



WorleyParsons

resources & energy

Appendix 4D

Half Year Ended 31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET¹

	CONSOLIDATED			
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M	CHANGE \$'M	CHANGE %
STATUTORY RESULT				
Revenue and other income	2,645.7	2,409.4	236.3	9.8
Earnings before interest and tax (EBIT) ²	133.9	109.3	24.6	22.5
Profit before income tax expense	116.7	79.8	36.9	46.2
Profit after income tax expense attributable to members of WorleyParsons Limited	82.4	1.4	81.0	n/m**
EBIT margin on aggregated revenue	5.2%	4.7%	-	0.5pp
Basic earnings per share (cents)*	23.8	0.5	23.3	n/m**
Diluted earnings per share (cents)*	23.7	0.5	23.2	n/m**

** n/m - not meaningful

	CONSOLIDATED			
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M	CHANGE \$'M	CHANGE %
UNDERLYING RESULT				
EBIT ²	156.3	132.9	23.4	17.6
EBIT margin on aggregated revenue ²	6.1%	5.8%	-	0.3pp
Profit after income tax expense attributable to members of WorleyParsons Limited	98.4	78.2	20.2	25.8
Basic earnings per share (cents)*	28.5	27.8	0.7	2.5

RECONCILIATION OF STATUTORY PROFIT AFTER INCOME TAX EXPENSE TO UNDERLYING PROFIT AFTER INCOME TAX³

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Profit after income tax expense attributable to members of WorleyParsons Limited	82.4	1.4
Add: impact of acquisitions, comprised of:		
<i>Acquisition costs</i>	12.2	5.9
<i>Bridging facility fee</i>	4.2	-
<i>Interest income on term deposits</i>	(7.5)	-
<i>Foreign exchange gain on term deposits</i>	(3.4)	-
Add: impact of the arbitration award ⁴	8.7	-
Add: restructuring costs	0.7	5.5
Add: onerous lease contracts	-	12.2
Add/(less): net tax expense	1.1	(5.0)
Add: tax from changes in US tax legislation	-	58.2
Underlying profit after income tax expense attributable to members of WorleyParsons Limited	98.4	78.2

¹ The International Financial Reporting Standards financial information contained within this Appendix 4D has been derived from the 31 December 2018 Interim Financial Report, which has been reviewed by Ernst & Young. However, this Appendix 4D has not been reviewed.

² EBIT and EBIT margin on aggregated revenue as disclosed per note 1.1 (G) of the Interim Financial Report.

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

⁴ Reduction in revenue following lower than expected arbitration award in relation to a dispute with a state owned enterprise.

* Basic and diluted earnings per share for all presented periods were adjusted for equity raised in accordance accounting standards.



Appendix 4D

Half Year Ended 31 December 2018

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

	CONSOLIDATED			
	31 DECEMBER 2018 \$/M	31 DECEMBER 2017 \$/M	CHANGE \$/M	CHANGE %
Revenue and other income	2,645.7	2,409.4	236.3	9.8
Less: procurement revenue at nil margin (including share of revenue from associates)	(136.9)	(43.7)	93.2	213.3
Add: share of revenue from associates	96.1	86.0	10.1	11.7
Less: pass-through revenue at nil margin	(36.9)	(138.8)	(101.9)	(73.4)
Less: interest income	(10.5)	(2.8)	7.7	275.0
Add: impact of the arbitration award*	8.7	-	(8.7)	n/m**
Aggregated revenue	2,566.2	2,310.1	256.1	11.1

* Reduction in revenue following lower than expected arbitration award in relation to a dispute with a state owned enterprise.

** n/m - not meaningful

DIVIDEND

	AMOUNT PER SHARE	FRANKED AMOUNT PER SHARE
Interim dividend (cents per share, unfranked)	12.5	nil
Record date for determining entitlement to final dividend		27 February 2019
Date dividend is to be paid		27 March 2019

The directors have resolved to pay an interim dividend of 12.5 cents (unfranked) per fully paid ordinary share, including exchangeable shares (31 December 2017: 10 cents per share, unfranked).

NET ASSETS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2018 \$	30 JUNE 2018 \$
Net assets per share	11.07	8.08
Net tangible assets/(liabilities) per share	6.05	(0.25)

Additional Appendix 4D disclosure requirements can be found in the Interim Financial Report for the half year ended 31 December 2018 issued 20 February 2019.

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

Interim financial report

Half Year Ended 31 December 2018

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Directors' report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company or Parent Entity) and the entities it controlled (Group or Consolidated Entity) at the end of, and during, the half year ended 31 December 2018.

DIRECTORS

The following persons were directors of the Company from 1 July 2018 up to the date of this report:

John Grill (Chairman)
Anne Templeman-Jones
Thomas Gorman
Erich Fraunschiel (retired 23 October 2018)
Christopher Haynes
Catherine Livingstone (Lead Independent Director)
Wang Xiao Bin
Andrew Liveris (appointed on 5 September 2018)
Andrew Wood (Chief Executive Officer)

PRINCIPAL ACTIVITIES

During the half year, the principal activities of the Group consisted of providing engineering design and project delivery services, including providing maintenance, reliability support services and advisory services to the following sectors:

- Hydrocarbons;
- Minerals, Metals & Chemicals; and
- Infrastructure.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period, the Group entered into a binding agreement to acquire Jacobs Engineering Group Inc.'s ("Jacobs") Energy, Chemicals and Resources division ("Jacobs ECR") for a cash and debt free enterprise value of US\$3.3 billion (\$4.6 billion¹). The acquisition will be funded through an underwritten, accelerated non-renounceable rights offer ("the Offer") of \$2.9 billion completed in November 2018, the planned issuance of \$985 million² share capital of the Company to Jacobs and additional debt of \$895 million. In November 2018 the equity raise was successfully completed and a bridging debt facility of US\$640.0 million was entered into in relation to the acquisition.

Acquisition costs of \$12.2 million, the bridging facility fee of \$4.2 million and interest income of \$7.5 million and foreign exchange gain of \$3.4 million on term deposits from the equity raise have been excluded from the underlying results. Equity raise costs of \$57.0 million were incurred and recorded in equity.

The acquisition is still subject to the completion of regulatory approvals in some countries and certain pre-completion restructuring activities within Jacobs. Completion of the acquisition is currently planned for late March/April this year.

REVIEW OF OPERATIONS

The profit after income tax expense attributable to members of the Company for the half year ended 31 December 2018 was \$82.4 million (an increase of \$81.0 million on the \$1.4 million net profit after tax reported in the corresponding period). The result was earned on aggregated revenue of \$2,566.2 million, an increase of 11.1% on the \$2,310.1 million reported in the corresponding period.

¹ USD converted to AUD at the spot AUD/USD exchange rate of 0.71.

² The value of the consideration will change depending on the WorleyParsons' share price at the date of the transaction.

DIRECTORS' REPORT (continued)

The directors consider underlying profit information presented overleaf is important to understand the sustainable performance of the Company by excluding significant non-recurring items.

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

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Profit after income tax expense attributable to members of WorleyParsons Limited	82.4	1.4
Add: impact of acquisitions, comprised of:		
<i>Acquisition costs</i>	12.2	5.9
<i>Bridging facility fee</i>	4.2	-
<i>Interest income on term deposits</i>	(7.5)	-
<i>Foreign exchange gain on term deposits</i>	(3.4)	-
Add: impact of the arbitration award*	8.7	-
Add: restructuring costs	0.7	5.5
Add: onerous lease contracts	-	12.2
Add/(less): net tax expense	1.1	(5.0)
Add: tax from changes in US tax legislation	-	58.2
Underlying profit after income tax expense attributable to members of WorleyParsons Limited	98.4	78.2

* Reduction in revenue following lower than expected arbitration award in relation to a dispute with a state owned enterprise.

SUBSEQUENT EVENTS

Subsequent to the half year end, the Group has refinanced its core syndicated debt facility. The new multi-currency syndicated facility jointly led by Wells Fargo Bank, HSBC Bank and Standard Chartered Bank consists of a US\$500 million revolving credit facility and a US\$800 million term loan. The facility matures in February 2024.

Since the end of the half year, the directors have resolved to pay an interim dividend of 12.5 cents (unfranked) for fully paid ordinary shares, including exchangeable shares (31 December 2017: 10 cents per share, unfranked). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed interim dividend of \$57.7 million is not recognized as a liability as at 31 December 2018.

No other material matter or circumstance has arisen since 31 December 2018 that has significantly affected or may significantly affect the Group's operations or state of affairs.

ROUNDING OF AMOUNTS

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

DIRECTORS' REPORT (continued)

AUDITOR'S INDEPENDENCE DECLARATION

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



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Auditor's Independence Declaration to the Directors of WorleyParsons Limited

As lead auditor for the review of WorleyParsons Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Scott Jarrett
Partner
Sydney
20 February 2019

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

John Grill, AO
Chairman

Sydney, 20 February 2019

Statement of financial performance and comprehensive income

For the half year ended 31 December 2018

CONSOLIDATED			
	NOTES	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
REVENUE AND OTHER INCOME			
Professional services revenue		1,943.4	1,913.4
Procurement revenue		318.6	204.2
Construction and fabrication revenue		371.0	286.6
Interest income		10.5	2.8
Other income		2.2	2.4
Total revenue and other income	1.1	2,645.7	2,409.4
EXPENSES			
Professional services costs		(1,787.7)	(1,769.4)
Procurement costs		(309.9)	(201.1)
Construction and fabrication costs		(334.2)	(263.3)
Global support costs	1.1	(57.5)	(58.0)
Acquisition costs		(12.2)	(5.9)
Other costs	1.3	(4.9)	(5.5)
Borrowing costs		(27.7)	(32.3)
Total expenses		(2,534.1)	(2,335.5)
Share of net profit of associates accounted for using the equity method		5.1	5.9
Profit before income tax expense		116.7	79.8
Income tax expense	1.4	(29.3)	(70.6)
Profit after income tax expense		87.4	9.2
Profit after income tax expense attributable to:			
Members of WorleyParsons Limited		82.4	1.4
Non-controlling interests		5.0	7.8
Other comprehensive income			
Items that may be reclassified in future periods to the Statement of Financial Performance			
Net movement in foreign currency translation reserve		13.8	31.5
Net movement in hedge reserve		0.6	(0.9)
Total comprehensive income, net of tax		101.8	39.8
Total comprehensive income, net of tax, attributable to:			
Members of WorleyParsons Limited		98.4	35.8
Non-controlling interests		3.4	4.0
Basic earnings per share (cents) ¹	1.10	23.8	0.5
Diluted earnings per share (cents) ¹	1.10	23.7	0.5

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

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

Statement of financial position

As at 31 December 2018

		CONSOLIDATED	
		31 DECEMBER 2018	30 JUNE 2018
	NOTES	\$'M	\$'M
ASSETS			
Current assets			
Cash and cash equivalents	1.5	2,680.3	261.6
Trade receivables	1.6	1,098.2	1,171.1
Other receivables	1.6	156.3	147.9
Prepayments		109.8	101.9
Procurement assets	1.15	75.8	66.5
Income tax receivable		3.0	4.0
Derivatives		6.3	2.2
Total current assets		4,129.7	1,755.2
Non-current assets			
Trade receivables	1.6	131.4	28.9
Intangible assets	1.7	2,319.5	2,282.0
Deferred tax assets		200.4	201.6
Equity accounted associates		84.8	81.3
Derivatives		72.9	63.2
Property, plant and equipment		61.3	54.3
Other non-current assets		10.2	9.3
Total non-current assets		2,880.5	2,720.6
TOTAL ASSETS		7,010.2	4,475.8
LIABILITIES			
Current liabilities			
Trade and other payables		773.9	789.2
Procurement payables	1.15	60.3	39.8
Provisions		288.0	318.5
Interest bearing loans and borrowings	1.8	112.9	36.0
Income tax payable		8.4	5.6
Derivatives		3.8	3.4
Total current liabilities		1,247.3	1,192.5
Non-current liabilities			
Trade and other payables		47.2	29.8
Interest bearing loans and borrowings	1.8	535.1	963.1
Deferred tax liabilities		13.6	10.9
Provisions		55.6	66.7
Total non-current liabilities		651.5	1,070.5
TOTAL LIABILITIES		1,898.8	2,263.0
NET ASSETS		5,111.4	2,212.8
EQUITY			
Issued capital	1.9	4,440.7	1,589.9
Reserves		(263.0)	(276.4)
Retained profits		947.4	910.5
Members of WorleyParsons Limited		5,125.1	2,224.0
Non-controlling interests		(13.7)	(11.2)
TOTAL EQUITY		5,111.4	2,212.8

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 2018

	CONSOLIDATED								
	ISSUED CAPITAL \$'M	RETAINED PROFITS \$'M	FOREIGN CURRENCY TRANSLATION RESERVE \$'M	HEDGE RESERVE \$'M	PERFORMANCE RIGHTS RESERVE \$'M	ACQUISITION RESERVE \$'M	MEMBERS OF WORLEY PARSONS LIMITED \$'M	NON- CONTROLLING INTERESTS \$'M	TOTAL \$'M
As at 30 June 2018	1,589.9	910.5	(263.0)	4.6	44.6	(62.6)	2,224.0	(11.2)	2,212.8
Adoption of AASB 9 on 1 July 2018, net of tax	-	(4.4)	-	-	-	-	(4.4)	-	(4.4)
As at 1 July 2018	1,589.9	906.1	(263.0)	4.6	44.6	(62.6)	2,219.6	(11.2)	2,208.4
Profit after income tax expense	-	82.4	-	-	-	-	82.4	5.0	87.4
Other comprehensive income/(loss)	-	-	15.4	0.6	-	-	16.0	(1.6)	14.4
Total comprehensive income, net of tax	-	82.4	15.4	0.6	-	-	98.4	3.4	101.8
<i>Transactions with owners</i>									
Issue of share capital, net of transaction costs	2,845.7	-	-	-	-	-	2,845.7	-	2,845.7
Share based payments expense	-	-	-	-	6.9	-	6.9	-	6.9
Transfer to issued capital on issuance of shares to satisfy performance rights	5.1	-	-	-	(9.5)	-	(4.4)	-	(4.4)
Increase in ownership of controlled entity	-	-	-	-	-	-	-	-	-
Dividends paid	-	(41.1)	-	-	-	-	(41.1)	(5.9)	(47.0)
As at 31 December 2018	4,440.7	947.4	(247.6)	5.2	42.0	(62.6)	5,125.1	(13.7)	5,111.4
As at 1 July 2017	1,268.5	875.6	(301.1)	11.5	42.1	(22.9)	1,873.7	(5.4)	1,868.3
Profit after income tax expense	-	1.4	-	-	-	-	1.4	7.8	9.2
Other comprehensive income/(loss)	-	-	35.3	(0.9)	-	-	34.4	(3.8)	30.6
Total comprehensive income/(loss), net of tax	-	1.4	35.3	(0.9)	-	-	35.8	4.0	39.8
<i>Transactions with owners</i>									
Issue of share capital, net of transaction costs	315.7	-	-	-	-	-	315.7	-	315.7
Share based payments expense	-	-	-	-	4.9	-	4.9	-	4.9
Transfer to issued capital on issuance of shares to satisfy performance rights	5.7	-	-	-	(5.7)	-	-	-	-
Increase in ownership of controlled entity	-	-	-	-	-	(34.9)	(34.9)	(2.8)	(37.7)
Dividends paid	-	-	-	-	-	-	-	(5.8)	(5.8)
As at 31 December 2017	1,589.9	877.0	(265.8)	10.6	41.3	(57.8)	2,195.2	(10.0)	2,185.2

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

Statement of cash flows

For the half year ended 31 December 2018

		CONSOLIDATED	
	NOTES	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,634.9	2,607.9
Payments to suppliers and employees		(2,594.0)	(2,525.7)
		40.9	82.2
Dividends received from associates		4.0	2.3
Interest received		9.5	1.7
Borrowing costs paid		(20.5)	(23.8)
Income taxes paid		(12.9)	(18.1)
Net cash inflow from operating activities	1.5	21.0	44.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of controlled entities and other investments, net of cash acquired		(6.8)	(335.5)
Payments for purchase of property, plant and equipment and computer software		(17.8)	(20.1)
Proceeds from disposals of investments		0.5	1.0
Proceeds from sale of property, plant and equipment		0.2	0.6
Net cash outflow from investing activities		(23.9)	(354.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings	1.8	(1,526.3)	(679.4)
Proceeds from loans and borrowings	1.8	1,131.7	673.8
Costs of bank facilities		(6.1)	(8.7)
Proceeds from equity raising, net of equity raising costs		2,845.8	315.7
Dividends paid to members of WorleyParsons Limited		(41.1)	-
Net loans to related parties		(2.9)	(1.1)
Dividends paid to non-controlling interests		(5.9)	(5.8)
Net cash inflow from financing activities		2,395.2	294.5
Net decrease in cash		2,392.3	(15.2)
Cash and cash equivalents at the beginning of the financial year		277.9	244.3
Effects of foreign exchange rate changes on cash		31.7	(0.4)
Cash and cash equivalents at the end of the financial year	1.5	2,701.9	228.7

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 2018 does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing and financing activities of the Group as a full financial report.

The Interim Financial Report should be read in conjunction with the Annual Report of the Company for the year ended 30 June 2018, 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 2018 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).

Except for the adoption of new and amended accounting standards as set out in note 1(C) and (D) below, the Interim Financial Report has been prepared using consistent accounting policies as used in the annual financial report for the year ended 30 June 2018, including:

(A) BASIS OF ACCOUNTING

(i) Basis of preparation

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

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

For the purposes of preparing the Interim Financial Report, the half year has been treated as a discrete reporting period.

(ii) Historical cost convention

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

(iii) Critical accounting estimates

In the application of AAS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- revenue recognition;
- goodwill and intangible assets with identifiable useful lives;
- impairment allowance, project, warranty and other provisions; and
- recovery of deferred taxes.

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

(B) NEW ACCOUNTING STANDARDS NOT YET APPLICABLE

The Group has not early adopted any standards or interpretations not yet effective. These standards and interpretations and potential impacts are consistent with those disclosed in the 30 June 2018 annual report.

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

Effective 1 July 2018, the Group adopted AASB 9 *Financial Instruments* (AASB 9) and AASB 15 *Revenue from Contracts with Customers* (AASB 15). The impact of the adoption of these standards is disclosed below.

The other new and revised standards, amendments or AASB interpretations did not have any impact on the Group.

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

Impact of adoption

(i) AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*, and the Group has adopted AASB 9 and the consequential amendments to AASB 7 *Financial Instruments: Disclosures* on 1 July 2018. The Group has applied AASB 9 retrospectively in accordance with the transition provisions set out in AASB 9. The new standard does not have a significant impact on the financial position and/or financial performance of the Group, with the details discussed below:

(a) Classification and measurement

The Group assessed the financial assets and financial liabilities as at 30 June 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 would have the following impact on the Group's financial assets and liabilities with regards to their classification and measurement:

- Financial assets classified as loans and receivables under AASB 139 that are measured at amortised cost as at 30 June 2018 will continue to be classified and measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amounts outstanding;
- Financial assets that are measured at fair value through profit or loss under AASB 139 as at 30 June 2018 will continue to be classified and measured as such under AASB 9; and
- Financial liabilities that are measured at amortised cost under AASB 139 as at 30 June 2018 will continue to be classified and measured at amortised cost under AASB 9.

(b) Hedge accounting

The forward exchange contracts and cross currency swaps in place as at 30 June 2018 qualified as cash flow hedges under AASB 9 and the net investment hedge in place as at 30 June 2018 qualified as a net investment hedge under AASB 9. The group's risk management strategies and hedge documentation have been updated to align with the requirements of AASB 9 and these relationships are therefore treated as continuing hedges. There were no reclassifications or remeasurements arising from the application of AASB 9 hedge accounting.

(c) Impairment

The Group has the following financial assets that are subject to AASB 9's expected credit loss model:

- Trade receivables
- Unbilled contract revenue (contract assets)
- Other receivables (specifically, related party receivables)

The Group assessed these financial assets as at 1 July 2018 for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of AASB 9 to determine the credit risk of the respective customers. The Group uses judgement in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates.

In accordance with the transitional provisions in AASB 9, the adjustments arising from the new impairment rules are recognized in the opening balance sheet on 1 July 2018. The impact on the group's retained earnings as at 1 July 2018 is as follows:

	\$'M
Closing retained earnings under AASB 139 as at 30 June 2018	910.5
Additional recognition of expected credit loss allowance under AASB 9	(5.7)
Tax effect of the additional expected credit loss allowance recognized	1.3
Opening retained earnings under AASB 9 as at 1 July 2018	906.1

The Group applied the simplified approach to measure expected credit losses for trade receivables and unbilled contract revenue which applies a lifetime expected loss model.

The reconciliation of the impairment allowance as at 30 June 2018 as calculated under AASB 139 Financial Instruments: Recognition and Measurement to the opening impairment allowance as calculated under AASB 9 is as follows:

	IMPAIRMENT ALLOWANCE IN RELATION TO TRADE RECEIVABLES AND CONTRACT ASSETS \$'M	IMPAIRMENT ALLOWANCE IN RELATION TO OTHER RECEIVABLES \$'M
As at 30 June 2018, as calculated under AASB 139	86.0	-
Adjusted through opening retained earnings	5.4	0.3
As at 1 July 2018, as calculated under AASB 9	91.4	0.3

The adjustment reflects the replacement of the incurred loss model under AASB 139 with its expected credit loss model under AASB 9.

(ii) AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from Contracts with Customers* replaced AASB 11 *Construction Contracts*, AASB 18 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. The new standard establishes a five-step approach to revenue recognition. Revenue is recognized to the extent of the consideration the Group expects to receive for transferring goods or services to a customer. AASB 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The application of AASB 15 did not have a significant impact on the financial position and/or financial performance of the Group and the cumulative effect of adjustments recognized in equity under the modified retrospective approach is nil.

The disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors is presented in Note 1.1 Operating Segments. This presentation remains consistent with previous reporting periods.

The Group has retained existing terminology and continues to utilize unbilled contract revenue to describe contract assets and billings in advance and deferred revenue to describe contract liabilities.

(D) CHANGES IN ACCOUNTING POLICIES ON ADOPTION OF THE NEW ACCOUNTING STANDARDS

(i) Revenue recognition and contract costs

The Group is in the business of providing engineering, construction, fabrication and procurement services. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized and disclosed net of trade allowances, duties and taxes paid.

The Group utilizes a five-step approach to revenue recognition which requires the Group to identify contracts and performance obligations, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Group exercises judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with its customers.

The Group's main revenue streams are as follows:

- Professional services revenue

The Group performs engineering design and project delivery services. These activities are usually highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. Consequently, the Group recognises revenue for these service contracts over time. Payment terms depend on the contracts specifics and usually are within 30 to 60 day term.

- Construction and fabrication revenue

The Group performs construction and fabrication services. These activities are highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. Consequently, the Group recognises revenue for these construction contracts over time. Payment terms are usually based on milestones achieved and are within 30 to 60 days from the date of the invoice.

- Procurement revenue

Procurement revenue represents services from entering into contracts with customers to acquire, on their behalf, equipment produced by various suppliers and/or services provided by different subcontractors. The Group executes procurement services as a principal and as an agent. Where the Group controls the promised goods or services before transferring them to the customer, the Group is a principal and records revenue and costs on a gross basis. If the Group does not control the promised goods and services before transferring to the customer, i.e. the Group's role is to arrange for another entity to provide the goods or services, then the Group is an agent and records revenue and costs at the net amount that it retains for its agency services (margin). The performance obligation is satisfied over time and payment is usually due upon receipt of the equipment by the customer or as subcontractor services are performed, depending on the terms of the contract. Payment terms are usually within 30 to 60 days.

The Group measures revenue on the basis of the effort expended relative to the total expected effort to complete the service. The Group considers the terms of the contract, internal models and other sources when estimating the projected total cost and the stage of completion. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change.

Variable consideration, including performance incentives, is recognized from the outset of the contract but only to the extent that it is highly probable that a significant revenue reversal will not occur. This estimate takes into account the facts and circumstances of each individual contract and historical experience and is reassessed throughout the life of the contract.

The Group provides assurance warranties for general rework which are accounted for in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

Costs to obtain or fulfil a contract (contract costs) include all costs directly related to specific contracts that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's activities in general. The Group's contract costs are expensed as incurred unless they are allowed for capitalization under the accounting standards.

(ii) Trade and Other receivables

A trade receivable is recognized when the goods and services are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Trade receivables are generally on terms of 30 to 60 days. Receivables are stated with the amount of GST included.

Unbilled contract revenue is initially recognized when the Group provides services or procures goods for a customer before the customer pays consideration or before a payment is due. Unbilled contract revenue represents the Group's contract assets at the reporting date. These assets are reclassified to trade receivables when the customer is billed as stipulated in the contract, i.e. when the rights to consideration become unconditional. Unbilled contract revenue is stated at the aggregate of contract costs incurred to date plus recognized profits less recognized losses and progress billings.

Trade and other receivables are measured at amortised cost as they are held to collect contractual cash flows that consist solely of payments of principals and interest on the principal amounts outstanding. At initial recognition, the Group measures Trade and other receivables at transaction value with subsequent measurement at amortized cost.

An allowance for impairment is made when there is objective evidence that the Group will not be able to collect debts. The recoverable amount of trade and other receivables is reviewed on an ongoing basis. The Group also assesses on a forward-looking basis the expected credit losses associated with its trade

and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and unbilled contract revenue, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iii) Derivatives and hedging

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity. To hedge its foreign currency interest rate risk the Group uses cross currency swaps, most with a maturity of greater than one year from the reporting date. As these contracts are hedging anticipated future cash flows, to the extent that they satisfy hedge accounting criteria, any unrealized gains and losses on the contracts, together with the cost of the contracts, are deferred and recognized in the hedge reserve within equity provided the underlying transaction is still expected to occur as originally designated. Amounts deferred in equity are reclassified to the profit and loss at the time the hedged item affects profit or loss. The gain or loss relating to the ineffective portion of the hedge is recognized immediately in profit or loss. When the underlying transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

A number of the Group controlled entities have a functional currency other than AUD. The exchange gains or losses on hedge of the net investment to foreign operations are reflected in the foreign currency translation reserve within the equity attributable to members of WorleyParsons Limited.

(iv) Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables are stated with the amount of GST included.

Billings in advance or unearned revenue represent the Group's obligation to transfer goods or services to a customer for which the Group has billed the customer or received advance consideration from the customer. Billings in advance/unearned revenue are recognized as revenue when the Group performs under the contract. Billings in advance are classified as measured at amortized cost subsequently to their initial recognition at fair value.

1.1 SEGMENT INFORMATION

(A) IDENTIFICATION OF REPORTABLE SEGMENTS

Segments remain in line with 30 June 2018.

(B) ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment revenues, expenses and results include transactions between segments incurred in the ordinary course of business. These transactions are priced on an arm's length basis and are eliminated on consolidation.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the annual financial statements and are consistent with those in the prior corresponding period.

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

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

- global support costs;
- interest and tax for associates;
- amortization of acquired intangible assets;
- costs in relation to acquisitions (acquisition costs, bridging facility fee, foreign exchange gain on term deposits);
- impact of the arbitration award;
- restructuring costs;
- onerous lease contracts;
- net borrowing costs; and
- income tax expense as required on the above items and income tax charges in relation to the US tax reform.

(C) MAJOR CUSTOMERS

The most significant customer accounts for 9.3% (31 December 2017: 9.9%) of aggregated revenue and is within the Hydrocarbons customer sector group.

1.1 SEGMENT INFORMATION (continued)

(D) OPERATING SEGMENTS

	SERVICES		MAJOR PROJECTS AND INTEGRATED SOLUTIONS		ADVISIAN		TOTAL	
	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M
Professional services revenue	1,172.9	1,125.4	592.0	510.2	246.4	225.0	2,011.3	1,860.6
Construction and fabrication revenue	-	-	371.0	286.6	-	-	371.0	286.6
Procurement revenue at margin	98.1	88.0	63.9	31.2	19.7	41.3	181.7	160.5
Other income	2.2	2.4	-	-	-	-	2.2	2.4
Total segment revenue ¹	1,273.2	1,215.8	1,026.9	828.0	266.1	266.3	2,566.2	2,310.1
Segment result ²	112.6	114.4	97.8	75.0	15.9	11.7	226.3	201.1
Segment margin	8.8%	9.4%	9.5%	9.1%	6.0%	4.4%	8.8%	8.7%

(E) CUSTOMER SECTOR GROUPS

	HYDROCARBONS		MINERALS, METAL & CHEMICALS		INFRASTRUCTURE		TOTAL	
	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M	31 DEC 2018 \$'M	31 DEC 2017 \$'M
Professional services revenue	1,426.9	1,311.3	253.6	210.7	330.8	338.6	2,011.3	1,860.6
Construction and fabrication revenue	371.0	286.6	-	-	-	-	371.0	286.6
Procurement revenue at margin	149.8	127.5	11.5	3.2	20.4	29.8	181.7	160.5
Other income	2.0	0.3	0.2	0.2	-	1.9	2.2	2.4
Total segment revenue	1,949.7	1,725.7	265.3	214.1	351.2	370.3	2,566.2	2,310.1
Segment result	183.6	158.0	18.9	16.3	23.8	26.8	226.3	201.1
Segment margin	9.4%	9.2%	7.1%	7.6%	6.8%	7.2%	8.8%	8.7%

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

	TOTAL	
	31 DEC 2018 \$'M	31 DEC 2017 \$'M
Segment revenue	2,566.2	2,310.1
Impact of the arbitration award ³	(8.7)	-
Procurement revenue at nil margin (including share of revenue from associates)	136.9	43.7
Pass-through revenue at nil margin ⁴	36.9	138.8
Share of revenue from associates	(96.1)	(86.0)
Interest income	10.5	2.8
Total revenue and other income per the Statement of Financial Performance	2,645.7	2,409.4

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

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

³ Reduction in revenue following lower than expected 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

	NOTES	TOTAL	
		31 DEC 2018	31 DEC 2017
		\$'M	\$'M
Segment result		226.3	201.1
Global support costs		(60.9)	(58.0)
Interest and tax for associates		(2.8)	(1.8)
Amortization of acquired intangible assets		(6.3)	(8.4)
Total underlying earnings before interest expense and tax expense (underlying EBIT)		156.3	132.9
Total underlying EBIT margin on aggregated revenue for the Group		6.1%	5.8%
Impact of acquisitions, comprised of:			
<i>Acquisition costs</i>	1.2	(12.2)	(5.9)
<i>Bridging facility fee</i>	1.2	(4.2)	-
<i>Foreign exchange gain on term deposits</i>		3.4	-
Impact of the arbitration award ¹		(8.7)	-
Restructuring costs		(0.7)	(5.5)
Onerous lease contracts ²		-	(12.2)
Total EBIT		133.9	109.3
EBIT margin on aggregated revenue for the Group		5.2%	4.7%
Net borrowing costs		(17.2)	(29.5)
Income tax expense		(29.3)	(70.6)
Profit after income tax expense per the Statement of Financial Performance		87.4	9.2

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

	31 DEC 2018	31 DEC 2017
	\$'M	\$'M
Global support costs per segment information ³	60.9	58.0
Foreign exchange gain on term deposits	(3.4)	-
Global support costs per the Statement of Financial Performance	57.5	58.0

¹ Reduction in revenue following lower than expected arbitration award in relation to a dispute with a state owned enterprise.

² Includes onerous lease costs incurred in equity accounted investments.

³ Excludes all restructuring costs.

1.2 BUSINESS COMBINATIONS AND DIVESTMENTS

During the period, the Group entered into a binding agreement to acquire Jacobs Engineering Group Inc.'s ("Jacobs") Energy, Chemicals and Resources division ("Jacobs ECR") for a cash and debt free enterprise value of US\$3.3 billion (\$4.6 billion¹). The acquisition will be funded through an underwritten, accelerated non-renounceable rights offer ("the Offer") of \$2.9 billion completed in November 2018, the planned issuance of \$985 million² share capital of the Company to Jacobs and additional debt of \$895 million. In November 2018 the equity raise was successfully completed and a bridging debt facility of US\$640.0 million was entered into in relation to the acquisition.

Acquisition costs of \$12.2 million, the bridging facility fee of \$4.2 million and interest income of \$7.5 million and foreign exchange gain of \$3.4 million on term deposits from the equity raise have been excluded from the underlying results. Equity raise costs of \$57.0 million were incurred and recorded in equity.

The acquisition is still subject to the completion of regulatory approvals in some countries and certain pre-completion restructuring activities within Jacobs. Completion of the acquisition is currently planned for late March/April this year.

In the prior year, The Group acquired 100% of the voting shares of UK Integrated Solutions (AFW UK Oil & Gas Limited and its controlled entities) for a total consideration of \$384.3 million.

¹ USD converted to AUD at the spot AUD/USD exchange rate of 0.71.

²The value of the consideration will change depending on the WorleyParsons' share price at the date of the transaction.

1.3 OTHER COSTS

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Bridging facility fee	4.2	-
Other restructuring costs	0.7	5.5
	4.9	5.5

1.4 INCOME TAX

(A) INCOME TAX EXPENSE

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Current tax	20.3	28.4
Deferred tax	12.6	41.2
(Over)/under provision in previous financial periods	(3.6)	1.0
Income tax expense	29.3	70.6
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	2.0	62.8
Increase/(decrease) in deferred tax liabilities	10.6	(21.6)
Deferred tax	12.6	41.2

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

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Profit before income tax expense	116.7	79.8
Prima facie tax expense at WorleyParsons Limited's statutory income tax rate of 30% (2017: 30%)	35.0	23.9
Tax effect of amounts which are non-deductible in calculating taxable income:		
Non-deductible share based payments expense	2.1	1.5
Share of profits of associates accounted for using the equity method	(1.5)	(1.8)
Tax losses not previously recognized	(3.2)	0.1
(Over)/under provision in previous financial periods	(3.6)	1.0
Tax losses recognized as deferred tax asset write off	3.2	-
Non-deductible costs of acquisitions and transition costs	3.7	1.8
Tax expense in relation to the US tax reform	-	58.2
Difference in overseas tax rates and other ¹	(6.4)	(14.1)
Income tax expense	29.3	70.6

(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 - (debited)/credited directly to equity	(5.2)	5.3
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¹ Represents primarily income tax expense for foreign tax rate differential and international withholding taxes.

CONSOLIDATED			
		31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
1.5 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per Statement of Financial Position ¹		2,680.3	219.8
Procurement cash and cash equivalents	1.15	24.3	11.2
Cash at bank and on hand		2,704.6	231.0
Less: bank overdraft	1.8	(2.7)	(2.3)
Balance per the Statement of Cash Flows		2,701.9	228.7
Reconciliation of profit after income tax expense to net cash inflow from operating activities:			
Profit after income tax expense		87.4	9.2
<i>NON-CASH ITEMS</i>			
Amortization		21.2	28.3
Depreciation		10.6	8.3
Share based payments expense		6.9	4.9
Doubtful debts expense		5.2	1.9
Share of associates' dividends received in excess of share of profits		(1.1)	(3.6)
Write-off of capitalised borrowing costs		-	0.8
Other		1.1	4.1
Cash flow adjusted for non-cash items		131.3	53.9
<i>CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES</i>			
(Increase)/decrease in trade and other receivables		(63.3)	102.4
(Increase)/decrease in prepayments and other assets		(8.0)	8.3
Decrease in deferred tax assets		1.2	57.7
Decrease in trade and other payables		(15.9)	(202.4)
Increase in billings in advance		15.7	39.7
Increase in net income tax payable		3.7	14.0
Increase/(decrease) in deferred tax liabilities		2.8	(19.1)
Decrease in provisions		(46.5)	(10.2)
Net cash inflow from operating activities		21.0	44.3
		31 DECEMBER 2018 \$'M	30 JUNE 2018 \$'M
1.6 TRADE AND OTHER RECEIVABLES			
<i>CURRENT TRADE RECEIVABLES</i>			
Trade receivables		718.7	748.6
Unbilled contract revenue		475.3	526.4
Retentions		35.1	27.8
Allowance for impairment of trade receivables		(79.4)	(86.0)
Less: procurement trade and other receivables	1.15	(51.5)	(45.7)
		1,098.2	1,171.1
<i>NON-CURRENT TRADE RECEIVABLES²</i>			
Trade receivables		68.4	14.2
Unbilled contract revenue		70.9	14.7
Allowance for impairment of trade receivables		(7.9)	-
		131.4	28.9
<i>OTHER RECEIVABLES</i>			
Other receivables		108.0	101.3
Amounts receivable from associates and related parties		48.3	46.6
		156.3	147.9

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

² Non-current trade receivables and unbilled contract revenue relate to projects where recovery is expected to take greater than twelve months. \$47.2 million of non-current payables as at 31 December 2018 relate to such trade receivables and unbilled contract revenue (30 June 2018: nil).

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	30 JUNE 2018 \$'M
1.7 INTANGIBLE ASSETS		
<i>Goodwill</i>		
At cost	2,310.3	2,268.2
Accumulated impairment	(200.2)	(200.2)
	2,110.1	2,068.0
<i>Customer contracts and relationships</i>		
At cost	260.2	256.2
Accumulated amortization	(197.9)	(189.4)
	62.3	66.8
<i>Trade names</i>		
At cost	84.8	84.2
Accumulated amortization	(79.3)	(77.8)
	5.5	6.4
<i>Computer software</i>		
At cost	354.8	347.8
Accumulated amortization	(231.2)	(217.6)
	123.6	130.2
<i>Other</i>		
At cost	40.3	32.7
Accumulated amortization	(22.3)	(22.1)
	18.0	10.6
Total intangible assets	2,319.5	2,282.0

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 2018	2,068.0	66.8	6.4	130.2	10.6	2,282.0
Additions	-	-	-	7.0	7.6	14.6
Amortization	-	(5.4)	(0.9)	(13.6)	(0.2)	(20.1)
Differences arising on translation of foreign operations	42.1	0.9	-	-	-	43.0
Balance at 31 December 2018	2,110.1	62.3	5.5	123.6	18.0	2,319.5
Balance at 1 July 2017	1,832.8	14.4	8.2	141.1	6.1	2,002.6
Additions through business combinations	174.6	62.5	-	-	-	237.1
Additions	-	-	-	18.6	7.6	26.2
Amortization	-	(12.5)	(1.7)	(29.5)	(3.1)	(46.8)
Differences arising on translation of foreign operations	60.6	2.4	(0.1)	-	-	62.9
Balance at 30 June 2018	2,068.0	66.8	6.4	130.2	10.6	2,282.0

1.7 INTANGIBLE ASSETS (continued)

Impairment of intangible assets

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

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of CGUs. These CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognized.

Impairment losses recognized for goodwill are not subsequently reversed.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Impairment testing calculations use cash flow projections based on financial forecasts of how the business is expected to perform consistent with current and historical experience and external data.

The estimation of future cash flows requires assumptions to be made regarding future uncertain events. Management has risk adjusted the future cash flows to recognize challenging market conditions.

KEY ESTIMATES

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

	SERVICES – AMERICAS PACIFIC, ASIA AND CHINA, \$'M	SERVICES – AUSTRALIA, \$'M	SERVICES – EUROPE, MIDDLE EAST, AND AFRICA \$'M	MAJOR PROJECT AND INTEGRATED SOLUTIONS \$'M	ADVISIAN \$'M
31 DECEMBER 2018					
Opening balance	313.7	526.9	368.7	591.3	267.4
Closing balance	319.2	536.0	375.4	607.3	272.2
Risk-weighted pre-tax discount rate	12.1%	13.5%	12.8%	11.7%	12.3%
Risk-adjusted growth rate beyond five years	3.0%	3.0%	3.0%	3.0%	3.0%
	SERVICES – AMERICAS PACIFIC, ASIA AND CHINA, \$'M	SERVICES – AUSTRALIA, \$'M	SERVICES – EUROPE, MIDDLE EAST, AND AFRICA \$'M	MAJOR PROJECT AND INTEGRATED SOLUTIONS \$'M	ADVISIAN \$'M
30 JUNE 2018					
Opening balance	303.6	509.9	350.3	410.1	258.9
Closing balance	313.7	526.9	368.7	591.3	267.4
Risk-weighted pre-tax discount rate	12.2%	13.3%	13.4%	11.6%	12.8%
Risk-adjusted growth rate beyond 5 years	3.0%	3.0%	3.0%	3.0%	3.0%

SENSITIVITY ANALYSIS

The combined fair value in all the CGUs exceed the carrying value by over \$1,702.6 million (30 June 2018: over \$1,793.5 million). Management recognizes that the cash flow projections, discount and growth rates used to calculate the value in use may vary from what has been estimated.

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

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

- Terminal growth rates: a 1% decrease (30 June 2018: 1% decrease) in the terminal growth rate would result in the fair value of all CGUs listed above exceeding the carrying values;
- Post tax discount rates: a 0.5% increase (30 June 2018: 0.5% increase) in the discount rate would result in the fair value of all CGUs listed above exceeding the carrying values;
- Forecast cash flows: a 3% decrease (30 June 2018: 3% decrease) in the forecast cash flows would result in the fair value of all CGUs listed above exceeding the carrying values.

CONSOLIDATED

	31 DECEMBER 2018	30 JUNE 2018
	\$'M	\$'M

1.8 INTEREST BEARING LOANS AND BORROWINGS

Current

Notes payable	106.8	-
Unsecured bank loans	4.6	31.7
Bank overdraft	2.7	4.5
Finance lease liability	0.1	0.1
Capitalized borrowing costs	(1.3)	(0.3)
	112.9	36.0

Non-current

Notes payable	541.3	618.7
Unsecured bank loans	-	353.1
Capitalized borrowing costs	(6.2)	(8.7)
	535.1	963.1

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

Due within one year	0.1	0.1
	0.1	0.1

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

Due within one year	181.2	87.6
Due between one and four year(s) ¹	2,191.3	1,310.6
Due after four years	-	278.8
	2,372.5	1,677.0

Changes in assets and liabilities arising from financing activities

HALF YEAR ENDED 31 DECEMBER 2018	AS AT 1 JULY \$'M	CASH FLOWS \$'M	RECLASSIFICATION \$'M	FOREIGN EXCHANGE MOVEMENTS \$'M	FAIR VALUE & OTHER CHANGES \$'M	AS AT 31 DECEMBER \$'M
Current interest bearing loans and borrowings	36.2	(28.5)	102.0	6.2	(1.8)	114.1
Non-current interest bearing loans and borrowings	971.8	(366.1)	(102.0)	37.6	-	541.3
Finance lease liability	0.1	-	-	-	-	0.1
Liabilities	1,008.1	(394.6)	-	43.8	(1.8)	655.5
Derivative asset	63.2	-	-	7.9	1.8	72.9
Assets	63.2	-	-	7.9	1.8	72.9

HALF YEAR ENDED 31 DECEMBER 2017	AS AT 1 JULY \$'M	CASH FLOWS \$'M	RECLASSIFICATION \$'M	FOREIGN EXCHANGE MOVEMENTS \$'M	FAIR VALUE & OTHER CHANGES \$'M	AS AT 31 DECEMBER \$'M
Current interest bearing loans and borrowings	273.2	(271.1)	240.6	7.5	-	250.2
Non-current interest bearing loans and borrowings	832.8	266.2	(240.6)	(30.8)	-	827.6
Finance lease liability	0.2	(0.7)	-	-	0.6	0.1
Liabilities	1,106.2	(5.6)	-	(23.3)	0.6	1,077.9
Derivative asset	87.7	-	-	0.3	(12.1)	75.9
Assets	87.7	-	-	0.3	(12.1)	75.9

¹ Included in the available facilities is a US\$640.0m bridging facility entered into in October 2018 in relation to the Jacobs ECR acquisition.

1.9 ISSUED CAPITAL

	31 DECEMBER 2018 NUMBER OF SHARES	\$'M	30 JUNE 2018 NUMBER OF SHARES	\$'M
Ordinary shares, fully paid ¹	461,833,155	4,440.7	273,936,032	1,589.9
Special voting share	1	-	1	-
	461,833,156	4,440.7	273,936,033	1,589.9

(A) MOVEMENTS IN SHARES

	31 DECEMBER 2018 NUMBER OF SHARES	\$'M
Balance at the beginning of the financial year	273,936,033	1,589.9
Ordinary shares issued on redemption of exchangeable shares	30,000	0.8
Exchangeable shares exchanged for ordinary shares	(30,000)	(0.8)
Transfer from performance rights reserve on issuance of shares	1,194,493	5.1
Ordinary shares issued from WorleyParsons Limited Plans Trust	151,459	-
Ordinary shares issued	186,551,171	2,902.7
Less: transaction costs of equity issue	-	(57.0)
Balance at the end of the financial year	461,833,156	4,440.7

¹ Included in ordinary shares are 1,066,193 (30 June 2018: 1,096,193) 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 WorleyParsons Limited Plans Trust holds nil (30 June 2018: 151,459) shares in the Company, which have been consolidated and eliminated in accordance with the accounting standards.

1.10 EARNINGS PER SHARE

In the reporting period the Group issued 186.5 million shares at \$15.56 each to fund the Jacobs ECR acquisition. The issue was a 1 for 1.47 fully underwritten, pro-rata, accelerated non-renounceable entitlement offer for \$2.9 billion. The attributable costs of the issuance of shares were \$57.0 million and have been charged to equity as a reduction in issued capital.

The basic and dilutive earnings per share were retrospectively adjusted for all periods presented by multiplying the original weighted average number of shares by a bonus factor of 1.03. The bonus factor is calculated by dividing the fair value per share before the exercise of rights by the theoretical ex-rights value per share.

	CONSOLIDATED	
	31 DECEMBER 2018	31 DECEMBER 2017 RESTATED
<i>ATTRIBUTABLE TO MEMBERS OF WORLEYPARSONS LIMITED</i>		
	\$'M	\$'M
Basic earnings per share ¹	23.8	0.5
Diluted earnings per share ¹	23.7	0.5

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

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

	\$'M	\$'M
Earnings used in calculating basic and diluted earnings per share	82.4	1.4

(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 ¹	345,615,215	281,413,578
Performance rights which are considered dilutive ¹	2,078,004	1,973,123
Weighted average number of ordinary securities used in calculating diluted earnings per share	347,693,219	283,386,701

1.11 DIVIDENDS

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
Dividend paid in respect of the six months to 30 June 2018:		
15 cents per share, unfranked	41.1	-
Dividend paid in respect of the six months to 30 June 2017:		
Nil cents per share	-	-

1.12 FAIR VALUES

The fair values of financial assets and liabilities approximate their carrying values with the exception of interest bearing loans and borrowings which have a fair value of \$693.0 million (30 June 2018: \$1,060.7 million) and a carrying value of \$655.5 million (30 June 2018: \$1,008.1 million).

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

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

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

Derivative instruments including interest rate swaps and forward exchange contracts are restated to fair values at each reporting date based on market observable inputs such as foreign exchange spot and forward rates, interest rate curves and forward rates curves.

Fair values of the Group's interest bearing loans and borrowings are determined by discounting future cash flows using period-end borrowing rates on loans and borrowings with similar terms and maturity.

There were no transfers between Level 1 and 2, and no financial instruments were measured at Level 3 (where fair value is measured using unobservable inputs for the asset or liability) for the periods presented in this report.

¹ Prior period number of shares and performance rights considered dilutive is calculated by multiplying the original weighted average number of shares and the abovementioned performance rights by a bonus factor of 1.03.

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 2018 \$'M	30 JUNE 2018 \$'M
Bank guarantees outstanding at balance date in respect of contractual performance	507.7	519.6
Commitments not recognized in the financial statements	507.7	519.6

(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

Subsequent to the half year end, the Group has refinanced its core syndicated debt facility. The new multi-currency syndicated facility jointly led by Wells Fargo Bank, HSBC Bank and Standard Chartered Bank consists of a US\$500 million revolving credit facility and a US\$800 million term loan. The facility matures in February 2024.

Since the end of the half year, the directors have resolved to pay an interim dividend of 12.5 cents (unfranked) for fully paid ordinary shares, including exchangeable shares (31 December 2017: 10 cents per share, unfranked). In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, the aggregate amount of the proposed interim dividend of \$57.7 million is not recognized as a liability as at 31 December 2018.

Unless disclosed elsewhere in this Interim Financial Report, no other material matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations or state of affairs in future periods.

1.15 PROCUREMENT

In certain situations, the Group will enter into contracts with its customers which require the Group to procure goods and services on behalf of the customers. Where the risks and rewards associated with the procurement activities are assumed by the Group, the revenues and expenses, and assets and liabilities are recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position.

The following procurement revenues and expenses, and assets and liabilities have been recognized on a gross basis in the Statement of Financial Performance and Statement of Financial Position:

	CONSOLIDATED	
	31 DECEMBER 2018 \$'M	31 DECEMBER 2017 \$'M
REVENUE AND EXPENSES¹		
Procurement revenue at margin	181.7	160.5
Procurement costs at margin	(173.0)	(157.4)
Procurement revenue at nil margin	136.9	43.7
Procurement costs at nil margin	(136.9)	(43.7)
ASSETS AND LIABILITIES		
Cash and cash equivalents	24.3	11.2
Trade and other receivables	51.5	37.8
Trade and other payables	60.3	31.2

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

Directors' declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of WorleyParsons Limited for the half year ended 31 December 2018 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 2018 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



JOHN GRILL, AO

Chairman

Sydney, 20 February 2019



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

Conclusion

We have reviewed the accompanying half-year financial report of WorleyParsons Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review



procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Scott Jarrett
Partner
Sydney
20 February 2019

Corporate information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

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

COMPANY SECRETARY

Nuala O'Leary

REGISTERED OFFICE

Level 15
141 Walker Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

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

LAWYERS

Herbert Smith Freehills

SHARE REGISTRY

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