



**WorleyParsons**

resources & energy

EcoNomics

# **APPENDIX 4D AND INTERIM FINANCIAL REPORT HALF YEAR ENDED 31 DECEMBER 2010**

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**WORLEYPARSONS**  
**APPENDIX 4D AND INTERIM FINANCIAL REPORT**  
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**1. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	Change %	31 December 2010 \$'M	31 December 2009 \$'M
<b>Revenue and other income</b>	<b>12.1</b>	<b>2,799.5</b>	<b>2,496.6</b>
<b>Earnings before interest, income tax expense, depreciation and amortization ("EBITDA")</b>	<b>(1.2)</b>	<b>249.2</b>	<b>252.2</b>
<b>Profit before income tax expense</b>	<b>(5.0)</b>	<b>182.7</b>	<b>192.4</b>
<b>Profit attributable to members of WorleyParsons Limited</b>	<b>(6.8)</b>	<b>128.6</b>	<b>138.0</b>
<b>Basic earnings per share (cents)</b>	<b>(7.7)</b>	<b>52.4</b>	<b>56.8</b>
<b>Diluted earnings per share (cents)</b>	<b>(7.3)</b>	<b>52.2</b>	<b>56.3</b>
<b>Aggregated revenue</b>			
Revenue and other income		2,799.5	2,496.6
Less: procurement services revenue		273.0	286.8
Revenue excluding procurement services revenue		2,526.5	2,209.8
Add: share of revenue from associates		393.0	340.1
Less: interest income		3.1	1.8
<b>Aggregated revenue<sup>1</sup></b>		<b>2,916.4</b>	<b>2,548.1</b>
EBITDA margin on aggregated revenue		8.5%	9.9%

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

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<b>Dividends</b>	<b>Amount per share</b>	<b>Franked amount per share</b>
Interim ordinary dividend (cents) proposed for six months to 31 December 2010	36.0	36.0
Interim ordinary dividend (cents) proposed for six months to 31 December 2009	35.5	35.5

**REVIEW OF OPERATIONS**

Commentary on the results for the half year is contained in the press release dated 23 February 2011, accompanying this Appendix 4D and interim financial report.

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## **2. 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 half year ended 31 December 2010.

### **DIRECTORS**

The following persons were Directors of the Company throughout the entire half year and until the date of this report:

Ron McNeilly (Chairman)  
Larry Benke  
Grahame Campbell (retired 26 October 2010)  
Erich Fraunschiel  
John M Green  
John Grill (Chief Executive Officer)  
Eric Gwee  
William Hall (Alternate Director)  
David Housego (Chief Financial Officer)  
Catherine Livingstone, AO  
JB McNeil

As announced to the ASX on 18 January 2011, David Housego will resign as an Executive Director of the Company after the Company's Board meeting approving the interim results. His resignation as Chief Financial Officer of the Company is due to take effect in May 2011.

### **PRINCIPAL ACTIVITIES**

During the half year, the principal activities of the Group consisted of providing professional services to the energy, resource and complex process industries. The Group's expertise spans a range of sectors including: Hydrocarbons, Power, Minerals & Metals and Infrastructure & Environment.

### **REVIEW OF OPERATIONS**

The profit attributable to members of the Company for the half year ended 31 December 2010 was \$128.6 million, a decrease of 6.8% on the \$138.0 million net profit reported for the same period to 31 December 2009. The result was earned on aggregated revenue of \$2,916.4 million, an increase of 14.5% on the \$2,548.1 million reported in the previous corresponding period.

Effective 1 July 2010, Maxview Engineering Limited, a wholly owned subsidiary of the Company, acquired an additional 25% share in Beijing MaisonWorleyParsons Engineering & Technology Co. Ltd and affiliated businesses. On the same date, WorleyParsons Engineering Pty Limited, a wholly owned subsidiary of WorleyParsons Limited, acquired an additional 12.5% share in Beijing MaisonParsons Engineering & Technology Co. Ltd. Total consideration paid for these acquisitions was USD18.5 million (\$18.9 million).

The continued emergence of China as a major investor in resource projects around the world has provided the Group with an excellent opportunity to support these Chinese national entities in their strategic expansion.

Effective 21 December 2010, WorleyParsons RSA Holdings (Pty) Ltd, a wholly owned subsidiary of the Company, acquired the remaining 50% interest in WorleyParsons SA (Proprietary) Limited ("Pangaea") for a total consideration of ZAR16.0 million (\$2.4 million). The acquisition is part of the continued development of the Group's business in Africa. The existing operations will be merged with those of Kwezi V3 Engineers (Pty) Ltd ("KV3") which was acquired in January 2011.

The commentary on the results for the half year is contained in the press release dated 23 February 2011, accompanying this interim financial report and the Appendix 4D.

### **SUBSEQUENT EVENTS**

Since the end of the half year, the Directors have declared an interim dividend of 36.0 cents (36.0 cents franked) (31 December 2009: 35.5 cents – 35.5 cents franked) per share. The aggregated amount of the proposed interim dividend of \$88.4 million (31 December 2009: \$87.1 million) is not recognized as a liability as at 31 December 2010.

On 18 January 2011, WorleyParsons Africa Holdings Pty Ltd, a wholly owned subsidiary of the Company, funded the acquisition of 100% of KV3 based in South Africa, for a total consideration of ZAR 340.0 million (\$45.4 million).

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KV3 will be a significant enhancement to the Group's African operations. KV3 complements the existing capabilities of the Group's current resource and energy business in South Africa. As part of the transaction, the Group's existing operations in South Africa will merge with those of KV3, with 30% of the combined business owned by a BBBEE (Broad Based Black Economic Empowerment) employee trust.

In January 2011, unsecured notes payable were offered by WorleyParsons Canadian Finance Sub Limited and WorleyParsons US Finance Sub Limited in the United States private debt market. The offer comprised USD207 million maturing in five to ten years from the date of financial close with a fixed annual coupon. Financial close and funding are expected to occur in March 2011.

No other material matter or transaction has arisen since 31 December 2010 that has significantly affected the Group's operations or state of affairs.

**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is as follows:



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**Auditor's Independence Declaration to the Directors of WorleyParsons Limited**

In relation to our review of the financial report of WorleyParsons Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

  
Ernst & Young



Paul Flynn  
Partner  
23 February 2011

Liability limited by a scheme approved  
under Professional Standards Legislation

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**ROUNDING OF AMOUNTS**

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

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



Ron McNeilly

Chairman

Sydney, 23 February 2011

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**3. STATEMENT OF FINANCIAL PERFORMANCE**

	Notes	31 December 2010 \$'M	31 December 2009 \$'M
<b>REVENUE</b>			
Services revenue		2,779.5	2,489.9
Interest income		3.1	1.8
Other	8.2	16.9	4.9
<b>Revenue and other income</b>		<b>2,799.5</b>	<b>2,496.6</b>
<b>EXPENSES</b>			
Staff costs		(1,491.5)	(1,263.2)
Contract-related reimbursable costs		(784.0)	(722.2)
Office and administration costs		(209.4)	(192.6)
Depreciation		(10.8)	(11.9)
Amortization		(35.9)	(30.6)
Borrowing costs		(22.9)	(19.1)
Other		(79.4)	(87.0)
<b>Total expenses</b>		<b>(2,633.9)</b>	<b>(2,326.6)</b>
Share of net profits of associates accounted for using the equity method		17.1	22.4
<b>Profit before income tax expense</b>		<b>182.7</b>	<b>192.4</b>
Income tax expense	8.4	(44.5)	(48.5)
<b>Profit after income tax expense</b>		<b>138.2</b>	<b>143.9</b>
Less: profit attributable to non-controlling interests		(9.6)	(5.9)
<b>Profit attributable to members of WorleyParsons Limited</b>		<b>128.6</b>	<b>138.0</b>
Basic earnings per share (cents)	8.1	52.4	56.8
Diluted earnings per share (cents)	8.1	52.2	56.3

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

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**4. STATEMENT OF COMPREHENSIVE INCOME**

	31 December 2010 \$'M	31 December 2009 \$'M
<b>Profit after income tax expense</b>	<b>138.2</b>	<b>143.9</b>
Net movement in foreign currency translation reserve	(157.6)	35.9
Net movement in hedge reserve	(0.1)	(1.2)
<b>Total comprehensive income, net of tax</b>	<b>(19.5)</b>	<b>178.6</b>
Total comprehensive income, net of tax, attributable to:		
Members of WorleyParsons Limited	(29.9)	173.3
Non-controlling interests	10.4	5.3

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

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**5. STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2010 \$'M	30 June 2010 \$'M
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	8.10	170.0	140.5
Trade and other receivables	8.5	1,225.0	1,266.6
Inventories		1.0	0.9
Prepayments		51.9	47.6
Finance lease receivable		1.3	1.3
Derivatives		2.8	-
<b>Total current assets</b>		<b>1,452.0</b>	<b>1,456.9</b>
<i>Non-current assets</i>			
Equity accounted associates		113.1	135.6
Property, plant and equipment		104.1	116.0
Intangible assets	8.6	1,620.3	1,781.2
Finance lease receivable		30.7	31.3
Deferred tax assets		110.5	108.9
Derivatives		-	5.9
Other non-current assets		6.2	6.6
<b>Total non-current assets</b>		<b>1,984.9</b>	<b>2,185.5</b>
<b>TOTAL ASSETS</b>		<b>3,436.9</b>	<b>3,642.4</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables		560.6	581.7
Interest bearing loans and borrowings	8.7	37.9	32.0
Income tax payable		9.3	5.9
Provisions		334.7	316.0
Derivatives		1.0	1.4
<b>Total current liabilities</b>		<b>943.5</b>	<b>937.0</b>
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings	8.7	665.1	746.3
Deferred tax liabilities		75.8	95.8
Provisions		31.3	24.3
Derivatives		5.2	-
<b>Total non-current liabilities</b>		<b>777.4</b>	<b>866.4</b>
<b>TOTAL LIABILITIES</b>		<b>1,720.9</b>	<b>1,803.4</b>
<b>NET ASSETS</b>		<b>1,716.0</b>	<b>1,839.0</b>
<b>EQUITY</b>			
Issued capital	8.8	1,219.3	1,208.3
Reserves		(237.4)	(72.3)
Retained profits		724.7	694.1
Parent entity interest		1,706.6	1,830.1
Non-controlling interests		9.4	8.9
<b>TOTAL EQUITY</b>		<b>1,716.0</b>	<b>1,839.0</b>

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

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6. STATEMENT OF CHANGES IN EQUITY

	Issued capital \$'M	Retained profits \$'M	Foreign currency translation reserve \$'M	Hedge reserve \$'M	Performance rights reserve \$'M	Members of the parent entity \$'M	Non-controlling interests \$'M	Total \$'M
<b>As at 1 July 2010</b>	1,208.3	694.1	(93.4)	(1.6)	22.7	1,830.1	8.9	1,839.0
Profit	-	128.6	-	-	-	128.6	9.6	138.2
Other comprehensive income	-	-	(158.4)	(0.1)	-	(158.5)	0.8	(157.7)
<b>Total comprehensive income</b>	-	<b>128.6</b>	<b>(158.4)</b>	<b>(0.1)</b>	-	<b>(29.9)</b>	<b>10.4</b>	<b>(19.5)</b>
<i>Transactions with owners</i>								
Performance rights	11.0	-	-	-	(6.6)	4.4	-	4.4
Dividends paid	-	(98.0)	-	-	-	(98.0)	(9.9)	(107.9)
<b>As at 31 December 2010</b>	<b>1,219.3</b>	<b>724.7</b>	<b>(251.8)</b>	<b>(1.7)</b>	<b>16.1</b>	<b>1,706.6</b>	<b>9.4</b>	<b>1,716.0</b>
<b>As at 1 July 2009</b>								
Profit	1,142.6	623.5	(145.5)	(3.6)	31.6	1,648.6	6.5	1,655.1
Other comprehensive income	-	138.0	-	-	-	138.0	5.9	143.9
<b>Total comprehensive income</b>	-	<b>138.0</b>	<b>36.5</b>	<b>(1.2)</b>	-	<b>35.3</b>	<b>(0.6)</b>	<b>34.7</b>
<b>Total comprehensive income</b>	-	<b>138.0</b>	<b>36.5</b>	<b>(1.2)</b>	-	<b>173.3</b>	<b>5.3</b>	<b>178.6</b>
<i>Transactions with owners</i>								
Ordinary shares issued	51.0	-	-	-	-	51.0	-	51.0
Performance rights	13.0	-	-	-	(13.3)	(0.3)	-	(0.3)
Dividends paid	-	(133.6)	-	-	-	(133.6)	(5.3)	(138.9)
<b>As at 31 December 2009</b>	<b>1,206.6</b>	<b>627.9</b>	<b>(109.0)</b>	<b>(4.8)</b>	<b>18.3</b>	<b>1,739.0</b>	<b>6.5</b>	<b>1,745.5</b>

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

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**7. STATEMENT OF CASH FLOWS**

	Notes	31 December 2010 \$'M	31 December 2009 \$'M
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		2,822.6	2,662.5
Payments to suppliers and employees (inclusive of goods and services tax)		(2,655.8)	(2,393.5)
		166.8	269.0
Dividends received from associates		13.9	10.8
Interest received		0.6	1.2
Borrowing costs paid		(13.9)	(19.1)
Income taxes paid		(42.7)	(114.4)
<b>Net cash inflow from operating activities</b>	8.10	<b>124.7</b>	<b>147.5</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of controlled entities		(20.8)	(35.9)
Cash balances in controlled entities acquired, net of bank overdraft		12.2	12.6
Payments for purchase of property, plant and equipment and computer software		(15.0)	(28.4)
Proceeds from sale of property, plant and equipment		0.0	0.7
<b>Net cash outflow from investing activities</b>		<b>(23.6)</b>	<b>(51.0)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(591.3)	(169.0)
Proceeds from borrowings		653.3	204.8
Costs of bank facilities and proceeds from finance leases		(2.5)	(2.0)
Net loans from/(to) related parties		0.2	(6.0)
Dividends paid to the Company's shareholders	8.3	(98.0)	(133.6)
Dividends paid to non-controlling interests		(9.9)	(5.3)
<b>Net cash outflow from financing activities</b>		<b>(48.2)</b>	<b>(111.1)</b>
<b>Net increase/(decrease) in cash</b>		<b>52.9</b>	<b>(14.6)</b>
Cash and cash equivalents at the beginning of the half year		130.2	178.3
Effects of exchange rate changes on cash		(13.1)	(7.8)
<b>Cash and cash equivalents at the end of the half year</b>	8.10	<b>170.0</b>	<b>155.9</b>

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

## **8. NOTES TO THE FINANCIAL STATEMENTS**

### **BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT**

The interim financial report of WorleyParsons Limited ("Company") for the half year ended 31 December 2010 does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The interim financial report should be read in conjunction with the annual report of the Company as at 30 June 2010, which was prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AAS") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). It is also recommended that the interim financial report be considered together with any public announcements made by the Company and its controlled entities during the half year ended 31 December 2010 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The interim financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2010, including:

#### **(a) Basis of accounting**

##### *(i) Basis of preparation*

The interim financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*.

The Group is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order. Amounts shown as 0.0 represent amounts less than \$50,000 which have been rounded down.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period.

##### *(ii) Historical cost convention*

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

##### *(iii) Critical accounting estimates*

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

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

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

- goodwill and intangible assets with identifiable useful lives;
- warranty and other provisions;
- share based payments; and
- recovery of deferred taxes.

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

#### **(b) Adoption of new accounting standards**

The Group has adopted the following new and amended Australian Accounting Standards as of 1 July 2010:

- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items;
- AASB 2009-4, 7 Amendments to Australian Accounting Standards; and
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions.

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

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

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	31 December 2010	31 December 2009
<b>8.1 EARNINGS PER SHARE</b>		
<b>Attributable to members of WorleyParsons Limited</b>		
Basic earnings per share (cents)	52.4	56.8
Diluted earnings per share (cents)	52.2	56.3

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

Earnings used in calculating basic and diluted earnings per share (\$'M)	128.6	138.0
Weighted average number of ordinary securities used in calculating basic earnings per share	245,555,160	243,013,265
Element of performance rights which are considered dilutive	1,041,259	2,328,187
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share <sup>1</sup>	246,596,419	245,341,452

<sup>1</sup> The weighted average number of converted, lapsed or cancelled potential ordinary shares used in diluted earnings per share was 284,239 (31 December 2009: 464,850).

	31 December 2010 \$'M	31 December 2009 \$'M
<b>8.2 OTHER INCOME</b>		
Gain on revaluation of an investment previously accounted for as an equity accounted associate	11.3	-
Other	5.6	4.9
	16.9	4.9

Effective 1 July 2010, Maxview Engineering Limited, a wholly owned subsidiary of the Company, acquired an additional 25% share in Beijing MaisonWorleyParsons Engineering & Technology Co. Ltd ("MWP").

The acquisition resulted in a change in the nature of the investment in MWP from an equity accounted associate to a subsidiary of the Company. As part of the accounting for the acquisition, the original investment held in MWP was re-measured to fair value and a fair value gain of \$11.3 million was recognized in the statement of financial performance.

	31 December 2010 \$'M	31 December 2009 \$'M
<b>8.3 DIVIDENDS</b>		
<i>Dividends paid during the half year</i>		
Dividend in respect of the six months to 30 June 2010: 40.0 cents per share (18.8 cents franked)	98.0	-
Dividend in respect of the six months to 30 June 2009: 55.0 cents per share (55.0 cents franked)	-	133.6
	98.0	133.6

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	31 December 2010 \$'M	31 December 2009 \$'M
<b>8.4 INCOME TAX</b>		
<i>(a) Income tax expense</i>		
Current tax	70.3	61.7
Deferred tax	(25.8)	(10.9)
Over provision in previous financial periods	(0.0)	(2.3)
<b>Income tax expense</b>	<b>44.5</b>	<b>48.5</b>

<i>(b) Reconciliation of income tax expense to prima facie tax payable</i>		
Profit before income tax expense	182.7	192.4
At the Group's statutory income tax rate of 30% (31 December 2009: 30%)	54.8	57.8
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible performance rights	1.3	(0.2)
Share of profits of associates accounted for using the equity method	(5.1)	(6.8)
Benefits from income tax and capital losses not previously recognized	(1.5)	(2.0)
Over provision in previous financial periods	(0.0)	(2.3)
Difference in overseas tax rates <sup>1</sup>	(10.0)	(2.9)
Other	5.0	4.9
<b>Income tax expense</b>	<b>44.5</b>	<b>48.5</b>

<sup>1</sup> Represents income tax expense for foreign tax rate differential and international withholding taxes.

	31 December 2010 \$'M	31 December 2009 \$'M
<i>(c) Amounts recognized directly in equity</i>		
Aggregate amount of tax arising in the half year and not recognized in profit after income tax expense but directly credited to equity:		
Deferred tax – credited directly to equity	2.4	1.8
	2.4	1.8

*(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	22.9	15.5
Potential tax effect at assumed rate of 30%	6.9	4.7

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 the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the consolidated entity in realizing the benefit from the deductions for the losses.

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	<b>31 December 2010 \$'M</b>	<b>30 June 2010 \$'M</b>
<b>8.5 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	650.7	680.3
Unbilled contract revenue	495.5	493.9
Retentions	7.5	8.3
Allowance for doubtful debts	(35.5)	(42.2)
	<u>1,118.2</u>	<u>1,140.3</u>
Other receivables	65.7	61.6
Amount owing by associates accounted for using the equity method and related parties	41.1	64.7
	<u>1,225.0</u>	<u>1,266.6</u>
Allowance for doubtful debts:		
Balance at the beginning of the reporting period	42.2	28.7
Net (decrease)/increase in provision excluding translation differences	(3.5)	14.0
Difference arising on translation of foreign operations	(3.2)	(0.5)
Balance at the end of the reporting period	<u>35.5</u>	<u>42.2</u>
<b>8.6 INTANGIBLE ASSETS</b>		
<i>Goodwill</i>		
At cost	1,452.1	1,588.3
Accumulated impairment	(1.6)	(1.6)
	<u>1,450.5</u>	<u>1,586.7</u>
<i>Customer contracts and relationships</i>		
At cost	114.2	127.1
Accumulated amortization	(57.4)	(57.4)
	<u>56.8</u>	<u>69.7</u>
<i>Trade names</i>		
At cost	70.8	74.4
Accumulated amortization	(41.0)	(38.8)
	<u>29.8</u>	<u>35.6</u>
<i>Favorable property leases</i>		
At cost	9.2	10.4
Accumulated amortization	(7.0)	(6.9)
	<u>2.2</u>	<u>3.5</u>
<i>Computer software</i>		
At cost	146.4	139.1
Accumulated amortization	(66.8)	(55.1)
	<u>79.6</u>	<u>84.0</u>
<i>Other</i>		
At cost	3.4	3.8
Accumulated amortization	(2.0)	(2.1)
	<u>1.4</u>	<u>1.7</u>
<b>Total intangible assets</b>	<u>1,620.3</u>	<u>1,781.2</u>

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	Goodwill \$'M	Customer contracts and relationships \$'M	Trade names \$'M	Favorable property leases \$'M	Computer software \$'M	Other \$'M	Total \$'M
Balance at 1 July 2010	1,586.7	69.7	35.6	3.5	84.0	1.7	1,781.2
Additions due to the acquisition of entities	26.9	-	-	-	-	-	26.9
Additions	-	-	-	-	10.0	-	10.0
Differences arising on translation of foreign operations	(163.1)	(4.1)	(1.0)	(0.3)	-	(0.1)	(168.6)
Amortization	-	(8.8)	(4.8)	(1.0)	(14.4)	(0.2)	(29.2)
Balance at 31 December 2010	1,450.5	56.8	29.8	2.2	79.6	1.4	1,620.3
Balance at 1 July 2009	1,488.2	57.8	41.4	5.4	68.0	2.3	1,663.1
Additions due to the acquisition of entities	59.9	10.1	1.8	-	-	-	71.8
Additions	-	-	-	-	14.0	-	14.0
Differences arising on translation of foreign operations	(20.9)	-	-	-	(0.4)	-	(21.3)
Amortization	-	(8.8)	(4.3)	(0.9)	(7.1)	(0.3)	(21.4)
Balance at 31 December 2009	1,527.2	59.1	38.9	4.5	74.5	2.0	1,706.2

Effective 1 July 2010, Maxview Engineering Limited, a wholly owned subsidiary of the Company, acquired an additional 25% share in Beijing MaisonWorleyParsons Engineering & Technology Co. Ltd and affiliated business. On the same date, WorleyParsons Engineering Pty Limited, a wholly owned subsidiary of WorleyParsons Limited, acquired an additional 12.5% share in Beijing MaisonParsons Engineering & Technology Co. Ltd. Total consideration paid for these acquisitions was USD18.5 million (\$18.9 million).

Effective 21 December 2010, WorleyParsons RSA Holdings (Pty) Ltd, a wholly owned subsidiary of the Company, acquired the remaining 50% interest in WorleyParsons SA (Proprietary) Limited ("Pangaea") for a total consideration of ZAR16.0 million (\$2.4 million).

	31 December 2010 \$'M	30 June 2010 \$'M
<b>8.7 INTEREST BEARING LOANS AND BORROWINGS</b>		
<i>(a) Current</i>		
Bank overdraft	-	10.3
Secured bank loans	1.3	1.2
Unsecured bank loan	36.6	20.5
	37.9	32.0
<i>(b) Non-current</i>		
Notes payable	486.0	570.5
Secured bank loans	19.5	20.2
Unsecured bank loan, net of borrowing costs	159.6	155.6
	665.1	746.3

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	<b>31 December 2010 \$'M</b>	<b>30 June 2010 \$'M</b>
The maturity profile in respect of the Group's total unsecured loan, notes and overdraft facilities is set out below:		
Due within one year	164.2	188.7
Due between one and four year(s)	537.3	615.4
Due after four years	406.9	460.6
	<b>1,108.4</b>	<b>1,264.7</b>
The maturity profile in respect of the Group's utilized unsecured loan, notes and overdraft facilities is set out below:		
Due within one year	36.6	30.8
Due between one and four year(s)	382.3	315.2
Due after four years	265.8	414.1
	<b>684.7</b>	<b>760.1</b>

**8.8 ISSUED CAPITAL**

	<b>31 December 2010</b>		<b>30 June 2010</b>	
	<b>Number of shares</b>	<b>\$'M</b>	<b>Number of shares</b>	<b>\$'M</b>
Ordinary shares, fully paid <sup>1,2</sup>	245,693,021	1,219.3	245,425,979	1,208.3
Special voting share	1	-	1	-
	<b>245,693,022</b>	<b>1,219.3</b>	<b>245,425,980</b>	<b>1,208.3</b>

<sup>1</sup> Included in ordinary shares are 5,865,705 (30 June 2010: 6,161,369) 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.

<sup>2</sup> The WorleyParsons Limited Plans Trust holds 267,173 (30 June 2010: 267,173) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

<b>Movement in shares</b>	<b>Number of shares</b>	<b>\$'M</b>
Balance at the beginning of the reporting period	245,425,980	1,208.3
Ordinary shares on redemption of exchangeable shares	295,664	7.9
Exchangeable shares exchanged for ordinary shares	(295,664)	(7.9)
Transfer from performance rights reserve on issuance of shares	267,042	11.0
Balance at 31 December 2010	<b>245,693,022</b>	<b>1,219.3</b>

	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
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**8.9 NET ASSETS PER SHARE**

Net assets per share	6.98	7.49
Net tangible assets per share	0.39	0.24

A large proportion of the Company's assets are intangible in nature consisting of goodwill and identifiable intangible assets relating to businesses acquired. Identifiable intangible assets consist of customer contracts and relationships, trade names, favorable property leases and computer software. These intangible assets are excluded from the calculation of net tangible assets per share.

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	31 December 2010 \$'M	31 December 2009 \$'M
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**8.10 NOTES TO THE STATEMENT OF CASH FLOWS**

*(a) Cash and cash equivalents reconciliation*

Cash and cash equivalents	170.0	159.9
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The above figures are reconciled to cash at the end of the half year as shown in the statement of cash flows as follows:

Cash at bank and on hand	170.0	159.9
Cash and cash equivalents	170.0	159.9
Cash held for sale	-	4.7
Bank overdraft	-	(8.7)
Balance per the statement of cash flows	170.0	155.9

*(b) Reconciliation of profit after income tax expense to net cash inflow from operating activities*

Profit after income tax expense	138.2	143.9
<i>Non-cash items</i>		
Depreciation	10.8	11.9
Amortization	35.9	30.6
Performance rights expense	4.4	0.1
Doubtful debts expense	0.6	11.4
Share of associates' net profits in excess of dividends received	(3.2)	(11.6)
Net loss/(gain) on foreign exchange	6.4	(2.3)
Other	0.3	3.6
Cash flow adjusted for non-cash items	193.4	187.6
<i>Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the half year</i>		
(Increase)/decrease in trade and other receivables	(30.2)	86.7
(Increase)/decrease in inventories	(0.2)	0.1
Decrease in prepayments	1.4	8.2
(Increase)/decrease in deferred tax assets	(1.6)	10.1
Decrease in trade and other payables	(81.4)	(102.9)
Increase in billings in advance	14.2	-
Increase/(decrease) in income tax payable	23.3	(84.0)
(Decrease)/increase in deferred tax liabilities	(20.0)	8.0
Increase in other provisions	25.8	33.7
Net cash inflow from operating activities	124.7	147.5

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**8.11 SEGMENT INFORMATION**

*(a) Identification of reportable segments*

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

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

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

*(b) 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.

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 the financial statements and in the prior period.

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

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

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

*(c) Major customers*

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

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31 December 2010	Hydro- carbons \$'M	Power \$'M	Minerals & Metals \$'M	Infra- structure & Environment \$'M	Total \$'M
<i>Revenue</i>					
Sales to external customers	1,833.9	299.5	311.5	333.6	2,778.5
Procurement services revenue at margin	113.6	0.7	-	6.7	121.0
Other income	2.8	3.1	6.6	4.4	16.9
<b>Total segment revenue<sup>1</sup></b>	<b>1,950.3</b>	<b>303.3</b>	<b>318.1</b>	<b>344.7</b>	<b>2,916.4</b>
 <i>Segment result<sup>2</sup></i>	 186.2	 17.3	 27.8	 28.9	 260.2

31 December 2009	Hydro- carbons \$'M	Power \$'M	Minerals & Metals \$'M	Infra- structure & Environment \$'M	Total \$'M
<i>Revenue</i>					
Sales to external customers	1,770.6	245.2	239.5	179.8	2,435.1
Procurement services revenue at margin	95.7	1.3	-	11.1	108.1
Other income	2.8	0.8	0.3	1.0	4.9
<b>Total segment revenue<sup>1</sup></b>	<b>1,869.1</b>	<b>247.3</b>	<b>239.8</b>	<b>191.9</b>	<b>2,548.1</b>
 <i>Segment result<sup>2</sup></i>	 194.4	 18.8	 27.7	 19.0	 259.9

	31 December 2010 \$'M	31 December 2009 \$'M
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*Reconciliation of segment revenue to total revenue and other income  
per the statement of financial performance*

Segment revenue	2,916.4	2,548.1
Procurement services revenue	273.0	286.8
Share of revenue from associates	(393.0)	(340.1)
Interest	3.1	1.8
<b>Total revenue and other income per the statement of financial performance</b>	<b>2,799.5</b>	<b>2,496.6</b>

*Reconciliation of segment result to profit after income tax expense  
per the statement of financial performance*

Segment result	260.2	259.9
Income tax expense	(44.5)	(48.5)
Interest and tax for associates	(8.3)	(7.3)
Amortization of acquired intangible assets	(14.8)	(14.6)
Performance rights expense	(4.4)	(0.1)
Corporate expenses	(30.2)	(28.2)
Net borrowing costs	(19.8)	(17.3)
<b>Profit after income tax expense per the statement of financial performance</b>	<b>138.2</b>	<b>143.9</b>

<sup>1</sup> Segment revenue represents aggregated revenue, which is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin and interest income.

<sup>2</sup> Segment result represents earnings before interest and income tax expense which is the key financial measure that is presented to the Chief Executive Officer.

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	31 December 2010 \$'M	31 December 2009 \$'M
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**8.12 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 obligations.

Bank guarantees outstanding at balance date in respect of financing facilities	18.3	38.4
Bank guarantees outstanding at balance date in respect of contractual performance	354.6	248.2
	372.9	286.6

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

The Company has entered into a deed of guarantee for an associate, DeltaAfrik Engineering Limited. Under the terms of the guarantee, the Group has guaranteed the repayment of bank loans and performance guarantees outstanding in respect of an external borrowing facility taken on by the associate. The amount of borrowing and performance guarantees in the associate at 31 December 2010 was \$18.3 million (31 December 2009: \$26.6 million).

*(b) Asbestos*

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

Based on due diligence investigations during the acquisition of Parsons E&C Corporation from Parsons Corporation, including an analysis of available insurance coverage, and in light of the continuation and extension of the existing indemnity and asbestos claims administration arrangements between Parsons Corporation and the Parsons E&C Group, the Group is not aware of any circumstance that is likely to lead to a material residual contingent exposure for the Group in respect of asbestos liabilities.

**8.13 SUBSEQUENT EVENTS**

Since the end of the half year, the Directors have declared an interim dividend of 36.0 cents (36.0 cents franked) (31 December 2009: 35.5 cents – 35.5 cents franked) per share. The aggregated amount of the proposed interim dividend of \$88.4 million (31 December 2009: \$87.1 million) is not recognized as a liability as at 31 December 2010.

On 18 January 2011, WorleyParsons Africa Holdings Pty Ltd, a wholly owned subsidiary of the Company, funded the acquisition of 100% of Kwezi V3 Engineers (Pty) Ltd (“KV3”) based in South Africa, for a total consideration of ZAR340.0 million (\$45.4 million).

KV3 will be a significant enhancement to the Group’s African operations. KV3 complements the existing capabilities of the Group’s current resource and energy business in South Africa. As part of the transaction the Group’s existing operations in South Africa will merge with those of KV3, with 30% of the combined business owned by a BBEE (Broad Based Black Economic Empowerment) employee trust.

In January 2011, unsecured notes payable were offered by WorleyParsons Canadian Finance Sub Limited and WorleyParsons US Finance Sub Limited in the United States private debt market. The offer comprised USD207 million maturing in five to ten years from the date of financial close with a fixed annual coupon. Financial close and funding are expected to occur in March 2011.

No other material matter or transaction has arisen since 31 December 2010 that has significantly affected the Group’s operations or state of affairs.

**9. DIRECTORS' DECLARATION**

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ron McNeilly

Chairman

Sydney, 23 February 2011



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To the members of WorleyParsons Limited,

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WorleyParsons Limited, which comprises the statement of financial position as at 31 December 2010, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WorleyParsons Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Liability limited by a scheme approved  
under Professional Standards Legislation

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WorleyParsons Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature of Paul Flynn in black ink.

Ernst & Young

A handwritten signature of Paul Flynn in black ink.

Paul Flynn  
Partner  
Sydney  
23 February 2011

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**11. CORPORATE INFORMATION**

**DIRECTORS**

Ron McNeilly (Chairman)  
Larry Benke  
Grahame Campbell (retired 26 October 2010)  
Erich Fraunschiel  
John M Green  
John Grill (Chief Executive Officer)  
Eric Gwee  
William Hall (Alternate Director)  
David Housego (Chief Financial Officer)  
Catherine Livingstone, AO  
JB McNeil

As announced to the ASX on 18 January 2011, David Housego will resign as an Executive Director of the Company after the Company's Board meeting approving the interim results. His resignation as Chief Financial Officer of the Company is due to take effect in May 2011.

**COMPANY SECRETARY**

Peter Janu

**REGISTERED OFFICE**

Level 12  
141 Walker Street  
North Sydney NSW 2060  
Australia

**AUDITORS**

Ernst & Young

**BANKERS**

HSBC  
The Royal Bank of Scotland  
Westpac Banking Corporation  
JPMorgan Chase  
CBA  
RBC  
Bank of America  
UBS  
Standard Chartered Bank

**LAWYERS**

Freehills

**SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000  
Australia  
Ph: 1300 855 080