Deferred tax assets	29(A)	258.1	297.5
Derivatives	18	87.7	94.8
Equity accounted associates	21(B)	77.3	86.8
Property, plant and equipment	28	52.3	73.3
Other non-current assets		13.4	6.2
Total non-current assets		**2,519.6**	**2,635.8**
TOTAL ASSETS		**4,259.0**	**5,020.8**
LIABILITIES			
Current liabilities			
Trade and other payables	9	745.4	917.6
Procurement payables	27	71.1	326.7
Provisions	11	354.5	406.0
Interest bearing loans and borrowings	13	272.5	249.2
Income tax payable		5.1	14.8
Derivatives	18	1.8	4.8
Total current liabilities		**1,450.4**	**1,919.1**
Non-current liabilities			
Trade and other payables	9	24.3	30.4
Interest bearing loans and borrowings	13	830.1	990.2
Deferred tax liabilities	29(B)	24.3	116.8
Provisions	11	61.6	84.4
Total non-current liabilities		**940.3**	**1,221.8**
TOTAL LIABILITIES		**2,390.7**	**3,140.9**
NET ASSETS		**1,868.3**	**1,879.9**
EQUITY			
Issued capital	14	1,268.5	1,264.9
Reserves	15	(270.4)	(223.1)
Retained profits		875.6	842.1
Members of WorleyParsons Limited		1,873.7	1,883.9
Non-controlling interests		(5.4)	(4.0)
TOTAL EQUITY		**1,868.3**	**1,879.9**

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 2017

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

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

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Statement of changes in equity

For the financial year ended 30 June 2016

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

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

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Statement of cash flows

For the financial year ended 30 June 2017

	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,802.0	8,113.3
Payments to suppliers and employees		(5,680.2)	(7,809.2)
		121.8	304.1
Dividends received from associates		2.9	6.3
Interest received		4.7	6.4
Borrowing costs paid		(57.0)	(60.9)
Income taxes refunded/(paid)		6.5	(63.9)
Net cash inflow from operating activities	**7**	**78.9**	**192.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities		(18.8)	(25.2)
Proceeds from disposal of investments		0.9	13.8
Payments for purchase of property, plant and equipment and computer software		(44.7)	(69.5)
Proceeds from sale of property, plant and equipment		0.1	1.0
Net cash outflow from investing activities		**(62.5)**	**(79.9)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		(2,042.8)	(3,635.6)
Proceeds from loans and borrowings		1,930.0	3,612.3
Costs of bank facilities		(2.6)	(3.5)
Net loans from related parties		3.4	0.5
Dividends paid to members of WorleyParsons Limited	17(B)	-	(54.4)
Dividends paid to non-controlling interests		(21.8)	(24.1)
Net cash outflow from financing activities		**(133.8)**	**(104.8)**
Net (decrease)/increase in cash		**(117.4)**	**7.3**
Cash and cash equivalents at the beginning of the financial year		373.1	380.8
Effects of foreign exchange rate changes on cash		(11.4)	(15.0)
Cash and cash equivalents at the end of the financial year	**7**	**244.3**	**373.1**

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

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Notes to the financial statements

For the financial year ended 30 June 2017

1. CORPORATE INFORMATION

The financial report of WorleyParsons Limited (Company or parent entity) for the financial year ended 30 June 2017 was authorized for issue in accordance with a resolution of the directors on 23 August 2017.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

(i) Basis of preparation

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

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial /Directors' Reports) issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Unless otherwise expressly stated, amounts have been rounded off to the nearest hundred thousand dollars in accordance with that Instrument. Amounts shown as 0.0 represent amounts less than AUD 50,000 which have been rounded down.

(ii) Statement of compliance

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

(iii) Historical cost convention

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

(iv) Critical accounting estimates

In the application of AAS, management is required to make judgments, estimates and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

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

(v) Adoption of new and amended accounting standards

The Group has adopted the following amendments from 1 July 2016:

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

AASB 2014-3 provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, to apply, to the extent of its share, all the principles in AASB 3 *Business Combinations* and other AAS except for those principles that conflict with the guidance in AASB 11. Furthermore, entities are required to disclose the information required by AASB 3 and other AAS for business combinations. Adoption of this amendment did not have any effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

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

AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. Adoption of this amendment did not have any effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. Adoption of this amendment did not have any effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

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

AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendment clarifies that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in AASB 3 *Business Combinations*, between an investor and its associate or joint venture, is recognized in full. However, any gain or loss resulting from the sale or contribution of assets that do not constitute a business is recognized only to the extent of unrelated investors' interests in the associate or joint venture. Adoption of this amendment did not have any effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

(vi) New accounting standards not yet applicable

The following new accounting standards have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017:

Effective 1 July 2017:

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

AASB 2016-1 amends AASB 112 *Income Taxes* to clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The impacts of this amendment are not expected to be material to the Group's financial statements.

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

AASB 2016-2 amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is expected to enhance the Group's disclosure in relation to interest bearing loans and borrowings.

Effective 1 July 2018:

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

AASB 15 addresses how revenue is recognized and will require the Group to identify contracts and performance obligations, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue when each performance obligation is satisfied. The Group has established a project team which has undertaken an analysis of a cross-section of material contracts across the Group to assess the impact of AASB 15. Based upon this initial assessment, the impact of AASB 15 on earnings is not expected to be material. The next phase of the project is to perform a deeper assessment of certain types of contracts, implement controls to monitor and assess new contracts and identify the system and process requirements needed to capture additional information required to support the increased disclosures.

AASB 2014-5 incorporates the consequential amendments to a number of AASBs (including interpretations) arising from the issuance of AASB 15. The impacts of this amendment are not expected to be material to the Group's financial statements.

AASB 9 Financial Instruments

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

Effective 1 July 2019:

AASB 16 Leases

AASB 16 is the AASB's replacement for AASB 117 *Leases*. The standard includes new recognition, measurement and disclosure requirements for lessees. The Group has not yet finalized its assessment of how the new lessee accounting requirements will impact the Group's financial statements.

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(B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons Limited as at 30 June 2017 and the results of all controlled entities for the financial year then ended. WorleyParsons Limited and its controlled entities together are referred to in this financial report as the consolidated entity or the Group. Investments in associates are equity accounted and are not part of the consolidated entity (refer note 21).

The impact of all transactions between entities in the consolidated entity is eliminated in full. Non-controlling interests in the results and equity of controlled entities are shown separately in the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position.

Non-controlling interests not held by the Company are allocated their share of net profit after tax in the Statement of Financial Performance and of total comprehensive income net of tax in the Statement of Comprehensive Income, and are presented within equity in the Statement of Financial Position, separately from the equity of members of WorleyParsons Limited.

(C) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

Translation of foreign currency transactions

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

(D) OTHER ACCOUNTING POLICIES

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

3. SEGMENT INFORMATION

The previously reported segment results for the year ended 30 June 2016 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments*. The Group has also included additional information segmented according to its customer sector groups.

(A) OPERATING SEGMENTS

	SERVICES		MAJOR PROJECTS AND INTEGRATED SOLUTIONS		ADVISIAN		TOTAL	
	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M
Professional services revenue	2,452.5	3,386.3	685.1	813.7	410.8	605.1	3,548.4	4,805.1
Construction and fabrication revenue	-	-	502.8	561.6	-	-	502.8	561.6
Procurement revenue at margin	219.2	243.7	25.4	58.0	71.6	55.8	316.2	357.5
Other income	9.4	0.8	0.1	0.9	0.1	-	9.6	1.7
Total segment revenue [1]	**2,681.1**	**3,630.8**	**1,213.4**	**1,434.2**	**482.5**	**660.9**	**4,377.0**	**5,725.9**
Segment result[2]	242.8	265.9	119.5	127.6	12.5	45.7	374.8	439.2
Segment margin	9.1%	7.3%	9.8%	8.9%	2.6%	6.9%	8.6%	7.7%
Other segment information								
Depreciation and amortization expense	40.3	42.3	16.3	20.9	7.4	7.7	64.0	70.9
Share of net profits/(losses) of associates accounted for using the equity method	1.7	(8.2)	1.9	5.8	-	0.1	3.6	(2.3)
Equity accounted associates	66.4	60.7	8.5	23.5	2.4	2.6	77.3	86.8
Purchase of non-current assets	28.6	40.3	12.3	23.2	3.8	6.0	44.7	69.5

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

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

3. SEGMENT INFORMATION (continued)

(B) CUSTOMER SECTOR GROUPS

	HYDROCARBONS		MINERALS, METAL & CHEMICALS		INFRASTRUCTURE		TOTAL	
	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M
Professional services revenue	2,363.3	3,277.8	436.5	634.1	748.6	893.2	3,548.4	4,805.1
Construction and fabrication revenue	502.8	561.6	-	-	-	-	502.8	561.6
Procurement revenue at margin	230.7	259.6	4.1	8.4	81.4	89.5	316.2	357.5
Other income	8.8	0.9	0.8	-	-	0.8	9.6	1.7
Total segment revenue	**3,105.6**	**4,099.9**	**441.4**	**642.5**	**830.0**	**983.5**	**4,377.0**	**5,725.9**
Segment result	311.3	339.4	16.7	39.9	46.8	59.9	374.8	439.2
Segment margin	10.0%	8.3%	3.8%	6.2%	5.6%	6.1%	8.6%	7.7%

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

	TOTAL	
	2017 $'M	2016 $'M
Segment revenue	4,377.0	5,725.9
Procurement revenue at nil margin (including share of revenue from associates)	826.2	2,226.4
Pass-through revenue at nil margin [1]	229.0	167.0
Share of revenue from associates	(218.7)	(342.5)
Interest income	7.1	8.8
Net gain on revaluation of investments previously accounted for as joint operations	-	4.5
Total revenue and other income per the Statement of Financial Performance	**5,220.6**	**7,790.1**

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

	TOTAL	
	2017 $'M	2016 $'M
Segment result	374.8	439.2
Global support costs	(96.7)	(109.0)
Interest and tax for associates	(3.5)	(8.3)
Amortization of acquired intangible assets	(16.8)	(19.2)
Total underlying earnings before interest expense and tax expense (underlying EBIT)	**257.8**	**302.7**
Total underlying EBIT margin on aggregated revenue for the Group	5.9%	5.3%
Staff restructuring costs[2]	(59.2)	(76.8)
Onerous lease contracts[3]	(24.2)	(86.4)
Onerous engineering software licenses	(3.2)	(14.3)
Other restructuring costs	(38.9)	(4.6)
Impairment of associate intangible assets	(2.3)	-
Net loss on sale of assets held for sale	(0.4)	(12.1)
Certain functional currency related foreign exchange gains	-	15.9
Net gain on revaluation of investments previously accounted for as joint operations	-	4.5
Total EBIT	**129.6**	**128.9**
EBIT margin on aggregated revenue for the Group	3.0%	2.3%
Net borrowing costs	(68.8)	(60.0)
Income tax expense	(4.6)	(20.3)
Profit after income tax expense per the Statement of Financial Performance	**56.2**	**48.6**

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

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

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

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

	TOTAL	
	2017 $'M	2016 $'M
Global support costs per segment information[1]	96.7	109.0
Staff restructuring costs	59.2	76.8
Staff restructuring costs attributable to professional services costs, construction and fabrication costs and staff restructuring costs incurred by equity accounted associates	(52.6)	(70.8)
Global support costs per the Statement of Financial Performance	**103.3**	**115.0**

(F) GEOGRAPHIC SEGMENTS[2]

Revenue from external customers[3]

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

2016	AGGREGATED REVENUE $'M	ADD: PROCUREMENT REVENUE AT NIL MARGIN $'M	ADD: PASS-THROUGH REVENUE AT NIL MARGIN $'M	LESS: SHARE OF REVENUE FROM ASSOCIATES $'M	LESS: OTHER INCOME[4] $'M	TOTAL REVENUE FROM EXTERNAL CUSTOMERS $'M
Australia, Pacific, Asia and China	1,366.7	14.1	-	(120.3)	(1.7)	1,258.8
Europe, Middle East and Africa	1,892.4	42.1	167.0	(154.3)	-	1,947.2
Americas	2,466.8	2,170.2	-	(67.9)	-	4,569.1
Total	**5,725.9**	**2,226.4**	**167.0**	**(342.5)**	**(1.7)**	**7,775.1**
Other income						6.2
Interest income						8.8
Total revenue and other income per the Statement of Financial Performance						**7,790.1**

	2017 $'M	2016 $'M
Non-current assets by geographical location:[5]		
Australia, Pacific, Asia and China	62.4	112.6
Europe, Middle East and Africa	80.7	115.3
Americas	197.9	125.1
Non-current assets by geographical location	**341.0**	**353.0**

[1] Excludes all restructuring costs.

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

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

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

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

3. SEGMENT INFORMATION (continued)

(G) IDENTIFICATION OF REPORTABLE SEGMENTS

Effective 1 July 2016, the Group's operations are managed and reported through the following business lines: Services, Major Projects, Integrated Solutions, and Advisian.

Services

To remove duplication of engineering activities and to provide single points of contact to the Group's customers, *Improve* engineering only relationships and businesses are moved into the Services business line.

Major Projects and Integrated Solutions

Improve integrated services relationships and opportunities become part of the Major Projects and Integrated Solutions segment, including O&M and full delivery EPC relationships.

The Group has created a central Global Sales and Marketing function. Personnel conducting business development previously as part of the Major Projects business line are now included within Global Support. In addition, the Group has redefined aggregated revenue to exclude pass-through revenue at nil margin. The previously reported segment results for 30 June 2016 have been restated to be comparable with the revised segmentation approach as required by AASB 8 *Operating Segments*. Total EBIT for the Group and profit after income tax expense per the Statement of Financial Performance remain unchanged.

(H) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

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

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

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

- global support costs;
- interest and tax for associates;
- amortization of acquired intangible assets;
- staff restructuring costs;
- onerous lease contracts;
- onerous engineering software licenses;
- other restructuring costs;
- impairment of associate intangible assets;
- net loss on sale of assets held for sale;
- certain functional currency related foreign exchange gains;
- net gain on revaluation of investments previously accounted for as joint operations;
- net borrowing costs; and
- income tax expense.

(I) MAJOR CUSTOMERS

The most significant customer accounted for 6.1% (2016: 5.6%) of aggregated revenue and is within the Services, Major Projects and Integrated Solutions, and Advisian business lines and Hydrocarbons customer sector group.

4. REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2017 $'M	2016 $'M
Professional services revenue	3,558.7	4,641.8
Procurement revenue	1,142.4	2,571.7
Construction and fabrication revenue	502.8	561.6
Interest income	7.1	8.8
Revenue	**5,211.0**	**7,783.9**
Net gain on revaluation of investments previously accounted for as joint operations	-	4.5
Other	9.6	1.7
Total revenue and other income	**5,220.6**	**7,790.1**

During the year ended 30 June 2016, the Group finalized the acquisition accounting for an additional net interest in entities which had previously been accounted for as joint operations. This resulted in a $4.5 million net gain on revaluation of investments previously accounted for as joint operations. There was no such transaction during the year ended 30 June 2017.

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RECOGNITION AND MEASUREMENT

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

Professional services and construction and fabrication

Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. Contract revenue and costs are recognized in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognized as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognized as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred. Incentive payments on contracts are recognized as part of total contract revenue where it is probable that specified performance standards are met or exceeded and the amount of the incentive payment can be reliably measured. For fixed price contracts, the stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract.

Procurement

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

Interest

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

Dividends

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

KEY ESTIMATES

Percentage of completion

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

5. EXPENSES AND LOSSES/(GAINS)

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
EXPENSES AND LOSSES		
Short term employee benefits	2,634.2	3,559.8
Post-employment benefits	79.1	106.5
Share based payments	7.5	1.2
Total staff costs	**2,720.8**	**3,667.5**
Write-down of investment in equity accounted associates	1.3	12.1
Other restructuring costs	38.9	4.6
Total other costs	**40.2**	**16.7**
Operating lease rentals - minimum lease payments	138.9	151.1
Amortization	62.8	65.0
Depreciation	18.0	25.1
MOVEMENTS IN PROVISIONS		
Employee benefits	182.6	166.0
Insurance	8.9	(5.1)
Onerous leases	5.3	86.4
Warranty	(10.6)	6.3
Other	21.4	27.9

RECOGNITION AND MEASUREMENT

Employee benefits

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

(i) Share based payments – performance rights

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

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

Fair value per right at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-traded nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right. This amount represents the actual cost to the Company. A Monte Carlo simulation is applied to fair value the TSR component, strategic hurdle rights and the SPPRs. For the EPS, EBIT and "continuous employment" condition, the Black-Scholes model is utilized. Total fair value at grant date is calculated by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the executive will derive from the grant, which will depend on the achievement of performance hurdles measured over the vesting period. The maximum value of the rights granted has been estimated based on the fair value per right. The minimum total value of the rights granted, if the applicable performance hurdles are not met, is nil.

(ii) Employee share plan

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

Borrowing costs

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

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

Operating lease rentals – minimum lease payments

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

Depreciation and amortization

Property, plant and equipment

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

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

Identifiable intangible assets

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

- customer contracts and relationships 3-15 years;
- trade names 5-20 years;
- computer software 7 years; and
- other 3-10 years.

Goods and services tax (GST)

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
6. INCOME TAX		
(A) INCOME TAX EXPENSE		
Current tax	76.7	124.8
Deferred tax	(72.9)	(104.8)
Under provision in previous financial periods	0.8	0.3
Income tax expense	**4.6**	**20.3**
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	18.9	(105.7)
(Decrease)/increase in deferred tax liabilities	(91.8)	0.9
Deferred tax	**(72.9)**	**(104.8)**

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	CONSOLIDATED	
	2017 $'M	2016 $'M
(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE		
Profit before income tax expense	60.8	68.9
Prima facie tax expense at WorleyParsons Limited's statutory income tax rate of 30% (2016: 30%)	18.2	20.7
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible share based payments expense	2.3	0.4
Non-taxable gain on acquisitions	-	(1.4)
Non-deductible impairment of associates	0.4	3.6
Share of (profits)/losses of associates accounted for using the equity method	(1.1)	0.7
Tax losses not previously recognized	(1.5)	(1.7)
Under provision in previous financial periods	0.8	0.3
Other[1]	(14.5)	(2.3)
Income tax expense	**4.6**	**20.3**
(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY		
Aggregate amount of tax arising in the reporting period and not recognized in profit after income tax expense but directly credited to equity:		
Deferred tax - credited directly to equity	(10.2)	(20.1)
(D) TAX LOSSES		
The Group has tax losses for which no deferred tax asset is recognized on the Statement of Financial Position:		
Unused tax losses for which no deferred tax asset has been recognized	95.1	84.1
Potential tax benefit at 30%	28.5	25.2

The benefit for tax losses will only be recognized if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized; or
- the losses are transferred to an eligible entity in the consolidated entity; and
- the consolidated entity continues to comply with conditions for deductibility imposed by tax legislation; and
- no changes in legislation adversely affect the consolidated entity in realizing the benefit from the deductions for the losses.

RECOGNITION AND MEASUREMENT

Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities as well as any adjustments required between prior periods' current tax expense and income tax returns and any relevant withholding taxes.

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

Tax consolidation

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

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate WorleyParsons Limited for any current tax liability assumed and are compensated by WorleyParsons Limited for any current tax loss, deferred tax assets and tax credits that are transferred to WorleyParsons Limited under the tax consolidation legislation.

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

7. CASH AND CASH EQUIVALENTS

	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
Cash and cash equivalents per Statement of Financial Position		226.2	303.7
Procurement cash and cash equivalents	27	25.6	69.4
Cash at bank and on hand		**251.8**	**373.1**
Less: bank overdraft	13	(7.5)	-
Balance per the Statement of Cash Flows		**244.3**	**373.1**
Reconciliation of profit after income tax expense to net cash inflow from operating activities:			
Profit after income tax expense		56.2	48.6
NON-CASH ITEMS			
Amortization		62.8	65.0
Depreciation		18.0	25.1
Share based payments expense		7.5	1.2
Doubtful debts expense		1.3	3.5
Share of associates' dividends received in excess of share of (profits)/losses		(0.7)	8.6
Net gain on revaluation of investments previously accounted for as joint operations		-	(4.5)
Write-down of investments in equity accounted associates		1.3	12.1
Write-down of onerous engineering software licenses		3.2	14.3
Other		(4.2)	3.2
Cash flow adjusted for non-cash items		145.4	177.1
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES			
Decrease in trade and other receivables		456.6	223.7
Decrease/(increase) in prepayments and other assets		2.6	(17.4)
Decrease/(increase) in deferred tax assets		39.4	(85.2)
Decrease in income tax receivable		12.2	39.2
Decrease in trade and other payables		(417.6)	(2.5)
Decrease in billings in advance		(8.2)	(93.8)
(Decrease)/increase in income tax payable		(9.6)	1.4
(Decrease)/increase in deferred tax liabilities		(92.5)	1.1
Decrease in provisions		(49.4)	(51.6)
Net cash inflow from operating activities		**78.9**	**192.0**

RECOGNITION AND MEASUREMENT

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as an operating cash flow.

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

PROCUREMENT AND RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents include restricted cash that is available for use under certain circumstances by the Group ($2.0 million) (2016: $14.2 million). Included within procurement assets are cash and cash equivalents of $25.6 million (2016: $69.4 million) which has been identified as for procurement.

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

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	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
8. TRADE AND OTHER RECEIVABLES			
CURRENT TRADE RECEIVABLES			
Trade receivables		745.5	832.9
Unbilled contract revenue		468.5	823.2
Retentions		23.1	42.8
Allowance for impairment of trade receivables		(49.5)	(50.7)
Less: procurement trade and other receivables	27	(77.4)	(324.7)
		1,110.2	**1,323.5**
Allowance for impairment of trade receivables			
Balance at the beginning of the financial year		50.7	49.5
Net charge to the Statement of Financial Performance		1.3	3.5
Amounts written off against the opening allowance		(3.2)	(3.1)
Differences arising on translation of foreign operations		0.7	0.8
Balance at the end of the financial year		**49.5**	**50.7**

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

NON-CURRENT TRADE RECEIVABLES			
Trade receivables[1]		13.8	-
Unbilled contract revenue		14.4	-
		28.2	**-**
OTHER RECEIVABLES			
Other receivables		127.7	176.6
Amounts receivable from associates and related parties	30(B)	55.7	54.4
		183.4	**231.0**

RECOGNITION AND MEASUREMENT

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

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

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

	NOTES	CONSOLIDATED 2017 $'M	2016 $'M
9. TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		380.8	477.7
Accruals		226.8	500.2
Amounts payable to associates and related parties	30(B)	15.0	16.7
Billings in advance		75.0	83.2
Accrued staff costs		111.1	158.7
Other payables		7.8	7.8
Less: procurement trade and other payables	27	(71.1)	(326.7)
		745.4	**917.6**
NON-CURRENT			
Other payables		24.3	30.4
		24.3	**30.4**

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

RECOGNITION AND MEASUREMENT

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

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	CONSOLIDATED	
	2017 $'M	2016 $'M
10. INTANGIBLE ASSETS		
Goodwill		
At cost	2,033.0	2,090.7
Accumulated impairment	(200.2)	(200.2)
	1,832.8	**1,890.5**
Customer contracts and relationships		
At cost	187.9	191.3
Accumulated amortization	(173.5)	(162.6)
	14.4	**28.7**
Trade names		
At cost	82.7	83.9
Accumulated amortization	(74.5)	(72.8)
	8.2	**11.1**
Computer software		
At cost	329.2	301.1
Accumulated amortization	(188.1)	(165.4)
	141.1	**135.7**
Other		
At cost	24.8	25.9
Accumulated amortization	(18.7)	(14.7)
	6.1	**11.2**
Total intangible assets	**2,002.6**	**2,077.2**

RECONCILIATIONS

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

	CONSOLIDATED					
	GOODWILL $'M	CUSTOMER CONTRACTS AND RELATIONSHIPS $'M	TRADE NAMES $'M	COMPUTER SOFTWARE $'M	OTHER $'M	TOTAL $'M
Balance at 1 July 2016	1,890.5	28.7	11.1	135.7	11.2	2,077.2
Additions/transfers	-	-	-	36.4	1.6	38.0
Amortization	-	(13.9)	(2.9)	(31.1)	(6.7)	(54.6)
Differences arising on translation of foreign operations	(57.7)	(0.4)	0.0	0.1	0.0	(58.0)
Balance at 30 June 2017	**1,832.8**	**14.4**	**8.2**	**141.1**	**6.1**	**2,002.6**
Balance at 1 July 2015	1,906.8	40.3	15.3	113.3	14.6	2,090.3
Additions	8.6	4.9	-	49.4	1.5	64.4
Amortization	-	(15.5)	(3.7)	(26.9)	(4.8)	(50.9)
Differences arising on translation of foreign operations	(24.9)	(1.0)	(0.5)	(0.1)	(0.1)	(26.6)
Balance at 30 June 2016	**1,890.5**	**28.7**	**11.1**	**135.7**	**11.2**	**2,077.2**

RECOGNITION AND MEASUREMENT

Goodwill

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

10. INTANGIBLE ASSETS (continued)

Identifiable intangible assets

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

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment of assets

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

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of CGUs. Following the business line restructure on 1 July 2016 (refer note 3 (G)), a review of CGUs was completed, resulting in *Improve* no longer being a CGU and goodwill being allocated to five CGUs. These CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognized.

Impairment losses recognized for goodwill are not subsequently reversed. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Impairment testing calculations use cash flow projections based on financial forecasts of how the business is expected to perform consistent with current and historical experience and external data. The estimation of future cash flows requires assumptions to be made regarding future uncertain events. Management has risk adjusted the future cash flows to recognize challenging market conditions. The risk adjusted revenue growth rates for all the CGUs range from 2% to 5%. A risk premium is included in determining each CGU's discount rate, reflecting the level of forecasting, size, country and financing risks for that CGU.

KEY ESTIMATES

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

2017	SERVICES – AMERICAS $'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA $'M	SERVICES – EUROPE, MIDDLE EAST, AFRICA $'M	MAJOR PROJECTS AND INTEGRATED SOLUTIONS $'M	ADVISIAN $'M
Opening balance	312.2	524.3	360.2	421.7	272.1
Closing balance	303.6	509.9	350.3	410.1	258.9
Risk-weighted pre-tax discount rate	14.4%	16.6%	13.9%	12.4%	13.4%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%

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

SENSITIVITY ANALYSIS

The combined fair value in the all the CGUs exceeds the carrying value by over $1,018.0 million. Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

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

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

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

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	CONSOLIDATED	
	2017 $'M	2016 $'M
11. PROVISIONS		
CURRENT		
Employee benefits	170.8	204.4
Deferred revenue and project	116.3	123.0
Insurance	25.9	18.5
Onerous leases	20.8	25.6
Warranty	14.3	18.6
Deferred consideration	-	6.3
Other	6.4	9.6
	354.5	**406.0**
NON-CURRENT		
Employee benefits	31.7	32.2
Onerous leases	22.6	34.6
Warranty	4.2	16.2
Other	3.1	1.4
	61.6	**84.4**

RECONCILIATIONS

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

	CONSOLIDATED						
CURRENT	EMPLOYEE BENEFITS $'M	DEFERRED REVENUE AND PROJECT $'M	INSURANCE $'M	ONEROUS LEASES $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Balance at 1 July 2016	204.4	123.0	18.5	25.6	18.6	6.3	9.6
Additional provisions/transfers to/from non-current provisions	248.2	39.9	11.2	18.5	6.0	-	-
Release of unused provision	(70.5)	(13.1)	(2.3)	(1.5)	(5.0)	-	-
Amounts utilized	(207.9)	(30.1)	(0.8)	(19.4)	(4.7)	(6.2)	(0.9)
Differences arising from translation of foreign operations	(3.4)	(3.4)	(0.7)	(2.4)	(0.6)	(0.1)	(2.3)
Balance at 30 June 2017	**170.8**	**116.3**	**25.9**	**20.8**	**14.3**	**-**	**6.4**
Balance at 1 July 2015	266.2	109.6	22.6	23.3	31.0	23.7	11.5
Additional provisions/transfers to/from non-current provisions	227.2	171.8	2.8	51.1	9.8	6.1	2.6
Release of unused provision	(70.1)	(61.3)	(7.9)	-	(19.4)	(0.2)	(1.6)
Amounts utilized	(219.2)	(95.7)	-	(47.7)	(0.5)	(24.3)	(1.9)
Differences arising from translation of foreign operations	0.3	(1.4)	1.0	(1.1)	(2.3)	1.0	(1.0)
Balance at 30 June 2016	**204.4**	**123.0**	**18.5**	**25.6**	**18.6**	**6.3**	**9.6**

11. PROVISIONS (continued)

	CONSOLIDATED				
NON-CURRENT	EMPLOYEE BENEFITS $'M	ONEROUS LEASES $'M	WARRANTIES $'M	DEFERRED CONSIDERATION $'M	OTHER $'M
Balance at 1 July 2016	32.2	34.6	16.2	-	1.4
Additional provisions/transfers to/from current provisions	6.7	(11.3)	0.8	-	3.0
Release of unused provision	(1.8)	(0.4)	(12.4)	-	(0.8)
Amounts utilized	(4.7)	-	-	-	-
Differences arising from translation of foreign operations	(0.7)	(0.3)	(0.4)	-	(0.5)
Balance at 30 June 2017	**31.7**	**22.6**	**4.2**	**-**	**3.1**
Balance at 1 July 2015	40.0	-	0.3	6.0	1.8
Additional provisions	10.0	35.3	16.2	-	1.1
Release of unused provision/transfer to/from current provisions	(1.1)	-	(0.3)	(6.1)	(0.5)
Amounts utilized	(17.5)	-	-	-	-
Differences arising from translation of foreign operations	0.8	(0.7)	-	0.1	(1.0)
Balance at 30 June 2016	**32.2**	**34.6**	**16.2**	**-**	**1.4**

RECOGNITION AND MEASUREMENT

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

Employee benefits

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

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

Deferred revenue

The Group at times receives payment for services prior to revenue being recognized in the financial statements. Revenue is classified as deferred due to the criteria required for its recognition not being met as at the reporting date, in line with the accounting policy set out in note 4. It is expected this revenue will be earned within two years of balance date.

Project

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

Insurance

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

Onerous leases

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

Warranties

Provision is made for the estimated liability on all products and services still under warranty at balance date. This provision is estimated having regard to prior service warranty experience. In calculating the liability at balance date, amounts were not discounted to their present value as the effect of discounting was not material. It is expected that these costs will be incurred within two years of balance date.

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

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Deferred consideration

Deferred consideration arising from a business combination is initially measured at fair value at the date of acquisition. Subsequently, it is measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Where settlement of any part of the consideration for a business combination is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Dividends payable

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

12. CAPITAL MANAGEMENT

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

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

The Board monitors this through the gearing ratio (net debt/net debt plus total equity), the size of available banking facilities and the assessment of the outlook for the Group operations. The target for the Group's gearing ratio is between 25% and 35%. The gearing ratio at 30 June 2017 and 30 June 2016 was as follows:

	CONSOLIDATED	
	2017 $'M	2016 $'M
Total interest bearing loans and borrowings[1]	1,106.2	1,243.9
Less: derivatives[2]	(87.7)	(94.8)
Less: cash and cash equivalents[3]	(251.8)	(373.1)
Net debt	766.7	776.0
Total equity	1,868.3	1,879.9
Gearing	**29.1%**	**29.2%**

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

Neither the Group nor any of its subsidiaries is in breach of externally imposed capital requirements.

[1] Excluding capitalized borrowing costs.

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

[3] Includes procurement cash.

	CONSOLIDATED	
	2017 $'M	2016 $'M
13. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Notes payable	242.7	227.5
Unsecured bank loans	23.0	20.4
Finance lease liability	0.2	2.2
Bank overdraft	7.5	-
Capitalized borrowing costs	(0.9)	(0.9)
	272.5	**249.2**
Non-current		
Notes payable	592.2	861.1
Unsecured bank loans	240.6	132.4
Finance lease liability	-	0.3
Capitalized borrowing costs	(2.7)	(3.6)
	830.1	**990.2**

RECOGNITION AND MEASUREMENT

Interest bearing loans and borrowings

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

Finance lease liability

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in the Statement of Financial Performance.

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except when they are included in the costs of qualifying assets. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs include:

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

TERMS AND CONDITIONS

Notes payable

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

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

Cross currency swaps have been entered into, swapping USD 289.3 million (2016: USD 289.3 million) of notes payable into CAD 288.3 million (2016: CAD 288.3 million). This represents 45.1% of the outstanding notes issued in 2008, 2011 and 2012.

Finance lease liability

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

Unsecured bank loans

Unsecured bank loans are floating interest rate debt facilities. This includes facilities of USD 620 million, of which $240.6 million is utilized at 30 June 2017, mature on 30 August 2018 and accordingly are classified as non-current. These facilities, denominated in various currencies, are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

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	CONSOLIDATED			
	2017 NUMBER OF SHARES	$'M	2016 NUMBER OF SHARES	$'M
14. ISSUED CAPITAL				
Ordinary shares, fully paid[1]	248,189,086	1,268.5	247,837,325	1,264.9
Special voting share	1	-	1	-
	248,189,087	**1,268.5**	**247,837,326**	**1,264.9**

(A) MOVEMENTS IN SHARES

	2017 NUMBER OF SHARES	$'M	2016 NUMBER OF SHARES	$'M
Balance at the beginning of the financial year	247,837,326	1,264.9	247,263,345	1,255.0
Ordinary shares issued on redemption of exchangeable shares	1,177,207	31.5	580,189	15.5
Exchangeable shares exchanged for ordinary shares	(1,177,207)	(31.5)	(580,189)	(15.5)
Transfer from performance rights reserve on issuance of shares[2]	351,761	3.6	555,636	9.9
Ordinary shares issued from WorleyParsons Limited Plans Trust	-	-	18,345	0.0
Balance at the end of the financial year	**248,189,087**	**1,268.5**	**247,837,326**	**1,264.9**

RECOGNITION AND MEASUREMENT

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

(B) TERMS AND CONDITIONS OF ISSUED CAPITAL

Ordinary shares

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

Exchangeable shares

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

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

The exchangeable shares, through a voting trust which holds a special voting share in the Company, entitle their holders to vote at the Company's general meetings as though they hold ordinary shares. During the financial year ended 30 June 2017, 1,177,207 (2016: 580,189) exchangeable shares were exchanged.

Special voting share

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

[1] Included in ordinary shares are 1,363,638 (2016: 2,540,875) exchangeable shares. The issuance of the exchangeable shares and the attached special voting share replicate the economic effect of issuing ordinary shares in the Company. Accordingly, for accounting purposes, exchangeable shares are treated in the same single class of issued capital as ordinary shares. In addition, the Australian Securities Exchange (ASX) treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital. The WorleyParsons Limited Plans Trust holds 248,828 (2016: 248,828) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

[2] Includes 30,966 employee bonus shares.

14. ISSUED CAPITAL (continued)

(C) PERFORMANCE RIGHTS

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

	NUMBER OF PERFORMANCE RIGHTS AND SPPR	
	2017	2016
Balance at the beginning of the financial year	2,830,580	2,226,779
Rights granted	1,059,084	1,874,717
Rights exercised	(320,795)	(555,636)
Rights lapsed or expired	(430,915)	(715,280)
Balance at the end of the financial year	**3,137,954**	**2,830,580**
Exercisable at the end of the financial year	1,199	1,874
Weighted average exercise price	$nil	$nil

Performance rights

The outstanding balance as at 30 June 2017 is represented by:

- 1,199 performance rights, vested on 30 September 2015 and expiring on 18 October 2019;
- 91,933 performance rights, vesting on 30 September 2017 and expiring on 24 October 2020;
- 543,704 performance rights, vesting on 30 September 2017 and expiring on 30 October 2021;
- 152,644 performance rights, vesting on 30 September 2018 and expiring on 30 October 2021;
- 168,107 performance rights, vesting on 30 September 2017 and expiring on 28 October 2022;
- 100,175 performance rights, vesting on 31 October 2017 and expiring on 28 October 2022;
- 916,664 performance rights, vesting on 30 September 2018 and expiring on 28 October 2022;
- 198,277 performance rights, vesting on 30 September 2019 and expiring on 28 October 2022;
- 431,267 performance rights, vesting on 30 September 2018 and expiring on 30 October 2023;
- 369,974 performance rights, vesting on 30 September 2019 and expiring on 30 October 2023; and
- 164,010 performance rights, vesting on 30 September 2020 and expiring on 30 October 2023.

Weighted average remaining contractual life

The weighted average remaining life for the rights outstanding as at 30 June 2017 is 5.4 years (2016: 5.7 years).

Weighted average fair value

The weighted average fair value of rights granted during the financial year was $8.15 (2016: $4.82).

KEY ESTIMATES

Pricing model

The following table lists the inputs to the models used for the financial years ended 30 June 2017 and 30 June 2016:

	PERFORMANCE RIGHTS PLAN 2017 TSR AND SPPR		PERFORMANCE RIGHTS PLAN 2016 TSR, EPS AND SPPR	
	CEO	EXECUTIVES	CEO	EXECUTIVES
Dividend yield (%)	1.31-2.25	1.31-2.25	7.80-8.40	7.80-8.40
Expected volatility (%)[1]	60	60	45	45
Risk-free interest rate (%)	1.68-1.83	1.68-1.83	1.76-1.95	1.76-1.95
Expected life of rights (years)	2-4	2-4	2-4	2-4
Rights exercise price ($)	nil	nil	nil	nil
Weighted average share price at measurement date ($)	8.50	8.50	6.52	6.52

[1] The expected volatility was determined based on the historical share price volatility of the Company. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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	CONSOLIDATED 2017 $'M	2016 $'M
15. RESERVES		
Foreign currency translation reserve	(301.1)	(266.2)
Hedge reserve	11.5	14.5
Performance rights reserve	42.1	38.2
Acquisition reserve	(22.9)	(9.6)
	(270.4)	**(223.1)**

(A) FOREIGN CURRENCY TRANSLATION RESERVE

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

(B) HEDGE RESERVE

The hedge reserve is used to record gains or losses on hedging instruments used in the cash flow hedges that are recognized directly in equity. Amounts are recognized in the Statement of Financial Performance when the associated hedged transaction affects the profit and loss.

No amount was recognized in the Statement of Financial Performance in relation to hedge ineffectiveness for the year ended 30 June 2017 (2016: $0.3 million).

RECOGNITION AND MEASUREMENT

Specific hedges

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

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

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

(C) PERFORMANCE RIGHTS RESERVE

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

(D) ACQUISITION RESERVE

The acquisition reserve is used to record differences between the carrying value of non-controlling interests before acquisition and the consideration paid upon acquisition of an additional shareholding, where the transaction does not result in a loss of control. The Group increased its share of WorleyParsons Oman Engineering LLC by 14% during the year ended 30 June 2017.

	CONSOLIDATED 2017 CENTS	2016 CENTS
16. EARNINGS PER SHARE		
ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED		
Basic earnings per share	13.5	9.5
Diluted earnings per share	13.4	9.5

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

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

	$'M	$'M
Earnings used in calculating basic and diluted earnings per share	33.5	23.5

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

	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings per share	248,075,793	247,676,851
Performance rights which are considered dilutive	2,028,922	657,337
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	**250,104,715**	**248,334,188**

Within the total number of performance rights which are considered dilutive, the weighted average number of converted, lapsed or cancelled potential ordinary shares used in calculating diluted earnings per share was 150,453 (2016: 38,923).

16. EARNINGS PER SHARE (continued)

MEASUREMENT

Basic earnings per share

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

Diluted earnings per share

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

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	CONSOLIDATED	
	2017 $'M	2016 $'M

17. DIVIDENDS

(A) FINAL DIVIDEND PROPOSED

Dividend in respect of the six months to 30 June 2017:		
Nil cents per share	-	-
Dividend in respect of the six months to 30 June 2016:		
Nil cents per share	-	-

The directors have resolved not to pay a final dividend (2016: nil cents per share). The Company will make total dividend payments of nil cents per share for the financial year (2016: nil cents per share).

(B) DIVIDENDS PAID DURING THE FINANCIAL YEAR

Dividend in respect of the six months to 30 June 2015:		
22.0 cents per share (unfranked)	-	54.4
	-	**54.4**

(C) IMPUTATION CREDIT BALANCE OF THE PARENT ENTITY

The amount of imputation credits available on a tax paid basis for future tax distributions is:		
Imputation credits balance as at the end of the financial year at the corporate tax rate of 30% (2016: 30%)	-	1.2
Imputation debits arising from the payments of refunds of income tax provided in this financial report	-	(1.2)
Imputation credits available for distribution	-	-
Imputation debits that will arise from the payment of the final dividend	-	-
Imputation credits available for future dividends	**-**	**-**

18. FINANCIAL RISK MANAGEMENT

(A) OVERVIEW

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

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

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

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

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

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

(B) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets of the Group comprise cash and cash equivalents, trade and other receivables, and derivative financial instruments and off Statement of Financial Position guarantees and letters of credit. The Group's maximum exposure to credit risk is equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. Credit exposure of derivatives is considered to be any positive market value.

Trade and other receivables

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

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

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

Guarantees

Details of outstanding guarantees are provided in note 25(A). The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

Maximum credit exposure

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

	CARRYING AMOUNT CONSOLIDATED	
	2017 $'M	2016 $'M
Cash and cash equivalents	251.8	373.1
Trade receivables, unbilled contract revenue and retentions	1,215.8	1,648.2
Other receivables	127.7	176.6
Amounts receivable from associates and related parties	55.7	54.4
Derivatives	90.3	95.5
	1,741.3	**2,347.8**

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

	GROSS 2017 $'M	PROVISION FOR IMPAIRMENT 2017 $'M	GROSS 2016 $'M	PROVISION FOR IMPAIRMENT 2016 $'M
Unbilled contract revenue	482.9	-	823.2	-
0-30 days	419.5	-	448.0	-
Past due 31-60 days	54.0	-	80.6	-
Past due 61-90 days	32.5	-	53.3	(0.8)
Past due 91-120 days	22.3	-	15.7	(0.3)
More than 121 days	254.1	(49.5)	278.1	(49.6)
	1,265.3	**(49.5)**	**1,698.9**	**(50.7)**

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.

18. FINANCIAL RISK MANAGEMENT (continued)

(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's main facility will fall due in August 2018 and will be refinanced before December 2017.

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

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
UNSECURED FACILITIES		
Total facilities available:		
Loan facilities	1,762.7	2,076.5
Overdraft facilities	72.5	102.7
Bank guarantees and letters of credit	1,116.7	1,159.3
	2,951.9	**3,338.5**
Facilities utilized at balance date:		
Loan facilities[1]	1,098.5	1,241.4
Overdraft facilities	7.5	-
Bank guarantees and letters of credit	568.1	646.6
	1,674.1	**1,888.0**
Facilities available at balance date:		
Loan facilities	664.2	835.1
Overdraft facilities	65.0	102.7
Bank guarantees and letters of credit	548.6	512.7
	1,277.8	**1,450.5**
The maturity profile in respect of the Group's total unsecured loan and overdraft facilities is set out below:		
Due within one year	335.9	382.3
Due between one and four year(s)	1,232.5	1,286.9
Due after four years	266.8	510.0
	1,835.2	**2,179.2**
SECURED FACILITIES		
Total facilities available:		
Finance lease facilities	0.2	2.5
	0.2	**2.5**
Facilities utilized at balance date:		
Finance lease facilities	0.2	2.5
	0.2	**2.5**
The maturity profile in respect of the Group's secured facilities is set out below:		
Due within one year	0.2	2.2
Due between one and four year(s)	-	0.3
	0.2	**2.5**

[1] Excludes capitalized borrowing costs.

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

	CONSOLIDATED					
	TRADE AND OTHER PAYABLES $'M	AMOUNTS PAYABLE TO ASSOCIATES AND RELATED PARTIES $'M	INTEREST BEARING LOANS AND BORROWINGS $'M	EXPECTED FUTURE INTEREST PAYMENTS $'M	DERIVATIVES $'M	TOTAL FINANCIAL LIABILITES $'M
As at 30 June 2017						
Due within one year	388.6	15.0	273.4	10.7	1.8	689.5
Due between one and four year(s)	24.3	-	565.9	55.6	-	645.8
Due after four years	-	-	266.9	54.7	-	321.6
	412.9	**15.0**	**1,106.2**	**121.0**	**1.8**	**1,656.9**
As at 30 June 2016						
Due within one year	485.5	16.7	250.1	11.8	4.8	768.9
Due between one and four year(s)	30.4	-	483.8	25.1	-	539.3
Due after four years	-	-	510.0	137.5	-	647.5
	515.9	**16.7**	**1,243.9**	**174.4**	**4.8**	**1,955.7**

(D) MARKET RISK

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

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. In the ordinary course of business, the Group structures its contracts to be in the functional currency of the country where the work is performed and costs incurred.

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

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

A number of the Group controlled entities have a functional currency other than AUD. The exchange gains or losses on the net equity investment of foreign operations are reflected in the foreign currency translation reserve within the equity attributable to members of WorleyParsons Limited. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(1) CROSS CURRENCY SWAPS

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

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

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2017	2016	2017 $'M	2017 $'M	2016 $'M	2016 $'M
Contracts to buy USD and sell CAD						
Maturing 24 March 2018	0.99	0.99	USD 22.0	CAD (21.7)	USD 22.0	CAD (21.7)
Maturing 30 April 2018	1.00	1.00	USD 72.3	CAD (72.3)	USD 72.3	CAD (72.3)
Maturing 13 September 2019	1.01	1.01	USD 75.0	CAD (76.0)	USD 75.0	CAD (76.0)
Maturing 24 March 2021	0.99	0.99	USD 120.0	CAD (118.3)	USD 120.0	CAD (118.3)

The following gains and losses have been deferred at balance date:

	CONSOLIDATED	
	2017 $'M	2016 $'M
Fair value gain on cross currency hedge	87.7	94.8
Foreign exchange loss on hedge relationship	(96.0)	(89.1)
Net (loss)/gain pre-tax in hedge relationship	**(8.3)**	**5.7**

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18. FINANCIAL RISK MANAGEMENT (continued)

(2) FORWARD EXCHANGE CONTRACTS

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

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

	WEIGHTED AVERAGE EXCHANGE RATE		AMOUNT RECEIVABLE/(PAYABLE)		AMOUNT RECEIVABLE/(PAYABLE)	
	2017	2016	2017 $'M	2017 $'M	2016 $'M	2016 $'M
Maturing in the next 6 months to 31 December 2017						
Buy AUD and Sell USD	-	1.32	-	-	AUD 24.4	USD (18.5)
Buy CNY and Sell AUD	-	4.79	-	-	CNY 121.4	AUD (25.3)
Buy CNY and Sell USD	6.82	6.60	CNY 18.1	USD (2.7)	CNY 83.5	USD (12.6)
Buy EUR and Sell AUD	0.68	-	EUR 2.0	AUD (3.0)	-	-
Buy EUR and Sell KWD	2.94	2.92	EUR .1	KWD (0.0)	EUR 0.7	KWD (0.2)
Buy EUR and sell USD	1.13	1.10	EUR 2.7	USD (3.1)	EUR 6.8	USD (7.5)
Buy GBP and Sell CNY	4.28	9.9	GBP .4	CNY (4.4)	GBP 2.6	CNY (26.1)
Buy GBP and Sell EUR	-	0.66	-	-	GBP 0.1	EUR (0.2)
Buy GBP and Sell RUB	-	-	-	-	-	-
Buy GBP and Sell USD	1.29	1.46	GBP 9.1	USD (11.8)	GBP 2.2	USD (3.2)
Buy IDR and Sell USD	13,666.26	-	IDR 16,245.6	USD (1.2)	-	-
Buy INR and Sell USD	65.44	68.36	INR 85.1	USD (1.3)	INR 62.9	USD (0.9)
Buy MYR and Sell AUD	3.38	3.00	MYR 19.9	AUD (5.9)	MYR 1.7	AUD (0.6)
Buy MYR and Sell CAD	3.24	3.24	MYR 3.7	CAD (1.2)	MYR 8.0	CAD (2.5)
Buy MYR and Sell GBP	5.50	6.75	MYR .6	GBP (0.1)	MYR 1.4	GBP (0.2)
Buy MYR and Sell USD	4.28	4.37	MYR 25.6	USD (6.0)	MYR 9.7	USD (2.2)
Buy NOK and Sell AUD	6.43	6.10	NOK 14.0	AUD (2.2)	NOK 135.0	AUD (22.1)
Buy NOK and Sell SGD	-	0.17	-	-	NOK 0.0	SGD (0.2)
Buy NZD and Sell AUD	-	1.06	-	-	NZD 6.0	AUD (5.7)
Buy SGD and Sell AUD	1.06	0.99	SGD 1.9	AUD (1.8)	SGD 7.3	AUD (7.4)
Buy SGD and Sell USD	-	1.38	-	-	SGD 0.8	USD (0.6)
Buy USD and Sell AUD	0.76	-	USD 10.0	AUD (13.2)	-	-
Buy USD and Sell CAD	-	1.31	-	-	USD 11.9	CAD (15.5)
Buy ZAR and Sell EUR	-	16.33	-	-	ZAR 19.7	EUR (1.2)
Maturing in the next 6-12 months to 30 June 2018						
Buy AUD and Sell USD	-	-	-	-	-	-
Buy CNY and Sell USD	-	6.66	-	-	CNY 10.7	USD (1.6)
Buy EUR and Sell KWD	-	-	-	-	-	-
Buy GBP and Sell CNY	-	10.2	-	-	GBP 1.3	CNY (13.7)
Buy IDR and Sell USD	13,798.0	-	IDR 16,557.6	USD (1.2)	-	-
Buy SGD and Sell AUD	1.05	-	SGD 10.0	AUD (9.5)	-	-
Buy SGD and Sell USD		-	SGD 2.8	USD (2.0)	-	-
Maturing in the next 12-18 months to 31 December 2018						
Buy AUD and Sell USD	-	1.0	-	-	AUD 0.0	USD (0.0)
Buy IDR and Sell USD	14,777.58	-	IDR 161,804.3	USD (10.8)	-	-

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

The gains and losses deferred in the Statement of Financial Position were as follows:

	CONSOLIDATED	
	2017 $'M	2016 $'M
Effective hedge – unrealized gains	4.3	1.5
Effective hedge – unrealized losses	-	(2.0)
Net unrealized gains/(losses), pre-tax	**4.3**	**(0.5)**

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(3) FOREIGN CURRENCY RISK EXPOSURE

The Group's year-end Statement of Financial Position exposure to foreign currency risk was as follows, based on notional amounts. The following are financial assets and liabilities (unhedged amounts) in currencies other than the functional currencies of the entity in which they are recorded:

	CONSOLIDATED				
	CAD $'M	GBP $'M	USD $'M	EUR $'M	OTHER[1] $'M
As at 30 June 2017					
Cash and cash equivalents	1.1	5.1	46.4	4.5	10.5
Trade receivables	-	5.3	44.4	13.9	13.2
Trade payables	(2.3)	(1.3)	(69.3)	(12.7)	(11.2)
Gross Statement of Financial Position exposure	**(1.2)**	**9.1**	**21.5**	**5.7**	**12.5**
As at 30 June 2016					
Cash and cash equivalents	0.5	3.4	96.8	3.4	14.1
Trade receivables	1.4	1.8	61.6	13.0	7.2
Trade payables	(4.0)	(3.1)	(86.4)	(7.5)	(6.5)
Gross Statement of Financial Position exposure	**(2.1)**	**2.1**	**72.0**	**8.9**	**14.8**

(4) CURRENCY SENSITIVITY ANALYSIS

A 10% weakening of the Australian dollar against the following currencies at 30 June 2017 in relation to the preceding foreign currency exposures would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed and shown on the same basis for 2016.

	CONSOLIDATED			
	2017		2016	
EFFECTS IN MILLIONS OF AUD	EQUITY	PROFIT	EQUITY	PROFIT
CAD	-	(0.1)	-	(0.2)
GBP	-	1.2	-	0.3
USD	-	2.2	-	7.5
EUR	-	0.7	-	1.0
Other	-	0.9	-	1.0

A 10% strengthening of the Australian dollar against the above currencies at 30 June 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates against the AUD applied during the financial year:

	AVERAGE EXCHANGE RATE		REPORTING DATE SPOT EXCHANGE RATE	
	2017	2016	2017	2016
CAD	1.0006	0.9653	0.9988	0.9647
GBP	0.5951	0.4912	0.5908	0.5595
USD	0.7542	0.7284	0.7683	0.7450
EUR	0.6922	0.6565	0.6715	0.6712

[1] Represented in AUD currency millions as indicated.

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18. FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

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

(1) INTEREST RATE RISK EXPOSURES

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table:

	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE $'M	1 YEAR OR LESS $'M	1 TO 2 YEAR(S) $'M	2 TO 3 YEARS $'M	3 TO 4 YEARS $'M	4 TO 5 YEARS $'M	MORE THAN 5 YEARS $'M	NON-INTEREST BEARING $'M	TOTAL $'M
AS AT 30 JUNE 2017										
Cash and cash equivalents	2.6	251.8	-	-	-	-	-	-	-	251.8
Bank loans [1]	2.3	-	23.0	240.6	-	-	-	-	-	263.6
Notes payable[1]	4.9	-	242.7	-	97.6	227.8	-	266.8	-	834.9
Finance lease liabilities	6.9	-	0.2	-	-	-	-	-	-	0.2
AS AT 30 JUNE 2016										
Cash and cash equivalents	1.4	373.1	-	-	-	-	-	-	-	373.1
Bank loans and overdrafts[1]	2.3	-	20.4	-	132.4	-	-	-	-	152.8
Notes payable[1]	5.1	-	227.5	250.3	-	100.7	234.9	275.2	-	1,088.6
Finance lease liabilities	2.8	-	2.2	0.3	-	-	-	-	-	2.5

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

19. FAIR VALUES

DETERMINATION OF FAIR VALUES

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

Derivatives

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

Non-derivative financial liabilities

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

FAIR VALUES COMPARED TO CARRYING AMOUNTS

The fair values of financial assets and liabilities approximate their carrying values with the exception of interest bearing loans and borrowings which have a fair value of $1,186.7 million (2016: $1,394.0 million) and a carrying value of $1,106.2 million (2016: $1,243.9 million).

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

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

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

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

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

[1] Excludes capitalized borrowing costs.

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ENTITY	COUNTRY OF INCORPORATION	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2017 %	2016 %

20. INVESTMENTS IN CONTROLLED ENTITIES

(A) SIGNIFICANT ENTITIES

Worley No 2 Pty Limited[1]	Australia	100	100
WorleyParsons Canada Services Ltd	Canada	100	100
WorleyParsonsCord Limted	Canada	100	100
WorleyParsons Engineering Pty Limited[1]	Australia	100	100
WorleyParsons Europe Limited	United Kingdom	100	100
WorleyParsons Financial Services Pty Limited[1]	Australia	100	100
WorleyParsons Group Inc	USA	100	100
WorleyParsons International Inc	USA	100	100
WorleyParsons Oman Engineering LLC [2]	Oman	65	51
WorleyParsons Services Pty Limited[1]	Australia	100	100
Rosenberg WorleyParsons AS	Norway	100	100
Beijing MaisonWorleyParsons Engineering & Technology Co Limited	China	80	80
WorleyParsons Kazakhstan LLP	Kazakhstan	100	100

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

(B) ACQUISITION OF CONTROLLED ENTITIES

During the year ended 30 June 2016, the Group finalized the acquisition accounting for an additional net interest in entities which had previously been accounted for as joint operations. This resulted in a $4.5 million net gain on revaluation of investments previously accounted for as joint operations. There was no such transaction during the year ended 30 June 2017.

RECOGNITION AND MEASUREMENT

Controlled entities

Where control of an entity is obtained during a financial year, its results are included in the Statement of Financial Performance and the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

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

Acquisition of assets and business combinations

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

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

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

[2] The Group increased its share of WorleyParsons Oman Engineering LLC by 14% during the year ended 30 June 2017.

20. INVESTMENTS IN CONTROLLED ENTITIES (continued)

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

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

21. EQUITY ACCOUNTED ASSOCIATES

(A) DETAILS OF EQUITY ACCOUNTED ASSOCIATES

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

ENTITY	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2017 %	OWNERSHIP INTEREST CONSOLIDATED 2016 %	CARRYING AMOUNT CONSOLIDATED 2017 $'M	CARRYING AMOUNT CONSOLIDATED 2016 $'M
Significant investments						
Transfield Worley Power Services Pty Limited	Australia	Infrastructure	50	50	22.8	23.5
DeltaAfrik Engineering Limited	Nigeria	Hydrocarbons	49	49	20.4	21.3
Ranhill WorleyParsons Sdn Bhd	Malaysia	Hydrocarbons	49	49	7.4	13.6
Nana WorleyParsons LLC	USA	Hydrocarbons	50	50	10.9	12.6
Cegertec WorleyParsons Inc[1]	Canada	Minerals, Metals & Chemicals	-	50	-	3.0
Transfield Services-WorleyParsons JV (M) Sdn Bhd	Malaysia	Hydrocarbons	33	33	3.8	4.1
Other investments[2]					12.0	8.7
					77.3	**86.8**

(B) CARRYING AMOUNT OF EQUITY ACCOUNTED ASSOCIATES

	CONSOLIDATED 2017 $'M	CONSOLIDATED 2016 $'M
Balance at the beginning of the financial year	86.8	116.2
Share of net profits/(losses) of investments accounted for using the equity method	3.6	(2.3)
Dividends declared by equity accounted associates	(2.9)	(6.3)
Change in nature of investment	(3.6)	(0.8)
Write-down of investments in equity accounted associates	(1.3)	(12.1)
Movement in foreign currency translation reserve of equity accounted associates	(5.3)	(7.9)
Balance at the end of the financial year	**77.3**	**86.8**

(C) NET PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Profits before income tax expense	6.6	2.7
Income tax expense	(3.0)	(5.0)
Net profits/(losses) of equity accounted associates	**3.6**	**(2.3)**

(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

Share of revenue from equity accounted associates	218.7	342.5

(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES

FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(19.6)	(11.7)
Change in nature of investment	(0.1)	0.2
Movement in reserve	(5.2)	(8.1)
Balance at the end of the financial year	**(24.9)**	**(19.6)**

[1] Cegertec was sold at nil profit to the Group in January 2017.

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

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	CONSOLIDATED	
	2017 $'M	2016 $'M
(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED ASSOCIATES		
Balance at the beginning of the financial year	84.8	106.4
Share of net profits/(losses) of investments accounted for using the equity method	3.6	(2.3)
Write-down of investments in equity accounted associates	(1.3)	(12.1)
Change in nature of investment	-	(0.9)
Dividends declared by equity accounted associates	(2.9)	(6.3)
Balance at the end of the financial year	**84.2**	**84.8**
(G) SHARE OF EQUITY ACCOUNTED ASSOCIATES' CONTINGENT LIABILITIES		
Performance related guarantees issued	2.0	5.0
(H) SHARE OF EQUITY ACCOUNTED ASSOCIATES' EXPENDITURE COMMITMENTS		
Operating lease commitments	2.1	1.5
(I) SUMMARY OF FINANCIAL POSITION OF EQUITY ACCOUNTED ASSOCIATES		
The consolidated entity's share of aggregate assets and liabilities of equity accounted associates is as follows:		
Current assets	133.1	124.3
Non-current assets	53.6	72.3
Current liabilities	(95.6)	(98.5)
Non-current liabilities	(13.8)	(11.3)
Net assets	77.3	86.8
Balance at the end of the financial year	**77.3**	**86.8**

RECOGNITION AND MEASUREMENT

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the consolidated entity's share of the post-acquisition profits or losses after tax of associates is recognized in the Statement of Financial Performance and the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognized in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

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22. INTERESTS IN JOINT OPERATIONS

JOINT OPERATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2017 %	2016 %
The Group's largest joint operation is listed below. It is not individually material to the Group.			
Kazakh Projects Joint Venture	Hydrocarbons	50	50

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

	CONSOLIDATED 2017 $'M	2016 $'M
ASSETS		
Current assets		
Cash and cash equivalents	10.2	7.8
Trade and other receivables	59.3	35.4
Other	-	1.5
Total current assets	**69.5**	**44.7**
Non-current assets		
Property, plant and equipment	0.0	0.0
Total non-current assets	**0.0**	**0.0**
TOTAL ASSETS	**69.5**	**44.7**
LIABILITIES		
Current liabilities		
Trade and other payables	63.2	38.8
Provisions	0.0	0.1
Total current liabilities	**63.2**	**38.9**
Non-current liabilities		
Other non-current liabilities	-	-
Total non-current liabilities	**-**	**-**
TOTAL LIABILITIES	**63.2**	**38.9**
NET ASSETS	**6.3**	**5.8**

RECOGNITION AND MEASUREMENT

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

23. ASSETS AND LIABILITIES HELD FOR SALE

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

- Cegertec was an investment accounted for as an equity accounted associate. At 30 June 2016, the total investment was $3.0 million, after an impairment charge of $7.5 million recognized in FY2016. In FY2017, there was an impairment charge of $1.3 million and Cergertec was sold at nil profit to the Group in January 2017; and
- certain net assets of the WorleyParsons Public Infrastructure business in South Africa totalling $2.0 million at 30 June 2016 were sold in FY2017 for a net profit to the Group of $0.9 million.

RECOGNITION AND MEASUREMENT

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

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

The assets and liabilities are presented separately on the face of the Statement of Financial Position except where the amounts involved are considered immaterial.

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	CONSOLIDATED	
	2017 $'M	2016 $'M

24. COMMITMENTS FOR EXPENDITURE

(A) OPERATING LEASES

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

Within one year	160.5	170.0
Later than one year and not later than five years	325.1	375.9
Later than five years	1.3	24.8
Commitments not recognized in the financial statements	**486.9**	**570.7**

(B) OPERATING EXPENDITURE COMMITMENTS

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

Within one year	105.3	92.2
Later than one year and not later than five years	7.1	26.2
Commitments not recognized in the financial statements	**112.4**	**118.4**

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

25. CONTINGENT LIABILITIES

(A) GUARANTEES

The Company is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance related obligations.

These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligation.

	CONSOLIDATED	
	2017 $'M	2016 $'M
Bank guarantees outstanding at balance date in respect of contractual performance	568.1	646.6
Commitments not recognized in the financial statements	**568.1**	**646.6**

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

(B) ACTUAL AND PENDING CLAIMS

The Company is subject to various actual and pending claims arising in the normal course of business. The Company has regular claims reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The directors are currently of the view that the consolidated entity is adequately provided in respect of these claims in accordance with the accounting policy set out in note 11.

(C) ASBESTOS

Certain subsidiaries acquired as part of the Parsons acquisition (Parsons E&C), have been, and continue to be, the subject of litigation relating to the handling of, or exposure to, asbestos. Due to the continuation and extension of the existing indemnity and asbestos claims administration arrangements between Parsons Corporation and Parsons E&C Corporation, the Group is not aware of any circumstance that is likely to lead to a residual contingent exposure for the Group in respect of asbestos liabilities.

26. SUBSEQUENT EVENTS

Since the end of the financial year, the directors have resolved to pay no dividend (2016: nil cents per share).

Unless disclosed elsewhere in the financial statements, no other material matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

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

27. PROCUREMENT

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

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

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
REVENUE AND EXPENSES[1]		
Procurement revenue at margin	316.2	345.3
Procurement costs at margin	(309.2)	(331.6)
Procurement revenue at nil margin	826.2	2,226.4
Procurement costs at nil margin	(826.2)	(2,226.4)
ASSETS AND LIABILITIES		
Cash and cash equivalents	25.6	69.4
Trade and other receivables	77.4	324.7
Trade and other payables	71.1	326.7

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

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	CONSOLIDATED	
	2017 $'M	2016 $'M
28. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At cost	10.1	9.1
Accumulated depreciation	(5.2)	(4.5)
	4.9	**4.6**
Leasehold improvements		
At cost	165.6	170.5
Accumulated amortization	(147.0)	(139.3)
	18.6	**31.2**
Plant and equipment		
At cost	170.2	173.4
Accumulated depreciation	(145.7)	(145.2)
	24.5	**28.2**
Computer equipment		
At cost	74.6	76.9
Accumulated depreciation	(70.3)	(67.6)
	4.3	**9.3**
Total property, plant and equipment	**52.3**	**73.3**

RECONCILIATIONS

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

	CONSOLIDATED				
	LAND AND BUILDINGS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	COMPUTER EQUIPMENT $'M	TOTAL $'M
Balance at 1 July 2016	4.6	31.2	28.2	9.3	73.3
Additions	0.6	2.7	10.5	2.7	16.5
Disposals	-	(1.4)	(2.5)	-	(3.9)
Other movements	0.8	(4.9)	4.5	(5.6)	(5.2)
Depreciation	(0.9)	-	(15.0)	(2.1)	(18.0)
Amortization	-	(8.2)	-	-	(8.2)
Differences arising on translation of foreign operations	(0.2)	(0.8)	(1.2)	0.0	(2.2)
Balance at 30 June 2017	**4.9**	**18.6**	**24.5**	**4.3**	**52.3**
Balance at 1 July 2015	9.3	46.4	45.3	6.2	107.2
Additions	-	8.1	9.1	6.2	23.4
Disposals	(0.7)	(8.3)	(3.2)	(0.8)	(13.0)
Other movements	-	(0.7)	(4.6)	-	(5.3)
Depreciation	(3.9)	-	(18.9)	(2.3)	(25.1)
Amortization	-	(14.1)	-	-	(14.1)
Differences arising on translation of foreign operations	(0.1)	(0.2)	0.5	-	0.2
Balance at 30 June 2016	**4.6**	**31.2**	**28.2**	**9.3**	**73.3**

RECOGNITION AND MEASUREMENT

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

	CONSOLIDATED	
	2017 $'M	2016 $'M
29. DEFERRED TAX		
(A) DEFERRED TAX ASSETS		
The balance comprises temporary differences attributable to:		
Amounts recognized in the Statement of Financial Performance:		
Allowance for impairment of trade receivables	9.2	9.0
Employee benefits provisions	36.4	42.0
Warranty provisions	1.9	3.6
Project provisions	16.1	16.7
Other provisions	28.8	55.3
Property, plant and equipment	18.3	19.3
Sundry accruals	18.4	19.7
Recognized tax losses	61.1	35.3
Unused foreign tax credits	51.0	40.2
Unrealized foreign exchange losses	23.3	51.3
Lease incentives	2.0	3.0
Other	1.4	1.0
	267.9	**296.4**
Amounts recognized directly in equity:		
Foreign exchange losses	(9.8)	1.1
Deferred tax assets	**258.1**	**297.5**
Balance at the beginning of the financial year	297.5	212.3
Credited to the Statement of Financial Performance	(18.9)	105.7
Charged to equity	(10.9)	(20.8)
Differences arising on translation of foreign operations	(9.6)	0.3
Balance at the end of the financial year	**258.1**	**297.5**

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	CONSOLIDATED 2017 $'M	2016 $'M
(B) DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Amounts recognized in the Statement of Financial Performance:		
Identifiable intangible assets and goodwill	17.2	70.6
Unbilled contract revenue	2.5	20.1
Property, plant and equipment	-	0.5
Unrealized foreign exchange gains	14.2	34.2
Prepayments	0.5	1.4
Other	(12.7)	(13.3)
	21.7	**113.5**
Amounts recognized directly in equity:		
Other	2.6	3.3
Deferred tax liabilities	**24.3**	**116.8**
Balance at the beginning of the financial year	116.8	115.7
Credited to the Statement of Financial Performance	(91.8)	0.9
Charged to equity	(0.7)	(0.7)
Differences arising on translation of foreign operations	-	0.9
Balance at the end of the financial year	**24.3**	**116.8**

RECOGNITION AND MEASUREMENT

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

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

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

KEY ESTIMATES

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

30. RELATED PARTIES

(A) DIRECTORS

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

John Grill (Chairman), AO

Ron McNeilly (Deputy Chairman and Lead Independent Director)

Jagjeet Bindra

Erich Fraunschiel

Christopher Haynes, OBE

Catherine Livingstone, AO

Wang Xiao Bin

Andrew Wood (Chief Executive Officer)

Larry Benke - retired on 25 October 2016

John M Green - retired on 25 October 2016.

30. RELATED PARTIES (continued)

(B) OTHER RELATED PARTIES

	CONSOLIDATED	
	2017 $'M	2016 $'M
Aggregate amounts brought to account in relation to other transactions with each class of other related parties were as follows:		
Loans advanced to:		
Associates and related parties	-	2.1
Loan repayments from:		
Associates and related parties	(3.4)	(2.6)
Dividends received from:		
Dividend revenue from associates	2.9	6.3
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	55.7	54.4
Current payables		
Associates and related parties	15.0	16.7

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.

	CONSOLIDATED	
	2017 $	2016 $
31. REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the parent entity or any other entity in the Group:		
Auditor of the parent entity - Ernst & Young	2,623,585	3,018,158
Other auditors of controlled entities	91,569	115,666
	2,715,154	**3,133,824**
Amounts received for other services:		
Tax related services	383,771	835,817
Acquisition related assurance services	-	12,211
Other non-audit services	137,921	83,594
	521,692	**931,622**
	3,236,846	**4,065,446**
32. KEY MANAGEMENT PERSONNEL		
Short term employee benefits	7,819,625	9,679,055
Post-employment benefits	168,979	252,791
Termination benefits	-	522,770
Other long term benefits	54,173	120,929
Share based payments	1,813,458	845,544
Total compensation	**9,856,235**	**11,421,089**

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33. PARENT ENTITY DISCLOSURES

(A) PARENT ENTITY

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

ENTITY	COUNTRY OF INCORPORATION	2017 $'M	2016 $'M
WorleyParsons Financial Services Pty Limited	Australia	440.1	440.1
WorleyParsons Canada Holdings Pty Limited	Australia	197.9	197.9
WorleyParsons Canada Callco Ltd	Canada	121.0	121.0
WorleyParsons Engineering Pty Limited	Australia	100.0	100.0
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94.7	94.7
		953.7	**953.7**

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

	2017 $'M	2016 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	6.2	13.0
Income tax benefit	0.2	1.0
Profit after income tax	**6.4**	**14.0**
Profit attributable to members of WorleyParsons Limited	6.4	14.0
Retained profits at the beginning of the financial year	90.9	130.7
Dividends paid[1]	-	(53.8)
Retained profits at the end of the financial year	**97.3**	**90.9**
STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax expense	6.4	14.0
Total comprehensive income, net of tax	**6.4**	**14.0**
STATEMENT OF FINANCIAL POSITION		
Current assets	1,029.2	1,040.6
Total assets	1,998.2	2,013.5
Current liabilities	566.0	589.1
Total liabilities	590.3	619.5
Net assets	**1,407.9**	**1,394.0**
Issued capital	1,268.5	1,264.9
Performance rights reserve	42.1	38.2
Retained profits	97.3	90.9
Total equity	**1,407.9**	**1,394.0**

The parent entity has bank guarantees in respect of contractual performance outstanding at 30 June 2017 for the amount of $334.6 million (2016: $381.8 million). These commitments have not been recognized in the financial statements.

The parent entity has no commitments for expenditure.

[1] Dividends paid by the parent entity exclude dividends paid to holders of exchangeable shares.

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33. PARENT ENTITY DISCLOSURES (continued)

(B) CLOSED GROUP

WorleyParsons Limited together with Worley No 2 Pty Limited, WorleyParsons Engineering Pty Limited, WorleyParsons Financial Services Pty Limited, WorleyParsons Services Pty Limited and Engineering Securities Pty Limited entered into a Deed of Cross Guarantee on 26 May 2003. On 23 June 2016, Advisian Group Pty Limited, Worley SPV1 Pty Limited, WorleyParsons EA Holdings Pty Limited, WorleyParsons Infrastructure Holdings Pty Limited, WorleyParsons SEA Pty Limited, WorleyParsons South America Holdings Pty Limited and WorleyParsons Africa Holdings Pty Limited also became parties to the Deed of Cross Guarantee. On 22 May 2017, Advisian Pty Ltd, Energy Resourcing Australia Pty Limited and INTECSEA Pty Ltd also entered into the Deed of Cross Guarantee. The effect of the deed is that WorleyParsons Limited has guaranteed to pay any deficiency in the event of the winding up of the abovementioned controlled entities. The controlled entities have also given a similar guarantee in the event that WorleyParsons Limited is wound up. As a result, ASIC Corporations Instrument 2016/785 relieves certain of the controlled entities from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports.

The Statement of Financial Performance and Statement of Financial Position of the entities which are parties to the Deed of Cross Guarantee and The Worley Limited Trust (Closed Group) are as follows:

	CLOSED GROUP	
	2017 $'M	2016 $'M
STATEMENT OF FINANCIAL PERFORMANCE		
Profit before income tax expense	173.7	85.0
Income tax expense	(22.3)	(10.5)
Profit after income tax expense	**151.4**	**74.5**
Profit attributable to members of WorleyParsons Limited	151.4	74.5
Retained profits at the beginning of the financial year	557.3	226.1
Retained profits of entities that became party to the Deed during the financial year	20.9	310.5
Dividends paid[1]	-	(53.8)
Retained profits at the end of the financial year	**729.6**	**557.3**
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets		
Cash and cash equivalents	51.6	18.4
Trade and other receivables	1,253.0	979.2
Other current assets	35.9	43.6
Total current assets	**1,340.5**	**1,041.2**
Non-current assets		
Deferred tax assets	53.4	67.7
Intangible assets	275.4	217.1
Property, plant and equipment	7.8	9.0
Other non-current assets	2,116.7	2,140.7
Total non-current assets	**2,453.3**	**2,434.5**
TOTAL ASSETS	**3,793.8**	**3,475.7**
LIABILITIES		
Current liabilities		
Trade and other payables	567.4	285.6
Interest bearing loans and borrowings	221.8	-
Provisions	42.0	86.6
Total current liabilities	**831.2**	**372.2**
Non-current liabilities		
Trade and other payables	778.2	1,078.0
Interest bearing loans and borrowings	166.2	198.7
Deferred tax liabilities	11.3	12.7
Total non-current liabilities	**955.7**	**1,289.4**
TOTAL LIABILITIES	**1,786.9**	**1,661.6**
NET ASSETS	**2,006.9**	**1,814.1**
EQUITY		
Issued capital	1,268.5	1,264.9
Reserves	8.8	(8.1)
Retained profits	729.6	557.3
TOTAL EQUITY	**2,006.9**	**1,814.1**

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

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Directors' declaration

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

1. In the opinion of the directors:
   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(A);
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33(B) will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration has been made after receiving the declarations required to be made to the directors from the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

On behalf of the Board



JOHN GRILL, AO
Chairman
Sydney, 23 August 2017

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Independent Auditor's Report to the Members of WorleyParsons Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WorleyParsons Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

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

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1. Recognition and Measurement – Professional Services and Construction & Fabrication Revenue

Refer to Note 4 'Revenue and Other Income'

Why significant	How our audit addressed the key audit matter
Revenue from professional services is recognised by reference to the costs incurred during the reporting period plus the percentage of fees earned. Construction and fabrication revenue is recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Revenue from these professional services and construction and fabrication contracts represents 99% of revenue. When the revenue is recognised, estimates are required due to the nature and extent of varying contract conditions, which are unique and can be complex. The accurate recording of revenue is highly dependent upon the following factors: - appropriate knowledge of individual contract characteristics and status of work - key characteristics would be the industry and/or geography of the project and length and type of contract (lump sum basis or time and materials basis); - determination of variations and claims provided to customers including an assessment of when the Group believes it is probable that amounts will be approved and can be recovered from the customer; and - determination of claims received from customers, including an assessment of when the Group believes it is probable that such claims will result in an outflow of economic resources.	▸ We assessed whether the methodology used to recognise revenue met the requirements of Australian Accounting Standards. ▸ We tested the effectiveness of the Group's controls in the following areas: - initiation, processing and approval of setting up a customer and/or contract; - review and approval of project costs incurred; - authorisation of monthly project variations; - review and assessment of significant changes in work in progress balances; and - review of unapproved variations and claims. ▸ We selected a sample of contracts based on qualitative and quantitative factors and performed the following procedures: - reviewed contract terms and conditions and assessed whether the individual characteristics of each contract were appropriately accounted for; - assessed the Group's ability to deliver budgeted contract margins by analysing the historical accuracy of forecasting margins and the relationship of contract cost versus billing status; - agreed material contract revenue and cost variations and claims to information provided by third parties; - for contracts accounted for using the percentage of completion method we assessed the forecast cost to complete calculations. ▸ We also assessed the effect of contract performance in the period since year end to the date of this report on year-end revenue recognition.

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This matter has been considered as a Key Audit Matter given the complexity of the contracts and the level of judgement required to estimate the value of revenue recognised.

2. Recoverability of trade receivables

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

Why significant	How our audit addressed the key audit matter
The Group has $308.9m of trade receivables as at 30 June 2017 that are more than 60 days past due. The Group recognises trade and other receivables at their original amounts less an allowance for any impairment. An allowance for impairment of receivables is made when there is objective evidence that the Group will not be able to collect debts. The collectability of the Group's trade receivables, including unbilled contract revenue, and the valuation of the allowance for impairment of trade receivables is a Key Audit Matter due to the judgement involved in assessing the recoverability of the balances.	▶ We assessed whether the process for recognising receivables and the collectability of those receivables met the requirements of Australian Accounting Standards. ▶ We assessed the methodology for reviewing the recoverability of trade receivables and adequacy of allowance for impairment, as considered necessary. Our procedures included the following: - assessed the ageing of trade receivables, contract performance, past payment and credit history of the customer and disputes with customers as applicable. - assessed the profile of trade receivables and the economic environment applicable to these customers; - considered the historical accuracy of forecasting the allowance of impairment of trade receivables; - evaluated evidence from legal and external experts obtained by the Group, on contentious matters, where applicable; and - for aged balances, we evaluated the Group's assessment considering the process to achieve recovery, the likely timing of these processes and events that could delay or impact the collectability. ▶ We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

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3. Impairment of Goodwill

Refer to Note 10 'Intangible assets'

Why significant	How our audit addressed the key audit matter
In accordance with the requirements of *AASB 136 Impairment of Assets*, the Group has performed an annual impairment test by allocating goodwill to groups of cash-generating units (CGUs) that are expected to benefit from the synergies of the related business combination. A value in use model based on individual cash flow projections, growth rates and discount rates is used to calculate the recoverable amount of each group of CGUs. This matter was considered to be a Key Audit Matter due to the level of judgement required to estimate the forecasted cash flows and discount rates used in the carrying value of Goodwill assigned to the CGUs.	▸ We assessed whether the methodology used by the Group met the requirements of Australian Accounting Standard – AASB 136 *Impairment of Assets*. ▸ We assessed the basis of the determination of the Group's CGUs based on our understanding of the nature of the Group's business, cash inflows, how earnings streams are monitored and reported and the economic environment in which it operates. ▸ We tested the mathematical accuracy of the cash flow models used in the impairment test. ▸ We assessed the basis of the Group's cash flow forecasts including consideration of the historical accuracy of previous estimates. ▸ We performed sensitivity analyses and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount. ▸ We assessed the discount, growth and terminal growth rates and other key assumptions to internal and external data, with involvement from our Valuation specialists. ▸ We evaluated the adequacy of the related disclosure in the financial report including those made with respect to judgements and estimates.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 54 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of WorleyParsons Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an

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opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

SJ Ferguson
Partner
Sydney
23 August 2017

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Shareholder information

TOP 20 HOLDINGS OF FULLY PAID ORDINARY SHARES AS AT 7 AUGUST 2017

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	73,199,170	29.46	1
Citicorp Nominees Pty Limited	52,457,695	21.12	2
J P Morgan Nominees Australia Limited	34,692,378	13.96	3
Wilaci Pty Limited <The Serpentine A/C>	11,778,006	4.74	4
National Nominees Limited	9,998,895	4.05	5
Serpentine Foundation Pty Limited <Serpentine Foundation A/C>	4,844,825	1.95	6
BNP Paribas Noms Pty Ltd <DRP>	3,094,479	1.25	7
Mr John Michael Grill	2,569,342	1.03	8
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/c>	2,401,896	0.97	9
RBC Investor Services Australia Nominees Pty Ltd <VFA A/c>	2,287,332	0.92	10
Haju Pty Limited <Haju A/c>	1,500,000	0.60	11
Juha Pty Limited <Juha A/c>	1,500,000	0.60	12
Taylor Square Designs Pty Ltd	1,423,641	0.57	13
UBS Bank Canada TR Chalet Holdings Inc	1,077,475	0.43	14
Inmac Engineering Pty Ltd	890,000	0.36	15
Dubotu Pty Ltd	800,000	0.32	16
Argo Investments Limited	797,336	0.32	17
Inmaccorp Pty Ltd <Inmac Engineering S/F A/c>	756,961	0.30	18
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/c>	707,046	0.28	19
Mr John Craig Reeves	693,994	0.28	20
Total	**207,470,471**	**83.51**	

Total number of current holders for all named classes is 19,291.

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.

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SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 7 AUGUST 2017*

NAME	NOTICE DATE	SHARES
Dar Al-Handasah Consultants Shair and Partners Holdings Ltd (Dar)**	10 April 2017	37,407,686
John Grill & associated companies	31 May 2010	25,313,786
Polaris Capital Management, LLC	13 December 2016	15,643,256
T. Rowe Price Associates, Inc.	15 February 2017	12,504,329
Dimensional Entities	27 September 2016	12,303,897

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

** As disclosed in the substantial shareholder notice received by the Company, Samurai Investments, a Dar group company, has entered into a cash-settled equity swap with Citigroup Global Markets Australia Pty Limited, which as at the date of the substantial shareholder notice, related to a notional 11,706,269 shares (equivalent to approximately 4.74% of the shares on issue at the time). The cash-settled equity swap does not give Dar, any Dar group company or Talal Shair any relevant interest in shares.

RANGE OF FULLY PAID ORDINARY SHARES AS AT 7 AUGUST 2017

	HOLDERS	SHARES	% OF ISSUED CAPITAL
1 – 1,000	13,202	5,309,838	2.14
1,001 – 5,000	5,098	11,293,146	4.55
5,001 – 10,000	557	4,103,873	1.65
10,001 – 100,000	372	9,367,456	3.77
100,001 and over	62	218,363,600	87.89
Total	**19,291**	**248,437,913**	**100.00**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $500 parcel at $12.41 per unit	41	973	18,722

The table above includes exchangeable shares. The ASX treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. In addition to the shares set out in the table, there is one special voting share issued to Computershare Trust Company of Canada Limited as part of the consideration for the acquisition of the Colt Group.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. In the case of the exchangeable shares, voting rights are provided through the special voting share which carries an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

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Glossary

TERM	DEFINITION
Americas	Services business line region encompassing sub-regions of North America and Latin America.
APAC	Services business line region encompassing Australia, Pacific, Asia and China.
Backlog	Backlog is the total dollar value of the amount of revenues expected to be recorded for the next 36 months as a result of work performed under contracts or purchase/work orders awarded to the Group. With respect to long term agreements and framework agreements, an amount is included for the work expected to be received over the period under consideration. The view of backlog is sensitive to timing of awards and as such a conservative view of timing has been adopted.
CEO	Chief Executive Officer.
Downstream	The refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the marketing and distribution of products derived from crude oil and natural gas.
EBIT	Earnings before interest and tax.
EcoNomics™	Our framework for integrating sustainability into our customers' projects and operations. That framework assists them in making decisions where trade-offs exist between technical, social, environmental and financial performance.
EDS	Engineering Design Systems.
EMEA	Services business line region encompassing Europe, Middle East and Africa.
EPC	Engineering, Procurement and Construction.
EPC contract	Under an EPC contract, we will generally be responsible for the design of, the procurement of equipment and materials for, and the construction and commissioning of, an asset, such as a power station. This will generally require us to ensure that the completed asset meets certain specified performance targets. To do so, we will generally procure the necessary equipment and materials and engage various sub-contractors ourselves.
EPCM	Engineering, Procurement and Construction Management.
EPCM contract	Under an EPCM contract, we will generally be responsible for providing our professional services, but unlike an EPC contract, will not be responsible for delivering a completed asset to our customer. Instead, we will provide engineering and design services to our customer, procure equipment but only as agent for our customer and manage our customer's other suppliers as the customer's representative. We will generally be paid an hourly rate for the services we provide.
EPS	Earnings per share. Determined by dividing the Group NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year.
Executive	As detailed on page 47, executives include both executive directors and group executives and have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.
Front end engineering design (FEED)	Basic engineering design providing owners and their financiers with information enabling them to determine whether or not, and if so how, to commit resources to a proposed project to maximize its projected returns.
GDC	Global Delivery Center.
Group net profit after tax (NPAT)	The net profit earned by the Group after deducting all expenses including interest, depreciation and tax. From time to time, in determining outcomes under the incentive plans, the Board may use its discretion to apply the underlying NPAT which in the Board's opinion reflects the Company's operating results.

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GLOSSARY CONTINUED

TERM	DEFINITION
HSE	Health, Safety and Environment.
Key management personnel (KMP)	Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. KMP comprise Executives and Non-Executive Directors and are detailed on page 38.
Midstream	The transport (by pipeline, rail, barge or truck), storage, and wholesale marketing of crude or refined petroleum products.
Non-executive director (NED)	As detailed on page 38, non-executive directors of the entity have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.
O&M	Operating and maintenance.
OneWay™	Our enterprise-wide integrity management framework which establishes our corporate expectations for Zero Harm to our business.
PMC	Project management consultant.
Reimbursable EPC	Arrangements under which we are reimbursed for the costs we incur plus a margin in meeting our obligations under an EPC contract.
Total shareholder return (TSR)	Provides a measure of the change in the value of the Company's share price over a period, including reinvested dividends, expressed as a percentage of the opening value of the shares.
Unconventional oil and gas	Types of oil and gas that were traditionally thought of as being difficult and/or expensive to locate and extract. They include shale gas, shale oil, basin-centered gas, gas hydrates and coal seam gas.
Upstream	The searching for potential underground or underwater crude oil and natural gas fields, drilling of exploratory wells, and the subsequent drilling and operation of the wells that recover and bring the crude oil and/or raw natural gas to the surface.

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Corporate information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

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

COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

Level 15
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

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

LAWYERS

Herbert Smith Freehills

SHARE REGISTRY

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