WORLEYPARSONS LIMITED

ABN 17 096 090 158

HALF-YEAR REPORT

APPENDIX 4D

PERIOD ENDED 31 DECEMBER 2004

CONTENTS

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			Consolidated Half-year 2004 $'000	Consolidated Half-year 2003 $'000
		%		
Revenue from ordinary activities (statutory revenue)			**509,040**	**178,555**
Less: procurement services revenue*			(35,633)	-
Revenue from ordinary activities excluding procurement services revenue			473,407	178,555
Add: share of revenue from associates			277,698	72,239
Less: procurement services revenue*			(164,568)	(8,459)
Net revenue from associates			113,130	63,870
Aggregated revenue**	**UP**	**142.0**	**586,537**	**242,335**
Earnings before interest and tax (EBIT) #	**UP**	**123.6**	**37,067**	**16,578**
Profit before tax	**UP**	**109.0**	**35,135**	**16,813**
Net profit after tax	**UP**	**90.3**	**24,292**	**12,762**
Net profit attributable to members of WorleyParsons Limited	**UP**	**80.5**	**23,049**	**12,772**
Basic earnings per share before amortisation of goodwill and trade name (cents per share) ##	**UP**	**91.8**	**18.6**	**9.7**
Basic earnings per share (cents per share) ##	**UP**	**62.8**	**14.0**	**8.6**
Diluted earnings per share (cents per share) ##	**UP**	**62.8**	**14.0**	**8.6**
Net tangible assets per share ($ per share)	**DOWN**	**83.3**	**0.07**	**0.42**
Net assets per share ($ per share)	**UP**	**104.7**	**1.74**	**0.85**

* Procurement services revenue, being pass through revenue for nil margin, is accounted for within an associate and through a joint venture partnership.

** Aggregated revenue is defined as statutory revenue plus share of revenue from associates. Similarly, procurement services revenue is excluded from aggregated revenue. The Directors believe the disclosure of the revenue attributable to associates provides additional information to form a true and fair view of the underlying business growth of WorleyParsons.

EBIT includes $3.4 million (2003 - $4.4 million) share of net profits of associates accounted for using the equity method which are after tax.

Earnings per share comparatives are impacted by additional shares issued during 1st half 2005 for the acquisition of Parsons E&C Corporation. Weighted average number of shares in 2004 is 165.1 million (2003 - 149.4 million).

DIVIDEND	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
Interim dividend (cents per share):		
Six months to 31 December 2004	**7.0**	**7.0**
Six months to 31 December 2003	**5.5**	**5.5**
Record date for determining entitlement to dividend	**22 MARCH 2005**	
Date dividend is to be paid	**7 APRIL 2005**	

REVIEW OF OPERATIONS

Commentary on the results for the half-year is contained in the press release dated 28 February 2005, accompanying this statement.

REVIEW

This financial report is based on accounts which have been subject to review.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of WorleyParsons Limited (previously named Worley Group Limited) and the entities it controlled ("WorleyParsons" or the "Group") at the end of, or during the half-year ended 31 December 2004.

DIRECTORS

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

Ron McNeilly (Chairman)
Grahame Campbell
Erich Fraunschiel
John Green
John Grill
David Housego
John Schubert

William (Bill) Hall was appointed a Director on 15 November 2004 and continues in office at the date of this report.

PRINCIPAL ACTIVITIES

During the half-year, the principal activities of the Group consisted of:

(a) provision of engineering design and project services to the following sectors:

- Hydrocarbons
- Minerals, Metals & Chemicals
- Industrial & Infrastructure
- Power;

(b) provision of maintenance and reliability support services to these sectors;

(c) infrastructure developments; and

(d) development and commercialisation of technological innovation.

REVIEW OF OPERATIONS

The consolidated net profit of the Group for the half-year ended 31 December 2004, after income tax expense and outside equity interests, was $23.0 million, an increase of 80.5% on the previous corresponding period. The results were materially impacted by the acquisition of Parsons E&C Corporation in November 2004. Aggregated revenue for the half-year was $586.5 million, compared to $242.3 million in the previous corresponding period.

The income tax expense for the half-year was $10.8 million. The overall tax rate of 30.9% was higher than the 2004 effective tax rate of 24.1%. This is partly due to a larger percentage of profits being derived in higher taxing jurisdictions than in the previous corresponding period. Also a smaller percentage of profits were derived from equity accounted associates where profits recognised on the Statement of Financial Performance are after tax. A reconciliation of the tax expense is at note 6 to the accounts.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 7 October 2004, Apollo Corporation, a wholly owned subsidiary of WorleyParsons Limited, agreed to acquire a 100% interest in Parsons E&C Corporation, a global engineering design and project services company for a cash consideration of US$245 million. The acquisition was finalised on 12 November 2004. The acquisition was funded through a combination of debt and the issue of 55,593,887 new shares.

Effective 1 July 2004, WorleyParsons Engineering Pty Limited (previously named Worley Engineering Pty Limited) acquired a 50% interest in the MEC Group of China. The company, renamed Maison Worley, provides a range of comprehensive project design and management services to a wide range of international and Chinese clients. A total cash consideration of $5.6 million was paid to acquire this interest.

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Auditor's Independence Declaration to the Directors of WorleyParsons Limited

In relation to our review of the financial report of WorleyParsons Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct

M. Elliott

Michael Elliott
Partner
Sydney
25 Feb 2005

Ernst & Young

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ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

Ron McNeilly
Chairman

Sydney, 28 February 2005

STATEMENTS OF FINANCIAL PERFORMANCE

	Notes	Consolidated Half-year 2004 $'000	Consolidated Half-year 2003 $'000
Revenue from ordinary activities	2	509,040	178,555
Expenses from ordinary activities			
Staff costs		(360,077)	(121,624)
Reimbursable costs		(47,642)	(11,416)
Depreciation and amortisation expenses	3	(10,837)	(4,705)
Borrowing costs		(2,818)	(132)
Office and administration costs		(14,436)	(13,717)
Other expenses		(41,482)	(14,586)
Share of net profits of associates accounted for using the equity method*		3,387	4,438
Profit from ordinary activities before income tax expense		35,135	16,813
Income tax expense relating to ordinary activities	6	(10,843)	(4,051)
Profit from ordinary activities after income tax expense		24,292	12,762
Net (profit)/loss attributable to outside equity interests		(1,243)	10
Net profit attributable to members of WorleyParsons Limited		23,049	12,772
Net exchange difference on translation of financial reports of foreign controlled entities	9	(16,086)	(3,409)
Share issue costs		(9,464)	(25)
Total revenues, expenses and valuation adjustments attributable to members and recognised directly in equity		(25,550)	(3,434)
Total changes in equity other than those resulting from transactions with owners as owners		(2,501)	9,338
Basic earnings per share before amortisation of goodwill and trade name (cents per share)	1	18.6	9.7
Basic earnings per share (cents per share)	1	14.0	8.6
Diluted earnings per share (cents per share)	1	14.0	8.6

* Share of net profits of associates accounted for using the equity method is after tax.

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

STATEMENTS OF FINANCIAL POSITION

	Notes	Consolidated 31 December 2004 $'000	30 June 2004 $'000
ASSETS			
Current assets			
Cash assets		87,324	24,139
Receivables		199,720	84,448
Inventories		78,337	17,876
Other financial assets		10,060	2,657
Total current assets		375,441	129,120
Non-current assets			
Investments accounted for using the equity method		39,232	27,791
Other financial assets		139	139
Property, plant and equipment		27,230	9,298
Intangible assets		329,202	61,065
Deferred tax assets		7,978	8,894
Other		9,805	2,451
Total non-current assets		413,586	109,638
TOTAL ASSETS		789,027	238,758
LIABILITIES			
Current liabilities			
Payables		153,506	44,234
Interest bearing liabilities		2,394	10,808
Tax liabilities		14,338	6,148
Provisions		145,663	24,196
Total current liabilities		315,901	85,386
Non-current liabilities			
Interest bearing liabilities		105,857	315
Deferred tax liabilities		7,647	9,881
Provisions		3,010	2,718
Total non-current liabilities		116,514	12,914
TOTAL LIABILITIES		432,415	98,300
NET ASSETS		356,612	140,458
EQUITY			
Contributed equity	8	327,329	108,858
Reserves	9	(23,545)	(6,078)
Retained profits	9	49,394	36,053
Equity attributable to members of WorleyParsons Limited		353,178	138,833
Outside equity interests		3,434	1,625
TOTAL EQUITY		356,612	140,458

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

STATEMENTS OF CASH FLOWS

	Notes	Consolidated Half-year 2004 $'000	Consolidated Half-year 2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		529,423	186,054
Payments to suppliers and employees (inclusive of goods and services tax)		(472,893)	(178,945)
		56,530	7,109
Dividends received		613	-
Interest received	2	885	367
Borrowing costs paid		(2,797)	(127)
Income taxes paid		(13,022)	(2,668)
Net cash inflow from operating activities		42,209	4,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of equity and other investments		(6,200)	(4,658)
Payments for acquisition of controlled entities		(341,133)	-
Payments for incidental costs of acquisition		(5,314)	-
Payment of liabilities on acquisition		(34,860)	-
Payments for purchase of property, plant and equipment		(2,232)	(1,723)
Proceeds from disposal of property, plant and equipment		1,097	112
Net cash outflow from investing activities		(388,642)	(6,269)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		227,935	-
Payment of share issue costs		(9,464)	(25)
Repayment of bank loans		(93,606)	(238)
Proceeds from bank loans		196,139	-
Lease payments		(175)	(414)
Loans from related parties		1,854	-
Loans to related parties		(217)	-
Dividends paid	4	(9,708)	(7,469)
Dividends paid to outside equity interests		(123)	(78)
Net cash inflow/(outflow) from financing activities		312,635	(8,224)
NET DECREASE IN CASH HELD		(33,798)	(9,812)
Cash at the beginning of the financial period		16,950	32,823
Cash balances of controlled entities acquired		94,619	-
Effects of exchange rate changes on cash		7,472	(1,623)
CASH AT THE END OF THE FINANCIAL PERIOD	10	85,243	21,388

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

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the Annual Report of WorleyParsons Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by WorleyParsons Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent throughout the Group.

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons Limited as at 31 December 2004 and the results of all controlled entities for the financial period then ended. WorleyParsons Limited and its controlled entities together are referred to in this financial report as WorleyParsons or the Group. The effects of all transactions between entities in the Group are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the financial period during which control existed.

(c) Changes in accounting policy

The accounting policies have been consistently applied by WorleyParsons and are consistent with those applied in the 30 June 2004 Annual Report.

(d) Impact of adopting AASB equivalents to IASB Standards

WorleyParsons has commenced the transition of accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards ("IFRS"). WorleyParsons is required to prepare its first fully IFRS compliant financial report for the year ending 30 June 2006 with restated comparatives required for the 30 June 2005 reporting period. A project team has been set up to manage the process with the engagement of external consultants as and when required. The first phase of the project involved the identification and ranking of key risk areas that may affect WorleyParsons on adoption of IFRS. The second phase is ongoing and involves detailed analysis of the impact on adoption with the third phase being implementation. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of WorleyParsons. At this stage the financial impact to the Group has not been fully quantified.

Goodwill

Under AASB 3 "Business Combinations", goodwill will no longer be amortised but instead will be subject to annual impairment testing. This will result in a change in the Group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Goodwill amortisation for the six months to 31 December 2004 was $4.5 million.

Impairment of assets

Under AASB 136 "Impairment of Assets", the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible assets

The Worley trade name satisfies the conditions of AASB 138 "Intangible Assets", with respect to recognition as an intangible asset and will continue to be subject to an impairment test at each reporting period in line with the current accounting policy. Should the asset be determined to have an indefinite life in accordance with AASB 138, there will be no further amortisation.

Income taxes

Under AASB 12 "Income Taxes", the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the statement of financial position or a tax based balance sheet. The most significant impact will be the recognition of a deferred tax liability in relation to the Worley trade name. Under the current accounting policy, the tax effect of the trade name is not recognised. Based on a carrying value of $29.4 million as at 31 December 2004, a deferred tax liability of $8.8 million would be recognised. This will not impact the statement of financial performance on transition date. Also, goodwill amortisation is deductible for income tax purposes in the United States. Under current Australian GAAP accounting standards this income tax deduction is booked to income tax expense. Under AASB 12, this will be treated as a timing difference and booked as a deferred tax liability. It is not expected there will be any further material impact as a result of the adoption of this standard.

Share based payments

Under AASB 2 "Share Based Payments", WorleyParsons is required to determine the fair value of rights issued to employees as remuneration and recognise an expense in the statement of financial performance. It applies to all share based payments issued after 7 November 2002 which have not vested as at 1 January 2005. WorleyParsons already applies the provisions of this Standard and it is not expected that there will be any further material impact on formal adoption.

Hedge accounting

Under AASB 139 "Financial Instruments: Recognition and Measurement" in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

- identify the type of hedge – fair value or cash flow;
- identify the hedged item or transaction;
- identify the nature of the risk being hedged;
- identify the hedging instrument;
- demonstrate that the hedge has been and will continue to be highly effective; and
- document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

WorleyParsons currently hedges specific identifiable cash flow transactions with a specific hedge contract. Each transaction is individually documented, reviewed, and measured for effectiveness. It is not expected that there will be a material financial impact as a result of adoption of this standard.

	Consolidated	
	Half-year	
	2004 $'000	2003 $'000

1 EARNINGS PER SHARE

Basic earnings per share before amortisation of goodwill and trade name (cents per share)	18.6	9.7
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	165,144,689	149,356,711
Basic earnings per share (cents per share)	14.0	8.6
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	165,144,689	149,356,711
Diluted earnings per share (cents per share)	14.0	8.6
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	165,144,689	149,356,711

2 REVENUE

Revenues from operating activities		
Services	507,825	177,400
Revenues from outside the operating activities		
Interest revenue	885	367
Other	330	788
	1,215	1,155
Revenue from ordinary activities	509,040	178,555

3 PROFIT FROM ORDINARY ACTIVITIES

	Consolidated Half-year 2004 $'000	Consolidated Half-year 2003 $'000
Profit from ordinary activities before income tax expense includes the following specific expenses:		
Depreciation of plant and equipment	4,967	2,136
Amortisation:		
Leasehold improvements	300	283
Plant and equipment under finance leases	153	320
Goodwill and trade name	5,375	1,712
Deferred expenditure	42	254
Total amortisation	5,870	2,569
Total depreciation and amortisation expenses	10,837	4,705

4 DIVIDENDS

	Parent Entity Half-year 2004 $'000	Parent Entity Half-year 2003 $'000
Details of dividends in respect of the half-year are as follows:		
Final ordinary dividend for the financial year ended 30 June 2003 of 5.0 cents per ordinary share paid on 13 October 2003	-	7,469
Final ordinary dividend for the financial year ended 30 June 2004 of 6.5 cents per ordinary share paid on 30 September 2004	9,708	-
Total dividends paid and declared for payment	9,708	7,469

All dividends paid and declared for payment are fully franked.

Since the end of the half-year, the Directors have declared an interim dividend of 7.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%. In accordance with Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", the aggregate amount of the proposed interim dividend of $14.3 million is not recognised as a liability as at 31 December 2004.

	Consolidated 31 December 2004 $'000	Consolidated 30 June 2004 $'000
Franking credit balance		
Franking credits available for subsequent financial years based on a tax rate of 30%	12,081	12,619

5 INVESTMENTS IN ASSOCIATES

Effective 1 July 2004, WorleyParsons Engineering Pty Limited acquired a 50% interest in the MEC Group of China. The company, renamed Maison Worley, provides a range of comprehensive project design and management services to a wide range of international and Chinese clients. A total cash consideration of $5.6 million was paid to acquire this interest resulting in goodwill on acquisition of $4.6 million.

6 INCOME TAX

The income tax expense for the financial period differs from the amount calculated on the profit. The differences are reconciled as follows:

	Consolidated Half-year	
	2004 $'000	2003 $'000
Profit from ordinary activities before income tax expense	35,135	16,813
Income tax calculated at 30%	10,540	5,044
Tax effect of permanent differences:		
Share of associates' net profits	(1,009)	(1,332)
Amortisation of goodwill and trade name	513	513
Additional allowable tax depreciation	(1,499)	(629)
Reversal of provision for support of related entity	-	42
Other	725	124
Income tax adjusted for permanent differences	9,270	3,762
Research and development concession relating to prior period	(503)	(60)
Underprovision in previous financial period	355	203
International tax rate differential*	1,721	146
Income tax expense	10,843	4,051

* Represents income tax expense for foreign tax rate differential, international withholding taxes and foreign tax losses unable to be utilised within the Group.

7 ACQUISITION OF CONTROLLED ENTITY

On 7 October 2004, Apollo Corporation, a wholly owned subsidiary of WorleyParsons Limited, agreed to acquire a 100% interest in Parsons E&C Corporation, a global engineering design and project services company for a cash consideration of US$245 million. Effective control was deemed on this date and the acquisition was finalised on 12 November 2004.

The fair value of the identifiable net assets acquired is as follows:

	$'000
Assets	
Cash assets	95,701
Receivables	131,098
Inventories	52,441
Other financial assets	7,596
Investments accounted for using the equity method	2,546
Property, plant and equipment	18,608
Deferred tax assets	3,409
Total assets	311,399
Liabilities	
Payables	114,548
Tax liabilities	12,209
Provisions	131,102
Total liabilities	257,859
Net assets	53,540
Less:	
Outside equity interests	(941)
Acquisition costs	(5,314)
Goodwill arising on acquisition	290,673
Cash consideration paid	337,958
Net cash effect:	
Cash consideration paid	337,958
Cash included in net assets acquired	(95,701)
Cash paid for purchase of controlled entity as reflected in consolidated statements of cash flows	242,257

During the half-year, WorleyParsons also increased its ownership in Damit Worley Engineering Sdn Bhd from 50% to 70%, purchased the remaining 60% interest in Source Personnel Pty Limited and acquired a 50.01% interest in WorleyParsons GPX Pty Limited. The cash consideration for these acquisitions totalled $3.1 million, resulting in additional goodwill of $1.0 million.

8 CONTRIBUTED EQUITY

	Consolidated	
	31 December 2004 $'000	30 June 2004 $'000
Ordinary shares fully paid	327,329	108,858

	No of Shares	$'000
Balance at 1 July 2004	149,356,711	108,858
Issue of new shares	55,593,887	227,935
Less: transaction costs	-	(9,464)
	204,950,598	327,329

9 RESERVES AND RETAINED PROFITS

	Consolidated	
	31 December 2004 $'000	30 June 2004 $'000
Foreign currency translation reserve	(23,545)	(6,078)
Retained profits	49,394	36,053
	25,849	29,975

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

Balance at 1 July 2004	(6,078)
Foreign currency translation reserve acquired	(1,381)
Loss on translation of foreign controlled entities and associates	(16,086)
Balance at 31 December 2004	(23,545)

(b) Retained profits

Balance at 1 July 2004	36,053
Dividends paid	(9,708)
Net profit attributable to members of WorleyParsons Limited	23,049
Balance at 31 December 2004	49,394

10 NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated Half-year 2004 $'000	Consolidated Half-year 2003 $'000
(a) Cash assets	87,324	24,388

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

	2004 $'000	2003 $'000
Cash at bank and on hand	84,202	24,388
Term deposits	3,122	-
Less: bank overdrafts	(2,081)	(3,000)
Balance per statements of cash flows	85,243	21,388

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

	2004 $'000	2003 $'000
Profit from ordinary activities after income tax expense	24,292	12,762
Non-cash items		
Depreciation of non-current assets	4,967	2,136
Amortisation of non-current assets	5,870	2,569
Dividends received from associates	613	-
Share of associates' net profits	(3,387)	(4,438)
Net loss on disposal of property, plant and equipment	8	-
Finance charges on capitalised leases	21	5
Cash flow adjusted for non-cash items	32,384	13,034
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the financial period		
Decrease/(increase) in prepayments	229	(1,157)
Decrease in deferred tax assets	4,324	571
Increase in inventories	(3,433)	(2,725)
Decrease in receivables	11,320	573
Increase/(decrease) in trade creditors	21,666	(2,048)
(Decrease)/increase in provision for income tax	(4,269)	1,861
Decrease in provision for deferred tax	(2,234)	(1,049)
Decrease in other provisions	(5,584)	(4,379)
Effect of exchange rates	(12,194)	-
Net cash inflow from operating activities	42,209	4,681

11 SEGMENT INFORMATION

Primary reporting – business segments

Six months to 31 December 2004	Hydrocarbons $'000	Minerals, Metals & Chemicals $'000	Industrial & Infrastructure $'000	Power $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	328,861	80,390	24,868	38,073	-	472,192
Procurement services revenue	16,234	-	-	19,399	-	35,633
Inter-segment sales	-	-	1,018	-	(1,018)	-
Services revenue	**345,095**	**80,390**	**25,886**	**57,472**	**(1,018)**	**507,825**
Share of net profit of associates	3,639	-	-	(252)	-	3,387
Other revenue	1,215	-	-	-	-	1,215
Total segment revenue	**349,949**	**80,390**	**25,886**	**57,220**	**(1,018)**	**512,427**
Add: share of revenue of associates	86,603	-	-	26,527	-	113,130
Less: procurement services revenue	(16,234)	-	-	(19,399)	-	(35,633)
Less: share of net profit of associates	(3,639)	-	-	252	-	(3,387)
Aggregated revenue	**416,679**	**80,390**	**25,886**	**64,600**	**(1,018)**	**586,537**
Segment result	36,146	12,296	3,114	5,852	-	57,408
Amortisation expense (intangibles)						(5,375)
Unallocated expenses						(16,898)
Profit from ordinary activities before income tax expense						35,135
Income tax expense						(10,843)
Profit from ordinary activities after income tax expense						**24,292**

11 SEGMENT INFORMATION (CONTINUED)

Six months to 31 December 2003	Hydrocarbons $'000	Minerals, Metals & Chemicals $'000	Industrial & Infrastructure $'000	Power $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	123,834	36,816	16,750	-	-	177,400
Inter-segment sales	226	162	732	-	(1,120)	-
Services revenue	**124,060**	**36,978**	**17,482**	-	**(1,120)**	**177,400**
Share of net profit of associates	3,563	-	-	875	-	4,438
Other revenue	1,155	-	-	-	-	1,155
Total segment revenue	**128,778**	**36,978**	**17,482**	**875**	**(1,120)**	**182,993**
Add: share of revenue of associates	52,841	-	-	19,398	-	72,239
Less: procurement services revenue	(8,459)	-	-	-	-	(8,459)
Less: share of net profit of associates	(3,563)	-	-	(875)	-	(4,438)
Aggregated revenue	**169,597**	**36,978**	**17,482**	**19,398**	**(1,120)**	**242,335**
Segment result	18,798	5,658	1,285	875	-	26,616
Amortisation expense (intangibles)						(1,712)
Unallocated expenses						(8,091)
Profit from ordinary activities before income tax expense						16,813
Income tax expense						(4,051)
Profit from ordinary activities after income tax expense						**12,762**

12 CONTINGENT LIABILITIES

Guarantees

The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance-related obligations. These guarantees and indemnities only give rise to a liability where the entity concerned fails to perform its contractual obligations.

	Consolidated 31 December 2004 $'000	Consolidated 30 June 2004 $'000
Bank guarantees outstanding at balance date in respect of financing facilities	6,163	2,466
Bank guarantees outstanding at balance date in respect of contractual performance	65,409	19,782
	71,572	22,248

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

Asbestos

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

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

DIRECTORS' DECLARATION

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

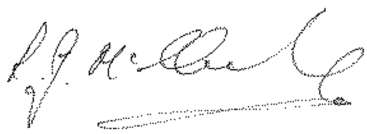
In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity:

  (i) give a true and fair view of the financial position as at 31 December 2004 and the performance for the half-year ended on that date; and
  (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" 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



Ron McNeilly
Chairman

John Grill
Director

Sydney, 28 February 2005

ERNST & YOUNG

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Independent review report to members WorleyParsons Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for WorleyParsons Limited (the company) and the consolidated entity, for the period ended 31 December 2004. The consolidated entity comprises both the company and the entities it controlled during that period.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 'Interim Financial Reporting', in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to express an opinion on it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Exchange Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 'Interim Financial Reporting' and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of it's performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level assurance is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the director's of the company a written Auditors Independence Declaration (a copy of which is included in the Directors Report).

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising WorleyParsons Limited and the entities it controlled during the period is not in accordance with:

(a) the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the financial position of WorleyParsons Limited and the consolidated entity at 31 December 2004 and of their performance for the year ended on that date; and

 (ii) complying with Accounting Standard AASB 1029 'Interim Financial Reporting' and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney
28 February 2005

CORPORATE INFORMATION

WORLEYPARSONS LIMITED
ABN 17 096 090 158

DIRECTORS

Ron McNeilly (Chairman)
Grahame Campbell
Erich Fraunschiel
John Green
John Grill
William (Bill) Hall
David Housego
John Schubert

COMPANY SECRETARY

Sharon Sills

REGISTERED OFFICE

Level 7
116 Miller Street
North Sydney NSW 2060

BANKERS

HSBC Bank Australia Limited
HSBC Bank plc
Royal Bank of Scotland plc
Westpac Banking Corporation

AUDITORS

Ernst & Young

LAWYERS

Freehills
Baker & McKenzie

SHARE REGISTRY

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