



WorleyParsons

resources & energy

Appendix 4D

Half Year Ended 31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET¹

	CONSOLIDATED			
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M	CHANGE \$'M	CHANGE %
STATUTORY RESULT				
Revenue and other income	2,409.4	2,722.1	(312.7)	(11.5)
Earnings before interest and tax (EBIT)	109.3	36.4	72.9	200.3
Profit before income tax expense	79.8	6.6	73.2	n/m**
Profit/(loss) after income tax expense attributable to members of WorleyParsons Limited	1.4	(2.4)	3.8	n/m**
EBIT margin on aggregated revenue	4.7%	1.7%	-	3.0pp
Basic earnings/(loss) per share (cents)*	0.5	(1.0)	1.5	n/m**
Diluted earnings/(loss) per share (cents)*	0.5	(1.0)	1.5	n/m**

* Basic and diluted earnings/(loss) per share for all presented periods were adjusted for equity raised in accordance with the accounting standards.

**n/m stands for not meaningful.

	CONSOLIDATED			
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M	CHANGE \$'M	CHANGE %
UNDERLYING RESULT				
EBIT ²	132.9	117.9	15.0	12.7
EBIT margin on aggregated revenue ²	5.8%	5.4%	-	0.4pp
Profit after income tax expense attributable to members of WorleyParsons Limited	78.2	57.1	21.1	37.0
Basic earnings per share (cents)	28.6	23.0	5.6	24.3

RECONCILIATION OF STATUTORY PROFIT/(LOSS) AFTER INCOME TAX EXPENSE TO UNDERLYING PROFIT AFTER INCOME TAX³

	CONSOLIDATED	
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
Profit/(loss) after income tax expense attributable to members of WorleyParsons Limited	1.4	(2.4)
Add: other restructuring costs	5.5	23.4
Add: acquisition costs	5.9	-
Add: staff restructuring costs	-	32.8
Add: onerous lease contracts	12.2	22.6
Add: impairment of associate intangibles	-	2.3
Add: net loss on sale of assets held for sale	-	0.4
Less: net tax expense on restructuring costs	(5.0)	(22.0)
Add: tax from changes in US tax legislation	58.2	-
Underlying profit after income tax expense attributable to members of WorleyParsons Limited	78.2	57.1

¹ The International Financial Reporting Standards financial information contained within this Appendix 4D has been derived from the 31 December 2017 Interim Financial Report, which has been reviewed by Ernst & Young. However, this Appendix 4D has not been reviewed.

² Per segment note. Refer to note 1.1 (G) of the Interim Financial Report.

³ The directors consider underlying profit information is important to understand the sustainable performance of the company by excluding selected significant items.



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Appendix 4D

Half Year Ended 31 December 2017

AGGREGATED REVENUE RESULT

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 margin¹ and interest income. The directors believe the disclosure of the revenue attributable to associates provides additional information in relation to the financial performance of the Group.

	CONSOLIDATED		CHANGE \$'M	CHANGE %
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M		
Revenue and other income	2,409.4	2,722.1	(312.7)	(11.5)
Less: procurement revenue at nil margin (including share of revenue from associates)	(43.7)	(572.2)	528.5	92.4
Add: share of revenue from associates	86.0	119.3	(33.3)	(27.9)
Less: pass-through revenue at nil margin	(138.8)	(100.3)	(38.5)	(38.4)
Less: interest income	(2.8)	(3.2)	0.4	12.5
Aggregated revenue	2,310.1	2,165.7	144.4	6.7

DIVIDEND

	AMOUNT PER SHARE	FRANKED AMOUNT PER SHARE
Interim dividend (cents per share), unfranked	10.0	nil
Record date for determining entitlement to final dividend		28 February 2018
Date dividend is to be paid		26 March 2018

The directors have resolved to pay an interim dividend of 10.0 cents (unfranked) per fully paid ordinary share, including exchangeable shares (31 December 2016: nil).

NET ASSETS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2017 \$	30 JUNE 2017 \$
Net assets per share	7.98	7.53
Net tangible liabilities per share	(0.19)	(0.52)

Additional Appendix 4D disclosure requirements can be found in the Interim Financial Report for the half year ended 31 December 2017 issued 21 February 2018.

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

Interim financial report

Half Year Ended 31 December 2017

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Directors' report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company or Parent Entity) and the entities it controlled (Group or Consolidated Entity) at the end of, and during, the half year ended 31 December 2017.

DIRECTORS

The following persons were directors of the Company from 1 July 2017 up to the date of this report:

John Grill (Chairman), AO
Ron McNeilly – retired 27 October 2017
Anne Templeman-Jones – appointed 1 November 2017
Jagjeet (Jeet) Bindra – resigned 15 December 2017
Thomas Gorman – appointed 18 December 2017
Erich Fraunschiel – Lead Independent Director from 27 October 2017
Christopher Haynes, OBE
Catherine Livingstone, AO
Wang Xiao Bin
Andrew Wood (Chief Executive Officer).

PRINCIPAL ACTIVITIES

During the half 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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 27 October 2017, the Group acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities (referred to as UK Integrated Solutions) for cash consideration of £228.0 million. With operations in the UK North Sea, UK Integrated Solutions is a leading Maintenance, Modifications & Operations (MMO) service provider in the UK oil and gas sector. The acquisition provides the Group with a robust entry into the UK North Sea and supports our global MMO strategy.

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

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

REVIEW OF OPERATIONS

The profit after income tax expense attributable to members of the Company for the half year ended 31 December 2017 was \$1.4 million (an increase of \$3.8 million on the \$2.4 million net loss after tax reported in the previous corresponding period). The result was earned on aggregated revenue of \$2,310.1 million, an increase of 6.7% on the \$2,165.7 million reported in the previous corresponding period. UK Integrated Solutions' contribution to the Group's after tax profit attributable to members of WorleyParsons was \$8.7 million, and the contribution to revenue was \$143.2 million.

DIRECTORS' REPORT (continued)

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

The reconciliation of statutory profit after income tax expense to underlying profit after income tax expense is as follows:

	31 DECEMBER 2017 \$/M	31 DECEMBER 2016 \$/M
Statutory profit/(loss) after income tax expense attributable to members of WorleyParsons Limited	1.4	(2.4)
Add: other restructuring costs	5.5	23.4
Add: acquisition costs	5.9	-
Add: staff restructuring costs	-	32.8
Add: onerous lease contracts	12.2	22.6
Add: impairment of associate intangibles	-	2.3
Add: net loss on sale of assets held for sale	-	0.4
Less: net tax expense on restructuring costs	(5.0)	(22.0)
Add: tax from changes in US tax legislation	58.2	-
Underlying profit after income tax expense attributable to members of WorleyParsons Limited	78.2	57.1

SUBSEQUENT EVENTS

Since the end of the half year, the directors have resolved to pay an interim dividend of 10.0 cents per fully paid ordinary share (unfranked), including exchangeable shares (31 December 2016: nil).

No other material matter or circumstance has arisen since 31 December 2017 that has significantly affected or may significantly affect the Group's operations or state of affairs.

ROUNDING OF AMOUNTS

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

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's 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

As lead auditor for the review of WorleyParsons Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

SJ Ferguson
Partner
Sydney
21 February 2018

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Liability limited by a scheme approved under Professional Standards Legislation

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

John Grill, AO
Chairman

Sydney, 21 February 2018

Statement of financial performance and comprehensive income

For the half year ended 31 December 2017

		CONSOLIDATED	
	NOTES	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
REVENUE AND OTHER INCOME			
Professional services revenue		1,913.4	1,774.2
Procurement revenue		204.2	723.1
Construction and fabrication revenue		286.6	218.3
Interest income		2.8	3.2
Other income		2.4	3.3
Total revenue and other income	1.1	2,409.4	2,722.1
EXPENSES			
Professional services costs		(1,769.4)	(1,705.1)
Procurement costs		(201.1)	(714.3)
Construction and fabrication costs		(263.3)	(183.0)
Global support costs	1.1	(58.0)	(52.9)
Acquisition costs	1.2	(5.9)	-
Other costs	1.3	(5.5)	(24.7)
Borrowing costs		(32.3)	(33.0)
Total expenses		(2,335.5)	(2,713.0)
Share of net profit/(losses) of associates accounted for using the equity method		5.9	(2.5)
Profit before income tax expense		79.8	6.6
Income tax (expense)/benefit	1.4	(70.6)	3.7
Profit after income tax expense		9.2	10.3
Profit/(loss) after income tax expense attributable to:			
Members of WorleyParsons Limited		1.4	(2.4)
Non-controlling interests		7.8	12.7
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		31.5	(1.8)
Net movement in hedge reserve		(0.9)	(4.2)
Total comprehensive income, net of tax		39.8	4.3
Total comprehensive income/(loss), net of tax, attributable to:			
Members of WorleyParsons Limited		35.8	(9.3)
Non-controlling interests		4.0	13.6
Basic earnings/(loss) per share (cents) ¹	1.10	0.5	(1.0)
Diluted earnings/(loss) per share (cents) ¹	1.10	0.5	(1.0)

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

¹ Basic and diluted earnings per share were adjusted for the equity raise as disclosed in note 1.10.

Statement of financial position

As at 31 December 2017

		CONSOLIDATED	
	NOTES	31 DECEMBER 2017 \$'M	30 JUNE 2017 \$'M
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	1.5	219.8	226.2
Trade receivables	1.6	1,293.4	1,110.2
Other receivables	1.6	170.0	183.4
Procurement assets	1.15	49.0	103.0
Prepayments		109.8	110.8
Income tax receivable		4.3	3.2
Derivatives		2.3	2.6
Total current assets		1,848.6	1,739.4
<i>Non-current assets</i>			
Trade receivables	1.6	29.5	28.2
Intangible assets	1.7	2,237.5	2,002.6
Deferred tax assets		208.1	258.1
Derivatives		75.9	87.7
Equity accounted associates		76.8	77.3
Property, plant and equipment		58.2	52.3
Other non-current assets		11.3	13.4
Total non-current assets		2,697.3	2,519.6
TOTAL ASSETS		4,545.9	4,259.0
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables		802.4	742.4
Procurement payables	1.15	31.2	71.1
Provisions		342.5	354.5
Interest bearing loans and borrowings	1.8	247.9	272.5
Income tax payable		5.5	5.1
Derivatives		1.4	1.8
Total current liabilities		1,430.9	1,447.4
<i>Non-current liabilities</i>			
Trade and other payables		26.1	27.3
Interest bearing loans and borrowings	1.8	820.1	830.1
Deferred tax liabilities		17.0	24.3
Provisions		66.6	61.6
Total non-current liabilities		929.8	943.3
TOTAL LIABILITIES		2,360.7	2,390.7
NET ASSETS		2,185.2	1,868.3
EQUITY			
Issued capital	1.9	1,589.9	1,268.5
Reserves		(271.7)	(270.4)
Retained profits		877.0	875.6
Members of WorleyParsons Limited		2,195.2	1,873.7
Non-controlling interests		(10.0)	(5.4)
TOTAL EQUITY		2,185.2	1,868.3

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the half year ended 31 December 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 WORLEY PARSONS LIMITED \$'M	NON- CONTROLLING INTERESTS \$'M	TOTAL \$'M
As at 1 July 2017	1,268.5	875.6	(301.1)	11.5	42.1	(22.9)	1,873.7	(5.4)	1,868.3
Profit after income tax expense	-	1.4	-	-	-	-	1.4	7.8	9.2
Other comprehensive (loss)/income	-	-	35.3	(0.9)	-	-	34.4	(3.8)	30.6
Total comprehensive income/(loss), net of tax	-	1.4	35.3	(0.9)	-	-	35.8	4.0	39.8
<i>Transactions with owners</i>									
Issue of share capital, net of transaction costs	315.7	-	-	-	-	-	315.7	-	315.7
Share based payments expense	-	-	-	-	4.9	-	4.9	-	4.9
Transfer to issued capital on issuance of shares to satisfy performance rights	5.7	-	-	-	(5.7)	-	-	-	-
Increase in ownership of controlled entity	-	-	-	-	-	(34.9)	(34.9)	(2.8)	(37.7)
Dividends paid	-	-	-	-	-	-	-	(5.8)	(5.8)
As at 31 December 2017	1,589.9	877.0	(265.8)	10.6	41.3	(57.8)	2,195.2	(10.0)	2,185.2
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
(Loss)/profit after income tax expense	-	(2.4)	-	-	-	-	(2.4)	12.7	10.3
Other comprehensive (loss)/income	-	-	(2.7)	(4.2)	-	-	(6.9)	0.9	(6.0)
Total comprehensive (loss)/income, net of tax	-	(2.4)	(2.7)	(4.2)	-	-	(9.3)	13.6	4.3
<i>Transactions with owners</i>									
Share based payments expense	3.5	-	-	-	(0.5)	-	3.0	-	3.0
Dividends paid	-	-	-	-	-	-	-	(8.5)	(8.5)
As at 31 December 2016	1,268.4	839.7	(268.9)	10.3	37.7	(9.6)	1,877.6	1.1	1,878.7

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

Statement of cash flows

For the half year ended 31 December 2017

		CONSOLIDATED	
	NOTES	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,607.9	3,096.6
Payments to suppliers and employees		(2,525.7)	(3,151.8)
		82.2	(55.2)
Dividends received from associates		2.3	1.2
Interest received		1.7	2.0
Borrowing costs paid		(23.8)	(28.8)
Income taxes paid		(18.1)	(4.0)
Net cash inflow/(outflow) from operating activities	1.5	44.3	(84.8)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities, net of cash acquired		(335.5)	(3.4)
Payments for purchase of property, plant and equipment and computer software		(20.1)	(16.8)
Proceeds from disposals of investments		1.0	-
Proceeds from sale of property, plant and equipment		0.6	0.3
Net cash outflow from investing activities		(354.0)	(19.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings	1.8	(679.4)	(1,253.8)
Proceeds from loans and borrowings	1.8	673.8	1,237.0
Costs of bank facilities		(8.7)	(1.8)
Proceeds from equity raising, net of equity raising costs		315.7	-
Net loans from/(to) related parties		(1.1)	(4.0)
Dividends paid to non-controlling interests		(5.8)	(8.5)
Net cash inflow/(outflow) from financing activities		294.5	(31.1)
Net decrease in cash		(15.2)	(135.8)
Cash and cash equivalents at the beginning of the financial year		244.3	373.1
Effects of foreign exchange rate changes on cash		(0.4)	(2.0)
Cash and cash equivalents at the end of the financial year	1.5	228.7	235.3

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

Notes to the financial statements

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

The Interim Financial Report of the consolidated entity for the half year ended 31 December 2017 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 investing and financing activities of the Group as a full financial report.

The Interim Financial Report should be read in conjunction with the Annual Report of the Company for the year ended 30 June 2017, which was prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board. 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 2017 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* and Guidance Note 8 – Continuous Disclosure: Listing Rules 3.1 - 3.1B issued by the Australian Securities Exchange (ASX).

The Interim Financial Report has been prepared using consistent accounting policies as used in the annual financial report for the year ended 30 June 2017, 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 ASIC Corporations Instrument 2016/191 (Rounding in Financial / Directors' Report) 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 \$50,000 which have been rounded down.

For the purposes 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 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. 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;
- goodwill and intangible assets with identifiable useful lives;
- project, warranty and other provisions; and
- recovery of deferred taxes.

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.

(B) ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group applied for the first time certain amendments to the standards, which are effective from 1 July 2017.

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

The nature and the impact of each new standard or amendment is described below:

AASB 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 enhances the Group's disclosure in relation to interest bearing loans and borrowings.

(C) NEW ACCOUNTING STANDARDS NOT YET APPLICABLE

Effective 1 July 2018:

AASB 15 Revenue from Contracts with Customers

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. In the financial year ended 30 June 2017, the Group established a project team which undertook an analysis of a cross-section of material contracts across the Group to assess the impact of AASB 15. The Group has since undertaken a deeper assessment of certain types of contracts and is currently implementing controls to

monitor and assess new contracts. Based on the assessment performed, the impact of AASB 15 on earnings is not expected to be material. The next phase of the project is to identify the system and process requirements needed to capture additional information required to support the increased disclosures.

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 performed an initial assessment of how changes to the rules for financial instruments will impact the Group's financial statements. The new standard is expected to impact the measurement of the Group's doubtful debt provision. The quantum of the impact is currently under review by management. The hedge accounting changes are not expected to have a material impact on the Group's Financial statements (based on current instruments used by the Group).

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 leases. The Group has currently not yet finalized its assessment of how the new lease accounting requirements will impact the Group's financial statements.

1.1 SEGMENT INFORMATION

(A) IDENTIFICATION OF REPORTABLE SEGMENTS

UK Integrated Solutions became part of the Major Projects & Integrated Solutions segment.

(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 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 the annual financial statements and are consistent with those in the prior corresponding 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;
- other restructuring costs;
- onerous lease contracts;
- net gain on disposals of assets and liabilities held for sale;
- acquisition costs;
- net borrowing costs; and
- income tax expense and income tax charges in relation to the US tax reform.

(C) MAJOR CUSTOMERS

The most significant customer accounts for 9.9% (31 December 2016: 6.1%) of aggregated revenue and is within the Hydrocarbons customer sector group.

1.1 SEGMENT INFORMATION (continued)

(D) OPERATING SEGMENTS

	SERVICES		MAJOR PROJECTS AND INTEGRATED SOLUTIONS		ADVISIAN		TOTAL	
	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M
Professional services revenue	1,125.4	1,247.2	510.2	333.6	225.0	212.4	1,860.6	1,793.2
Construction and fabrication revenue	-	-	286.6	218.3	-	-	286.6	218.3
Procurement revenue at margin	88.0	108.2	31.2	12.9	41.3	29.8	160.5	150.9
Other income	2.4	3.3	-	-	-	-	2.4	3.3
Total segment revenue ¹	1,215.8	1,358.7	828.0	564.8	266.3	242.2	2,310.1	2,165.7
Segment result ²	114.4	120.0	75.0	54.8	11.7	2.3	201.1	177.1
Segment margin	9.4%	8.8%	9.1%	9.7%	4.4%	0.9%	8.7%	8.2%

(E) CUSTOMER SECTOR GROUPS

	HYDROCARBONS		MINERALS, METAL & CHEMICALS		INFRASTRUCTURE		TOTAL	
	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M	31 DEC 2017 \$/M	31 DEC 2016 \$/M
Professional services revenue	1,311.3	1,160.5	210.7	224.8	338.6	407.9	1,860.6	1,793.2
Construction and fabrication revenue	286.6	218.3	-	-	-	-	286.6	218.3
Procurement revenue at margin	127.5	101.8	3.2	1.9	29.8	47.2	160.5	150.9
Other income	0.3	2.3	0.2	-	1.9	1.0	2.4	3.3
Total segment revenue	1,725.7	1,482.9	214.1	226.7	370.3	456.1	2,310.1	2,165.7
Segment result	158.0	137.7	16.3	3.2	26.8	36.2	201.1	177.1
Segment margin	9.2%	9.3%	7.6%	1.4%	7.2%	7.9%	8.7%	8.2%

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

	TOTAL	
	31 DEC 2017 \$/M	31 DEC 2016 \$/M
Segment revenue	2,310.1	2,165.7
Procurement revenue at nil margin (including share of revenue from associates)	43.7	572.2
Pass-through revenue at nil margin ³	138.8	100.3
Share of revenue from associates	(86.0)	(119.3)
Interest income	2.8	3.2
Total revenue and other income per the Statement of Financial Performance	2,409.4	2,722.1

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 1.1(B). It is the key financial measure that is presented to the chief operating decision makers.

³ Pass-through revenue at nil margin refers to sub-contract packages for services or materials where the Group does not receive a margin.

1.1 SEGMENT INFORMATION (continued)

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

	TOTAL	
	31 DEC 2017	31 DEC 2016
	\$'M	\$'M
Segment result	201.1	177.1
Global support costs	(58.0)	(48.7)
Interest and tax for associates	(1.8)	(0.7)
Amortization of acquired intangible assets	(8.4)	(9.8)
Total underlying earnings before interest expense and tax expense (underlying EBIT)	132.9	117.9
Total underlying EBIT margin on aggregated revenue for the Group	5.8%	5.4%
Other restructuring costs	(5.5)	(23.4)
Acquisition costs	(5.9)	-
Staff restructuring costs ¹	-	(32.8)
Onerous lease contracts ²	(12.2)	(22.6)
Impairment of associate intangible assets	-	(2.3)
Net loss on sale of assets held for sale	-	(0.4)
Total EBIT	109.3	36.4
EBIT margin on aggregated revenue for the Group	4.7%	1.7%
Net borrowing costs	(29.5)	(29.8)
Income tax (expense)/benefit	(70.6)	3.7
Profit after income tax expense per the Statement of Financial Performance	9.2	10.3

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

	31 DEC 2017	31 DEC 2016
	\$'M	\$'M
Global support costs per segment information ³	58.0	48.7
Staff restructuring costs	-	32.8
Staff restructuring costs attributable to professional services costs, construction and fabrication costs and staff restructuring costs incurred by equity accounted associates	-	(28.6)
Global support costs per the Statement of Financial Performance	58.0	52.9

¹ Includes staff restructuring costs incurred in equity accounted investments.

² Includes onerous lease costs incurred in equity accounted investments.

³ Excludes all restructuring costs.

1.2 BUSINESS COMBINATIONS AND DIVESTMENTS

On 27 October 2017, WorleyParsons Europe Limited acquired 100% of the voting shares of AFW UK Oil & Gas Limited and its controlled entities ("UK Integrated Solutions") for a total consideration of £228.0 million. With operations in the UK North Sea, UK Integrated Solutions is a leading Maintenance, Modifications & Operations (MMO) service provider in UK oil and gas sector. The acquisition provides the Group with a robust entry into the UK North Sea and supports our global MMO strategy. The financial report includes the results of UK Integrated Solutions for the two-month period from the acquisition date.

The above acquisition's contribution to the Group's reported after tax profit attributable to members of the Parent Entity was \$8.7 million, and the contribution to revenue was \$143.2 million. If the acquisition had occurred on 1 July 2017, management estimates that the additional contribution to the Group's profit after income tax would have been \$14.2 million, and to revenue would have been \$494.4 million.

The Group incurred acquisition related costs of \$ 5.9 million on legal fees, due diligence and advisory costs. These costs have been included in other expenses in the statement of financial performance, and in operating cash flows in the statement of cash flows.

The provisional fair values of the identifiable assets and liabilities of UK Integrated Solutions as at the date of acquisition were:

	PROVISIONAL FAIR VALUE RECOGNIZED ON ACQUISITION
	\$'M
(A) ASSETS	
Cash	64.6
Trade and other receivables	262.5
Prepayments	8.2
Deferred tax assets	7.6
Property, Plant and equipment	5.3
Other assets	4.6
Total assets	352.8
(B) LIABILITIES	
Trade and other payables	(137.5)
Other liabilities	(48.6)
Total liabilities	(186.1)
Total identifiable net assets acquired at fair value	166.7
Intangible assets	62.5
Deferred tax liability arising on intangible assets	(11.9)
Goodwill arising on acquisition	170.0
Total consideration, excluding acquisition costs expensed	387.3
(C) NET CASH EFFECT:	
Cash consideration paid ¹	387.3
Cash and overdrafts included in net assets acquired	(64.6)
Transaction costs of the acquisition ²	5.0
Net cash outflow	327.7

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

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

The Group increased its share of WorleyParsons Oman Engineering LLC by 35% during the half year ended 31 December 2017, and now holds 100%.

In the prior half year certain assets and liabilities of the Group's business in South Africa were sold for a total of \$6.4 million and resulted in a net profit of \$0.9m in HY17. No such transaction has taken place in HY18.

¹ This represents the payment of £228 million translated to AU\$ at 0.5824 exchange rate at the date of transaction reduced by the cash flow hedge of \$4.2 million.

² Out of \$5.9m transaction costs, \$5.0m were paid as at 31 December 2017.

1.3 OTHER COSTS

	CONSOLIDATED	
	31 DECEMBER 2017	31 DECEMBER 2016
	\$'M	\$'M
EXPENSES AND LOSSES		
Write-down of investment in equity accounted associates	-	1.3
Other restructuring costs	5.5	23.4
	5.5	24.7

1.4 INCOME TAX

(A) INCOME TAX EXPENSE

	CONSOLIDATED	
	31 DECEMBER 2017	31 DECEMBER 2016
	\$'M	\$'M
Current tax	28.4	37.0
Deferred tax	41.2	(45.7)
Under provision in previous financial periods	1.0	5.0
Income tax expense/(benefit)	70.6	(3.7)
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	62.8	25.6
Decrease in deferred tax liabilities	(21.6)	(71.3)
Deferred tax	41.2	(45.7)

	31 DECEMBER 2017	31 DECEMBER 2016
	\$'M	\$'M
(B) RECONCILIATION OF PRIMA FACIE TAX PAYABLE TO INCOME TAX EXPENSE		
Profit before income tax expense	79.8	6.6
Prima facie tax expense at WorleyParsons Limited's statutory income tax rate of 30% (2016: 30%)	23.9	2.0
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible share based payments expense	1.5	1.1
Non-deductible write-down of investment in equity accounted associates	-	0.4
Share of (profits)/losses of associates accounted for using the equity method	(1.8)	0.7
Tax losses not previously recognized	0.1	(1.3)
Under provision in previous financial periods	1.0	5.0
Non-deductible costs of UK Integrated Solutions acquisition	1.8	-
Tax expense in relation to the US tax reform	58.2	-
Difference in overseas tax rates and other ¹	(14.1)	(11.6)
Income tax expense/(benefit)	70.6	(3.7)

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

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

Deferred tax - credited directly to equity	5.3	(12.5)
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¹ Represents primarily income tax expense for foreign tax rate differential and international withholding taxes.

CONSOLIDATED			
		31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
1.5 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per Statement of Financial Position ¹		219.8	228.4
Procurement cash and cash equivalents	1.15	11.2	16.3
Cash at bank and on hand		231.0	244.7
Less: bank overdraft	1.8	(2.3)	(9.4)
Balance per the Statement of Cash Flows		228.7	235.3
Reconciliation of profit after income tax expense to net cash inflow from operating activities:			
Profit after income tax expense		9.2	10.3
<i>NON-CASH ITEMS</i>			
Amortization		28.3	30.3
Depreciation		8.3	10.0
Share based payments expense		4.9	3.0
Doubtful debts expense/(reversal)		1.9	(6.0)
Share of associates' dividends received in excess of share of (profits)/losses		(3.6)	2.5
Write-down of investments in equity accounted associates		-	1.3
Write-off of capitalised borrowing costs		0.8	-
Other		4.1	2.3
Cash flow adjusted for non-cash items		53.9	53.7
<i>CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES</i>			
Decrease in trade and other receivables		102.4	285.5
Decrease in prepayments and other assets		8.3	3.9
Decrease in deferred tax assets		57.7	33.6
Decrease in trade and other payables		(202.4)	(351.5)
Increase/(decrease) in billings in advance		39.7	(9.8)
Increase in net income tax payable		14.0	31.3
Decrease in deferred tax liabilities		(19.1)	(72.6)
Decrease in provisions		(10.2)	(58.9)
Net cash inflow/(outflow) from operating activities		44.3	(84.8)
		31 DECEMBER 2017 \$'M	30 JUNE 2017 \$'M
1.6 TRADE AND OTHER RECEIVABLES			
<i>CURRENT TRADE RECEIVABLES</i>			
Trade receivables		819.3	745.5
Unbilled contract revenue		535.9	468.5
Retentions		26.7	23.1
Allowance for impairment of trade receivables		(50.7)	(49.5)
Less: procurement trade and other receivables	1.15	(37.8)	(77.4)
		1,293.4	1,110.2
<i>NON-CURRENT TRADE RECEIVABLES</i>			
Trade receivables ²		14.5	13.8
Unbilled contract revenue		15.0	14.4
		29.5	28.2
<i>OTHER RECEIVABLES</i>			
Other receivables		123.4	127.7
Amounts receivable from associates and related parties		46.6	55.7
		170.0	183.4

¹ Cash and cash equivalents include restricted cash that is available for use under certain circumstances by the Group. The cash and cash equivalents balance for the six months ended 31 December 2016 was restated for comparative purposes.

² Non-current trade receivables and unbilled contract revenue relate to contracts where recovery is expected to take greater than twelve months.

CONSOLIDATED

	31 DECEMBER 2017 \$'M	30 JUNE 2017 \$'M
1.7 INTANGIBLE ASSETS		
<i>Goodwill</i>		
At cost	2,221.4	2,033.0
Accumulated impairment	(200.2)	(200.2)
	2,021.2	1,832.8
<i>Customer contracts and relationships</i>		
At cost	254.2	187.9
Accumulated amortization	(184.5)	(173.5)
	69.7	14.4
<i>Trade names</i>		
At cost	82.2	82.7
Accumulated amortization	(74.9)	(74.5)
	7.3	8.2
<i>Computer software</i>		
At cost	337.4	329.2
Accumulated amortization	(202.8)	(188.1)
	134.6	141.1
<i>Other</i>		
At cost	24.9	24.8
Accumulated amortization	(20.2)	(18.7)
	4.7	6.1
Total intangible assets	2,237.5	2,002.6

RECONCILIATIONS

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

	CONSOLIDATED					
	GOODWILL \$'M	CUSTOMER CONTRACTS AND RELATIONSHIPS \$'M	TRADE NAMES \$'M	COMPUTER SOFTWARE \$'M	OTHER \$'M	TOTAL \$'M
Balance at 1 July 2017	1,832.8	14.4	8.2	141.1	6.1	2,002.6
Additions/transfers	170.0	62.5	-	8.2	-	240.7
Amortization	-	(7.5)	(0.9)	(14.7)	(1.4)	(24.5)
Differences arising on translation of foreign operations	18.4	0.3	-	-	-	18.7
Balance at 31 December 2017	2,021.2	69.7	7.3	134.6	4.7	2,237.5
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)	-	0.1	-	(58.0)
Balance at 30 June 2017	1,832.8	14.4	8.2	141.1	6.1	2,002.6

1.7 INTANGIBLE ASSETS (continued)

Impairment of intangible assets

Goodwill is not amortized; instead, it is tested at least 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 synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of 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.

KEY ESTIMATES

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

	SERVICES – AMERICAS \$'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA, \$'M	SERVICES – EUROPE, MIDDLE EAST, AND AFRICA \$'M	MAJOR PROJECT AND INTEGRATED SOLUTIONS \$'M	ADVISIAN \$'M
31 DECEMBER 2017					
Opening balance	303.6	509.9	350.3	410.1	258.9
Closing balance	306.7	515.0	353.8	584.2	261.5
Risk-weighted pre-tax discount rate	13.7%	13.8%	15.1%	12.4%	12.7%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%
	SERVICES – AMERICAS \$'M	SERVICES – AUSTRALIA, PACIFIC, ASIA AND CHINA, \$'M	SERVICES – EUROPE, MIDDLE EAST, AND AFRICA \$'M	MAJOR PROJECT AND INTEGRATED SOLUTIONS \$'M	ADVISIAN \$'M
30 JUNE 2017					
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%	13.9%	16.6%	12.4%	13.4%
Risk-adjusted growth rate beyond 5 years	3.0%	3.0%	3.0%	3.0%	3.0%

SENSITIVITY ANALYSIS

The combined fair value in all the CGUs exceed the carrying value by over \$860 million (30 June 2017: over \$650 million). Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

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

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

- Terminal growth rates: a 1% decrease (30 June 2017: 1% decrease) in the terminal growth rate would result in the fair value of all CGUs listed above exceeding the carrying values with the exception of Advisian which would be impaired by \$25 million;
- Post tax discount rates: a 0.5% increase (30 June 2017: 0.5% increase) in the discount rate would result in the fair value of all CGUs listed above exceeding the carrying values with the exception of Advisian which would be impaired by \$15 million; and
- Forecast cash flows: a 3% decrease (30 June 2017: 3% decrease) in the forecast cash flows would result in the fair value of all CGUs listed above exceeding the carrying values with the exception of Advisian which would be impaired by \$5 million.

CONSOLIDATED

	31 DECEMBER 2017 \$'M	30 JUNE 2017 \$'M
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1.8 INTEREST BEARING LOANS AND BORROWINGS

Current

Notes payable	213.6	242.7
Unsecured bank loans	34.3	23.0
Finance lease liability	0.1	0.2
Bank overdraft	2.3	7.5
Capitalized borrowing costs	(2.4)	(0.9)
	247.9	272.5

Non-current

Notes payable	583.8	592.2
Unsecured bank loans	243.8	240.6
Capitalized borrowing costs	(7.5)	(2.7)
	820.1	830.1

The maturity profile in respect of the Group's secured facilities is set out below:

Due within one year	0.1	0.2
	0.1	0.2

The maturity profile in respect of the Group's total utilized and unutilized facilities is set out below:

Due within one year	310.1	343.6
Due between one and four year(s)	1,231.6	1,232.5
Due after four years	263.0	266.8
	1,804.7	1,842.9

Changes in assets and liabilities arising from financing activities

	AS AT 1 JULY \$'M	CASH FLOWS \$'M	RECLASSIFICATION \$'M	FOREIGN EXCHANGE MOVEMENTS \$'M	OTHER \$'M	AS AT 31 DECEMBER \$'M
2017						
Current interest bearing loans and borrowings	273.2	(271.1)	240.6	7.5	-	250.2
Non-current interest bearing loans and borrowings	832.8	266.2	(240.6)	(30.8)	-	827.6
Finance lease liability	0.2	(0.7)	-	-	0.6	0.1
Non-current derivative asset	87.7	-	-	0.3	(12.1)	75.9
	1,193.9	(5.6)	-	(23.0)	(11.5)	1,153.8
2016						
Current interest bearing loans and borrowings	247.9	3.7	27.6	14.9	-	294.1
Non-current interest bearing loans and borrowings	993.5	(19.0)	(27.6)	26.3	-	973.2
Finance lease liability	2.5	(1.5)	-	-	(0.1)	0.9
Non-current derivative asset	94.8	-	-	6.7	3.4	104.9
	1,338.7	(16.8)	-	47.9	3.3	1,373.1

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

1.9 ISSUED CAPITAL

	31 DECEMBER 2017 NUMBER OF SHARES	\$'M	30 JUNE 2017 NUMBER OF SHARES	\$'M
Ordinary shares, fully paid ¹	273,921,369	1,589.9	248,189,086	1,268.5
Special voting share	1	-	1	-
	273,921,370	1,589.9	248,189,087	1,268.5

(A) MOVEMENTS IN SHARES

	31 DECEMBER 2017 NUMBER OF SHARES	\$'M
Balance at the beginning of the financial year	248,189,087	1,268.5
Ordinary shares issued on redemption of exchangeable shares	200,000	5.4
Exchangeable shares exchanged for ordinary shares	(200,000)	(5.4)
Transfer from performance rights reserve on issuance of shares ²	943,865	5.7
Ordinary shares issued	24,788,418	322.0
Less: transaction costs of equity issue	-	(6.3)
Balance at the end of the financial year	273,921,370	1,589.9

¹ Included in ordinary shares are 1,163,668 (30 June 2017: 1,363,638) exchangeable shares. The issuance of the exchangeable shares and the attached special voting share replicate the economic effect of issuing ordinary shares in the Company. Accordingly, for accounting purposes, exchangeable shares are treated in the same single class of issued capital as ordinary shares. In addition, the Australian Securities Exchange (ASX) treats these exchangeable shares to have been converted into ordinary shares of the Company at the time of their issue for the purposes of the ASX Listing Rules. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital. The WorleyParsons Limited Plans Trust holds 121,449 (30 June 2017: 248,828) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

² Includes 50,211 employee bonus shares.

CONSOLIDATED		
	31 DECEMBER 2017	31 DECEMBER 2016 RESTATED
	\$'M	\$'M

1.10 EARNINGS/ (LOSS) PER SHARE

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

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

ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED

Basic earnings/(loss) per share	0.5	(1.0)
Diluted earnings/(loss) per share	0.5	(1.0)

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

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

	\$'M	\$'M
Earnings used in calculating basic and diluted earnings/(loss) per share	1.4	(2.4)

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

	Number	Number
	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings/(loss) per share ¹	273,217,066	250,500,488
Performance rights which are considered dilutive	1,915,653	-
Weighted average number of ordinary securities used in calculating diluted earnings/(loss) per share	275,132,719	250,500,488

1.11 DIVIDENDS

CONSOLIDATED		
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
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	-	-

1.12 FAIR VALUES

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 \$1,153.7 million (30 June 2017: \$1,186.7 million) and a carrying value of \$1,077.9million (30 June 2017: \$1,106.2 million).

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

Level 1 - the fair value is calculated using quoted prices in active markets; and

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

Derivative instruments including interest rate swaps and forward exchange contracts are restated to fair values at each reporting date based on market observable inputs such as foreign exchange spot and forward rates, interest rate curves and forward rates 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 Prior period number of shares is calculated by multiplying the original weighted average number of shares of 248,020,285 by a bonus factor of 1.01.

1.13 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	
	31 DECEMBER 2017 \$'M	30 JUNE 2017 \$'M
Bank guarantees outstanding at balance date in respect of contractual performance	556.8	568.1
Commitments not recognized in the financial statements	556.8	568.1

(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 Group's accounting policy.

(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.

1.14 SUBSEQUENT EVENTS

Since the end of the half year, the directors have resolved to pay an interim dividend of 10.0 cents per fully paid ordinary share (unfranked), including exchangeable shares (31 December 2016: nil).

Unless disclosed elsewhere in this Interim Financial Report, no other material matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations or state of affairs in future periods.

1.15 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 customers. 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 expenses, and assets and liabilities have been recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position:

	CONSOLIDATED	
	31 DECEMBER 2017 \$'M	31 DECEMBER 2016 \$'M
REVENUE AND EXPENSES¹		
Procurement revenue at margin	160.5	150.9
Procurement costs at margin	(157.4)	(142.1)
Procurement revenue at nil margin	43.7	572.2
Procurement costs at nil margin	(43.7)	(572.2)
ASSETS AND LIABILITIES		
Cash and cash equivalents	11.2	16.3
Trade and other receivables	37.8	163.2
Trade and other payables	31.2	160.6

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

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 WorleyParsons Limited for the half year ended 31 December 2017 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 2017 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'John Grill', is written over a light yellow rectangular background.

JOHN GRILL, AO

Chairman

Sydney, 21 February 2018

Independent Auditor's Review Report to the Members of WorleyParsons Limited Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of WorleyParsons Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the 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, other information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial 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*.

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 control as the directors determine is 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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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*.


Ernst & Young


SJ Ferguson
Partner
Sydney
21 February 2018

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Corporate information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

John Grill (Chairman), AO
Anne Templeman-Jones
Thomas Gorman
Erich Fraunschiel
Christopher Haynes, OBE
Catherine Livingstone, AO
Wang Xiao Bin
Andrew Wood (Chief Executive Officer)

COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

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141 Walker Street
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AUDITORS

Ernst & Young

BANKERS

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Bank ABC
BNP Paribas
Intesa Sanpaolo Bank
HSBC
JPMorgan Chase
Royal Bank of Canada
Mizuho Bank
Macquarie Bank
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
UBS
Wells Fargo
Westpac Banking Corporation

LAWYERS

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