

Appendix 4D

Half Year Ended 31 December 2020

Worley Limited
ABN 17 096 090 158

Level 17
141 Walker Street
North Sydney NSW 2060
Australia
Ph: +61 2 8923 6866
Fax: +61 2 8923 6877
www.worley.com

RESULTS FOR ANNOUNCEMENT TO THE MARKET¹

STATUTORY RESULT

	CONSOLIDATED			
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M	CHANGE \$'M	CHANGE %
Revenue and other income	4,876.4	6,900.7	(2,024.3)	(29.3)
Earnings before interest, tax and amortization (EBITA) ²	140.0	284.5	(144.5)	(50.8)
Profit before income tax expense	47.4	172.2	(124.8)	(72.5)
NPATA attributable to members of Worley Limited ³	60.1	154.5	(94.4)	(61.1)
Profit after income tax expense attributable to members of Worley Limited	22.3	115.3	(93.0)	(80.7)
EBITA margin on aggregated revenue	3.1%	4.7%	-	(1.6)pp
Basic earnings per share (cents)	4.3	22.1	(17.8)	(80.5)
Diluted earnings per share (cents)	4.3	21.9	(17.6)	(80.4)

UNDERLYING RESULT

Costs in relation to transition, transformation and restructuring activities and international Government subsidies (net of direct costs) have been excluded from the underlying result. The directors consider underlying profit information is important to understand the sustainable performance of the company by excluding selected significant items and amortization on acquired intangible assets.

	CONSOLIDATED			
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M	CHANGE \$'M	CHANGE %
EBITA ⁴	207.2	366.1	(158.9)	(43.4)
EBITA margin on aggregated revenue ⁴	4.6%	6.1%	-	(1.5)pp
NPATA attributable to members of Worley Limited	116.5	216.4	(99.9)	(46.2)
Basic earnings per share (cents) ⁵	22.3	41.5	(19.2)	(46.3)

RECONCILIATION OF STATUTORY PROFIT AFTER INCOME TAX EXPENSE TO UNDERLYING PROFIT AFTER INCOME TAX AND BEFORE AMORTISATION⁶

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
Profit after income tax expense attributable to members of Worley Limited	22.3	115.3
Impact of transformation and restructuring comprised of:		
<i>Payroll restructuring</i>	19.0	-
<i>Impairment of property assets</i>	15.6	-
<i>Onerous contracts and other costs</i>	22.1	-
<i>International Government subsidies, net of direct costs</i>	(40.9)	-
Transition costs	33.7	81.2
Impairment of investment in equity accounted associate	11.0	3.7
Impairment of fixed assets	6.7	-
Impact of an arbitration award ⁷	-	(3.3)
Net tax expense on items excluded from underlying results	(16.4)	(20.9)
Tax from changes in tax legislation	5.6	1.2
Underlying profit after income tax expense attributable to members of Worley Limited	78.7	177.2
Amortization of intangible assets acquired through business combinations	51.1	53.2
Tax effect on amortization of intangible assets acquired through business combinations	(13.3)	(14.0)
Underlying NPATA attributable to members of Worley Limited	116.5	216.4

¹ The International Financial Reporting Standards financial information contained within this Appendix 4D has been derived from the 31 December 2020 Interim Financial Report, which has been reviewed by Ernst & Young. However, this Appendix 4D has not been reviewed.

² EBITA is defined as earnings before interest, tax and amortisation on intangible assets acquired through business combinations.

³ NPATA is defined as profit after tax excluding the post tax impact of amortisation on intangible assets acquired through business combinations.

⁴ Per segment note. Refer to note 1.1 (G) of the Interim Financial Report.

⁵ Basic underlying earnings per share are calculated on NPATA basis.

⁶ The directors consider underlying profit information is important to understand the sustainable performance of the company by excluding selected significant items.

⁷ Increase in revenue from an arbitration award in relation to a dispute with a state owned enterprise.

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 and impact of arbitration award. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

	CONSOLIDATED		CHANGE %
	31 DECEMBER 2020 \$M	31 DECEMBER 2019 \$M	
Revenue and other income	4,876.4	6,900.7	(29.3)
Less: procurement revenue at nil margin (including share of revenue from associates)	(471.4)	(1,075.0)	56.1
Add: share of revenue from associates	96.0	179.7	(46.6)
Less: interest income	(3.5)	(4.1)	(14.6)
Less: impact of the arbitration award	-	(3.3)	n/a
Aggregated revenue	4,497.5	5,998.0	(25.0)

DIVIDEND

	AMOUNT PER SHARE	FRANKED AMOUNT PER SHARE
Interim dividend (cents per share)	25.0	nil
Record date for determining entitlement to final dividend		2 March 2021
Date dividend is to be paid		31 March 2021

The directors have resolved to pay an interim dividend of 25.0 cents (unfranked) per fully paid ordinary share, including exchangeable shares (31 December 2019: 25.0 cents per share, unfranked).

NET ASSETS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2020 \$	30 JUNE 2020 \$
Net assets per share	10.49	11.39
Net tangible assets/(liabilities) per share ²	(0.91)	(0.88)

Additional Appendix 4D disclosure requirements can be found in the Interim Financial Report for the half year ended 31 December 2020 issued 23 February 2021.

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

² Right of use assets recognized and measured under AASB 16 Leases are included in the net tangible assets per share calculation.



Interim financial report

Half Year Ended 31 December 2020

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Directors' report

The directors present their report on the consolidated entity consisting of Worley 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 2020.

DIRECTORS

The following persons were directors of the Company from 1 July 2020 up to the date of this report:

John Grill, AO (Chair)

Andrew Liveris, AO (Deputy Chair and Lead independent Director)

Christopher Haynes, OBE

Thomas Gorman

Roger Higgins

Martin Parkinson, AC

Emma Stein (Appointed 10 December 2020)

Juan Suárez Coppel

Anne Templeman-Jones

Wang Xiao Bin

Sharon Warburton

Chris Ashton (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. These activities were driven by a common purpose in delivering a more sustainable world:

- Energy - the extraction and processing of oil and gas as well as projects related to all forms of power generation, transmission and distribution;
- Chemicals - the manufacture, processing and refining of chemicals (for example petrochemicals, polymers and speciality chemicals); and
- Resources - the extraction and processing of mining, mineral and metal resources, and resource projects related to water, the environment, transport, ports and site remediation and decommissioning.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 9 July 2020, the Company acquired 50% of the shares in TW Power Services Pty Ltd (TWPS) it did not previously own for a cash consideration of \$10.5 million. TWPS is an operations and maintenance (O&M) business providing services to support critical power infrastructures across Australia, New Zealand and South East Asia. In line with Worley's transformation strategy, this acquisition demonstrates our commitment to supporting our customers through their energy transition.

REVIEW OF OPERATIONS

The profit after income tax expense attributable to members of the Company for the half year ended 31 December 2020 was \$22.3 million (a decrease of \$93.0 million on the \$115.3 million net profit after tax reported in the corresponding period). The result was earned on aggregated revenue of \$4,497.5 million (a decrease of 25.0% on the \$5,998.0 million reported in the corresponding period).

DIRECTORS' REPORT (continued)

The directors consider that information presented below is important to understand the underlying performance of the Company by excluding significant non-recurring items relating to the transitions costs and costs incurred in the business response to the COVID-19 pandemic and its associated economic impact.

Costs of \$67.2 million have been excluded from underlying profit before tax primarily in relation to transformation and restructuring activities and a continuation of transition costs incurred by the group (2019 costs of \$81.6 million primarily in relation to transition costs). Transformation and restructuring comprise of payroll restructuring, impairment in relation to property, onerous contracts and net international Government subsidies received.

The reconciliation of statutory profit after income tax expense to underlying profit after income tax expense and before amortisation (NPATA¹) is as follows:

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
Profit after income tax expense attributable to members of Worley Limited	22.3	115.3
Impact of transformation and restructuring comprised of:		
<i>Payroll restructuring</i>	19.0	-
<i>Impairment of property assets</i>	15.6	-
<i>Onerous contracts and other costs</i>	22.1	-
<i>International Government subsidies, net of direct costs</i>	(40.9)	-
Transition costs	33.7	81.2
Impairment of investment in equity accounted associate	11.0	3.7
Impairment of fixed assets	6.7	-
Impact of an arbitration award ²	-	(3.3)
Net tax expense on items excluded from underlying results	(16.4)	(20.9)
Tax from changes in tax legislation	5.6	1.2
Underlying profit after income tax expense attributable to members of Worley Limited	78.7	177.2
Amortization of intangible assets acquired through business combinations	51.1	53.2
Tax effect on amortization of intangible assets acquired through business combinations	(13.3)	(14.0)
Underlying NPATA attributable to members of Worley Limited	116.5	216.4

SUBSEQUENT EVENTS

Since the end of the half year, the directors have resolved to pay an interim dividend of 25.0 cents (unfranked) per fully paid ordinary share, including exchangeable shares (31 December 2019: 25.0 cents per share, unfranked). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed interim dividend of \$130.8 million is not recognized as a liability as at 31 December 2020.

No other material matter or circumstance has arisen since 31 December 2020 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 have been rounded off to the nearest one hundred thousand dollars in accordance with that Instrument. Amounts shown as 0 represent amounts less than \$50,000 which have been rounded down.

¹ NPATA is defined as profit after tax excluding the post tax impact of amortisation on intangible assets acquired through business combinations.

² Increase in revenue from an arbitration award in relation to a dispute with a state owned enterprise.

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:



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

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

Auditor's Independence Declaration to the Directors of Worley Limited

As lead auditor for the review of the interim financial report of Worley Limited for the half-year ended 31 December 2020, 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 of Worley Limited and the entities it controlled during the financial period.

Ernst & Young

Scott Jarrett
Partner
Sydney
23 February 2021

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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
Chair

Sydney, 23 February 2021

Statement of financial performance and comprehensive income

For the half year ended 31 December 2020

CONSOLIDATED			
	NOTES	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
REVENUE AND OTHER INCOME			
Professional services revenue		2,964.3	3,873.1
Procurement revenue		645.9	1,513.0
Construction and fabrication revenue		1,261.5	1,506.0
Other income		1.2	4.5
Interest income		3.5	4.1
Total revenue and other income	1.1	4,876.4	6,900.7
EXPENSES			
Professional services costs		(2,816.6)	(3,645.9)
Procurement costs		(642.4)	(1,466.9)
Construction and fabrication costs		(1,190.0)	(1,391.0)
Global support costs	1.1	(74.8)	(86.0)
Transition, transformation and restructuring costs	1.3	(49.5)	(81.2)
Finance costs		(45.0)	(63.2)
Total expenses		(4,818.3)	(6,734.2)
Share of net (loss)/profit of associates accounted for using the equity method		(10.7)	5.7
Profit before income tax expense		47.4	172.2
Income tax expense	1.4	(25.7)	(46.1)
Profit after income tax expense		21.7	126.1
Profit after income tax expense attributable to:			
Members of Worley Limited		22.3	115.3
Non-controlling interests		(0.6)	10.8
Other comprehensive income			
Items that may be reclassified in future periods to the Statement of Financial Performance			
Net movement in foreign currency translation reserve		(339.7)	80.0
Net movement in hedge reserve		(2.1)	(0.9)
Items that will not be reclassified in future periods to the Statement of Financial Performance			
Net movement in defined benefit reserve		0.2	-
Total comprehensive income, net of tax		(319.9)	205.2
Total comprehensive income, net of tax, attributable to:			
Members of Worley Limited		(311.5)	195.3
Non-controlling interests		(8.4)	9.9
Basic earnings per share (cents)	1.10	4.3	22.1
Diluted earnings per share (cents)	1.10	4.3	21.9

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

Statement of financial position

As at 31 December 2020

		CONSOLIDATED	
		31 DECEMBER 2020	30 JUNE 2020
	NOTES	\$'M	\$'M
ASSETS			
Current assets			
Cash and cash equivalents	1.5	477.6	466.9
Trade receivables	1.6	1,615.3	1,941.7
Other current assets	1.6	207.8	256.6
Prepayments		120.9	101.9
Procurement assets	1.15	192.8	324.7
Income tax receivable		73.8	64.0
Derivatives		44.0	57.1
Total current assets		2,732.2	3,212.9
Non-current assets			
Trade receivables	1.6	164.1	182.4
Intangible assets	1.7	5,964.1	6,401.9
Property, plant and equipment and right of use assets		654.1	783.0
Deferred tax assets		180.5	248.7
Equity accounted associates		161.6	197.7
Other non-current assets		54.3	54.4
Total non-current assets		7,178.7	7,868.1
TOTAL ASSETS		9,910.9	11,081.0
LIABILITIES			
Current liabilities			
Trade and other payables		1,202.9	1,470.0
Procurement payables	1.15	151.0	276.4
Provisions		672.1	718.1
Interest bearing loans and borrowings and lease liabilities	1.8	671.4	625.9
Income tax payable		37.4	32.6
Derivatives		3.5	3.2
Total current liabilities		2,738.3	3,126.2
Non-current liabilities			
Trade and other payables		43.0	48.1
Interest bearing loans and borrowings and lease liabilities	1.8	1,385.6	1,661.6
Deferred tax liabilities		71.4	111.6
Provisions		118.7	128.0
Defined benefit obligations		67.3	65.0
Total non-current liabilities		1,686.0	2,014.3
TOTAL LIABILITIES		4,424.3	5,140.5
NET ASSETS		5,486.6	5,940.5
EQUITY			
Issued capital	1.9	5,321.2	5,301.4
Reserves		(687.8)	(342.7)
Retained profits		814.8	922.5
Members of Worley Limited		5,448.2	5,881.2
Non-controlling interests		38.4	59.3
TOTAL EQUITY		5,486.6	5,940.5

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 2020

	CONSOLIDATED									
	ISSUED CAPITAL \$'M	RETAINED PROFITS \$'M	FOREIGN CURRENCY TRANSLATION RESERVE \$'M	HEDGE RESERVE \$'M	PERFORMANCE RIGHTS RESERVE \$'M	DEFINED BENEFIT RESERVE \$'M	ACQUISITION RESERVE \$'M	MEMBERS OF WORLEY LIMITED \$'M	NON- CONTROLLING INTERESTS \$'M	TOTAL \$'M
As at 1 July 2020	5,301.4	922.5	(343.2)	4.6	68.5	(8.9)	(63.7)	5,881.2	59.3	5,940.5
Profit after income tax expense	-	22.3	-	-	-	-	-	22.3	(0.6)	21.7
Other comprehensive income/(loss)	-	-	(331.9)	(2.1)	-	0.2	-	(333.8)	(7.8)	(341.6)
Total comprehensive income/(loss), net of tax	-	22.3	(331.9)	(2.1)	-	0.2	-	(311.5)	(8.4)	(319.9)
<i>Transactions with owners</i>										
Share based payments expense	-	-	-	-	13.7	-	-	13.7	-	13.7
Transfer to issued capital on issuance of shares to satisfy performance rights	19.8	-	-	-	(25.0)	-	-	(5.2)	-	(5.2)
Dividends paid	-	(130.0)	-	-	-	-	-	(130.0)	(12.5)	(142.5)
As at 31 December 2020	5,321.2	814.8	(675.1)	2.5	57.2	(8.7)	(63.7)	5,448.2	38.4	5,486.6
As at 1 July 2019 ¹	5,283.0	959.0	(237.0)	7.0	55.0	(5.0)	(63.7)	5,998.3	35.0	6,033.3
Profit after income tax expense	-	115.3	-	-	-	-	-	115.3	10.8	126.1
Other comprehensive income/(loss)	-	-	80.9	(0.9)	-	-	-	80.0	(0.9)	79.1
Total comprehensive income/(loss), net of tax	-	115.3	80.9	(0.9)	-	-	-	195.3	9.9	205.2
<i>Transactions with owners</i>										
Share based payments expense	-	-	-	-	20.0	-	-	20.0	-	20.0
Transfer to issued capital on issuance of shares to satisfy performance rights	17.0	-	-	-	(20.0)	-	-	(3.0)	-	(3.0)
Dividends paid	-	(78.0)	-	-	-	-	-	(78.0)	(5.9)	(83.9)
As at 31 December 2019	5,300.0	996.3	(156.1)	6.1	55.0	(5.0)	(63.7)	6,132.6	39.0	6,171.6

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

¹ Amounts at 1 July 2019 were restated due to the finalization of the ECR acquisition accounting. Refer to note 2(D) in the 30 June 2020 Financial Report for the detail of the restatement of comparatives.

Statement of cash flows

For the half year ended 31 December 2020

		CONSOLIDATED	
	NOTES	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,582.8	6,975.0
Payments to suppliers and employees		(5,274.8)	(6,663.1)
		308.0	311.9
Dividends received from associates		-	2.6
Interest received		2.5	3.1
Financing costs paid		(34.4)	(62.7)
Income taxes paid		(22.7)	(27.5)
Net cash inflow from operating activities	1.5	253.4	227.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities and other investments, net of cash acquired		(7.2)	(45.3)
Payments for purchase of property, plant and equipment and computer software		(31.3)	(22.8)
Proceeds from sale of property, plant and equipment		1.1	0.6
Proceeds from disposals of investments		4.2	-
Net cash outflow from investing activities		(33.2)	(67.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings	1.8	(1,065.3)	(2,480.5)
Proceeds from loans and borrowings	1.8	1,109.3	2,407.0
Costs of bank facilities		(2.2)	(5.1)
Lease liability payments		(75.3)	(84.4)
Dividends paid to members of Worley Limited		(130.0)	(78.0)
Net loans from related parties		0.4	6.2
Dividends paid to non-controlling interests		(12.5)	(6.0)
Net cash outflow from financing activities		(175.6)	(240.8)
Net increase/(decrease) in cash		44.6	(80.9)
Cash and cash equivalents at the beginning of the financial year		490.3	491.7
Effects of foreign exchange rate changes on cash		(37.1)	2.4
Cash and cash equivalents at the end of the financial year	1.5	497.8	413.2

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 2020 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 Financial Report of the Company for the year ended 30 June 2020, 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 2020 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 2020, 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 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 one hundred thousand dollars in accordance with that Instrument. Amounts shown as 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;
- credit loss allowance;
- goodwill and intangible assets with identifiable useful lives;
- project, warranty and other provisions; and
- recovery and valuation 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 new and revised standards, amendments or AASB interpretations did not have any impact on the Group. These standards and interpretations are consistent with those disclosed in the 30 June 2020 Annual Financial Report.

(C) NEW ACCOUNTING STANDARDS NOT YET APPLICABLE

The Group has not early adopted any standards or interpretations that are issued but not yet effective. These standards and interpretations and potential impacts are consistent with those disclosed in the 30 June 2020 Annual Financial Report.

(D) RESTATEMENT OF COMPARATIVES¹

In connection with the integration of the ECR business onto one ERP system, an inconsistency in the aging of trade receivables was identified. There is no change to the total trade receivables amount disclosed at 30 June 2020, however, a reclassification has occurred between the aging buckets as shown below.

	30 June 2020 Disclosed Note 19	Change	30 June 2020 Revised Disclosure
0-60 days	1,807	133	1,940
Past due 61-120 days	252	(133)	119
Gross aged receivables 0-120 days	2,059	-	2,059
Gross receivables more than 121 days	430	-	430
Total	2,489	-	2,489

¹ Refer note 1.6 for trade receivables aging disclosure.

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (CONTINUED)

(D) RESTATEMENT OF COMPARATIVES (CONTINUED)

Also, in connection with the integration of the ECR business onto one ERP system, an inconsistent application of the tax groups applied at 30 June 2020 to determine the deferred tax asset and liability offset was identified. The restated offset of \$133.8 million, an increase of \$72.8 million, is applied equally to deferred tax assets and liabilities, and accordingly there is no change to the Group's net assets at 30 June 2020.

1.1 SEGMENT INFORMATION

(A) IDENTIFICATION OF REPORTABLE SEGMENTS

Effective 1 July 2020, The Group completed a restructure of its operating model which has resulted in a revision to its operating segments. Segment reporting will now occur on a regional basis as follows:

- Americas
- EMEA; and
- APAC.

Prior to the change, the Group's business model consisted of four business lines being Energy and Chemical Services, Mining, Minerals and Metal Services, Major Projects & Integrated Solutions and Advisian. The change in operating structure represents a change to the operating segments reported in the previous corresponding period. The previous reported segment results for the half year ended 31 December 2019 have been restated for comparison purposes as required by AASB 8 *Operating Segments*. The Group has also included additional information segmented according to its market sector groups, which are consistent with 30 June 2020 and the prior corresponding interim reporting period. The 31 December 2019 market sector groups segment revenue and results have been restated in accordance with a review of project allocations to these sector groups.

(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 do not include transactions between segments incurred in the ordinary course of business as they are eliminated on consolidation. These transactions are priced on an arm's length basis.

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 Group has allocated certain global support costs into the segment result in the current period. Prior period professional services costs, construction and fabrication costs and global support costs were restated for comparative purposes. Total expenses on the Statement of Financial Performance and Other Comprehensive Income have not changed. The segment note comparatives were also restated.

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;
- transition and acquisition costs;
- other gains and losses as described in note 1.1(G);
- income tax expense as required on the above items; and
- tax from changes in tax legislation.

(C) MAJOR CUSTOMERS

The most significant customer accounts for 4.4% (31 December 2019: 6.5%) of aggregated revenue and is within the APAC, EMEA & Americas operating segments, and the Energy & Chemicals market sector groups.

1.1 SEGMENT INFORMATION (continued)

(D) OPERATING SEGMENTS

	APAC		EMEA		AMERICAS		TOTAL	
	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Professional services revenue	853.3	1,000.3	1,192.9	1,464.3	1,014.1	1,588.4	3,060.3	4,053.0
Construction and fabrication revenue	-	-	415.3	321.0	846.2	1,185.0	1,261.5	1,506.0
Procurement revenue at margin	69.5	75.3	58.5	91.9	46.5	270.8	174.5	438.0
Other income	1.2	1.0	-	-	-	-	1.2	1.0
Total segment revenue ¹	924.0	1,076.6	1,666.7	1,877.2	1,906.8	3,044.2	4,497.5	5,998.0
Segment result ²	88.5	107.1	77.4	117.7	117.0	230.8	282.9	455.6
Segment margin	9.6%	9.9%	4.6%	6.3%	6.1%	7.6%	6.3%	7.6%

(E) MARKET SECTORS

	ENERGY		CHEMICALS		RESOURCES		TOTAL	
	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M	31 DEC 2020 \$'M	31 DEC 2019 \$'M
Professional services revenue	1,196.9	1,923.9	1,240.0	1,644.2	623.4	484.9	3,060.3	4,053.0
Construction and fabrication revenue	817.7	854.9	443.8	496.1	-	155.0	1,261.5	1,506.0
Procurement revenue at margin	111.2	195.7	60.5	52.4	2.8	189.9	174.5	438.0
Other income	1.2	1.0	-	-	-	-	1.2	1.0
Total segment revenue	2,127.0	2,975.5	1,744.3	2,192.7	626.2	829.8	4,497.5	5,998.0
Segment result	124.5	225.4	113.3	156.8	45.1	73.4	282.9	455.6
Segment margin	5.9%	7.6%	6.5%	7.2%	7.2%	8.8%	6.3%	7.6%

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

	TOTAL	
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
Segment revenue	4,497.5	5,998.0
Impact of an arbitration award ³	-	3.3
Procurement revenue at nil margin (including share of revenue from associates)	471.4	1,075.0
Pass-through revenue at nil margin ⁴	-	-
Share of revenue from associates	(96.0)	(179.7)
Interest income	3.5	4.1
Total revenue and other income per the Statement of Financial Performance	4,876.4	6,900.7

¹ Segment revenue represents aggregated revenue, which is defined as statutory revenue and other income plus share of revenue from associates, less procurement revenue at nil margin, pass-through revenue at nil margin and interest income. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the Group.

² Segment result is segment revenue less segment expenses and excludes the items listed in note 1.1(G). It is the key financial measure that is presented to the chief operating decision maker.

³ Increase in revenue from an arbitration award in relation to a dispute with a state owned enterprise.

⁴ 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 DECEMBER 2020	31 DECEMBER 2019
	\$'M	\$'M
Segment result	282.9	455.6
Global support costs ¹	(74.8)	(86.0)
Interest and tax for associates	(0.9)	(3.5)
Total underlying earnings before interest expense and tax expense (underlying EBITA)	207.2	366.1
Total underlying EBITA margin on aggregated revenue for the Group	4.6%	6.1%
Impact of and transformation and restructuring activities comprised of:		
<i>Payroll restructuring</i>	(19.0)	-
<i>Impairment of property assets</i>	(15.6)	-
<i>Onerous contracts and other costs</i>	(22.1)	-
<i>International Government subsidies, net of direct costs</i> ²	40.9	-
<i>Transition costs</i>	(33.7)	(81.2)
<i>Transition, transformation and restructuring costs</i>	(49.5)	(81.2)
Impairment of investment in equity accounted associate	(11.0)	(3.7)
Impairment of fixed assets	(6.7)	-
Impact of an arbitration award ⁷	-	3.3
Total EBITA	140.0	284.5
EBITA margin on aggregated revenue for the Group	3.1%	4.7%
Net finance costs	(41.5)	(59.1)
Amortization of acquired intangible assets	(51.1)	(53.2)
Income tax expense	(25.7)	(46.1)
Profit after income tax expense per the Statement of Financial Performance	21.7	126.1

¹ Consistent with 30 June 2020, the Group has allocated certain global support costs into the segment result in the current period. Prior period professional services costs, construction and fabrication costs and global support costs were restated for comparative purposes. Total expenses on the Statement of Financial Performance and Other Comprehensive Income have not changed.

² International Government subsidies, net of direct costs, of \$40.9m was recognized in relation to the COVID-19 pandemic in Canada, the UK and Singapore. These grants were provided as payroll assistance. Net cash inflows relating to international Government subsidies of \$52.2m was received in cash in the current reporting period.

1.2 BUSINESS COMBINATIONS

On 9 July 2020, the Company acquired 50% of the shares in TW Power Services Pty Ltd (TWPS) it did not previously own for a cash consideration of \$10.5 million. TWPS is an operations and maintenance (O&M) business providing services to support critical power infrastructures across Australia, New Zealand and South East Asia. As at 31 December 2020, the purchase price allocation and acquisition accounting ("PPA") of TWPS remains provisional.

1.3 TRANSITION, TRANSFORMATION AND RESTRUCTURING COSTS

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$'M	\$'M
Transition costs	33.7	81.2
Transformation and restructuring	15.8	-
Transition, transformation and restructuring costs	49.5	81.2

Transition costs comprise of ECR integration costs, restructuring and redundancy payments and research, development and implementation costs of integrated finance, expense, sales and HR system. Transformation and restructuring costs relate to the business response to the COVID-19 pandemic and its associated economic impact, partially offset by international Government subsidies, net of direct costs, of \$40.9m recognized in relation to the COVID-19 pandemic in Canada, the UK and Singapore.

1.4 INCOME TAX

(A) INCOME TAX EXPENSE

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$'M	\$'M
Current tax	17.6	39.4
Deferred tax	8.6	6.7
Overprovision in previous financial periods	(0.5)	-
Income tax expense	25.7	46.1
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(8.7)	25.0
Increase/(decrease) in deferred tax liabilities	17.3	(18.3)
Deferred tax	8.6	6.7

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

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$'M	\$'M
Profit before income tax expense	47.4	172.2
Prima facie tax expense at Worley Limited's statutory income tax rate of 30% (2019: 30%)	14.2	51.7
Tax effect of amounts which are non-deductible in calculating taxable income:		
Non-deductible share based payments expense	5.6	6.0
Non-deductible disposal of subsidiary	2.2	-
Non-deductible impairment of an associate	2.1	1.0
Share of profits of associates accounted for using the equity method	3.2	(2.0)
Tax losses not previously recognized	(0.6)	(1.0)
Overprovision in previous financial periods	(0.5)	-
Change in tax legislation	5.6	1.2
Difference in overseas tax rates and other	(6.1)	(10.8)
Income tax expense	25.7	46.1

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
	\$'M	\$'M
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	18.4	4.7

1.5 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
Cash and cash equivalents per Statement of Financial Position ¹	477.6	395.8
Procurement cash and cash equivalents	1.15	22.0
Cash at bank and on hand	499.6	413.2
Less: bank overdraft	1.8	(1.8)
Balance per the Statement of Cash Flows	497.8	413.2
Reconciliation of profit after income tax expense to net cash inflow from operating activities:		
Profit after income tax expense	21.7	126.1
<i>NON-CASH ITEMS</i>		
Amortization	123.0	156.3
Depreciation	31.0	31.9
Impairments	22.3	-
Share based payments expense	13.7	19.7
(Reversal)/increase in doubtful debts expense	(3.9)	11.0
Share of associates' profits in excess of dividends received	(3.0)	(6.9)
Impairment of investment in equity accounted associate	11.0	3.8
Other	0.3	1.2
Cash flow adjusted for non-cash items	216.1	343.1
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES		
Decrease/(increase) in trade and other receivables	528.3	(113.7)
(Increase)/decrease in prepayments and other current assets	(19.7)	5.2
(Increase)/decrease in net income tax receivable	(9.8)	2.2
Decrease in deferred tax assets	71.5	19.7
(Decrease)/increase in trade and other payables	(422.6)	20.1
Increase/(decrease) in billings in advance	7.5	(35.6)
(Decrease)/increase in net income tax payable	(3.8)	2.1
Decrease in deferred tax liabilities	(49.3)	(15.3)
Decrease in provisions	(64.8)	(0.4)
Net cash inflow from operating activities	253.4	227.4

¹ Cash and cash equivalents include restricted cash that is available for use under certain circumstances by the Group.

1.6 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	31 DECEMBER 2020 \$M	30 JUNE 2020 \$M
CURRENT TRADE RECEIVABLES		
Trade receivables	902.8	1,271.2
Unbilled contract revenue	830.2	934.3
Retentions	80.6	76.6
Allowance for impairment of trade receivables	(27.5)	(39.1)
Less: procurement trade and other receivables	1.15	(301.3)
	1,615.3	1,941.7
NON-CURRENT TRADE RECEIVABLES¹		
Trade receivables	119.4	132.7
Unbilled contract revenue	67.3	74.3
Allowance for impairment of trade receivables	(22.6)	(24.6)
	164.1	182.4
OTHER CURRENT ASSETS		
Other current assets	180.0	201.8
Amounts receivable from associates and related parties	27.8	54.8
	207.8	256.6
TRADE RECEIVABLES AGING ANALYSIS		
0-60 days	1,518.0	1,940.0
Past due 61-120 days	103.4	119.1
Gross receivables more than 121 days	378.9	430.0
	2,000.3	2,489.1

¹ Non-current trade receivables and unbilled contract revenue relate to projects where recovery is expected to take greater than twelve months. \$43 million of non-current payables as at 31 December 2020 relate to such trade receivables and unbilled contract revenue (30 June 2020: \$48 million).

1.7 INTANGIBLE ASSETS

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	30 JUNE 2020 \$'M
<i>Goodwill</i>		
At cost	5,286.1	5,621.7
Accumulated impairment	(199.6)	(199.6)
	5,086.5	5,422.1
<i>Customer contracts and relationships</i>		
At cost	848.3	884.4
Accumulated amortization	(174.4)	(118.3)
	673.9	766.1
<i>Trade names</i>		
At cost	35.5	35.5
Accumulated amortization	(33.5)	(32.7)
	2.0	2.8
<i>Computer software</i>		
At cost	566.4	556.4
Accumulated amortization	(404.8)	(385.1)
	161.6	171.3
<i>Other</i>		
At cost	67.8	64.9
Accumulated amortization	(27.7)	(25.3)
	40.1	39.6
Total intangible assets	5,964.1	6,401.9

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 2020	5,422.1	766.1	2.8	171.3	39.6	6,401.9
Additions through business combinations	16.9	7.3	-	-	-	24.2
Additions	-	-	-	10.0	2.9	12.9
Disposals	(2.0)	-	-	-	-	(2.0)
Amortization	-	(45.9)	(0.9)	(18.2)	(2.0)	(67.0)
Differences arising on translation of foreign operations	(350.5)	(53.6)	0.1	(1.5)	(0.4)	(405.9)
Balance at 31 December 2020	5,086.5	673.9	2.0	161.6	40.1	5,964.1
Balance at 1 July 2019 restated ¹	5,447.2	860.7	4.6	179.2	33.1	6,524.8
Additions through business combinations	30.6	-	-	-	-	30.6
Additions	-	-	-	30.3	10.1	40.4
Amortization	-	(97.6)	(1.7)	(37.1)	(3.4)	(139.8)
Differences arising on translation of foreign operations	(55.7)	3.0	(0.1)	(1.1)	(0.2)	(54.1)
Balance at 30 June 2020	5,422.1	766.1	2.8	171.3	39.6	6,401.9

¹ Amounts at 1 July 2019 were restated due to the finalization of the ECR acquisition accounting. Refer to note 2(D) in the 30 June 2020 Financial Report for the detail of the restatement of comparatives.

1.7 INTANGIBLE ASSETS (continued)

IMPAIRMENT OF INTANGIBLE ASSETS

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

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of CGUs.

Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. The recoverable value of each CGU is estimated based on its value in use, consistent with prior periods. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognized. Where certain assets cease to be a part of a CGU (including but not limited to rights of use assets), they are tested for impairment individually and where required are written down to their recoverable value.

Impairment losses recognized for goodwill are not subsequently reversed. Impairment losses recognized for right of use assets can be subsequently reversed where it is supported by the recoverable value amount.

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).

The Group adopted a new operating model effective 1 July 2020. This resulted in a change in CGU's used for impairment testing.

Management has assessed that the lowest level at which Goodwill is monitored is the three operating regions reporting to the CEO being Americas, EMEA and APAC. As required by AASB 136, Management has reallocated Goodwill as at 1 July 2020 to the revised CGU's using a relative fair value approach.

The reallocation of goodwill is based on a discounted cashflow valuation for each CGU. The discounted cashflow valuation utilizes the same assumptions as the impairment assessment performed at 30 June 2020 and represents the earnings of the business remapped to the new operating units. The proportion of each CGU's relative value to the total value has then been used to determine the percentage of goodwill to be allocated.

Impairment testing value in use calculations use cash flow projections based on financial forecasts of how the business is expected to perform consistent with current and historical experience and external data. The estimation of future cash flows requires assumptions to be made regarding future uncertain events. The risk adjusted revenue growth rates for the CGUs range from 5.5% to 5.8% for the first five years. Our strategy considers the global transition of the world's energy to renewable fuels and the continued focus on sustainability related activities across our sectors. These trends have been considered in the market data utilized to assess each CGU's growth rate for impairment testing.

KEY ESTIMATES

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

31 December 2020	AMERICAS \$'M	EMEA \$'M	APAC \$'M
Opening balance restated	2,583.1	1,462.3	1,376.6
Closing balance	2,418.6	1,377.2	1,290.6
Risk-adjusted growth rate beyond five years	2.2%	2.2%	3.1%

IMPACT OF CURRENT ECONOMIC CONDITIONS ON PROJECTED CASH FLOWS (INCLUDING THE COVID-19 PANDEMIC)

Forecast cash flows have been based on the Group's past experience and the assessment of economic and regulatory factors affecting the markets within which the Group operates. As announced in the COVID-19 business impact update on 1 February 2021, the global acceleration of COVID-19 infection rates since October 2020 has further impacted demand in Worley's end markets. However, despite this the Group has continued to generate strong operating cash flows and is in a good liquidity position. As further noted in the update, there are continued project deferrals but negligible project cancellations, and these deferred projects are expected to return in future periods as the global economic conditions improve.

The Group's pivot to sustainability provides the structural framework for growth and we are winning work in line with our strategy. The Group is seeing sustainability opportunities accelerate across all of our sectors and we are well positioned to capture these opportunities with both new and existing customers. The experience to date of the impacts of COVID-19 on FY21 has been taken into consideration in the preparation of the FY2021 forecast and the projections for FY2022 - FY2025. The projected cash flow considers the impacts of COVID-19 through the FY2021 forecast and compound annual growth rates for CGUs range from 7% to 8% (noting the current period earnings have been impacted by COVID 19 economic conditions which are expected to recover in future periods).

SENSITIVITY ANALYSIS

The combined recoverable values of all CGUs exceed the carrying value by \$989 million (30 June 2020: \$880 million). Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

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

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

- terminal growth rates: a 0.5% decrease in the terminal growth rate will result in the fair value of all CGUs listed above being free of impairment at reporting date;
- post-tax discount rates: a 0.5% increase in the discount rate will result in the fair value of all CGUs listed above being free of impairment at reporting date; and
- forecast cash flows: a 7.5% decrease in the forecast cash flows will result in the fair value of all CGUs listed above being free of impairment at reporting date.

1.8 INTEREST BEARING LOANS AND BORROWINGS AND LEASE LIABILITIES

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	30 JUNE 2020 \$'M
<i>Current</i>		
Notes payable	227.2	254.1
Unsecured bank loans	324.9	222.5
Bank overdraft	1.8	-
Lease liability	121.0	152.9
Capitalized borrowing costs	(3.5)	(3.6)
	671.4	625.9
<i>Non-current</i>		
Notes payable	266.1	297.7
Unsecured bank loans	903.7	1,092.1
Lease liability	222.9	282.4
Capitalized borrowing costs	(7.1)	(10.6)
	1,385.6	1,661.6

Changes in assets and liabilities arising from financing activities

	AS AT 1 JULY \$'M	CASH FLOWS \$'M	RECLASS- IFICATION \$'M	FOREIGN EXCHANGE MOVEMENTS \$'M	OTHER \$'M	AS AT 31 DECEMBER \$'M
2020						
Current interest bearing loans and borrowings	476.6	97.6	20.0	(40.3)	-	553.9
Non-current interest bearing loans and						
Borrowings	1,389.8	(51.6)	(20.0)	(148.4)	-	1,169.8
Lease liability	435.3	(90.4)	-	(16.1)	15.1	343.9
Liabilities	2,301.7	(44.4)	-	(204.8)	15.1	2,067.6
Derivative asset	48.0	-	-	(10.8)	(1.4)	35.9
Assets	48.0	-	-	(10.8)	(1.4)	35.9

1.9 ISSUED CAPITAL

	31 DECEMBER 2020 NUMBER OF SHARES	\$'M	30 JUNE 2020 NUMBER OF SHARES	\$'M
Ordinary shares, fully paid ¹	523,079,821	5,321.2	521,477,245	5,301.4
Special voting share	1	-	1	-
	523,079,822	5,321.2	521,477,246	5,301.4

(A) MOVEMENTS IN SHARES

	31 DECEMBER 2020 NUMBER OF SHARES	\$'M
Balance at the beginning of the financial year	521,477,245	5,301.4
Transfer from performance rights reserve on issuance of shares	1,602,576	19.8
Balance at the end of the financial year	523,079,821	5,321.2

1.10 EARNINGS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2020	31 DECEMBER 2019
<i>ATTRIBUTABLE TO MEMBERS OF WORLEY LIMITED</i>		
Basic earnings per share (cents)	4.3	22.1
Diluted earnings per share (cents)	4.3	21.9

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

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

	\$'M	\$'M
Earnings used in calculating basic and diluted earnings per share	22.3	115.3

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

	Number	Number
Weighted average number of ordinary securities used in calculating basic earnings per share	522,277,528	520,709,647
Performance rights which are considered dilutive	1,335,258	4,935,844
Weighted average number of ordinary securities used in calculating diluted earnings per share	523,612,786	525,645,491

¹ Included in ordinary shares are 1,006,193 (30 June 2020: 1,006,193) 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 Worley Limited Plans Trust holds nil (30 June 2020: nil) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

1.11 DIVIDENDS

	CONSOLIDATED	
	31 DECEMBER 2020 \$'M	31 DECEMBER 2019 \$'M
25.0 cents per share (unfranked) dividend paid in respect of the six months to 30 June 2020	130.0	n/a
15.0 cents per share (unfranked) dividend paid in respect of the six months to 30 June 2019	n/a	78.0

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 \$1,750.8 million (30 June 2020: \$1,907.6 million) and a carrying value of \$1,723.7 million (30 June 2020: \$1,866.4 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, borrowings and lease liabilities 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.

1.13 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 2020 \$'M	30 JUNE 2020 \$'M
Bank guarantees outstanding at balance date in respect of contractual performance	1,031.7	1,112.3
Commitments not recognized in the financial statements	1,031.7	1,112.3

(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 25.0 cents (unfranked) per fully paid ordinary share, including exchangeable shares (31 December 2019: 25.0 cents per share, unfranked). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed interim dividend of \$130.8 million is not recognized as a liability as at 31 December 2020.

No other material matter or circumstance has arisen since 31 December 2020 that has significantly affected or may significantly affect the Group's operations or state of affairs.

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 2020 \$M	31 DECEMBER 2019 \$M
REVENUE AND EXPENSES¹		
Procurement revenue at margin	174.5	438.0
Procurement costs at margin	(171.0)	(391.9)
Procurement revenue at nil margin	471.4	1,075.0
Procurement costs at nil margin	(471.4)	(1,075.0)
ASSETS AND LIABILITIES²		
Cash and cash equivalents	22.0	17.4
Trade and other receivables	170.8	74.2
Trade and other payables	151.0	73.1

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

² 2019 Procurement assets and liabilities data excludes ECR. No restatement to 2019 procurement data has been made due to the impracticality of collating data.

Directors' declaration

In accordance with a resolution of the directors of Worley Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of Worley Limited for the half year ended 31 December 2020 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 2020 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', with a horizontal line underneath.

JOHN GRILL, AO

Chair

Sydney, 23 February 2021

Independent Auditor's Review Report to the Members of Worley Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Worley Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of financial performance and other 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 interim 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 2020 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 Interim Financial Report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

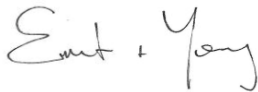
Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2020 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 an interim 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



Scott Jarrett
Partner
Sydney
23 February 2021

Corporate information

Worley Limited
ACN 096 090 158

DIRECTORS

John Grill, AO (Chair)
Andrew Liveris, AO (Deputy Chair and Lead independent Director)
Christopher Haynes, OBE
Thomas Gorman
Roger Higgins
Martin Parkinson, AC
Emma Stein
Juan Suárez Coppel
Anne Templeman-Jones
Wang Xiao Bin
Sharon Warburton
Chris Ashton (Chief Executive Officer)

COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

Level 17
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

Arab Banking Corporation
Bank of America Merrill Lynch
Bank of China
Bank of England
Barclays Bank
BMO Harris Bank
BNP Paribas
China Merchants Bank
Commonwealth Bank of Australia
Credit Agricole Corporation and Investment Bank
First Abu Dhabi Bank
HSBC Bank
ING Bank
Intesa Sanpaolo Bank
Mizuho Bank
Macquarie Bank
Royal Bank of Canada
Standard Chartered Bank
State Bank of India
UBS AG
U.S. Bank National
Wells Fargo
Westpac Banking Corporation

LAWYERS

Herbert Smith Freehills

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia
Phone: 1300 850 505