



WorleyParsons

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EcoNomics™

WORLEYPARSONS LIMITED

ACN 096 090 158

PRELIMINARY FINAL REPORT APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2012

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WORLEYPARSONS LIMITED PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Consolidated	
	Change %	2012 \$'M	2011 \$'M
Revenue and other income	30.4	7,408.4	5,683.2
Earnings before interest and income tax expense (EBIT)	(0.4)	537.9	539.9
Profit before income tax expense	(0.9)	493.8	498.4
Profit attributable to members of WorleyParsons Limited	(3.0)	353.2	364.2
Basic earnings per share (cents)	(3.1)	143.7	148.3
Diluted earnings per share (cents)	(3.2)	142.5	147.2
Aggregated revenue			
Revenue and other income		7,408.4	5,683.2
Less: procurement services revenue at nil margin		(696.2)	(426.8)
Revenue excluding procurement services revenue at nil margin		6,712.2	5,256.4
Add: share of revenue from associates		665.0	718.9
Less: net gain on revaluation of investments previously accounted for as equity accounted associates		(7.6)	(65.7)
Less: interest income		(7.0)	(6.1)
Aggregated revenue¹		7,362.6	5,903.5

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

The Group has acquired additional interest in an entity which had previously been accounted for as an equity accounted associate. This acquisition resulted in the change in the nature of the investment from equity accounted associate to subsidiary of the Company. As part of the accounting for the acquisition, the original investment held in this entity was remeasured to fair value and a fair value gain of \$7.6 million was recognized in the statement of financial performance. During the year ended 30 June 2011, the Group acquired additional interests in a number of entities which had previously been accounted for as equity accounted associates. A net fair value gain of \$65.7million was recognized in the statement of financial performance for that year.

The results excluding the net gains on revaluation of investments previously accounted for as equity accounted associates are as follows:

	Change %	2012 \$'M	2011 \$'M
Results excluding net acquisition gains			
EBIT	11.8	530.3	474.2
EBIT margin on aggregated revenue		7.2%	8.0%
Profit attributable to members of WorleyParsons Limited	15.8	345.6	298.5
Basic earnings per share (cents)	15.7	140.6	121.5

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DIVIDEND

	Amount per share	Franked amount per share*
Final dividend (cents per share)	51.0	31.3
Record date for determining entitlement to dividend		7 September 2012
Date dividend is to be paid		28 September 2012

**the unfranked portion of the dividend represents conduit foreign income.*

REVIEW OF OPERATIONS

The commentary on the results for the financial year is contained in the press release dated 29 August 2012 accompanying this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACQUISITIONS

The Group increased its ownership interest in ARA WorleyParsons SA from 50% to 94%. The ARA WorleyParsons SA business is located in Chile and provides consulting services in environmental engineering, and project and construction management. The total cash consideration for the acquisition was \$17.7 million.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In July 2012, unsecured notes payable were offered by WorleyParsons Financial Services Pty Limited, WorleyParsons Canadian Finance Sub Limited and WorleyParsons US Finance Sub Limited in the United States private debt capital market. Financial close and funding are expected to occur in September 2012 of US\$300 million fixed coupon notes payable that will mature in five to ten years from the date of financial close.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- (i) the consolidated entity's operations in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the consolidated entity's state of affairs in future financial years.

AUDIT

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as follows:

Place	The MacLaurin Hall, at the University of Sydney, Quadrangle Building, off Eastern Avenue, Darlington, New South Wales
Date	23 October 2012
Time	3:00PM (AEDT)

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL PERFORMANCE For the financial year ended 30 June 2012

		Consolidated	
	Notes	2012 \$'M	2011 \$'M
REVENUE			
Services revenue		7,389.5	5,605.1
Interest income		7.0	6.1
Other income		11.9	72.0
Revenue and other income		7,408.4	5,683.2
EXPENSES			
Staff costs		(4,114.2)	(2,999.2)
Contract related reimbursable costs		(2,032.3)	(1,519.8)
Office and administration costs		(492.0)	(430.1)
Depreciation		(19.1)	(14.2)
Amortization		(83.9)	(81.5)
Borrowing costs		(51.1)	(47.6)
Other		(149.6)	(123.9)
Total expenses		(6,942.2)	(5,216.3)
Share of net profits of associates accounted for using the equity method		27.6	31.5
Profit before income tax expense		493.8	498.4
Income tax expense	4(A)	(117.3)	(116.0)
Profit after income tax expense		376.5	382.4
Profit after income tax expense attributable to:			
Members of WorleyParsons Limited		353.2	364.2
Non-controlling interests		23.3	18.2
Basic earnings per share (cents)	1	143.7	148.3
Diluted earnings per share (cents)	1	142.5	147.2

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

WORLEYPARSONS LIMITED PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME For the financial year ended 30 June 2012

	Consolidated	
	2012 \$'M	2011 \$'M
Profit after income tax expense	376.5	382.4
Net movement in foreign currency translation reserve	(34.6)	(169.3)
Net movement in hedge reserve	1.2	(1.5)
Total comprehensive income, net of tax	343.1	211.6
Total comprehensive income, net of tax, attributable to:		
Members of WorleyParsons Limited	319.9	195.1
Non-controlling interests	23.2	16.5

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

WORLEYPARSONS LIMITED PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION As at 30 June 2012

		Consolidated	
	Notes	2012 \$'M	2011 \$'M
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	9	247.3	171.2
Trade receivables		1,725.9	1,361.7
Other receivables		183.4	149.8
Inventories		1.4	1.3
Prepayments		89.5	77.5
Derivatives		0.6	0.6
Finance lease receivable		1.5	1.4
Total current assets		2,249.6	1,763.5
<i>Non-current assets</i>			
Property, plant and equipment		135.7	108.1
Intangible assets		1,704.8	1,696.8
Equity accounted associates	3(A)	104.1	86.3
Derivatives		16.0	-
Finance lease receivable		28.5	30.0
Deferred tax assets		132.6	123.9
Other non-current assets		20.0	7.5
Total non-current assets		2,141.7	2,052.6
TOTAL ASSETS		4,391.3	3,816.1
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables		976.4	740.6
Interest bearing loans and borrowings		3.7	43.7
Income tax payable		15.7	11.7
Provisions		499.6	359.3
Derivatives		4.0	0.9
Total current liabilities		1,499.4	1,156.2
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings		733.1	631.8
Deferred tax liabilities		112.6	99.1
Provisions		66.3	57.1
Derivatives		0.0	15.1
Total non-current liabilities		912.0	803.1
TOTAL LIABILITIES		2,411.4	1,959.3
NET ASSETS		1,979.9	1,856.8
EQUITY			
Issued capital	5	1,221.3	1,219.6
Reserves	6	(267.7)	(249.8)
Retained profits	7	1,003.8	871.7
Parent Entity interest		1,957.4	1,841.5
Non-controlling interests		22.5	15.3
TOTAL EQUITY		1,979.9	1,856.8

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

WORLEYPARSONS LIMITED PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

STATEMENT OF CHANGES IN EQUITY For the financial year ended 30 June 2012

	Consolidated								
	Issued capital \$'M	Retained profits \$'M	Foreign currency translation reserve \$'M	Hedge reserve \$'M	Performance rights reserve \$'M	Acquisition reserve \$'M	Members of the Parent Entity \$'M	Non-controlling interests \$'M	Total \$'M
As at 1 July 2011	1,219.6	871.7	(261.0)	(3.1)	23.9	(9.6)	1,841.5	15.3	1,856.8
Profit after income tax expense	-	353.2	-	-	-	-	353.2	23.3	376.5
Other comprehensive income	-	-	(34.5)	1.2	-	-	(33.3)	(0.1)	(33.4)
Total comprehensive income, net of tax	-	353.2	(34.5)	1.2	-	-	319.9	23.2	343.1
<i>Transactions with owners</i>									
Performance rights transactions	1.7	-	-	-	15.4	-	17.1	-	17.1
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	-	-	3.2	3.2
Dividends paid	-	(221.1)	-	-	-	-	(221.1)	(19.2)	(240.3)
As at 30 June 2012	1,221.3	1,003.8	(295.5)	(1.9)	39.3	(9.6)	1,957.4	22.5	1,979.9
As at 1 July 2010	1,208.3	694.1	(93.4)	(1.6)	22.7	-	1,830.1	8.9	1,839.0
Profit after income tax expense	-	364.2	-	-	-	-	364.2	18.2	382.4
Other comprehensive income	-	-	(167.6)	(1.5)	-	-	(169.1)	(1.7)	(170.8)
Total comprehensive income, net of tax	-	364.2	(167.6)	(1.5)	-	-	195.1	16.5	211.6
<i>Transactions with owners</i>									
Performance rights transactions	11.3	-	-	-	1.2	-	12.5	-	12.5
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	-	-	8.0	8.0
Non-controlling interests	-	-	-	-	-	(9.6)	(9.6)	0.6	(9.0)
Dividends paid	-	(186.6)	-	-	-	-	(186.6)	(18.7)	(205.3)
As at 30 June 2011	1,219.6	871.7	(261.0)	(3.1)	23.9	(9.6)	1,841.5	15.3	1,856.8

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

STATEMENT OF CASH FLOWS For the financial year ended 30 June 2012

		Consolidated	
	Notes	2012 \$'M	2011 \$'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		6,853.6	5,388.2
Payments to suppliers and employees (inclusive of goods and services tax)		(6,286.7)	(4,999.1)
		566.9	389.1
Dividends received from associates		23.0	29.4
Interest received		7.0	6.1
Borrowing costs paid		(45.3)	(31.7)
Income taxes paid		(114.1)	(99.1)
Net cash inflow from operating activities	9	437.5	293.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of equity accounted investment		(21.5)	-
Payments for acquisition of controlled entities		(28.9)	(92.3)
Cash balances in controlled entities acquired, net of bank overdraft		2.7	28.9
Payments for purchase of property, plant and equipment and computer software		(59.0)	(42.5)
Proceeds from sale of property, plant and equipment		0.4	0.1
Net cash outflow from investing activities		(106.3)	(105.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,252.9)	(1,573.8)
Proceeds from borrowings		2,267.9	1,642.1
Costs of bank facilities and proceeds from finance leases		(6.4)	(7.1)
Net loans (from)/to related parties		(20.7)	8.2
Dividends paid to the Company's shareholders	2(B)	(221.1)	(186.6)
Dividends paid to non-controlling interests		(18.4)	(18.7)
Net cash outflow from financing activities		(251.6)	(135.9)
Net increase in cash		79.6	52.1
Cash and cash equivalents at the beginning of the financial year		166.1	130.2
Effects of exchange rate changes on cash		1.6	(16.2)
Cash and cash equivalents at the end of the financial year	9	247.3	166.1

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

NOTES TO THE FINANCIAL STATEMENTS

1. EARNINGS PER SHARE

	Consolidated	
	2012	2011
<i>ATTRIBUTABLE TO MEMBERS</i>		
Basic earnings per share (cents)	143.7	148.3
Basic earnings per share (cents) excluding net acquisition gains	140.6	121.5
Diluted earnings per share (cents)	142.5	147.2
Diluted earnings per share (cents) excluding net acquisition gains	139.5	120.6

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

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

	Consolidated	
	2012 \$'M	2011 \$'M
Earnings used in calculating basic and diluted earnings per share	353.2	364.2
Less: net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Earnings used in calculating basic and diluted earnings per share excluding net acquisition gains	345.6	298.5

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

	Consolidated	
	2012	2011
Weighted average number of ordinary securities used in calculating basic earnings per share	245,725,630	245,622,982
Element of performance rights which are considered dilutive	2,096,599	1,848,051
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	247,822,229	247,471,033

The weighted average number of converted, lapsed or cancelled potential ordinary shares used in calculating diluted earnings per share was 180,029 (2011: 202,871).

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	Consolidated	
	2012 \$'M	2011 \$'M
2. DIVIDENDS		
(A) FINAL DIVIDEND PROPOSED		
Dividend in respect of the six months to 30 June 2012:		
51.0 cents per share (31.3 cents franked*)	125.3	-
Dividend in respect of the six months to 30 June 2011:		
50.0 cents per share (12.9 cents franked)	-	122.8
The directors have resolved to pay a final dividend of 51.0 cents per share; partially franked at 61.3%* (2011: 50.0 cents per share, partially franked at 25.7%). Combined with the half year (interim) dividend, the Company will make total dividend payments of 91.0 cents per share for the financial year (2011: 86.0 cents per share). The final dividend will be paid on 28 September 2012 for shareholders on the register at the record date of 7 September 2012. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of \$125.3 million is not recognized as a liability as at 30 June 2012. The Group has sufficient credits in its foreign income account to ensure that there should be no Australian dividend withholding tax withheld on dividends paid to non-resident shareholders. <i>*the unfranked portion of the dividend represents conduit foreign income.</i>		
(B) DIVIDENDS PAID DURING THE YEAR		
Dividend in respect of the six months to 31 December 2011:		
40.0 cents per share (31.7 cents franked)	98.3	-
Dividend in respect of the six months to 30 June 2011:		
50.0 cents per share (12.9 cents franked)	122.8	-
Dividend in respect of the six months to 31 December 2010:		
36.0 cents per share (36.0 cents franked)	-	88.6
Dividend in respect of the six months to 30 June 2010:		
40.0 cents per share (18.8 cents franked)	-	98.0
	221.1	186.6

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3. EQUITY ACCOUNTED INVESTMENTS

In accordance with the accounting standards, the Group discloses only material entities:

(A) DETAILS OF EQUITY ACCOUNTED INVESTMENTS ARE AS FOLLOWS:

		Ownership interest consolidated		Carrying value consolidated	
Entity	Principal activity	2012 %	2011 %	2012 \$'M	2011 \$'M
<i>Significant investments</i>					
ARA WorleyParsons SA ¹	Minerals, Metals & Chemicals	-	50	-	15.1
DeltaAfrik Engineering Limited	Hydrocarbons	49	49	19.2	16.0
NANA WorleyParsons LLC	Hydrocarbons	50	50	7.9	6.7
Ranhill WorleyParsons Sdn Bhd	Hydrocarbons	49	49	28.6	24.6
Sakhneftegaz Engineering ²	Hydrocarbons	49	49	2.8	2.8
Transfield Worley Limited	Hydrocarbons	50	50	8.1	7.7
Transfield Worley Power Services Pty Limited	Power	50	50	12.1	2.6
<i>Other investments</i>				13.0	10.8
<i>Acquired during the year</i>					
Cegertec WorleyParsons Inc ³	Minerals, Metals & Chemicals	50	-	12.4	-
				104.1	86.3

1 Acquired control during the financial year.

2 Balance date is 31 December, which was the balance date when the interest/entity was acquired.

3 Acquired interest during the financial year.

	Consolidated	
	2012 \$'M	2011 \$'M
<i>(B) CARRYING AMOUNT OF EQUITY ACCOUNTED INVESTMENTS</i>		
Carrying amount at the beginning of the financial year	86.3	135.6
Net profits of associates	27.6	31.5
Dividends received from associates	(18.5)	(31.5)
Change in nature of investment and investment acquired	7.1	(33.0)
Movement in foreign currency translation reserve of associates	1.6	(16.3)
Carrying amount at the end of the financial year	104.1	86.3

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	Consolidated	
	2012 \$'M	2011 \$'M
(C) NET PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Profits before income tax expense	40.7	43.8
Income tax expense	(13.1)	(12.3)
Net profits of equity accounted investments	27.6	31.5
(D) REVENUE ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Share of revenue from equity accounted investments	665.0	718.9
(E) RESERVES ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
<i>FOREIGN CURRENCY TRANSLATION RESERVE</i>		
Balance at the beginning of the financial year	(24.9)	(8.6)
Effect of decrease/(increase) in reserve	1.6	(16.3)
Balance at the end of the financial year	(23.3)	(24.9)
(F) RETAINED PROFITS ATTRIBUTABLE TO EQUITY ACCOUNTED INVESTMENTS		
Balance at the beginning of the financial year	106.3	106.3
Share of net profits of investments accounted for using the equity method	27.6	31.5
Dividends paid and declared	(18.5)	(31.5)
Balance at the end of the financial year	115.4	106.3
(G) SHARE OF EQUITY ACCOUNTED INVESTMENTS' CONTINGENT LIABILITIES		
Performance related guarantees issued	12.4	18.4
(H) SHARE OF EQUITY ACCOUNTED INVESTMENTS' EXPENDITURE COMMITMENTS		
Operating lease commitments	6.7	12.4
(I) SUMMARY OF THE FINANCIAL POSITION OF EQUITY ACCOUNTED INVESTMENTS		
The consolidated entity's share of aggregate assets and liabilities of equity accounted investments is:		
Current assets	189.7	152.8
Non-current assets	38.1	22.4
Current liabilities	(109.7)	(82.7)
Non-current liabilities	(21.5)	(12.3)
Net assets	96.6	80.2
Goodwill	7.5	6.1
Carrying amount at the end of the financial year	104.1	86.3

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	Consolidated	
	2012 \$'M	2011 \$'M

4. INCOME TAX

(A) INCOME TAX EXPENSE

Current tax	117.7	136.3
Deferred tax	12.5	(16.5)
Over provision in previous financial periods	(12.9)	(3.8)
Income tax expense	117.3	116.0

Deferred income tax expense/(benefit) included in income tax expense comprises:

Decrease/(increase) in deferred tax assets	4.2	(26.5)
Increase in deferred tax liabilities	8.3	10.0
Deferred tax	12.5	(16.5)

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

Profit before income tax expense	493.8	498.4
At the Group's statutory income tax rate of 30% (2011: 30%)	148.1	149.5
Tax effect of amounts which are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible performance rights	5.3	3.9
Non-taxable gain on acquisitions	(2.3)	(19.7)
Share of net profits of associates accounted for using the equity method	(8.2)	(9.5)
Tax losses not previously recognized	(0.4)	(1.2)
Over provision in previous financial periods	(12.9)	(3.8)
Difference in overseas tax rate*	(14.3)	(8.5)
Other	2.0	5.3
Income tax expense	117.3	116.0

* Represents income tax expense for foreign tax rate differential and international withholding taxes.

(C) AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

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

Deferred tax – credited directly to equity	2.5	2.5
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(D) TAX LOSSES

The Group has tax losses for which no deferred tax asset is recognized on the statement of financial position:

Unused tax losses for which no deferred tax asset has been recognized	28.3	33.6
Potential tax benefit at 30%	8.5	10.1

The benefit for tax losses will only be recognized if:

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

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5. ISSUED CAPITAL

	2012		2011	
	Number of shares	\$'M	Number of shares	\$'M
Ordinary shares, fully paid ^{1, 2}	245,735,305	1,221.3	245,699,306	1,219.6
Special voting share	1	-	1	-
	245,735,306	1,221.3	245,699,307	1,219.6

¹ Included in ordinary shares are 3,847,859 (2011: 4,295,003) 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.

² The WorleyParsons Limited Plans Trust holds 267,173 (2011: 267,173) shares in the Company, which has been consolidated and eliminated in accordance with the accounting standards.

	2012		2011	
	Number of shares	\$'M	Number of shares	\$'M
(A) MOVEMENTS IN SHARES				
Balance at the beginning of the financial year	245,699,307	1,219.6	245,425,980	1,208.3
Ordinary shares issued on redemption of exchangeable shares	447,144	12.0	1,866,366	50.0
Exchangeable shares exchanged for ordinary shares	(447,144)	(12.0)	(1,866,366)	(50.0)
Issuance of shares upon exercise of performance rights	35,999	1.7	273,327	11.3
	245,735,306	1,221.3	245,699,307	1,219.6

(B) TERMS AND CONDITIONS OF ISSUED CAPITAL

Ordinary shares

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

Exchangeable shares

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

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

The exchangeable shares, through a voting trust which holds a special voting share in the Company, entitle their holders to vote at the Company's general meetings as though they hold ordinary shares. During the financial year ended 30 June 2012, 447,144 (2011: 1,866,366) exchangeable shares were exchanged.

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Special voting share

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

(C) PERFORMANCE RIGHTS

	Number of performance rights	
	2012	2011
Balance at the beginning of the financial year	3,298,344	2,676,556
Rights granted	993,730	1,446,979
Rights exercised	(35,999)	(273,327)
Rights lapsed or expired	(634,616)	(551,864)
Balance at the end of the financial year	3,621,459	3,298,344
Exercisable at the end of the financial year	3,106	5,347
Weighted average exercise price	\$nil	\$nil

The outstanding balance as at 30 June 2012 is represented by:

- 961,361 performance rights vesting on 30 September 2014 and expiring on 17 October 2018;
- 1,315,196 performance rights vesting on 30 September 2013 and expiring on 15 October 2017;
- 852,940 performance rights vesting on 30 September 2012 and expiring on 30 September 2016;
- 488,856 performance rights vesting on 30 September 2011 and expiring on 30 September 2015;
- 2,255 performance rights, vested on 30 September 2011 and expiring on 2 October 2014; and
- 851 performance rights, vested on 30 September 2009 and expiring on 1 February 2014.

6. RESERVES

	Consolidated	
	2012 \$'M	2011 \$'M
Foreign currency translation reserve	(295.5)	(261.0)
Hedge reserve	(1.9)	(3.1)
Performance rights reserve	39.3	23.9
Acquisition reserve	(9.6)	(9.6)
	(267.7)	(249.8)

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	Consolidated	
	2012 \$'M	2011 \$'M
(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 foreign controlled entities and associates, and the net investments hedged in their entities.		
Balance at the beginning of the financial year	(261.0)	(93.4)
Foreign exchange movement on translation of foreign controlled entities and associates	(24.9)	(159.3)
Net investments hedged	(13.7)	(11.8)
Income tax on net investments hedged	4.1	3.5
Balance at the end of the financial year	(295.5)	(261.0)

(B) HEDGE RESERVE

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

Balance at the beginning of the financial year	(3.1)	(1.6)
Net (loss)/gain on foreign exchange hedges	(0.9)	0.5
Income tax on net (loss)/gain on foreign exchange hedges	0.2	(0.1)
Fair value gain/(loss) on mark to market of cross currency hedge	11.6	(6.1)
Income tax on fair value (loss)/gain on mark to market of cross currency hedge	(8.5)	4.0
(Loss)/gain on interest rate hedges net of tax	(1.2)	0.2
Balance at the end of the financial year	(1.9)	(3.1)

The total amount recognized in the statement of financial performance was a loss of \$0.6 million (2011: \$0.4 million). This amount is included in other expenses.

(C) PERFORMANCE RIGHTS RESERVE

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

Balance at the beginning of the financial year	23.9	22.7
Performance rights expense	17.1	14.5
Reversal of performance rights expense associated with rights which did not vest based on earnings per share hurdles	-	(2.0)
Transfer to issued capital on purchase and issuance of shares to satisfy performance rights	(1.7)	(11.3)
Balance at the end of the financial year	39.3	23.9

(D) ACQUISITION RESERVE

The acquisition reserve is used to record differences between the carrying value of non-controlling interests before acquisition and the consideration paid upon acquisition of an additional shareholding, where the transaction does not result in a loss of control. The reserve is attributable to the equity of the Parent Entity.

Balance at the beginning of the financial year	(9.6)	-
Consideration paid in excess of carrying value of non-controlling interests	-	(9.6)
Balance at the end of the financial year	(9.6)	(9.6)

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	Consolidated	
	2012 \$'M	2011 \$'M
7. RETAINED PROFITS		
Balance at the beginning of the financial year	871.7	694.1
Profit attributable to members of WorleyParsons Limited	353.2	364.2
Dividends paid	(221.1)	(186.6)
Balance at the end of the financial year	1,003.8	871.7

8. NET ASSETS PER SHARE

	\$	\$
Net assets per share	8.06	7.56
Net tangible assets per share	1.12	0.65

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

	\$'M	\$'M
9. NOTE TO THE STATEMENT OF CASH FLOWS		
Cash and cash equivalents	247.3	171.2
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash at bank and on hand	247.3	171.2
Cash and cash equivalents	247.3	171.2
Bank overdraft	-	(5.1)
Balance per statement of cash flows	247.3	166.1

PROCUREMENT AND RESTRICTED CASH AND CASH EQUIVALENTS

Included within cash and cash equivalents is \$51.4 million (2011: \$10.1 million) which has been identified as for procurement services or restricted but available for use under certain circumstances by the Group. Procurement cash is held in relation to procurement activities undertaken by the Group on behalf of its customers. Restricted cash is held in relation to guarantees and its financing activities.

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	Consolidated	
	2012 \$'M	2011 \$'M
Reconciliation of profit after income tax expense to net cash inflow from operating activities:		
Profit after income tax expense	376.5	382.4
<i>NON-CASH ITEMS</i>		
Depreciation	19.1	14.2
Amortization	83.9	81.5
Performance rights expense	17.1	12.5
Doubtful debts expense/(credit)	4.3	(11.8)
Share of associates' net profits in excess of dividends received	(4.7)	(2.1)
Net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Net loss on foreign exchange	5.6	4.8
Other	(0.3)	1.2
Cash flow adjusted for non-cash items	493.9	417.0
<i>CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES</i>		
Increase in trade and other receivables	(401.4)	(314.0)
Increase in inventories	(0.1)	(0.4)
Increase in prepayments	(42.2)	(24.2)
Increase in deferred tax assets	(2.8)	(14.9)
Increase in trade and other payables	234.3	84.5
Increase in billings in advance	14.2	23.1
(Decrease)/increase in income tax payable	(1.6)	28.4
Increase in deferred tax liabilities	7.6	3.0
Increase in other provisions	135.6	91.3
Net cash inflow from operating activities	437.5	293.8

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10. SEGMENT INFORMATION

The Group operates in four primary business segments: Hydrocarbons; Power; Minerals, Metals & Chemicals; and Infrastructure & Environment.

	Hydrocarbons		Power		Minerals, Metals & Chemicals		Infrastructure & Environment		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<i>Revenue</i>										
Sales to external customers	4,728.7	3,784.1	524.1	483.3	892.5	606.2	840.3	679.5	6,985.6	5,553.1
Procurement services revenue at margin	285.8	258.3	55.2	27.8	1.2	37.0	30.5	21.0	372.7	344.1
Other income	0.6	1.5	2.0	2.6	1.7	0.6	0.0	1.6	4.3	6.3
Total aggregated revenue ¹	5,015.1	4,043.9	581.3	513.7	895.4	643.8	870.8	702.1	7,362.6	5,903.5
Reconciliation of segment revenue to total revenue and other income per the statement of financial performance:										
<i>Segment revenue</i>									7,362.6	5,903.5
Procurement services revenue at nil margin									696.2	426.8
Share of revenue from associates									(665.0)	(718.9)
Net gain on revaluation of investments previously accounted for as equity accounted associates									7.6	65.7
Interest income									7.0	6.1
Total revenue and other income per the statement of financial performance									7,408.4	5,683.2
<i>Segment result</i> ²	586.5	554.3	59.9	65.3	131.4	102.7	115.3	101.0	893.1	823.3
<i>Segment margin</i>	11.7%	13.7%	10.3%	12.7%	14.7%	16.0%	13.2%	14.4%	12.1%	13.9%
Reconciliation of segment result to net profit after income tax per the statement of financial performance:										
<i>Segment result</i>									893.1	823.3
Global support costs									(317.5)	(299.6)
Interest and tax for associates									(13.8)	(17.0)
Amortization of acquired intangibles									(31.5)	(32.5)
EBIT excluding the net gain on revaluation of investments previously accounted for as equity accounted associates									530.3	474.2
EBIT margin on aggregated revenue for the Group, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates									7.2%	8.0%
Net gain on revaluation of investments previously accounted for as equity accounted associates									7.6	65.7
Net borrowing costs									(44.1)	(41.5)
Income tax expense									(117.3)	(116.0)
Profit after income tax per the statement of financial performance									376.5	382.4

¹ Segment revenue represents aggregated revenue, which is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin, interest income and net gain on revaluation of investments previously accounted for as equity accounted associates.

² Segment result represents earnings before interest and income tax expense (EBIT) which is the key financial measure that is presented to the chief operating decision makers.

³ Due to a change in presentation of Global support costs expenses in the internal reports presented to the chief operating decision makers, the prior year Segment result and Global support costs expenses have been restated to be comparable with the current year's disclosure, as required by AASB 8 Operating Segments. The impact of this change is an increase in Global support costs from \$70.8 million to \$299.6 million for the financial year ended 30 June 2011.

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11. 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	
	2012 \$'M	2011 \$'M
Bank guarantees and letters of credit outstanding at balance date in respect of contractual performance	522.3	413.2
Commitments not recognized in the financial statements	522.3	413.2

(B) 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.

(C) 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 needs 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.