WorleyParsons

resources & energy

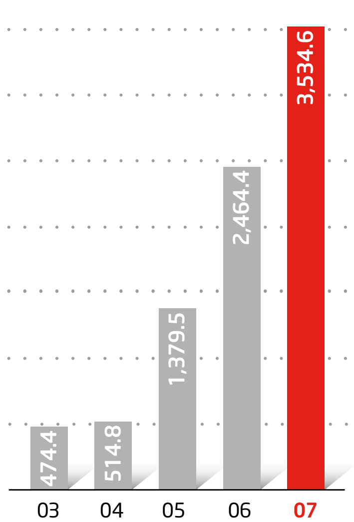
Annual Report 2007

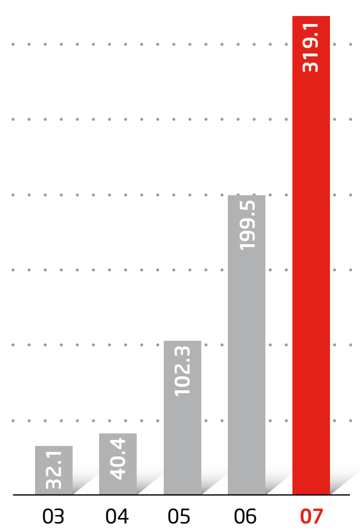
Group Financial Highlights

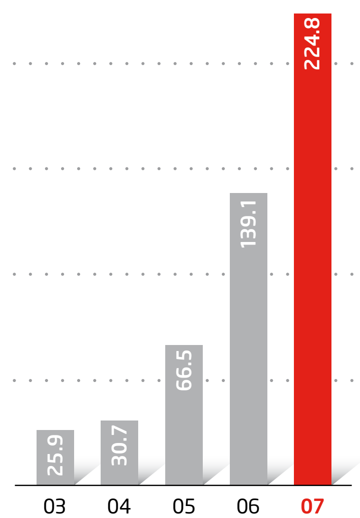
REVENUE 2007
The result was earned on aggregated revenue of $3,534.6 million an increase of 43.4% on the $2,464.4 million reported in 2006.

EBIT 2007
EBIT for the year was $319.1 million, an increase of 59.9% from the $199.5 million reported in 2006.

NET PROFIT 2007
A full year result for 2007 of $224.8 million, an increase of 61.6% over the $139.1 million net profit reported in 2006.







Five year performance at a glance

$m	2003	2004	2005	2006	2007	Growth %
Aggregated revenue[1]	474.4	514.8	1,379.5	2,464.4	3,534.6	43.4
EBITDA	41.5	49.0	117.0	219.9	353.4	60.7
EBIT	32.1	40.4	102.3	199.5	319.1	59.9
EBIT margin	6.8%	7.9%	7.4%	8.1%	9.0%	
Net profit	25.9	30.7	66.5	139.1	224.8	61.6
Net profit margin	5.5%	6.0%	4.8%	5.6%	6.4%	
Return on equity	23.5%	23.7%	24.5%	32.1%	31.3%	
Basic EPS normalised (cents per share)[2,3]	18.5	22.4	35.8	66.9	105.4	57.5
Basic EPS (cents per share)[3]	17.6	21.6	35.1	66.3	101.8	53.5

1 Aggregated revenue includes revenue from associates and excludes pass through procurement services for nil margin

2 Before amortisation of intangibles including tax effect of amortisation expense

3 Basic and normalised EPS for the financial years to 2006 have been adjusted to be comparable to 2007 as a result of the rights issue in March 2007 where shares were issued at a discount to market price

WorleyParsons is a leading provider of professional services to the energy, resource and complex process industries.

In these industries, our services cover the full asset spectrum both in size and lifecycle, from the creation of new assets, to services that sustain and enhance the value of operating assets.

Contents

AGM

The Annual General Meeting will be held as follows:

The Radisson Plaza Hotel
27 O'Connell Street
Sydney NSW 2000

Friday 12 October 2007
at 2.00 pm

Front Cover – Our differentiators

WorleyParsons has identified seven core attributes that drive our success and differentiate our performance in global markets. These are the focus of our business, create our culture and inform our code of conduct.

The differentiators, represented on the cover are:

- Committed, empowered and technically capable people
- Industry leadership in health, safety and environmental performance
- EcoNomics™ – delivering profitable sustainability
- Outstanding operational and corporate performance
- Focus on long term contracts and asset-based services
- Success in project delivery - large and small
- Comprehensive geographic presence

Chairman's Letter

In 2007 WorleyParsons delivered another outstanding financial performance, underpinned by increased contributions from all sectors of the business across all regions in which we operate. The record result reflects very strong operational performance across the Group at a time of continued positive market conditions.

During the 2007 year WorleyParsons significantly expanded its operations through the A$1.13 billion acquisition of the Colt Group. This has greatly enhanced our footprint in Canada and strengthens our capabilities in oil sands one of the world's largest and fastest growing hydrocarbons markets. It further extends the Company's position as a truly global player in the hydrocarbons industry.

The equity raising we conducted to fund part of the acquisition was very well supported and we thank our new and existing shareholders for their support. The Colt partners also took a significant part of their consideration in WorleyParsons scrip through an exchangeable share mechanism and we welcome them to WorleyParsons and thank them for their ongoing efforts and commitment to our business.

The continued globalisation of the Company's operations means that an increasing proportion of our total revenue and profit is generated in international markets. In 2007 the percentage of earnings before tax derived from our international operations was 72%.

The Annual Review which accompanies this Annual Report has been developed to provide an insight into the experience and commitment that WorleyParsons people bring to our clients' projects around the globe.

Right: John Grill
Chief Executive Officer

Left: Ron McNeilly
Chairman and
Non-Executive Director

SAFETY

Safety is our number one priority. We have a clear, unequivocal aim when it comes to the safety of our people: a perfect result, with no incidents. The Group's comprehensive Zero Harm safety program – which constantly seeks new ways to improve safety performance across the Group – is the embodiment of this goal.

Our people frequently work in extremely challenging situations by virtue of the geographic locations of our clients' operations and the industry sectors we service. Whilst WorleyParsons' safety performance improved in the year and continues to compare favourably with international best practice we still believe we can improve our performance in this area.

PEOPLE

Underpinning WorleyParsons' success is our team of dedicated and highly skilled people, led by an equally accomplished and committed senior management team.

The FY2007 financial performance reflects their expertise and commitment. Our staff continue to deliver outstanding outcomes for our clients and I would like to extend the Board's sincere thanks to all members of the WorleyParsons team worldwide.

We now have approximately 23,800 people based in 84 operating centres. As we continue to extend our operational footprint we are better placed to grow the business in the main markets we service and consequently deliver superior results for our clients.

Our operating model is to meet the needs of clients in specific areas by locating offices nearby to their facilities. This on-ground capability is integrated with our global service delivery model ensuring we are flexible and responsive to each client's needs and preferences. Importantly, this model also allows us to reallocate work within our network providing flexibility in an environment where skilled workers are in high demand.

FINANCIAL PERFORMANCE

The directors have declared a final dividend of 32.5 cents per share, of which 9.5 cents per share will be franked, bringing the full year dividend to 60.5 cents per share. The dividend will be paid on 25 September 2007 and represents an increase of 47.6% on the dividend paid for the year to June 2006.

The Group has delivered another record financial performance this year, setting a new profit benchmark with growth in all key financial areas. All of our customer segments and regions continue to deliver stronger performances, driven primarily by continued demand in the markets for WorleyParsons' services.

The FY2007 result was earned on aggregated revenue of $3,534.6 million an increase of 43.4% on the $2,464.4 million achieved in FY2006. Basic earnings per share increased 53.5% to 101.8 cents per share and net profit after tax rose to $224.8 million for the full year to 30 June 2006, up 61.6% on the previous corresponding period.

Despite the recent acquisition of Colt we still retain strong financial capacity that will enable us to pursue further growth opportunities as they arise.

BUSINESS DEVELOPMENTS

WorleyParsons' growth strategy targets joint venture relationships as well as selective acquisitions to strengthen our existing capabilities.

As well as the acquisition of Colt, the Company made a number of other acquisitions during the year, including Sea Engineering in Houston, joint venture agreements with engineering services companies in India and Chile and the acquisition of 50% of the power services joint venture in Australia. These investments should position us to take advantage of future growth and opportunities in those regions and markets.

As a provider of professional services one of the most important roles we play is to assist our clients to understand and adapt to changing regulatory environments and to community demands for changing sustainability objectives such as lower emissions and alternative energy sources.

The Company recently announced a significant new initiative in this regard – EcoNomics™. EcoNomics™, well describes a comprehensive group of services that fully embeds environmental, social and economic sustainability profitably into all aspects of project delivery, across the asset lifecycle.

The EcoNomics™ initiative brings new services of relevance to virtually all our clients. It is the result of an extensive exercise to better harness our existing capabilities in this area, to more effectively articulate them to clients and assist clients to develop strategies to implement their sustainability objectives.

BOARD AND MANAGEMENT

In March the Board welcomed Larry Benke as an alternate director for Bill Hall, following the acquisition of Colt. Larry is responsible for our Canadian operations and has an impressive track record leading Colt through a period of substantial growth and expansion.

We also welcomed Catherine Livingstone to the Board in June. Catherine has had a distinguished career having been Managing Director of Cochlear Ltd from 1994 to 2000 and Chairman of the CSIRO from 2001 to 2006. She is currently a director of Macquarie Bank Limited, Telstra Corporation Limited and several other organisations. Catherine brings a strong skill set to the Board with her excellent track record in general management, strategic planning and finance.

The Board remains committed to ensuring WorleyParsons operates to the highest standards of corporate governance. A substantial effort was undertaken to ensure the Company's risk and assurance framework is robust and has kept pace with the rapid growth we have experienced since listing in 2002.

WorleyParsons occupies a unique position in the global project service delivery sector. The Company is well positioned to capitalise on this strength through a range of new initiatives.

Ron McNeilly
Chairman

Chief Executive Officer's Report

WorleyParsons has delivered another record result for shareholders in 2007.

It has been another year of strong operational performance across all areas of the group reflecting the high level of ongoing demand for our services. All of our markets continue to reflect the buoyant conditions that have been in place in recent years and I am pleased with how the organisation has responded in the execution of the project workload that has come from these strong industry conditions. We have ended 2007 with our reputation enhanced by the great performance of the now 23,800 people in the organisation.

As well as our operational performance, the other highlight in the year has been the continued development of the Company's capabilities and global presence. The major contribution to this has been the recently acquired Colt Group which has continued to deliver against our expectations. This hasn't surprised us given the strength of the Colt management team. The integration of Colt with our existing Canadian operations positions us well in one of the world's fastest growing hydrocarbons markets as well as giving us a leadership position in heavy oil and pipelines globally. We are looking forward to a full year's contribution from the enhanced Canadian business in 2008.

2007 has also seen a number of other highlights including a continued effort in moving towards best practice in HS&E performance, continued development and roll out of our systems capabilities and our risk management framework and a number of small but significant acquisitions in addition to Colt.

In recent years we have seen a marked increase in requests from our clients to help enhance the environmental performance of new project developments as well as improve and enhance the sustainability of their existing assets. We have spent considerable effort in 2007 in ensuring that we have sufficient capability and capacity to support our clients in this area. As a result of this review we have grouped our already impressive capability in this area under the name EcoNomics™ to describe the full range of services we can offer in providing profitable sustainability to our clients. You will see a number of the EcoNomics™ projects that we are currently performing highlighted in the Annual Review document.

It has been another exceptional year as we continue toward our goal of being the preferred global provider of technical, project and operational support services to our customers.

SAFETY PERFORMANCE

WorleyParsons now has offices in 32 countries, many of which have different requirements for classification and reporting safety performance. The Company believes that the most appropriate system for classification and reporting consolidated safety performance for the Group is the use of the US OSHA (Occupational Safety and Health Act) reporting requirements for Total Recordable Injury Frequency (TRIF) and Lost Time Injury Frequency (LTIF).

WorleyParsons' safety performance as reported under OSHA showed a TRIF of 0.11 for the 2007 financial year, an improved performance when compared to the 0.16 achieved in 2006. Our LTIF rate was 0.02 in 2007.

Whilst our safety results compare very favourably with international best practices and within our industry sectors we always have the view our performance can be better. Our safety performance is paramount and we still have more to do in ensuring that we achieve our objective of "Zero Harm". We committed additional resources to our management process and practices in 2007 and will continue to do more in 2008 to ensure we progress towards this objective.

PEOPLE

Our highly capable people are our greatest asset and we place a significant emphasis on recruiting and retaining quality people and providing a safe, stimulating and rewarding environment for them.

The acquisition of the Colt Group adds an experienced and skilled team to our existing Canadian operations and to the Company generally. The combined group has delivered over 3,000 oil sands projects. Following the Colt integration and other growth in the Group, the Company has increased total personnel from 14,300 in 2006 to approximately 23,800 in 2007.

WorleyParsons, like other professional service providers, faces the continued challenge of increased competition for human resources as a result of the ongoing buoyant conditions in our industries. We are addressing this challenge in a number of ways.

Work share of projects between a number of our offices is rapidly becoming the norm for how we execute our projects with significant steps made in developing this capability in the year. Our enhanced systems capabilities allow us to have a number of offices working on the same project which can often deliver a more consistent and more economical project for our clients. In addition, our global network of 84 operating centres in 32 countries ensures that we can recruit on a broad basis across many disciplines, enabling us to tap new markets for talent.

The other benefit of work share is the enhanced retention of staff due to better balance of work load and the ability to contribute to many of the very exciting projects under development across WorleyParsons.

We remain very active in retention initiatives and in the recruitment and development of graduates and new hires into the industries we are in. The investment in time and resources is worthwhile due to the significant contribution that these young professionals add to the business.

FINANCIAL PERFORMANCE

The record 2007 result included a net profit of $224.8 million up 61.6% and revenue up 43.4% to $3,534.6 million reflecting the continuation of strong trading conditions across the Group and the continued high level of demand we are experiencing across the business.

A very pleasing aspect of the 2007 result has been how well balanced the result has been with all customer segments and regions recording good to very good growth. We have again increased our dividend payment in line with this strong result.

OPERATIONAL REVIEW

COLT INTEGRATION

The acquisition of the Colt Group of companies announced in February and completed in March this year has already begun to deliver tangible results. We have completed an extensive integration process, a significant achievement which is a credit to the people involved, particularly our new Canadian Managing Director, Larry Benke. The enthusiasm and support of all staff during the transition has been especially pleasing.

Formation of Colt WorleyParsons has been well received by our clients and the Group is now considered the leading project delivery organisation in the Canadian Oil Sands industry. Performance in the four months of this year has been in line with our expectations and the Group is now focused on adding a number of additional synergy projects which will position Colt WorleyParsons well for 2008 and future years.

INVESTMENTS AND CAPABILITY DEVELOPMENT

The Company also made a number of smaller investments in 2007. These included the acquisition of Sea Engineering that has expanded our presence in the deepwater and floating production sectors in the offshore hydrocarbons market, the establishment of operations in Latin America through the joint venture ARA WorleyParsons, India through WorleyParsons Kirpalaney and in the Australian power market.

In recent years the Company has undertaken a substantial investment to further improve its management systems. 2007 was another significant step forward in this area as our enhanced project systems started to roll out across the Group. The enhanced systems allow for a standard set of project delivery processes enabling consistency in delivery of projects across the Group, better work sharing; ensuring higher levels of technical integrity and predictability for our clients and their projects.

An interesting challenge has been the deployment of sufficient network and communications capacity across our extensive global operations.

HYDROCARBONS

Hydrocarbons remains the largest contributor to the WorleyParsons business generating 73% of the Group's revenue in the 2007 financial year.

Revenue for the year was $2,585.0 million, a 45.4% increase on the previous year underpinned by the strong across-the-board operational performance, and a four-month contribution from Colt. Segment EBIT was $239.6 with a reported net margin of 9.3%.

A number of material contracts were announced during the year. In the Australasian region, these included the award by Woodside Energy and the subsequent performance of the A$192 million FEED contacts for the Pluto project. The award saw FWW (Foster Wheeler WorleyParsons) joint venture and Eos (the WorleyParsons/KBR joint venture) perform the FEED contracts for respectively the onshore LNG production plant and associated infrastructure as well as the offshore platform and systems engineering. A highlight of the Hydrocarbons business in recent years has been its continued ability to partner with other service providers in the industry for the increased number of mega projects being performed.

In October 2006, WorleyParsons announced the renewal of a three year contract to provide engineering, procurement and construction management services to ExxonMobil for its Baytown area projects alliance in Texas.

Also in October 2006 WorleyParsons announced it had been engaged to provide detailed engineering services to Hyundai Heavy Industries for the Umm Shaif gas injection facilities Project, offshore Abu Dhabi. The Company had previously performed the FEED for this project in Perth.

This was followed in November 2006 with the award of a US$250 million project management services contract by Saudi International Petrochemical Company for its Phase III olefins & derivatives complex highlighting the strong demand for world scale downstream hydrocarbons projects in the Middle East.

The Company's expanding West African operations were significantly boosted in December when WorleyParsons was awarded a US$220 million EPCM services contract by Mobil Producing Nigeria to support the execution of a portfolio of projects in offshore Nigeria.

The Parsons Iraq joint venture, a joint venture of WorleyParsons and Parsons Corporation – the entity executing the contract to restore Iraqi oil infrastructure – performed strongly in the year. The joint venture no longer has personnel in the country with the Iraq-based work complete.

In addition to the significant workload in new project development we continue to ensure that we remain very focused and responsive to the enormous asset services market for existing facilities. A significant proportion of our workload is focused on improving our clients' existing assets.

CEO's Report continued

OUTLOOK FOR HYDROCARBONS

The outlook for Hydrocarbons remains positive for 2008. Actual and forecast exploration and production capital and operating expenditure levels in the industry are at historically high levels. This factor, combined with our comprehensive geographic coverage, established client relationships and partnering strategies provide significant opportunities for WorleyParsons in the global hydrocarbons market.

POWER

The Power business remains the second largest contributor to earnings in the Group and continues to deliver strong growth. Aggregated revenue for the Power business was $437.4 million, up 19.0% from 2006, with a contribution to EBIT of $57.8 million compared to $47.8 million in the previous corresponding period. Reported margin was 13.2% (2006: 13.0%).

Demand for new power generation including nuclear and air quality control projects continued to drive performance in the Power business in 2007.

Our increased Global capability and presence enabled contract awards in 2007 in solar energy, new nuclear, new coal plants, long-term asset services and Integrated Gas Combined Cycle (IGCC) front end engineering. These contracts included an agreement with the National Electric Company of Bulgaria for the second phase of the Belene nuclear power plant contract and the award of a US$64 million professional services contract for Santee Cooper's 600-megawatt coal-fired generation facility in South Carolina.

We anticipate that in the near future WorleyParsons personnel will not have any physical presence in Iraq on the electricity sector of the Iraq reconstruction program.

The acquisition of the remaining 50% share of the Australian power joint venture and formation of Transfield Worley Power Services for long-term asset services was a major step in Australia.

In addition new offices were established in Sacramento, California and Bratislava, Slovakia. The Colt acquisition also provides a power track record and capabilities in Canada, a significant new market opportunity for us.

OUTLOOK FOR POWER

2008 should see continued geographic and capability expansion as demand for services in the power sector is expected to remain strong. Our focus on clean coal technology, renewable energy, gas turbine, nuclear and efficiency improvements and upgrades to existing plants enables us to support increased demand for environmental services. In addition significant capital expenditure in the expansion and improvement of electric transmission networks is expected in most markets.

MINERALS & METALS

The Minerals & Metals group performed strongly in 2007 and above expectations with aggregated revenue of $292.7 million, an increase of 44.8% compared to 2006. Contribution to EBIT was $42.7 million with a recorded margin of 14.6% (2006: 13.7%).

The 2007 Minerals & Metals result reflects good primary demand in a strong global commodities market. Growth in the year was experienced across all regions. The ARA WorleyParsons joint venture in Chile has established a strong base in the Latin American region.

The Company continued to develop its technical and project delivery capability including the award of the EMAL greenfield aluminium smelter project in addition to ongoing support for Ma'aden phosphate and the Pilbara iron ore project for FMG.

2007 also saw the successful completion of the BHP Billiton's Olympic Dam expansion pre-feasibility study deliverables; performed in a joint venture with SNC Lavlin and solid progress in the development of Program Management (PMC) and EPCM activities in the Middle East, Russia and FSU and the company's first major chemicals project in China. Many projects undertaken in 2007 included a significant work share component.

The Company continues to be very active in the alumina process engineering market with support for a number of projects in the study and expansion phase. The Dallas based Gas Cleaning group has continued its strong growth through support for gas cleaning and energy optimisation services.

The Toronto operations experienced significant growth throughout the year with some early synergies from the Colt acquisition, diversification into alumina and the award of several key EPCM projects and studies.

Long term asset services contracts continue to grow in Australia in the year with the Zinifex relationship expanded to include the Roseberry mine, Tasmania.

OUTLOOK FOR MINERALS & METALS

Outlook remains positive for 2008 as commodity demand remains strong. The large number of studies currently in progress should flow through to project development services. The Company is well positioned to respond to these projects if they are sanctioned, including in new development regions.

INFRASTRUCTURE

The Infrastructure business reported aggregated revenue of \$219.6 million, increasing by 73.2% on the previous year. Segment EBIT doubled to \$20.4 million (2006: \$9.7 million), and EBIT margin improved to 9.3% (2006: 7.7%).

Support of world scale resource development projects including Ma'aden phosphate project, Pilbara iron ore project for FMG, and the Pluto LNG project were the key driver of large project related business in 2007.

Specialised consulting services continue to provide a solid base for the Infrastructure business in the water & wastewater, marine and rail markets. We recently announced the acquisition of two Australian consulting groups, Patterson Britton and Partners and John Wilson and Partners, significantly expanding our water and infrastructure capability on the east coast of Australia.

OUTLOOK FOR INFRASTRUCTURE

Infrastructure associated with major resource development projects remains a key global market for the Company with significant opportunities for growth remaining.

The recent acquisitions in water & wastewater market in Australia provide the basis for expansion into other regions along with the expansion of our rail and marine capability outside of Australia.

Reconstruction of aging infrastructure in developed countries also provides an emerging and growing business opportunity.

EcoNomics™

We continually review and update the differentiators of our business. In combination, we believe these factors define WorleyParsons and make our offering unique. This year, we are introducing a new differentiator reflecting the importance of environmental and economic sustainability for our clients. It is reflected in a new differentiator within WorleyParsons we have named EcoNomics™.

Our seven differentiators are:

- Committed, empowered and technically capable people
- Industry leadership in health, safety and environmental performance
- EcoNomics™: the delivery of profitable sustainability for our clients
- Outstanding operational and corporate performance
- Focus on long term contracts and asset services
- Success in project delivery – large and small
- Comprehensive geographic presence and industry capability.

WorleyParsons has developed EcoNomics™ to deliver environmentally, socially and financially sustainable projects for our customers. It is a new offering of services which combines a number of existing and recently acquired capabilities to enable us to help our clients navigate and anticipate increasingly complex regulations and expectations. It recognises that environmental and social imperatives now affect the bottom line for all major corporations and projects globally. Businesses need to operate existing facilities more efficiently and develop new, more resilient solutions for future developments.

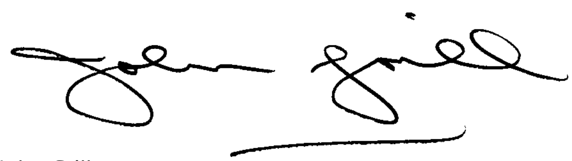
Further details on our differentiators including a profile of a number of EcoNomics™ projects are outlined in the Annual Review report which accompanies the Annual Report.

OUTLOOK FOR WORLEYPARSONS GROUP

We expect the markets for WorleyParsons' services will remain strong. Our key markets and sectors continue to experience positive conditions and we are well positioned to respond to these opportunities. Subject to conditions remaining favourable in these markets we expect to achieve increased earnings from our existing operations and an additional eight months contribution from the Colt group in 2008.

Our ability to support the EcoNomics™ initiative will be a key component of growth in 2008.

The Company continues to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for our shareholders.



John Grill
Chief Executive Officer

Board of Directors

Bill Hall	John Grill	Ron McNeilly	David Housego	Catherine Livingstone
Executive Director	Chief Executive Officer	Chairman and Non-Executive Director	Chief Financial Officer	Non-Executive Director

Refer to pages 19 and 21 for Directors' biographies.

Larry Benke
Executive Director (Alternate)

John Green
Non-Executive Director

Erich Fraunschiel
Non-Executive Director

Eric Gwee
Non-Executive Director

Grahame Campbell
Non-Executive Director

Sharon Sills
Company Secretary

Corporate Governance

INTRODUCTION

The Board of Directors of WorleyParsons strives to ensure that the Company meets high standards of safety, performance and governance across its global operations. This is an ongoing commitment, requiring continual review, modification and enhancement of governance systems over time. The Company recognises that it has responsibilities to its customers, employees and suppliers as well as to the welfare of the communities in which it operates.

The Board, which has authority for the ultimate oversight of the Company, regards corporate governance as a performance enhancement opportunity for WorleyParsons and has adopted various policies and codes and established a number of committees to assist it in discharging its duties.

This statement outlines WorleyParsons' approach to corporate governance for the financial year ended 30 June 2007. It addresses each of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (Principles) as recently revised and reissued, and is divided into three sections:

- the composition of the Board and governance policies applicable to it;
- the operation and responsibilities of the Board and Board Committees; and
- governance policies that apply generally throughout the WorleyParsons group.

This statement complies with the Principles as originally issued and as recently revised.

The corporate governance page in the investor relations section of the Company's website (www.worleyparsons.com) contains most of the documents which are referred to in this statement. These charters, codes and policies are regularly reviewed to take account of recent changes in the law and governance practices.

The following table indicates where specific ASX Principles are dealt with in this statement.

ASX PRINCIPLE	LOCATION IN CORPORATE GOVERNANCE STATEMENT
Principle 1 – Lay solid foundations for management and oversight	1.3, 1.7, 2.1, 2.2
Principle 2 – Structure the board to add value	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.2, 2.3
Principle 3 – Promote ethical and responsible decision-making	1.5, 2.4, 3.1, 3.2
Principle 4 – Safeguard integrity in financial reporting	2.3, 3.3, 3.4
Principle 5 – Make timely and balanced disclosure	2.4, 3.5
Principle 6 – Respect the rights of shareholders	3.5, 3.6
Principle 7 – Recognise and manage risk	2.3, 3.3, 3.4
Principle 8 – Remunerate fairly and responsibly	2.3, 3.7

PART 1 – COMPOSITION AND GOVERNANCE POLICIES OF THE BOARD

Relevant policies and charters (see www.worleyparsons.com)	–	Corporate Governance Code and Board Charter

1.1 MEMBERSHIP

The Board comprises nine directors in office at the date of this statement. Six of the directors, including the Chairman, are independent, non-executive directors.

The directors in office at the date of this statement are:

NAME	POSITION
Ron McNeilly	Chairman
Grahame Campbell	Non-Executive Director
Erich Fraunschiel	Non-Executive Director
John Green	Non-Executive Director
Eric Gwee	Non-Executive Director
Catherine Livingstone	Non-Executive Director
John Grill	Chief Executive Officer
David Housego	Chief Financial Officer
William Hall	Executive Director
Larry Benke	Alternate Director to Mr Hall

Details of the skills, experience (including the director's period of office) and expertise of each of the directors are contained in the profiles included on pages 19 to 21 of the Directors' Report.

1.2 COMPOSITION PRINCIPLES

The Board's composition is determined in accordance with the following principles:

- the Board should comprise at least three members, and maintain a majority of non-executive directors;
- the positions of Chairman and Chief Executive Officer must be held by separate persons;
- the Chairman must always be a non-executive director;
- the Board should comprise directors with an appropriate range and mix of qualifications and expertise;
- the performance of the Board and its members should be reviewed regularly and objectively;
- all directors (except the Chief Executive Officer) must submit themselves for re-election at regular intervals, and at least every three years; and
- all non-executive directors should serve a maximum of three terms, unless their tenure is extended by the Board.

1.3 APPOINTMENT, INDUCTION AND TRAINING

The Board's Nominations and Remuneration Committee sets and reviews the criteria for appointment of new directors having regard to the overall composition of the Board. The Committee can retain and supervise appropriate search firms to assist in the recruitment of new directors.

Each non-executive director receives a formal letter of appointment which outlines the key terms and conditions relative to their appointment. Senior executives, including the executive directors, have formal job descriptions and service contracts.

Directors' induction and ongoing training and education programs are incorporated into the Board program. Directors are encouraged, and are given the opportunity, to broaden their knowledge of the Company's business by visiting offices in different locations and to keep abreast of developments impacting the business.

1.4 DIRECTOR INDEPENDENCE

The Board recognises that various principles and factors are relevant in determining independence, but considers that true independence is a matter of judgement in the particular circumstances and will be determined by the Board with due recognition to the existence of relationships capable of affecting a director's independent status.

The Board considers the independence of its non-executive directors in light of the commentary provided in the Principles, Australian corporations law and current corporate governance practice. In assessing independence, the Board has regard to the form (for example, a shareholding, or advisor, supplier or customer relationship) and materiality of any identified interest, business or relationship. For these purposes, the Board considers "materiality" on an ongoing basis, having regard to the need to continually reassess corporate governance practices and requirements in light of the changing circumstances of the Company. The Board recognises that the accounting standards provide a useful guide to what is or is not material in a quantitative sense and regards an interest of more than 10% of the relevant base (whether revenue, equity or expense) as material, with interests between 5% and 10% of the base as potentially material, depending on the circumstances. However, the Board considers that a qualitative assessment of whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of WorleyParsons is a more relevant consideration when assessing materiality.

The Board has considered the various positions and relationships of each of the six non-executive directors and has formed the view that all six non-executive directors are independent. The Board is of the opinion that each non-executive director is independent of WorleyParsons' management and is free of any business or other relationship that could interfere with the exercise of their free and unfettered judgement, to the detriment of the Company, its shareholders or other stakeholders.

Mr Erich Fraunschiel, the Chairman of the Audit and Risk Committee, is a director of Woodside Petroleum Limited, which is a material customer of WorleyParsons in Australia. Mr Eric Gwee is a director of Singapore Power, which is a material customer of one of the Company's Singaporean subsidiaries, WorleyParsons (DRPL) Pte Limited. Both Mr Fraunschiel and Mr Gwee are considered by the Board to be independent after application of the principles stated above. In the opinion of the Board, the judgement of Messrs Fraunschiel and Gwee has not been impaired or conflicted by virtue of their directorships of these other entities.

Mr John Green and Mr Grahame Campbell are regarded as independent notwithstanding they each served on WorleyParsons' Advisory Board prior to the Company's initial public offering in 2002.

1.5 NOTIFICATION OF INTERESTS AND TREATMENT OF CONFLICTS

Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, and interests in other companies or transactions which might involve a potential conflict. In the event of a real or potential conflict, the Board acts appropriately and minutes its actions accordingly. The Corporate Governance Code and Board Charter details the process that WorleyParsons applies in the event that a conflict arises for one or more of its directors. In particular, a director who has a material personal interest will not, without the Chairman's approval, receive relevant Board papers and/or be present during any discussion or vote on the matter.

1.6 INDEPENDENT ADVICE

Each director is entitled to take independent professional advice at the Company's expense, with the prior approval of the Chairman.

1.7 PERFORMANCE REVIEW

WorleyParsons encourages excellence from all its personnel and the directors recognise that the performance of all personnel, including directors, is enhanced by a structured performance review process.

Review of Board Performance

The Board conducts a formal review of its own performance, policies and practice every 12 months.

The review includes:

(a) comparing Board performance against agreed criteria;

(b) examining the effectiveness and composition of the Board;

(c) oversight of the Company's strategic direction and objectives;

(d) assessing whether corporate governance principles are appropriate and reflect "best practice"; and

(e) assessing whether the various expectations of shareholders have been met.

Informal reviews are conducted as necessary and any director may suggest that the Board conduct an additional formal review earlier than the regular annual review.

From time to time the Board engages external consultants to undertake an independent review of the Board and individual director's performance and effectiveness.

The Board undertook a formal evaluation of its performance and the performance of each Committee during the year. This review was conducted internally in accordance with the principles described above.

Corporate Governance continued

Review of the performance of senior management

The Board establishes performance criteria for the Chief Executive Officer and conducts a performance review of the Chief Executive Officer at least annually. In turn, the Chief Executive Officer conducts annual performance reviews of senior executives and reports on their performance to the Nominations and Remuneration Committee. The performance and reward of senior executives was reviewed in this manner during the year.

PART 2 – OPERATION AND RESPONSIBILITIES OF THE BOARD AND BOARD COMMITTEES

Relevant policies and charters (see www.worleyparsons.com)

- Corporate Governance Code and Board Charter
- Nominations and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Continuous Disclosure Policy

2.1 BOARD RESPONSIBILITIES AND DELEGATION TO SENIOR MANAGEMENT

The Board's responsibilities and those matters delegated to senior management are encompassed in the Corporate Governance Code and Board Charter.

The Board is responsible for approving the strategic direction of WorleyParsons. It monitors all aspects of WorleyParsons' performance. The Board works with senior executives to formulate strategic direction, set goals, budgets, plans and policies and to identify and mitigate risk.

The deliberations of the directors in the Board meetings and the application of WorleyParsons' policies are aimed at allowing the Board to critically and objectively review management's performance and to ensure that senior management's activities are aligned with the expectations of shareholders.

The Board has delegated certain of its powers relating to the management of the Company's operations to the Chief Executive Officer, with the mandate to drive the Company's strategic direction and meet the goals determined by the Board.

The Chief Executive Officer is supported in his role by a number of management committees, including the CEO's Committee and the Regional Management Committees. The CEO's Committee supports the Chief Executive Officer by formulating and reviewing group policies and initiatives which affect the global business, and also reviews items that are to be escalated to the Board for approval. The five Regional Management Committees have an operational focus and are responsible for managing the business of specific geographic regions. These Committees are also responsible for monitoring compliance with WorleyParsons' codes and policies.

2.2 BOARD MEETINGS

The Board meets formally at least six times a year, with additional meetings held as required. Senior executives are invited to attend Board meetings on a regular basis, even if they are not members of the Board. This provides a direct line of communication between the directors and management. However, non-executive directors meet at least twice a year in the absence of management.

Details of the Board and Committee meetings held and attendances at those meetings are set out in the Directors' Report on page 19. Details of the qualifications of Committee members are included on pages 19 to 21 of the Directors' Report.

2.3 BOARD COMMITTEES

To ensure the Board is well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities, it has established two standing committees, the Nominations and Remuneration Committee and the Audit and Risk Committee.

Each Committee has a non-executive director as Chairman and only non-executive directors can be members of the Committees. Each Committee has a charter, which is reviewed annually by the relevant Committee and the Board.

Members of senior management may attend Committee meetings upon invitation from the relevant Chairman.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in its oversight of the integrity of financial reporting, the Company's risk management framework and internal controls. The Committee has an important role in supervising and monitoring the progress of both the internal audit and risk management functions. It also manages the relationship with the external auditor including the appointment, removal and evaluation of the auditor and approval of the auditor's contract, fees and audit plan.

The Audit and Risk Committee also reviews and makes recommendations on the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies. This includes ensuring compliance with the law and reviewing the effectiveness of its risk management, internal compliance and control systems.

The following non-executive directors were members of the Audit and Risk Committee throughout the year:

NAME	POSITION	DURATION
Erich Fraunschiel	Chairman	Whole year
Grahame Campbell	Non-Executive Director	Whole year
John Green	Non-Executive Director	Whole year

Ms Catherine Livingstone joined the Audit and Risk Committee effective 1 July 2007.

Members of the Audit and Risk Committee are selected by the Board for their financial literacy and for their knowledge of the industries in which the Company operates.

The Audit and Risk Committee, on behalf of the Board, ensures the integrity of the external audit function by not permitting:

1. the partner managing the audit for the external auditor to serve for more than five consecutive years; and/or
2. the external auditor to be retained for non-audit work where such retainer may detract, or be perceived to detract, from the auditor's independence or impartiality.

In accordance with the Company's external audit rotation policy, the 2007 financial year was the first such rotation year since the Company listed in November 2002.

Fees paid to the external auditor for non-audit work are disclosed in the accounts.

Nominations and Remuneration Committee

The role of the Nominations and Remuneration Committee is to assist and advise the Board on matters relating to the appointment and remuneration of the directors, the Chief Executive Officer, senior executives and employees of WorleyParsons. The Committee reviews, assesses and advises the Board in relation to the necessary and desirable competencies of the Board and the Committee. It oversees the selection and appointment practices for non-executive directors and senior management and assists the Board in determining appropriate remuneration strategies. Further details as to the operation of the Committee are set out in the remuneration report at page 21 of the annual report.

The following non-executive directors were members of the Nominations and Remuneration Committee during the year:

NAME	POSITION	DURATION
Eric Gwee	Chairman	Whole year
Grahame Campbell	Non-Executive Director	Whole year
John Green	Non-Executive Director	Whole year
Ron McNeilly	Non-Executive Director	Whole year

As set out in the Remuneration Report, from August 2007 the Nominations and Remuneration Committee will be split into two separate committees: the Nominations Committee and the Remuneration Committee.

2.4 OTHER MANAGEMENT COMMITTEES

In addition to the CEO's Committee and the Regional Management Committees, a number of other management committees assist the Board in monitoring and overseeing the Company's policies and codes, with a view to reinforcing the Board's commitment to a culture of good corporate governance and strong ethical standards and integrity.

Disclosure Committee

The Continuous Disclosure Policy provides for a Disclosure Committee to meet to consider issues which may be of interest to shareholders and the market in general. The role of the Disclosure Committee is to consider issues which are potentially material and price sensitive and to determine whether the matter needs to be disclosed to the market.

Ethics Committee

During the year an Ethics Committee was established. The role of the Ethics Committee is to:

(i) assess, develop, implement and oversee Company ethics on a global basis;

(ii) provide the oversight necessary to guide senior management and employees in their collaborative efforts to adhere to activities that encourage and reinforce good business practices and maintenance of regulatory requirements; and

(iii) recommend to the Chief Executive Officer and the CEO's Committee the objectives, policies and procedures that best serve the Company's interests in maintaining a business environment committed to high standards of ethics and integrity, corporate responsibility and legal compliance.

The Ethics Committee provides a centralised function through which ethical issues may be reported and investigated.

PART 3 – GOVERNANCE POLICIES APPLYING TO THE WORLEYPARSONS GROUP

Relevant policies and charters (see www.worleyparsons.com)

- Corporate Governance Code and Board Charter
- Nominations and Remuneration Committee Charter
- Audit and Risk Committee Charter
- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Risk Management Policy

Corporate Governance continued

3.1 ETHICAL DECISION MAKING – THE CODE OF CONDUCT

The Board has published various policies and codes to promote WorleyParsons' approach to ethical and responsible decision making.

The WorleyParsons Code of Conduct guides WorleyParsons personnel as to the standards of behaviour expected of all directors, executives, management, employees, contractors and agents of the Company. During the year, the Code was translated into Chinese, Bulgarian, Russian and Kazakh.

While the Code of Conduct seeks to prescribe standards of behaviour for all personnel to observe, it does not, and understandably cannot, identify every ethical issue that a director or employee might face. The objective of the Code is to provide a benchmark for professional behaviour throughout the Company, to support WorleyParsons' reputation and make directors, employees and others aware of the consequences if they breach the Code.

The Code of Conduct deals with many ethical issues, including:

- WorleyParsons' commitment to a safe and harassment-free workplace;
- good corporate citizenship and compliance with laws;
- acting with professional integrity; and
- protecting WorleyParsons' reputation, assets, resources, information and records.

3.2 INSIDER TRADING AND HEDGING

The Board has approved a Securities Dealing Policy that applies to all directors, employees and contractors of the Company and its subsidiaries. The Policy is designed to:

- explain the type of conduct in relation to dealings in securities that is prohibited under the relevant law and by WorleyParsons; and
- establish a best practice procedure for buying, selling or otherwise acquiring WorleyParsons securities by only allowing trading during specified trading windows or with prior approval from the CEO or CFO.

Directors and executives are not generally permitted to hedge their shareholdings except as prescribed in the Securities Dealing Policy. Performance rights may not be hedged.

3.3 MANAGEMENT OF MATERIAL BUSINESS RISKS

During the year the Company codified its approach to risk management with the adoption of a Global Risk Management Policy and Framework. The Risk Management Framework supports the Risk Management Policy and describes the objectives, strategies and resources for managing risk.

WorleyParsons' enterprise-wide risk management approach is based on Standard Australia's AS/NZS 4360.1999 (Risk Management). This approach adopts best practice in risk management so far as it relates to WorleyParsons' requirements. The Company's Risk Management systems are embedded across the operations.

WorleyParsons has implemented processes to assess the effectiveness of the Company's risk management control systems. These processes are reported to the Audit and Risk Committee and the Board. The Board has received a report from management concerning the effectiveness of the Company's management of its material business risks. The Board has also received a written assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and control and that the system is operating effectively in relation to financial reporting risks.

3.4 INTERNAL AUDIT

The Internal Audit function is independent from management and is overseen by the Audit and Risk Committee. It provides assurance that WorleyParsons' main business risks are being managed and that its internal control framework is operating effectively. In addition to its ongoing audit reports, internal audit provides an annual assessment of the adequacy and effectiveness of WorleyParsons' control processes and risk management procedures in light of the nature, function and size of the Company's operations to the Audit and Risk Committee.

3.5 CONTINUOUS DISCLOSURE

The Board is committed to ensuring that WorleyParsons complies with its continuous disclosure obligations and has approved a Continuous Disclosure Policy that applies to all WorleyParsons personnel. The Board seeks to promote investor confidence by ensuring that trade in WorleyParsons' shares takes place in an informed and competitive market. The policy provides for a Disclosure Committee to meet to consider issues which may be of interest to shareholders and the market in general.

The Continuous Disclosure Policy is designed to ensure that all WorleyParsons personnel are aware of WorleyParsons' obligations and to ensure accountability at a senior management level for timely disclosure of material information. This means that shareholders and the market in general are kept properly informed of material price sensitive information affecting the Company, on a timely basis. WorleyParsons discharges this obligation by releasing material price sensitive information to the ASX in the form of an ASX release or disclosure in other documents distributed to shareholders, such as the annual or half-year report.

3.6 COMMUNICATING WITH SHAREHOLDERS

The Board aims to ensure that the shareholders are fully informed of all material information relating to WorleyParsons by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- the annual report;
- the half-yearly report; and
- media releases and other investor relations publications on the Company's website.

The comprehensive Continuous Disclosure Policy outlines the procedures for disclosure of relevant information to the market (see above) and incorporates the Company's communications policy.

The Board encourages the full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Company's performance and goals. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. The Chief Executive Officer and/or the Chief Financial Officer occasionally meet with analysts and investors. Any presentations made to these groups are released to the market via the ASX and published on the investor section of the Company's own website.

The Company invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

3.7 REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

WorleyParsons seeks to attract and retain executives and directors with the appropriate expertise and the ability to create value for shareholders.

The remuneration structure of senior executives reflects the Company's performance culture: there is a direct correlation between the executive's reward and individual and company performance. The remuneration structure of the non-executive directors is not related to performance; non-executive directors receive fees which reflect their skills, responsibilities and the time commitments required from the non-executive director in the discharge of their duties.

Further details of the remuneration policies and practices of the Company (including those regarding retirement benefits for non-executive directors and the Company's Hedging Policy) and the remuneration paid to directors and senior executives are set out in the Remuneration Report on pages 24 to 27.

Financial Report
Financial Year Ended 30 June 2007

WORLEYPARSONS LIMITED
ACN 096 090 158

Directors' Report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (WorleyParsons, parent entity or Company) and the entities it controlled (consolidated entity or Group) at the end of, or during, the financial year ended 30 June 2007.

DIRECTORS

The following persons were directors of WorleyParsons Limited during the financial year and until the date of this report:

Ron McNeilly (Chairman)

Grahame Campbell

Erich Fraunschiel

John Green

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego

Catherine Livingstone (appointed effective 1 July 2007)

Larry Benke (alternate executive director for William Hall appointed effective 10 March 2007).

As at the date of this report, the interests of the directors in the shares and rights of the Company were:

DIRECTORS	NUMBER OF SHARES
Ron McNeilly	392,860
Grahame Campbell	504,579
Erich Fraunschiel	164,852
John Green	941,510
John Grill	32,939,078
Eric Gwee	3,302
William Hall	76,138
David Housego	157,582
Catherine Livingstone	4,444
Larry Benke*	1,177,475

* Larry Benke received exchangeable shares as part of the Colt consideration.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the consolidated entity consisted of:

(a) provision of engineering design and project services to the following sectors:
- Hydrocarbons
- Power
- Minerals & Metals
- Infrastructure;

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

(c) infrastructure developments.

DIVIDENDS – WORLEYPARSONS LIMITED

Details of dividends in respect of the financial year are as follows:

	2007 $'000	2006 $'000
Final ordinary dividend for the financial year ended 30 June 2005 of 12.5 cents per ordinary share paid on 30 September 2005*	–	25,619
Interim ordinary dividend for the financial year ended 30 June 2006 of 18.5 cents per ordinary share paid on 7 April 2006#	–	37,916
Final ordinary dividend for the financial year ended 30 June 2006 of 22.5 cents per ordinary share paid on 29 September 2006#	46,048	–
Interim ordinary dividend for the financial year ended 30 June 2007 of 28.0 cents per ordinary share paid on 14 March 2007#	57,506	–
Total dividends paid	**103,554**	**63,535**

* Fully franked dividend.

\# Partly franked dividend.

Since the end of the financial year, the directors have declared a final dividend of 32.5 cents per fully paid ordinary share, including exchangeable shares, partly franked based on tax paid at 30%. In accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", the aggregate amount of the proposed final dividend of $78.2 million is not recognised as a liability as at 30 June 2007.

REVIEW OF OPERATIONS

A detailed review of the operations for the financial year of the Group and the results of those operations are contained in the Chairman's Letter and Chief Executive Officer's Report.

A summary of the consolidated revenues and results is as follows:

	CONSOLIDATED 2007 $'000	2006 $'000
Revenue	3,492,802	2,404,512
EBITDA margin on statutory revenue	10.1%	9.1%
EBITDA	353,386	219,905
Depreciation and asset impairment	(16,984)	(14,085)
Amortisation	(17,276)	(6,277)
EBIT	319,126	199,543
Net interest expense	(12,921)	(2,658)
Profit before income tax expense	306,205	196,885
Income tax expense	(79,885)	(55,143)
Profit after income tax expense	226,320	141,742
Profit attributable to minority interests	(1,554)	(2,636)
Profit attributable to members of WorleyParsons Limited	224,766	139,106
Revenue	3,492,802	2,404,512
Procurement services revenue	(357,802)	(299,857)
Revenue excluding procurement services revenue	3,135,000	2,104,655
Share of revenue from associates	691,803	786,328
Procurement services revenue of associates	(292,212)	(426,601)
Net revenue from associates	399,591	359,727
Aggregated revenue[1]	3,534,591	2,464,382
EBITDA margin on aggregated revenue	10.0%	8.9%

1 Aggregated revenue is defined as statutory revenue plus share of revenue from associates less procurement services revenue at nil margin. The directors believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of WorleyParsons.

Directors' Report

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 %	2006 %
Hydrocarbons	2,585,011	1,777,723	239,598	156,937	9.3	8.8
Power	437,365	367,766	57,785	47,817	13.2	13.0
Minerals & Metals	292,660	202,176	42,658	27,681	14.6	13.7
Infrastructure	219,618	126,757	20,425	9,703	9.3	7.7
Other	11,846	5,311	-	-	-	-
Unallocated/ eliminations	(11,909)	(15,351)	(41,340)	(42,595)	-	-
	3,534,591	2,464,382	319,126	199,543	9.0	8.1

Aggregated revenue was $3,534.6 million, an increase of 43.4% on the prior year and a record result for the Group. EBIT of $319.1 million was up 59.9% from the prior year result of $199.5 million.

Basic earnings per share were 101.8 cents per share, an increase of 53.5% from the previous financial year result of 66.3 cents per share.

The EBIT margin for the Group increased to 9.0% compared to 8.1% in 2006. After tax, the Company earned a net margin on aggregated revenue of 6.4%, compared to the 2006 net margin of 5.6%. The corporate tax rate was 26.1% compared with 28.0% in 2006.

The Group retains a strong cash position and low level of gearing with Net debt to Net debt + Equity at year end of 22.3%. Cash as at 30 June 2007 was $118.6 million. EBITDA interest cover for 2007 was 16 times.

Operating cash flow for the period was $195.9 million, compared to $115.7 million in 2006. Cash outflow from investing activities was $905.7 million (2006: $94.3 million). This includes $793.3 million paid for the acquisition of the Colt Group and $80.7 million paid for the acquisition of the remaining 50% of WorleyParsons Projects Pty Limited, 50% of Arze Recine y Asociados Ingenieros Consultores SA (since renamed ARA WorleyParsons SA), 100% of Sea Engineering Inc. and others.

EARNINGS PER SHARE

	2007 CENTS	2006 CENTS
Basic earnings per share	101.8	66.3
Diluted earnings per share	100.4	66.3

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1 July 2006, WorleyParsons Infrastructure Holdings Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired the trade and assets of TMG International Holdings Pty Limited (TMG) for $3.6 million. There is also deferred consideration of $1.4 million, payable in two equal cash instalments due on the first and second anniversaries of the acquisition. TMG is an Australian based company that provides specialist consulting and technological solutions to the rail and associated industries.

On 16 October 2006, WorleyParsons Engineering Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired the remaining 50% interest in Burns & Roe Worley Pty Limited (BRW) for a total consideration of $14.3 million and gained effective control at that date. The wholly owned entity has been renamed WorleyParsons Projects Pty Limited.

On 22 November 2006, WorleyParsons Limitada, a wholly owned Chilean subsidiary of WorleyParsons, acquired 50% of Arze Recine y Asociados Ingenieros Consultores SA (since renamed ARA WorleyParsons SA) for a total consideration of $13.3 million. ARA WorleyParsons SA will support the development of the Minerals & Metals business in Chile and other countries in South America and provide additional resources to support the existing Minerals & Metals business. ARA WorleyParsons SA has around 450 employees.

On 25 January 2007, WorleyParsons Group Inc, a wholly owned subsidiary of WorleyParsons, acquired 100% of Sea Engineering Inc. (Sea) for a total consideration of $32.3 million. The deferred consideration of $8.9 million is payable in two equal cash instalments due on the first and second anniversaries of the acquisition. Sea is a Houston based engineering company operating in the hydrocarbons/upstream/offshore/deepwater market sector. Sea provides complete engineering services including concept evaluation and selection; front-end engineering; detailed design; installation support; operational and maintenance planning and support; and removal and relocation planning of floating systems of all types. Sea provides its services worldwide including in the Gulf of Mexico, South East Asia and the Pacific Rim, and West Africa.

Effective 9 March 2007, WorleyParsons acquired the Colt Group (Colt), a Canadian engineering and project services partnership, for a total consideration of $1,123.1 million. This consisted of $793.3 million in cash and $329.8 million in exchangeable shares. Colt is a leading provider of project services to the hydrocarbons industry in Canada and Alaska.

Since acquisition, Colt has generated revenue of $321.5 million and employs around 4,600 staff.

The acquisition has placed WorleyParsons in a leading position in the Canadian hydrocarbons market and materially enhanced WorleyParsons heavy oil, oil sands and cold weather technical capabilities. The expanded operational base of the Group has created opportunities for extending existing relationships and created new ones and enhanced its ability to win and execute major projects in Canada and Alaska.

On 30 May 2007, US$350 million unsecured notes payable were issued in the United States private debt capital market. The issue comprised US$40 million at floating rates maturing in May 2012, US$140.5 million maturing in May 2014 with a fixed coupon of 5.61% and US$169.5 million maturing in May 2017 with a fixed coupon of 5.75%. These notes are subject to negative pledge arrangements which require WorleyParsons to comply with certain minimum financial requirements. These notes replaced the temporary bridge facility used in the acquisition of the Colt Group.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Effective 1 July 2007, WorleyParsons Infrastructure Holdings Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired 100% of Sydney based Patterson Britton & Partners Pty Limited and Brisbane based John Wilson & Partners Pty Limited for a total consideration of $32.5 million. The acquired net assets are estimated to be $6.1 million. It is impractical to disclose the fair value and carrying value of the net assets acquired by major class of asset and liability as the directors have not yet been able to analyse the acquired net assets.

Patterson Britton & Partners and John Wilson & Partners are regarded as two of the leading consultants in the water and environmental services market in Australia with specific capabilities in the coastal and marine, water resources and wastewater, environmental, civil and structural and power markets. Combined the two organisations employ approximately 300 staff with estimated annual revenue in 2007 of approximately $42.0 million and EBIT of $7.2 million.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

We expect the markets for WorleyParsons' services will remain strong. Our key markets and sectors continue to experience positive conditions and we are well positioned to respond to these opportunities. Subject to conditions remaining favourable in these markets we expect to achieve increased earnings from our existing operations and an additional eight months' contribution from the Colt Group in 2008.

Our ability to support the EcoNomics™ initiative will be a key component of growth in 2008.

The Company continues to evaluate opportunities for new business growth that will add to our existing capabilities and provide value for our shareholders.

ENVIRONMENTAL REGULATION

In the majority of WorleyParsons' business situations, WorleyParsons is not the owner or operator of plant and equipment requiring environmental licences. WorleyParsons typically assists its customers with the management of their environmental responsibilities, rather than holding those responsibilities directly. However, WorleyParsons has environmental responsibilities in terms of compliance with environmental controls and in exercising reasonable care and skill in its design, construction management and supervision activities. The risks associated with environmental issues are managed through WorleyParsons' risk management and quality assurance systems.

WorleyParsons Komex is a division of WorleyParsons Canada which provides environmental consulting and monitoring services to industrial clients. WorleyParsons Komex is also involved in remediation of contaminated sites for its clients and in the past acquired and remediated a brownfields site. WorleyParsons Komex itself still owns one remediated property.

WorleyParsons has ownership interests in pipeline and power station assets that hold appropriate environmental licences. Compliance with these licences is managed through the operational systems which control and monitor the operation and maintenance of these assets. The licences are monitored and approved by independent experts on an annual basis.

The Company is not aware of any breaches by WorleyParsons of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory.

NON AUDIT SERVICES

Non audit services provided by the external auditor (Ernst & Young) during the financial year to the Company and entities in its consolidated entity are set out below.

Acquisition of the Colt Group	$1,076,683
Other acquisition related assurance services	$15,350
Total non audit services provided by the external auditor	$1,092,033

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee is satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in professional statement F1, including reviewing and auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WORLEYPARSONS LIMITED

In relation to our audit of the financial report of WorleyParsons Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Jeff Chamberlain
Partner
27 August 2007

MEETINGS OF DIRECTORS

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director was as follows:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		NOMINATIONS AND REMUNERATION COMMITTEE	
DIRECTOR	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
Ron McNeilly	12	12	–	–	7	7
Grahame Campbell	12	12	7	7	7	7
Erich Fraunschiel	12	12	7	7	–	–
John Green	12	12	7	7	7	7
John Grill	12	12	–	–	–	–
Eric Gwee	12	12	–	–	7	7
William Hall	12	11	–	–	–	–
David Housego	12	11	–	–	–	–
Larry Benke*	–	1	–	–	–	–

* Larry Benke was required to attend one board meeting as an alternate for and in the absence of William Hall.

INFORMATION ON DIRECTORS

RON MCNEILLY

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ron is Chairman of the Board and a member of the Nominations and Remuneration Committee. Ron is currently the Deputy Chairman of BlueScope Steel Limited (previously BHP Steel) and has over 30 years' experience in the steel industry. Ron joined BHP Billiton in 1962 and has held positions with BHP Billiton including Executive Director and President BHP Minerals, Chief Operating Officer, Executive General Manager and Chief Executive Officer BHP Steel, General Manager Transport, General Manager Long Products Division and General Manager Whyalla Works. Ron is the Chairman of the Melbourne Business School Limited and a Director of Alumina Limited. He is a former Chairman of Ausmelt Limited and a former director of GH Michell Holdings Pty Limited, QCT Resources and Tubemakers of Australia.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Alumina Limited	Non-executive director	11 December 2002	n/a
BlueScope Steel Limited	Deputy Chairman and non-executive director	10 May 2002	n/a
Ausmelt Limited	Chairman	21 October 2002	19 November 2004

GRAHAME CAMPBELL

NON-EXECUTIVE DIRECTOR

Grahame is a member of the Audit and Risk Committee and the Nominations and Remuneration Committee. Grahame was Managing Director of CMPS&F from 1987 to 1995, at the time one of the largest engineering and project management groups in Australia. Grahame has over 30 years' experience in the management of major Australian and offshore infrastructure projects including oil, gas, road, rail, mining and minerals projects. Grahame is currently a director of Iluka Resources Limited and the Macro Engineering Council (University of Sydney). Grahame is a past President of the Association of Consulting Engineers Australia and the Australian Pipeline Industry Association. Prior to his appointment as non-executive director of the Company on listing in 2002, Grahame was a member of the advisory board for four years.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Iluka Resources Limited	Non-executive director	17 December 1998	n/a

ERICH FRAUNSCHIEL

NON-EXECUTIVE DIRECTOR

Erich is the Chairman of the Audit and Risk Committee. Erich is a director of Woodside Petroleum Limited, West Australian Newspapers Holdings Limited and Rabobank Australia Limited. He is Chairman of Wesfarmers Federation Insurance Limited, Australian International Insurance Limited and Lumley General Insurance Limited (all members of the Wesfarmers Insurance Division) and of the West Australia Opera Inc. Erich's early business career was in the petroleum marketing and management consulting industries. In 1981, he joined the Australian Industry Development Corporation where he was involved in project lending, investment banking and venture capital investment. In 1984, he joined Wesfarmers to start the company's projects and business development function. In 1988, he became General Manager of the group's commercial division and from 1992 until his retirement in July 2002 was an Executive Director and Chief Financial Officer of the group.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
West Australian Newspapers Holdings Limited	Non-executive director	2 May 2002	n/a
Woodside Petroleum Limited	Non-executive director	1 December 2002	n/a
Foodland Associated Limited	Non-executive director	2 October 2002	8 December 2004

JOHN GREEN

NON-EXECUTIVE DIRECTOR

John is a member of the Audit and Risk Committee and the Nominations and Remuneration Committee. John is a company director, investor and writer. Until August 2006, he was an investment banker at Macquarie Bank, where he was an executive director for 13 years. His professional career before investment banking was 17 years in law, including as a partner in law firms Freehills and Dawson Waldron. John is director of three not-for-profits: Macquarie Bank Foundation, the General Sir John Monash Foundation and The Centre for Independent Studies. In past years, he was a member of the ASX National Listings Committee and held a number of posts in the Securities Institute of Australia (now Finsia). Prior to his appointment as non-executive director of the Company on listing in 2002, John was a member of the advisory board for nine years prior to listing, including a period as its Chairman.

JOHN GRILL

CHIEF EXECUTIVE OFFICER

John joined ESSO Australia in 1968 and in 1971 became Chief Executive of the entity that ultimately became WorleyParsons Limited, Wholohan Grill and Partners. This specialised consulting practice acquired the business of Worley Engineering Pty Limited in Australia in 1987. Following group restructuring, in 2002 Worley Group Limited listed on the Australian Stock Exchange. In 2004, Worley Group Limited acquired Parsons E&C Corporation, a US-based global project services company, and changed its name to WorleyParsons Limited. In March 2007 WorleyParsons then acquired the Colt Group in Canada substantially increasing the group's capability in the upstream and downstream components of oil sands. John has personal expertise in every aspect of project delivery for projects in the resources and energy industries. He has been directly involved with most of WorleyParsons' major clients and remains closely involved at Board level with WorleyParsons' joint ventures.

ERIC GWEE

NON-EXECUTIVE DIRECTOR

Eric joined the Board in February 2005 and is the Chairman of the Nominations and Remuneration Committee. Eric is a Singaporean national with extensive international experience in the hydrocarbons and power industries, including a career spanning more than 31 years with the ExxonMobil Group. Eric is currently a Non-executive director of Singapore Power Limited and Chairman of SP Services Limited. He is a Non-executive director of SP Australia (Distribution) Limited, SP Australia (Transmission) Limited and SP Australia Networks (RE) Limited. Eric is a director of the Melbourne Business School Limited. Previously, he was the Chairman of CPG Corporation Pte Ltd and was a Director of ExxonMobil Singapore Pte Ltd.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
SP Australia Networks (Distribution) Ltd	Director	31 May 2005	n/a
SP Australia Networks (RE) Limited	Director	9 September 2005	n/a
SP Australia Networks (Transmission) Ltd	Director	26 October 2005	n/a

WILLIAM HALL

EXECUTIVE DIRECTOR

William (Bill) joined the Board in 2004 following the Company's acquisition of Parsons E&C Corporation. Bill was with the Parsons Group for 25 years. He became Chairman and CEO of Parsons Energy & Chemicals Group Inc. in 2002. Prior to this position he served as President of Parsons Energy & Chemicals Group Inc. (1997-2001), President of The Ralph M. Parsons Company (1992-1995), and Senior Vice President and Manager of the Petroleum & Chemical (P&C) Division with the company (1989-1991). Bill has 39 years experience in the global engineering field, holding a number of key project and other US and international management positions with Parsons. Bill has bachelor and master's degrees in Chemical Engineering at Virginia Polytechnic Institute and has completed the Executive Program at Stanford University. He is also on the Board of Directors of the US-Saudi Arabian Business Council.

DAVID HOUSEGO

CHIEF FINANCIAL OFFICER

David joined the Company in July 1999 as Chief Financial Officer. He led the corporate reorganisation and Initial Public Offering and listing on the ASX of Worley Group Limited (now WorleyParsons Limited) in 2002 and the subsequent capital raisings for the acquisition of Parsons E&C in 2004 and the Colt Group in 2007. He joined the Board as an Executive Director in 2002. David's finance experience covers a broad range of operational and corporate finance roles including business development, corporate strategic planning, investment evaluation, accounting systems development and investor and stakeholder relations.

CATHERINE LIVINGSTONE

NON-EXECUTIVE DIRECTOR

Catherine joined the Board on 1 July 2007. She is currently a director of Macquarie Bank Limited, Telstra Corporation Limited, Macquarie Graduate School of Management and is the President of Chief Executive Women. Catherine continues to support the Australian Business Foundation, (an independent business-sponsored research think tank focused on the concept of innovation led growth), of which she was Chairman from 2002-2005. She was Chairman of CSIRO from 2001 to 2006 and has also served on the Boards of Goodman Fielder Ltd and Rural Press Limited. Catherine was the Managing Director of Cochlear Limited from 1994 to 2000 taking it through to an Initial Public Offer in 1995. In 2000, Catherine received the Chartered Accountant in Business Award for that year and in 2002 was elected a Fellow of the Australian Academy of Technological Sciences and Engineering. She was further awarded in 2003 the Centenary Medal for service to Australian Society in Business Leadership and the 2006 Macquarie University Alumni Award for Distinguished Service (Professional). Catherine has a BA (Hons) in Accounting, is a Chartered Accountant and was the Eisenhower Fellow for Australia in 1999.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Macquarie Bank Limited	Director	November 2003	n/a
Telstra Corporation Limited	Director	November 2000	n/a

LARRY BENKE

ALTERNATE DIRECTOR

Larry joined the Board as alternate director for Bill Hall in March 2007 following the Company's acquisition of the Colt Group. He joined Colt Edmonton as a design engineer in 1977 and has undertaken engineering design, project management and other management roles within the business. In 1988, Larry established the Toronto and Sarnia offices as

General Manager before returning to Calgary in 1999 as President of Colt. He has been successful in leading Colt through a period of substantial growth and expansion into the new disciplines of pipelines, power generation and geomatics. Larry graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honours Standing).

SHARON SILLS

COMPANY SECRETARY

Sharon Sills is a member of the Institute of Chartered Accountants in Australia, the Institute of Chartered Secretaries and Administrators, Chartered Secretaries Australia Ltd and the Taxation Institute of Australia. In 2004 Sharon completed the Graduate Diploma in Company Secretarial Practice and is currently enrolled in the Master of Laws program at the University of Sydney. She is Chair of the Company's Superannuation Policy Committee and a member of the Ethics Committee. Sharon's background is in taxation, both in the profession and in commerce. Sharon joined WorleyParsons in May 2000 as Group Taxation Manager and was appointed Company Secretary in 2003.

INSURANCE OF OFFICERS

During the financial year WorleyParsons Limited paid insurance premiums to insure the directors, secretaries and executive officers of the Company and its subsidiary companies. The contracts of insurance prohibit the disclosure of the amounts of premiums paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of WorleyParsons Limited and its subsidiary companies, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

ROUNDING OF AMOUNTS

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

REMUNERATION REPORT

OVERVIEW

The directors present the Remuneration Report for the Company and the consolidated entity prepared in accordance with section 300A of the *Corporations Act 2001* for the financial year ended 30 June 2007.

WorleyParsons' people are critical to its success and outstanding business results. WorleyParsons competes in a demanding and global market for experienced, talented and high calibre people. The remuneration strategy reflects this and is designed to support WorleyParsons in retaining, motivating and attracting high performing employees in this environment.

The Remuneration Report forms part of the directors' report. It details the remuneration arrangements for non-executive directors, executive directors and senior executives of the Company and provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 "Related Party Disclosures", which have been transferred to the Remuneration Report and have been audited, in accordance with the Corporations Regulation 2M.6.04.

In this report, the term "Key Management Personnel" refers to the executive directors and those senior executives who have specific responsibility for planning, directing and controlling the activities of WorleyParsons for the purposes of section 300A of the *Corporations Act 2001*.

NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee (Committee) assists the Board in ensuring that WorleyParsons' remuneration policies are sufficiently competitive to attract and retain executives and employees who will generate sustained business performance, create value for shareholders and support WorleyParsons' goals and values.

Since its establishment in 2002, the Committee has overseen the development and application of remuneration and human resources policies designed to support the Company's business objectives. The Committee also engages independent, specialist remuneration consultants to provide analysis and technical advice where required.

Further information regarding the objectives and role of the Committee is contained in the Committee Charter which is available in the Investor Relations section of the Company's website at www.worleyparsons.com.

During the 2007 financial year, the Committee was comprised of four non-executive directors:

NAME	POSITION
Eric Gwee	Chairman
Grahame Campbell	Member
John Green	Member
Ron McNeilly	Member

The Chief Executive Officer, the Managing Director, America and Europe, the Managing Director, Canada and the Chief Financial Officer attend Committee meetings by invitation.

KEY MANAGEMENT PERSONNEL

For the purposes of this report, outlined below are the key management personnel during the 2007 financial year:

EXECUTIVE DIRECTOR	POSITION
John Grill	Chief Executive Officer
William Hall	Managing Director, America and Europe
Larry Benke[1]	Managing Director, Canada
David Housego	Chief Financial Officer

1 Larry Benke is an alternate executive director for William Hall.

SENIOR EXECUTIVE	POSITION
Stuart Bradie	Managing Director, Asia, Middle East and Africa
Peter Meurs	Managing Director, Australia and New Zealand
Iain Ross	Managing Director, Hydrocarbons
Andrew Wood	Managing Director, Mergers and Acquisitions
Jeffrey Osborne	Managing Director, Business Development

EXECUTIVE REMUNERATION POLICY

WorleyParsons' remuneration policy for executives is structured to encourage pay for performance. This should result in a correlation between executives' reward and individual and Company performance.

The Board recognises that WorleyParsons competes in a global market for experienced and specialised talent and its executive remuneration policy needs to be competitive across many comparable industries and locations.

The objectives of WorleyParsons' remuneration strategy are to:

- attract and retain high performing employees by providing reward opportunities that are competitive on a global, regional and local basis as appropriate;
- drive a culture of achievement by providing a transparent link between reward and performance; and
- align employee and shareholder interests through participation in equity ownership.

WorleyParsons benchmarks its remuneration outcomes against those global organisations that it competes against for talent. Whilst remuneration is not the sole driver in the motivation and retention of executives, the Board recognises that it is important to ensure remuneration is competitive against both that of Australian and international competitors and peers.

The Board has determined that remuneration for key management personnel should be positioned around the median of the external market for comparable roles in all markets and geographies in which WorleyParsons operates.

Directors' Report

EXECUTIVE REMUNERATION STRUCTURE

WorleyParsons' executive remuneration structure has two elements: fixed remuneration and performance based remuneration (comprised of the short term and long term incentive plans).

Outlined below is the total target remuneration mix for the key management personnel for the 2007 financial year:

	% OF TOTAL TARGET ANNUAL REMUNERATION		
	FIXED ANNUAL REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE[2]
John Grill	38%	29%	33%
William Hall[1]	37%	36%	27%
Larry Benke	45%	32%	23%
David Housego	46%	20%	34%
Stuart Bradie	50%	20%	30%
Peter Meurs	46%	20%	34%
Iain Ross	48%	21%	31%
Andrew Wood	46%	20%	34%
Jeffrey Osborne[1]	43%	31%	26%

1 In line with obligations from the Parsons E&C acquisition completed in the 2005 financial year, the maximum short term incentive component of the remuneration packages of two senior US based executives, Messrs Hall and Osborne, exceeds the maximum under the Executive Remuneration Policy for the period of their current Executive Service Agreements (three years ending November 2007).

2 These percentages represent the portion of remuneration that is comprised of performance rights. For the 2007 financial year, the value of these rights was calculated at the average share price for the 10 trading days immediately following the announcement of the annual results.

FIXED REMUNERATION

Fixed remuneration consists of a cash (or base) salary, superannuation/retirement contributions and any salary sacrifice components. This amount of remuneration is set at a level to reflect the market range for a comparable role. It is reviewed annually and any adjustments are based on the scope and nature of the executives' role, their performance and experience and their positioning relative to comparable remuneration benchmarks.

The level of fixed remuneration increase awarded is based on an assessment of the executives' positioning relative to the external market and their individual and Company performance over the past 12 months. Information on the external market and the levels of reward for comparable roles was provided by The Hay Group and PricewaterhouseCoopers.

PERFORMANCE BASED REMUNERATION

SHORT TERM INCENTIVE (STI) PLAN

Reflecting the Board's commitment to a pay for performance strategy, the STI Plan is a key component of the executive remuneration structure. The STI Plan involves linking specific targets or Key Performance Indicators (KPIs) with the opportunity to earn cash incentives based on a percentage of fixed salary. All key management personnel are eligible for an award under the STI Plan, subject to achievement of individual and Company performance objectives.

At the commencement of the financial year, the Committee established KPIs which are:

- critical to the Company's success over the forthcoming 12 months;
- reflective of the key behaviours or results the Company seeks to attain;
- capable of measurement; and
- readily auditable.

These KPIs are comprised of both financial and non financial measures.

Financial KPIs

Reflecting the Board's commitment to the alignment of executive interests with Company performance, each key management person has financial KPIs that are based on both the overall profitability of WorleyParsons and the financial performance against the goals and objectives of the relevant region or customer segment group. Such KPIs include:

- Company financial performance, i.e. earnings before interest and taxation (EBIT);
- regional EBIT; and/or
- customer sector group EBIT.

Each executive has up to 60% of their overall STI potential award based on the financial KPIs, with at least 15% to 20% of the overall STI potential based on the Company's financial performance. Financial KPIs are measured against audited financial statements.

Non-financial KPIs

As drivers of sustainable shareholder value, non-financial KPIs include:

- performance in health, safety and environment;
- people management and development; and
- successful implementation of the business plan for the business unit, location or function.

Performance against non financial KPIs is measured through an assessment of effectiveness against a set of agreed objectives. For example, performance against the health, safety and environment KPI is measured by the level of reduction in the number of reportable injuries and environmental incidents, and the completion of advanced safety audits.

At the beginning of the financial year, STI maximum payment levels are set for each executive. These amounts are expressed as a percentage of fixed remuneration and range from 40% to 100%. The STI maximum payment level is based on the nature of the role and positioning against the external market for total reward. The potential range for payment is from 0% to 100% of the maximum payment level, with the actual STI paid based on a formula that assesses performance against KPIs. All STI payments are made in cash.

Reflecting the importance of performance and its link with reward, the STI Plan provides for no payment where Company EBIT financial performance is less than 90% of the budget approved by the Board. Executives must have been employed for at least three months of the financial year and remain in employment at the date of payment to be eligible for an STI payment.

LONG TERM INCENTIVE (LTI) PLAN

The Board believes that the use of equity remains the most effective means of:

- attracting and retaining high performing executives; and
- linking executive reward with the key performance drivers which underpin sustainable long term growth in Total Shareholder Return (TSR) and Earnings Per Share (EPS).

Long term Company performance and shareholder interests are aligned with executive remuneration through the WorleyParsons Performance Rights Plan. Each performance right (right) entitles the holder to one fully paid ordinary share in WorleyParsons Limited at a nil exercise price.

The key features of the Plan are:

- rights can only be exercised after a three year vesting period, subject to the relevant performance hurdles being satisfied;
- an additional transfer restriction commences from the 2007 financial year rights offer. The Board will only approve the release of a maximum of one-half of the shares the executive is entitled to in the first year after the date of vesting. After two years from the date of vesting of the rights, the Board may approve the release of the remaining shares;
- rights expire 10 years from the date of issue; and
- where an executive leaves the Company, the terms of the Plan prescribe that the Board may exercise its discretion to allow a proportion (if any) of the rights to vest and be exercised, provided appropriate performance hurdles have been met. In applying its discretion, the Board will undertake an assessment of the performance and contribution that the executive has made to the Company during their employment with WorleyParsons. In instances of fraudulent or dishonest behaviour, the Board will exercise its discretion to deem any or all rights to have lapsed.

Performance hurdles – 2005, 2006 and 2007 financial years

A key objective of the Plan is to align the interests of executives with shareholders' interests. To achieve this objective, the dual and independent performance measures of EPS and relative TSR are applied. EPS is measured based on audited results to ensure integrity and transparency and TSR is measured by an independent third party to ensure independence of calculations.

Further detail on each measure is provided below:

FEATURE	EPS	TSR
Reference index	n/a	Constituents of the ASX 50 to 150 index[1] as defined on the date of grant
Percentage of grant to which measure applies	40%	60%
Basis for selection	Provides clear line of sight between executive performance and Company performance. Well recognised and understood measure of performance both within and outside of the organisation. Results are reported and audited.	Captures relative performance against peers with comparable market capitalisation. This hurdle directly links executive reward to shareholder returns.
Testing	EPS: Basic EPS is determined by dividing the profit attributable to members of WorleyParsons by the weighted average number of ordinary shares outstanding during the financial year. Growth in EPS will be measured by comparing the EPS in the base year and the measurement years. To ensure consistency across the three year performance period, EPS will be adjusted for the years prior to the Company's transition to the Australian equivalents of International Financial Reporting Standards to remove any anomalies under different accounting rules. Performance is assessed at the end of the three year performance period and is not retested. TSR: TSR represents the change in the capital value of a listed entity's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value. Performance is assessed at the end of the three year performance period. If the TSR hurdle is not met at the end of year three, the executive may elect to have the TSR hurdle retested at the end of year four. The retest period covers the four year period from the date of grant to the end of year four. The election to retest is irrevocable. Where the executive elects to retest at the end of year four, they will forgo any portion of the rights that met the TSR hurdle in year three. Should the hurdle not be met at the end of year four, then up to 60% of the rights will be forgone. The Board believes that applying one retest is appropriate given the volatile nature of the industry and the competition for limited executive resources.	

1 Companies listed on the Australian Securities Exchange (ASX) ranked from 50 to 150 by market capitalisation.

The vesting schedules for EPS and relative TSR are provided below:

EPS VESTING SCHEDULE – 2005, 2006 AND 2007 FINANCIAL YEARS

AVERAGE COMPOUND GROWTH IN EPS OVER A THREE YEAR PERFORMANCE PERIOD	PROPORTION OF RIGHTS THAT MAY BE EXERCISED IF THE EPS PERFORMANCE HURDLE IS MET
Less than 4% pa above increase in CPI	0%
4% pa above increase in CPI	20%
More than 4% pa above increase in CPI, but less than 8% pa plus increase in CPI	Pro-rated vesting between 21% and 39%
8% pa above increase in CPI	40% (i.e. maximum available under the Plan)

RELATIVE TSR VESTING SCHEDULE – 2005,2006 AND 2007 FINANCIAL YEARS

PERFORMANCE AGAINST THE REFERENCE INDEX	PROPORTION OF RIGHTS THAT MAY BE EXERCISED IF THE TSR PERFORMANCE HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	30%
More than 50th and up to 75th percentile	Pro-rated vesting between 31% and 59%
More than 75th percentile	60% (i.e. maximum available under the Plan)

Changes to the performance hurdle – 2008 financial year

For the 2008 financial year, the performance hurdle for EPS has been significantly revised so that full year vesting will occur only after compound growth of 20% has been achieved. A summary of the new vesting schedule is provided below:

EPS VESTING SCHEDULE – 2008 FINANCIAL YEAR

AVERAGE COMPOUND GROWTH IN EPS OVER A THREE YEAR PERFORMANCE PERIOD	PROPORTION OF RIGHTS THAT MAY BE EXERCISED IF THE EPS PERFORMANCE HURDLE IS MET
Less than 10% pa	0%
At 10% pa	20%
More than 10% pa, but less than 20% pa	Pro-rated vesting between 21% and 39%
At 20% pa or greater	40% (i.e. maximum available under the Plan)

The TSR performance hurdle will remain unchanged.

Cash settled rights

The Plan contains additional rules for executives located in certain overseas jurisdictions. These rules ensure the executive is rewarded for their contribution, at the same time catering for restrictions on issue of securities in some jurisdictions, such as differing securities laws and taxation treatments. The cash settled rights are an entitlement to the cash value of one fully paid ordinary share in WorleyParsons Limited at a nil exercise price.

The performance criteria and vesting conditions for these rights are largely the same as for the LTI Plan described above. Specifically, cash settled rights:

- can only be exercised after a three year vesting period, subject to the relevant performance hurdles being satisfied; and
- allow Board discretion in relation to the full or partial vesting of the cash settled rights in certain circumstances, subject to the achievement of performance hurdles. Such circumstances may include termination without cause and redundancy.

During the 2007 financial year, no additional cash settled rights were issued to key management personnel.

LINK BETWEEN COMPANY PERFORMANCE AND REMUNERATION POLICY

The principle of aligning pay to performance underpins WorleyParsons' remuneration policy. Performance is measured at an individual, regional and Company level. The STI Plan is directly related to WorleyParsons' financial results, as each key management person has up to 60% of their overall STI potential based on financial KPIs. The LTI Plan is also directly related to WorleyParsons' financial performance through the EPS hurdle and the relative TSR hurdle.

Directors' Report

As shown below, the Company has experienced strong growth in earnings of approximately 66.2% per annum compound growth over the period since it became a listed company in November 2002, resulting in:

- a 1,900% increase in the Company's share price;
- EPS growth of approximately 55.1% on an annualised basis; and
- TSR growth of approximately 2,120%.

Shareholders have benefited from this growth, while executives have been rewarded through the STI and LTI Plans.

The graph opposite shows the WorleyParsons' TSR over the period from 2 November 2002 (date of listing) to 30 June 2007, as compared to companies in the ASX 100 index over the same time period:

Outlined below is the closing share price, dividends paid per share, EPS and net profit before tax of the Company over the last five years:

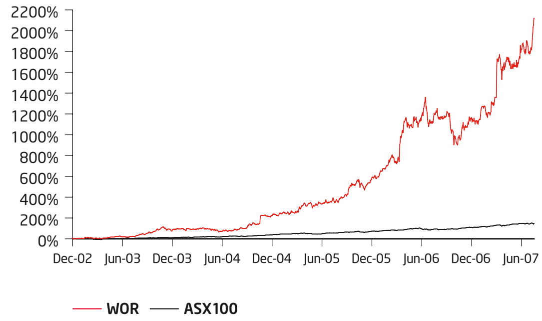
FINANCIAL YEAR ENDED 30 JUNE	2003	2004	2005	2006	2007
Closing share price ($)	2.04	2.88	7.89	20.10	34.00
Dividends paid/payable[1] (cents per share)	5.0	12.0	20.0	41.0	60.5
EPS – basic[2] (cents per share)	17.6	21.6	35.1	66.3	101.8
EBIT ($m)	32.1	40.4	102.3	199.5	319.1

1 The 2007 final dividend has been declared and is scheduled to be paid on 25 September 2007.

2 Basic EPS for the financial years to 2006 have been adjusted to be comparable to 2007 as a result of the rights issue in March 2007 where shares were issued at a discount to market price.

There has been no return of capital to shareholders since the Company listed.

TSR to ASX 100



WorleyParsons share price vs ASX 100 indexed at 100

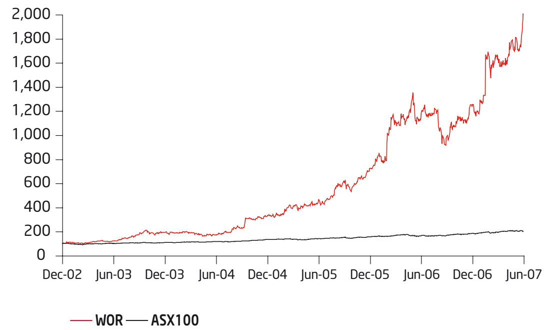


TABLE 1: REMUNERATION AND OTHER SPECIFIC DISCLOSURES

The aggregate remuneration of the key management personnel is set out in the following table:

		SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
		CASH SALARY $	BONUSES[1] $	NON-MONETARY BENEFITS[2] $	SUPERANNUATION BENEFITS $	OTHER[3] $	PERFORMANCE RIGHTS PLAN[4] $	CASH COMPENSATION[5] $	$
EXECUTIVE DIRECTOR									
John Grill	FY2007	1,057,858	864,000	-	12,199	83,790	566,770	-	2,584,617
	FY2006	833,723	599,850	-	12,186	87,476	404,102	-	1,937,337
William Hall	FY2007	697,777	643,237	42,983	14,273	74,063	225,744	698,056	2,396,133
	FY2006	655,979	557,089	50,976	14,726	36,815	111,363	338,560	1,765,508
Larry Benke[6]	FY2007	198,159	448,912	451	-	1,780	-	-	649,302
	FY2006	-	-	-	-	-	-	-	-
David Housego	FY2007	464,956	443,788	-	12,199	28,231	244,985	-	1,194,159
	FY2006	430,637	179,775	-	12,186	28,869	177,349	-	828,816
Sub-total	FY2007	2,418,750	2,399,937	43,434	38,671	187,864	1,037,499	698,056	6,824,211
	FY2006	1,920,339	1,336,714	50,976	39,098	153,160	692,814	338,560	4,531,661
SENIOR EXECUTIVE									
Stuart Bradie	FY2007	645,931	184,262	306,413	-	-	98,656	1,005,539	2,240,801
	FY2006	310,817	105,576	141,584	-	-	42,880	776,150	1,377,007
Peter Meurs	FY2007	409,654	152,280	-	14,473	23,558	226,906	-	826,871
	FY2006	352,914	148,320	6,194	12,186	24,594	163,962	-	708,170
Iain Ross	FY2007	497,417	328,960	-	12,199	-	226,536	-	1,065,112
	FY2006	464,603	192,375	-	12,186	-	167,787	-	836,951
Andrew Wood	FY2007	425,481	425,950	-	12,199	-	223,908	-	1,087,538
	FY2006	399,353	154,980	-	12,186	-	165,830	-	732,349
Jeffrey Osborne	FY2007	371,725	259,598	44,138	14,421	16,667	104,082	344,698	1,155,329
	FY2006	372,569	249,577	38,336	15,184	8,474	50,600	167,180	901,920
Sub-total	FY2007	2,350,208	1,351,050	350,551	53,292	40,225	880,088	1,350,237	6,375,651
	FY2006	1,900,256	850,828	186,114	51,742	33,068	591,059	943,330	4,556,397
Grand total	FY2007	4,768,958	3,750,987	393,985	91,963	228,089	1,917,587	2,048,293	13,199,862
	FY2006	3,820,595	2,187,542	237,090	90,840	186,228	1,283,873	1,281,890	9,088,058

1 Inclusive in the bonuses column, David Housego, Iain Ross and Andrew Wood received an additional bonus relating to their considerable efforts towards the acquisition of the Colt Group.

2 "Non-monetary benefits" includes benefits such as health insurance, company cars or car allowances, fringe benefits tax, tax advisory services, life insurance and club memberships.

3 "Other" includes additional (i.e. non-statutory) contributions to superannuation and pension plans.

4 In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to, or indicative of, the benefit (if any) that individual executives may ultimately realise should the equity instruments vest.

5 The value disclosed as remuneration relating to cash settled performance rights granted to key management personnel is the fair value at the grant date and adjusted for the movement in the fair value of the liability during the reported period.

6 Larry Benke was appointed as an alternate executive director to William Hall from 10 March 2007. Remuneration for this period is shown above.

TABLE 2: REMUNERATION COMPONENTS AS A PROPORTION OF TOTAL REMUNERATION

The following table illustrates the reward mix for key management personnel based upon actual payments made in the 2007 financial year:

	FIXED REMUNERATION %	STI %	LTI %	TOTAL
John Grill	45%	33%	22%	100%
William Hall	34%	27%	39%	100%
Larry Benke	31%	69%	n/a	100%
David Housego	42%	37%	21%	100%
Stuart Bradie	43%	8%	49%	100%
Peter Meurs	54%	18%	28%	100%
Iain Ross	48%	31%	21%	100%
Andrew Wood	40%	39%	21%	100%
Jeffrey Osborne	39%	22%	39%	100%

TABLE 3: SHORT TERM INCENTIVES (AT RISK)

The table below outlines the percentage of the target STI payment that was paid and forfeited during the 2007 financial year:

	PERCENTAGE OF GRANT AWARDED	PERCENTAGE OF GRANT FORFEITED
John Grill	96.0%	4.0%
William Hall	99.0%	1.0%
Larry Benke[1]	n/a	n/a
David Housego	98.5%	1.5%
Stuart Bradie	97.0%	3.0%
Peter Meurs	70.5%	29.5%
Iain Ross	96.0%	4.0%
Andrew Wood	100.0%	0.0%
Jeffrey Osborne	100.0%	0.0%

1 Larry Benke was not covered in the STI Plan for the financial year.

TABLE 4: PERFORMANCE RIGHTS THAT VESTED DURING THE 2007 FINANCIAL YEAR

	OPENING BALANCE AT 1 JULY 2006	NUMBER GRANTED DURING 2007 FINANCIAL YEAR	NUMBER VESTED DURING 2007 FINANCIAL YEAR	PERCENTAGE VESTED	PERCENTAGE FORFEITED	CLOSING BALANCE AT 30 JUNE 2007
John Grill	308,325	52,500	66,117	100%	0%	294,708
William Hall[1]	89,544	28,000	–	–	–	117,544
Larry Benke[1]	–	–	–	–	–	–
David Housego	134,976	21,500	29,808	100%	0%	126,668
Stuart Bradie	100,161	15,034	27,244	100%	0%	87,951
Peter Meurs	126,618	20,420	25,779	100%	0%	121,259
Iain Ross	131,801	19,541	30,987	100%	0%	120,355
Andrew Wood	130,931	19,569	30,987	100%	0%	119,513
Jeffrey Osborne[1]	42,332	13,270	–	–	–	55,602

1 Larry Benke, William Hall and Jeffrey Osborne did not have any performance rights that vested during the 2007 financial year.

TABLE 5: PERFORMANCE RIGHTS GRANTED

Equity settled share based payments:

	DATE OF GRANT	NUMBER GRANTED[1, 2, 3, 4]	FAIR VALUE AT GRANT DATE[5] $	VESTING DATE	VALUE PER SHARE AT EXERCISE DATE $
John Grill					
Tranche 2	31 Jan 04	66,117	90,765	30 Sep 06	22.44
Tranche 3	29 Oct 04	163,551	411,383	30 Sep 07	n/a
Tranche 4	30 Dec 05	78,657	733,197	30 Sep 08	n/a
Tranche 5	2 Mar 07	52,500	858,442	30 Sep 09	n/a
William Hall					
Tranche 4	30 Dec 05	47,788	445,453	30 Sep 08	n/a
Tranche 5	2 Mar 07	28,000	457,836	30 Sep 09	n/a
David Housego					
Tranche 2	31 Jan 04	29,808	40,920	30 Sep 06	22.44
Tranche 3	29 Oct 04	70,093	176,306	30 Sep 07	n/a
Tranche 4	30 Dec 05	35,075	326,947	30 Sep 08	n/a
Tranche 5	2 Mar 07	21,500	351,553	30 Sep 09	n/a
Stuart Bradie					
Tranche 4	30 Dec 05	18,400	171,520	30 Sep 08	n/a
Tranche 5	2 Mar 07	15,034	245,825	30 Sep 09	n/a
Peter Meurs					
Tranche 2	31 Jan 04	25,779	35,389	30 Sep 06	22.44
Tranche 3	29 Oct 04	70,093	176,306	30 Sep 07	n/a
Tranche 4	30 Dec 05	30,746	286,601	30 Sep 08	n/a
Tranche 5	2 Mar 07	20,420	333,893	30 Sep 09	n/a
Iain Ross					
Tranche 2	31 Jan 04	30,987	42,539	30 Sep 06	22.44
Tranche 3	29 Oct 04	70,093	176,306	30 Sep 07	n/a
Tranche 4	30 Dec 05	30,721	286,369	30 Sep 08	n/a
Tranche 5	2 Mar 07	19,541	319,520	30 Sep 09	n/a
Andrew Wood					
Tranche 2	31 Jan 04	30,987	42,539	30 Sep 06	22.44
Tranche 3	29 Oct 04	70,093	176,306	30 Sep 07	n/a
Tranche 4	30 Dec 05	29,851	278,253	30 Sep 08	n/a
Tranche 5	2 Mar 07	19,569	319,978	30 Sep 09	n/a
Jeffrey Osborne					
Tranche 4	30 Dec 05	21,713	202,399	30 Sep 08	n/a
Tranche 5	2 Mar 07	13,270	216,981	30 Sep 09	n/a

1 The minimum value of this grant is nil. The maximum value of the grant is the value per share multiplied by the number of rights granted.

2 During the financial year, all the rights granted in the 2004 financial year vested and were exercised and the ending balance of the allocation is nil.

3 The service and performance criteria for award of the rights are discussed above. Shareholders approved the grant of rights to Messrs Grill, Hall and Housego at the 2006 Annual General Meeting, even though grants of rights to Messrs Grill and Housego are the subject of an ASX waiver which applies while shares are purchased on market to satisfy rights which are exercised. The Board has determined to seek shareholder approval for annual grants of rights to all executive directors. The Board has determined that restrictions on transfer apply to the shares allocated on exercise of these rights.

4 The rights granted in 2005, 2006 and 2007 financial years remain unvested because they have not been tested for satisfaction of the performance hurdles. None of these rights has lapsed or were forfeited during the financial year. The balance of the rights granted in 2005, 2006 and 2007 financial years as at 30 June 2007 is equal to the numbers that were granted during those allocations.

5 The amounts disclosed as remuneration relating to equity settled rights is the assessed fair value at the date the rights were granted to key management personnel, allocated over the period from grant date to vesting date. Fair values at grant date are independently determined using an appropriate option pricing model in accordance with AASB 2 "Share Based Payment" that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

Cash settled share based payments:

	DATE OF GRANT	NUMBER OF PERFORMANCE RIGHTS GRANTED	FAIR VALUE AT GRANT DATE $	VESTING DATE	VALUE PER SHARE AT EXERCISE DATE $
William Hall					
Tranche 3B	28 Jan 05	41,756	234,481	30 Sep 07	n/a
Stuart Bradie					
Tranche 2	31 Jan 04	27,244	34,763	30 Sep 06	17.84
Tranche 3B	29 Oct 04	54,517	306,141	30 Sep 07	n/a
Jeffrey Osborne					
Tranche 3B	28 Jan 05	20,619	115,786	30 Sep 07	n/a

(a) No cash entitlement was forfeited during the financial year.

(b) The amounts disclosed as remuneration relating to cash settled rights granted to the executive director and other key management personnel is the fair value at grant date. The fair value of the liability is calculated initially at the grant date and is remeasured at each reporting date and at the date of each settlement until the liability is fully settled. Fair values at reporting date are determined using an appropriate pricing model for cash settled rights in accordance with AASB 2 "Share Based Payment".

EXECUTIVE SHARE HEDGING POLICY

Directors and executives are not generally permitted to hedge their shareholdings except in the following circumstances:

- permission has been obtained from the Chairman;
- the shares have fully vested and are not subject to any performance hurdles or transfer restriction;
- the hedge transaction is treated as a sale or purchase of shares by the director or executive and the relevant approvals, disclosures (to the ASX, as appropriate) and notifications are made on this basis;
- the hedge transaction may not be entered into, renewed, altered or closed out when the director or executive is in possession of price sensitive information; and
- all costs or expenses associated with any hedging arrangement are to the director's or executive's own account.

Each of the above requirements must be satisfied for hedging to be allowed. Performance rights are not permitted to be hedged.

KEY MANAGEMENT PERSONNEL EMPLOYMENT CONTRACTS

The following table summaries the key conditions of Executive Service Agreements:

EXECUTIVE DIRECTORS AND EXECUTIVES	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS
John Grill	Unlimited duration	6 months	12 months
William Hall	5 October 2009	Remainder of the term of the contract	6 months
Larry Benke	9 March 2010	2 years after contract expiration	Through contract duration, then 3 months for any extended term
David Housego	Unlimited duration	6 months	6 months
Stuart Bradie	Unlimited duration	3 months	6 months
Peter Meurs	Unlimited duration	6 months	6 months
Iain Ross	Unlimited duration	Nil	6 months
Andrew Wood	Unlimited duration	6 months	6 months
Jeffrey Osborne	11 November 2008	Remainder of the term of the contract	3 months

Subject to the special arrangements and conditions outlined below, termination payments payable to key management personnel if the Company terminates their contract of employment will not, in general, exceed six months' fixed salary. In addition, subject to Board approval, a portion of performance rights may be available to the executive depending upon the circumstances of their departure.

The Company has not paid any sign-on payments to any key management personnel during the financial year.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The fees paid to non-executive directors are set at levels which reflect the skills, responsibilities of, and the time commitments required from, each non-executive director to discharge their duties. The non-executive directors do not receive performance related payments. A portion of non-executive director remuneration is required to be sacrificed into the Non-Executive Director Share Plan in order to align their interests with those of shareholders.

The Board determines individual fee levels for non-executive directors. In setting the fee level, the following considerations are made:

- the size, global spread and complexity of the Company's operations;
- fees paid to non-executive directors in companies of similar market capitalisation;
- the level of fees necessary to attract and retain directors of a suitable calibre;
- the responsibilities and workload requirements of Board members; and
- reference to advice from independent remuneration advisers.

NON-EXECUTIVE DIRECTOR SHARE PLAN

In recognising that ownership of Company shares aligns directors' interests with those of shareholders, the Company implemented the Non-Executive Director Share Plan in the 2003 financial year.

Under the terms of the Non-Executive Director Share Plan, non-executive directors are required to sacrifice a minimum of 25% of their gross annual fees and may elect to sacrifice up to a maximum of 60% of their fees. In return, the Company will procure the acquisition of an equivalent value of shares at the prevailing market price. These shares are subject to a restriction on dealing which expires on the earliest of:

- 10 years from the date the shares were granted;
- the time the director ceases to hold office; or
- the time the Board determines in its discretion that any restrictions cease.

The Non-Executive Director Share Plan is not a performance based share plan and is not intended as an incentive component of non-executive director remuneration. Non-executive directors are not eligible to participate in any of the Company's incentive arrangements.

NON-EXECUTIVE DIRECTOR FEES

Fees for the 2007 Financial Year

Non-executive directors' fees, including Committee fees, are set by the Board within the maximum aggregate amount of $925,000 per annum approved by the shareholders at the 2006 Annual General Meeting.

The fees received by the non-executive directors in the year ended 30 June 2007 are set out below:

	PRIMARY BENEFITS	POST EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL
	SALARY AND FEES[1] $	STATUTORY SUPER-ANNUATION[2] $	OTHER[3] $	NON-EXECUTIVE DIRECTOR SHARE PLAN $	$
Ron McNeilly					
FY2007	180,000	15,930	–	59,000	254,930
FY2006	115,500	10,128	–	37,500	163,128
Grahame Campbell					
FY2007	142,625	12,566	–	29,875	185,066
FY2006	70,500	6,078	–	22,500	99,078
Erich Fraunschiel					
FY2007	3,000	–	93,750	31,250	128,000
FY2006	73,500	–	–	23,502	97,002
John Green					
FY2007	6,000	–	89,625	29,875	125,500
FY2006	21,000	1,620	33,750	38,250	94,620
Eric Gwee					
FY2007	102,000	–	–	27,000	129,000
FY2006	79,500	–	–	19,500	99,000
Total					
FY2007	433,625	28,496	183,375	177,000	822,496
FY2006	360,000	17,826	33,750	141,252	552,828

1 Includes travel and similar allowances.

2 Superannuation contributions are made on behalf of the non-executive directors in accordance with the Company's statutory superannuation obligations.

3 "Other" includes additional (i.e. non-statutory) contributions to superannuation and pension plans.

Non-executive directors are eligible to receive travel allowances and fees for special duties. During the 2007 financial year, the non-executive directors received a travel allowance for attendance at Board meetings held overseas during the financial year.

Non-executive directors are also entitled to be reimbursed for all business related expenses, including travel on Company business, as may be incurred in the discharge of their obligations. Superannuation contributions are made on behalf of the non-executive directors in accordance with the Company's statutory obligations.

Grahame Campbell received an additional payment of $50,000 gross in recognition of his services for chairing the Due Diligence Committee relating to the acquisition of the Colt Group and the subsequent US private placement.

Fees for the 2008 Financial Year

Having received expert advice and undertaken a review of fees paid in comparable sized organisations, the Board considered the fees for the non-executive directors for the 2008 financial year. It was evident from this review that the remuneration strategy for non-executive directors' fees was not competitive against the fee structures of comparable sized organisations. The decision to realign the fee levels towards a more competitive position was based on a number of considerations, specifically:

- the increased demands that have been placed on the non-executive directors' time arising from the growth of the Company;
- the expertise required to address the significant strategic and operational challenges faced by the Company; and
- the need to set fees at a level that attracts, retains and rewards high calibre non-executive directors.

The Board has proposed to revise the aggregate non-executive director fee pool to $1,750,000 per annum. This will apply for the 2008 financial year and shareholder approval will be sought from shareholders at the 2007 Annual General Meeting.

Given the growth of the Company, the Board believes that this size pool is required to offer fees that are sufficiently competitive to attract and retain current and new high quality and experienced non-executive directors. It also reflects the appointment of an additional non-executive director (Catherine Livingstone) to the Board in June 2007, effective 1 July 2007.

The Board believes that the effectiveness of the Nominations and Remuneration Committee will be enhanced with the separation of the Committee into two distinct Committees for nominations and remuneration. This change will be effective from August 2007.

The current members of the Nominations and Remuneration Committee will form the Remuneration Committee, whilst the Nominations Committee is to be comprised of all non-executive directors of the Board.

The proposed fees (inclusive of superannuation) for the 2008 financial year are detailed below:

ROLE	PROPOSED FEES FOR 2008 FINANCIAL YEAR
Chairman	$437,500
Non-executive director	$175,000
Chairman of Audit and Risk Committee	$35,000
Member of Audit and Risk Committee	$17,500
Chairman of Remuneration Committee	$20,000
Member of Remuneration Committee	$12,000
Chairman/Member of Nominations Committee	$nil
Travel allowance (per meeting) for meetings outside home country	$3,000

The Company does not pay non-executive director retirement benefits other than statutory superannuation.

DIRECTORS' SHAREHOLDINGS

Particulars of directors' beneficial interests in shares of WorleyParsons Limited as at the date of this report are set out in note 33 of the Financial Statements.

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

RON MCNEILLY

Chairman

Sydney, 27 August 2007

Income Statement For the Financial Year Ended 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
REVENUE AND OTHER INCOME					
Services		3,467,758	2,394,316	–	–
Sale of goods		10,007	2,634	–	–
Total revenue		3,477,765	2,396,950	–	–
Interest		9,223	5,311	648	2,483
Dividends from controlled entities		–	–	133,435	85,000
Other		5,814	2,251	1,992	–
Revenue and other income		3,492,802	2,404,512	136,075	87,483
EXPENSES					
Staff costs		(1,877,026)	(1,359,658)	–	–
Reimbursable costs		(911,851)	(559,390)	–	–
Depreciation		(16,984)	(12,170)	–	–
Amortisation		(17,276)	(6,277)	–	–
Borrowing costs		(22,144)	(7,969)	(174)	(5,979)
Office and administration costs		(197,975)	(121,155)	–	(9)
Other costs		(163,026)	(151,959)	(53)	(1,874)
Impairment of assets		–	(1,915)	–	–
Share of profits of associates accounted for using the equity method	24(C)	19,685	12,866	–	–
Profit before income tax expense		306,205	196,885	135,848	79,621
Income tax (expense)/benefit	4	(79,885)	(55,143)	(1,396)	1,756
Profit after income tax expense		226,320	141,742	134,452	81,377
Profit attributable to minority interests		(1,554)	(2,636)	–	–
Profit attributable to members of WorleyParsons Limited		**224,766**	**139,106**	**134,452**	**81,377**
Basic earnings per share (cents per share)	21	101.8	66.3		
Diluted earnings per share (cents per share)	21	100.4	66.3		

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

Balance Sheet As at 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	5	118,643	78,212	–	594
Trade and other receivables	6	506,694	330,019	187,866	157,607
Inventories	7	314,334	181,942	–	–
Prepayments		25,048	19,825	–	–
Finance lease receivable	30	1,004	–	–	–
Income tax benefit	13	–	–	1,358	–
Derivatives	37(C)	5,014	635	–	–
Total current assets		970,737	610,633	189,224	158,201
Non current assets					
Equity accounted associates	24(A)	86,148	46,336	–	–
Shares in controlled entities at cost	23(B)	–	–	1,062,524	254,839
Property, plant and equipment	8	63,267	60,724	–	–
Intangible assets	9	1,487,899	407,935	–	–
Finance lease receivable	30	31,490	–	–	–
Deferred tax assets	10	43,443	31,795	1,100	2,443
Other non-current assets		1,338	4,966	–	–
Total non current assets		1,713,585	551,756	1,063,624	257,282
TOTAL ASSETS		2,684,322	1,162,389	1,252,848	415,483
LIABILITIES					
Current liabilities					
Trade and other payables	11	399,947	290,958	7,746	6,549
Interest bearing loans and borrowings	12	28,412	45,475	2,418	–
Income tax payable	13	33,426	20,759	–	5,230
Provisions	14	208,544	146,815	–	–
Derivatives	37(C)	457	832	–	–
Total current liabilities		670,786	504,839	10,164	11,779
Non current liabilities					
Interest bearing loans and borrowings	15	488,415	86,469	–	–
Deferred tax liabilities	16	100,370	35,165	676	–
Provisions	17	37,045	60,653	–	–
Total non current liabilities		625,830	182,287	676	–
TOTAL LIABILITIES		1,296,616	687,126	10,840	11,779
NET ASSETS		**1,387,706**	**475,263**	**1,242,008**	**403,704**
EQUITY					
Issued capital	18	1,128,486	327,103	1,128,486	327,103
Reserves	19	(7,880)	3,691	11,993	5,822
Retained profits	20	265,010	142,993	101,529	70,779
Parent entity interest		1,385,616	473,787	1,242,008	403,704
Minority interests		2,090	1,476	–	–
TOTAL EQUITY		**1,387,706**	**475,263**	**1,242,008**	**403,704**

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the Financial Year Ended 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Total equity at the beginning of the financial year		475,263	390,433	403,704	387,949
Exchange differences on translation of foreign operations	19(A)	(22,958)	12,786	–	–
Cash flow hedges, net of tax	19(B)	4,016	723	–	–
Performance rights expense	19(D)	8,092	4,304	8,092	4,304
Net income recognised directly in equity		(10,850)	17,813	8,092	4,304
Profit after income tax expense		226,320	141,742	134,452	81,377
Total recognised income and expense for the financial year		215,470	159,555	142,544	85,681
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity	18(A)	799,969	–	799,969	–
Dividends paid	22	(103,554)	(63,535)	(103,702)	(63,535)
		696,415	(63,535)	696,267	(63,535)
Purchase of shares to satisfy performance rights	18(A)	(660)	(7,622)	(660)	(7,622)
Tax effect of purchase of shares to satisfy performance rights	18(A)	153	1,231	153	1,231
Minority interests movement		(940)	(4,799)	–	–
Asset revaluation of existing investment on acquisition	19(C)	2,005	–	–	–
		558	(11,190)	(507)	(6,391)
Total equity at the end of the financial year		**1,387,706**	**475,263**	**1,242,008**	**403,704**
Total recognised income and expense for the financial year is attributable to:					
Members of WorleyParsons Limited		214,856	161,718	142,544	85,681
Minority interests		614	(2,163)	–	–

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

Cash Flow Statement For the Financial Year Ended 30 June 2007

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		3,512,887	2,351,536	2,299	–
Payments to suppliers and employees (inclusive of goods and services tax)		(3,255,111)	(2,176,709)	(3,782)	(63)
		257,776	174,827	(1,483)	(63)
Dividends received	24(B)	4,709	3,210	133,435	85,000
Purchase of shares to satisfy performance rights	18(A)	(660)	(7,622)	(660)	(7,622)
Interest received		9,069	5,311	648	2,483
Borrowing costs paid		(19,866)	(7,923)	(174)	(7,807)
Income taxes paid		(55,136)	(52,146)	(5,812)	(4,020)
Net cash inflow from operating activities	28	195,892	115,657	125,954	67,971
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of equity accounted associates, net of return of capital	24(I)	(13,052)	(328)	–	–
Proceeds from disposal of investments		4,600	200	–	–
Payments for acquisition of controlled entities	23	(860,939)	(61,491)	(477,871)	–
Cash balances in controlled entities acquired, net of overdraft		3,527	8,110	–	–
Payments for purchase of property, plant and equipment and intangible assets		(33,555)	(20,316)	–	–
Payments for assets under construction		(6,533)	(20,916)	–	–
Proceeds from sale of property, plant and equipment		203	418	–	–
Net cash outflow from investing activities		(905,749)	(94,323)	(477,871)	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity raising		481,259	–	481,259	–
Costs associated with equity raising		(11,104)	–	(11,104)	–
Repayment of borrowings		(823,467)	(113,336)	–	–
Proceeds from borrowings		1,216,979	162,678	–	–
Costs of bank facilities		(1,956)	–	–	–
Proceeds from finance lease		399	–	–	–
Loans to controlled entities		–	–	(190,418)	(110,195)
Loans from controlled entities repaid		–	–	172,870	105,391
Loans to related parties		(7,658)	(7,653)	–	–
Loans from related parties repaid		3,672	8,155	–	–
Dividends paid to the Company's shareholders	22	(103,554)	(63,535)	(103,702)	(63,535)
Dividends paid to minority interests		(1,608)	(2,793)	–	–
Net cash inflow/(outflow) from financing activities		752,962	(16,484)	348,905	(68,339)
NET INCREASE/(DECREASE) IN CASH		43,105	4,850	(3,012)	(368)
Cash at the beginning of the financial year		70,283	63,976	594	962
Effects of exchange rate changes on cash		(5,345)	1,457	–	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	**108,043**	**70,283**	**(2,418)**	**594**

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

1 CORPORATE INFORMATION

The financial report of WorleyParsons Limited for the financial year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 27 August 2007.

WorleyParsons Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: WOR).

The nature of the operations and principal activities of the Group are described in note 36.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

(i) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS) and the Corporations Act 2001.

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

(ii) Historical cost convention

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised 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 judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable in the relevant notes to the financial statements.

(B) STATEMENT OF COMPLIANCE

The financial report complies with AAS, which includes Australian equivalents to International Financial Reporting Standards (AIFRS). This report also complies with the International Financial Reporting Standards.

Certain standards and amendments for early adoption have not been applied by the consolidated entity in these financial statements. The impact is minor as they largely relate to disclosure. The more significant of these are:

(i) AASB 7 "Financial Instruments: Disclosures" (August 2005) replacing the presentation requirements of AASB 132 "Financial Instruments: Disclosure and Presentation". AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007; and

(ii) AASB 2005-10 "Amendments to Australian Accounting Standards (September 2005)" makes consequential amendments to AASB 132 "Financial Instruments: Disclosure and Presentation", AASB 101 "Presentation of Financial Statements", AASB 114 "Segment Reporting", AASB 117 "Leases", AASB 133 "Earnings per Share", AASB 139 "Financial Instruments: Recognition and Measurement", AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", AASB 4 "Insurance Contracts", AASB 1023 "General Insurance Contracts" and AASB 1038 "Life Insurance Contracts", arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

(iii) AASB 2007-3 "Amendments to Australian Accounting Standards (February 2007)" makes consequential amendments to AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", AASB 6 "Exploration for and Evaluation of Mineral Resources" AASB 8 "Operating Segments".

The consolidated entity plans to adopt AASB 7, AASB 2005-10, AASB 2007-3 and AASB 8 in the 2008 financial year.

The initial application of AASB 7, AASB 2005-10, AASB 2007-3 and AASB 8 are not expected to have an impact on the financial results of the Company and the consolidated entity as the standards and amendments are concerned only with disclosures.

(C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by WorleyParsons as at 30 June 2007 and the results of all controlled entities for the financial year then ended. WorleyParsons Limited and its controlled entities together are referred to in this financial report as the consolidated entity or the Group.

The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and consolidated balance sheet respectively.

(i) Controlled entities

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

(ii) Joint ventures

Jointly controlled operations and assets

The proportionate interests in the assets, liabilities and expenses of unincorporated joint ventures and jointly controlled assets have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures have been set out in note 25.

Jointly controlled entities

The interest in jointly controlled entities is carried at the lower of the equity accounted amount and the recoverable amount in the consolidated financial statements. The share of profits or losses of the entities is recognised in the consolidated income statement, and the share of movements in reserves is recognised in the consolidated balance sheet.

Profits or losses on transactions establishing joint venture partnerships and transactions with the joint ventures are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the jointly controlled entities on consumption or sale.

(iii) Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under this method, the consolidated entity's share of the post acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(D) EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by the employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, is used.

Employee benefits expenses and revenues arising in respect of wages and salaries, non-monetary benefits, leave entitlements and other types of entitlements are charged against profits on a net basis in their respective categories.

Equity based compensation scheme – performance rights
Performance rights (rights) over the ordinary shares of WorleyParsons Limited are granted to executive directors and other executives of the consolidated entity for nil consideration in accordance with performance guidelines approved by the Board. The fair values of the rights are being amortised on a straight line basis over their performance period. For share settled rights, the fair values of the rights are the share price at grant date adjusted for the impact of performance hurdles and other vesting or exercise criteria attached to the right. For cash settled rights, the fair values of the rights are recalculated at the end of each reporting period and amortised on a straight line basis over their vesting period. The accounting estimates and assumptions relating to rights would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(E) TAXES

(i) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to items recognised directly in equity are also recognised in equity and not in the income statement.

(ii) Tax consolidation
WorleyParsons Limited and its wholly owned Australian entities elected to form a tax consolidated group from 1 July 2003. The accounting policy in relation to this legislation is set out in note 2(E). On formation of the tax consolidated group, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, WorleyParsons Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate WorleyParsons Limited for any current tax payable assumed and are compensated by WorleyParsons Limited for any current tax loss, deferred tax assets and tax credits that are transferred to WorleyParsons Limited under the tax consolidation legislation. The tax consolidated current tax liability or current year tax loss and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The Group uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the Company is a stand alone taxpayer but modified as necessary to recognise membership of a tax consolidated group. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements which is determined having regard to membership of the tax consolidated group. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see notes 6 and 11).

In WorleyParsons Limited, there were no amounts recognised as tax consolidation contributions during the financial year (2006: $nil).

(iii) Goods and services tax (GST)

(a) Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(F) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is WorleyParsons' functional and presentation currency.

(ii) Translation of foreign currency transactions
Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates at balance date. Exchange gains and losses are brought to account in determining the profit and loss for the financial year.

(iii) Specific hedges
Hedging is undertaken to avoid or minimise potential adverse financial effects of movements in foreign currency exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions, are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale. The accounting policy note 2(AA) provides specific details on the calculation of these gains or losses.

(G) ACQUISITION OF ASSETS AND BUSINESS COMBINATIONS

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as determined by market valuation at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(H) REVENUE RECOGNITION

Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) Engineering design and project services

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Incentive payments on contracts are recognised as part of total contract revenue where it is probable that specified performance standards are met or exceeded and the amount of the incentive payment can be reliably measured.

For fixed price contracts, the stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned.

(ii) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(iii) Interest

Interest income is recognised as it accrues using the effective interest rate method.

(iv) Dividends

Control of a right to receive consideration for the investment in assets is attained, usually evidenced by approval of the dividend.

(I) TRADE AND OTHER RECEIVABLES

All trade receivables are recognised at the original amounts less an allowance for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect debts. The recoverable amount of trade receivables is reviewed on an ongoing basis.

Accrued receivables are stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's activities in general.

(J) INVENTORIES

(i) Raw materials and finished goods

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Consumables and stores

Consumables and stores are stated at the lower of cost and net realisable value and charged to specific contracts when used.

(iii) Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost comprises staff salary costs and direct expenses together with an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion.

(K) RECOVERABLE AMOUNT

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. In determining the recoverable amount, the expected cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(L) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. The expected useful lives for plant and equipment range from three to 10 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(M) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 (cash generating units).

(N) LEASEHOLD IMPROVEMENTS

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(O) LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Group as a lessor

Leases where the Group transfers substantially all the risks and rewards incident to ownership of an asset to the lessee or a third party are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognised.

Income on finance leases are recognised on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the finance lease.

Leases where the Group retains substantially all the risk and rewards incident to ownership of an asset are classified as operating leases. Operating lease rental revenue is recognised on a straight line basis.

(P) INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity or an associate. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates is included in investments in associates. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised, instead it is tested annually for any impairment in the carrying amount or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

(ii) Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit and loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. The amortisation period is between three to 15 years.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(Q) TRADE AND OTHER PAYABLES

Liabilities for trade payables and other amounts are carried 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 Company.

Payables to related parties are carried at principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(R) INTEREST BEARING LOANS AND BORROWINGS

Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loan using the effective interest method.

(S) PROVISIONS

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(i) Dividends payable

Provision is made for the amount of any dividends declared, determined or publicly recommended by the directors at or before the end of the financial year but not distributed at balance date.

(ii) Insurance

Provision for insurance liabilities is recognised in line with actuarial calculations of unsettled professional indemnity claims, net of insurance recoveries. The provision is based on the aggregate amount of individual claims incurred but not reported that are lower in value than the insurance deductible of the consolidated entity. It is based on the ultimate cost of settling claims and consideration is given to the ultimate claim size, future inflation as well as the levels of compensation awarded through the courts.

(iii) Warranties

Provision is made for the estimated liability on all products and services still under warranty at balance date. This provision is estimated having regard to prior service warranty experience. In calculating the liability at balance date, amounts were not discounted to their present value as the effect of discounting was not material. In determining the level of provision required for warranties, the Group has made judgements in respect of the expected performance and the costs of fulfilling the warranty. Historical experience and current knowledge has been used in determining this provision.

(iv) Insurance claims on acquisition
Provisions for insurance claims on acquisition are recognised based on the estimated liability at the date of acquisition.

(v) Deferred revenue
The Group at times receives payment for services prior to revenue being recognised in the financial statements. Revenue is classified as deferred due to the criteria required for its recognition not being met as at the reporting date, in line with the accounting policy set out in note 2(H).

(vi) Expected losses on contracts
Where the outcome for a services contract is expected to result in an overall loss over the life of the contract, this loss is provided for when it first becomes known that a loss will be incurred.

(vii) Restructurings
Provisions for restructurings are recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by:

(a) starting to implement the plan; or

(b) announcing its main features to those affected by it.

(T) REPAIRS AND MAINTENANCE

Repairs, minor renewals and improvements, and the purchase of minor items of tools and equipment are charged to expense as incurred. Major renewals and improvements are capitalised to the respective asset and depreciated.

(U) BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred, except when they are included in the costs of qualifying assets. Borrowing costs include:

(i) interest on bank overdrafts, short term and long term borrowings;

(ii) amortisation of discounts or premiums relating to borrowings; and

(iii) finance lease charges.

(V) CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are carried at their principal amount.

(W) OTHER INVESTMENTS

All other non-current investments are carried at the lower of cost or recoverable amount.

(X) ISSUED CAPITAL

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transactions costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(Y) EARNINGS PER SHARE

(i) Basic earnings per share
Basic earnings per share is determined by dividing the profit attributable to members of WorleyParsons Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share is calculated as profit attributable to members of WorleyParsons Limited adjusted for:

(a) costs of servicing equity (other than dividends);

(b) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

(c) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(Z) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(AA) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments such as forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. Such derivative financial instruments are stated at fair value.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(i) Forward exchange contracts
Forward exchange contracts are recognised at the date the contract is entered into. Exchange gains or losses on forward exchange contracts are recognised in the income statement except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale or purchase.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(ii) Fair value hedges
In relation to fair value hedges which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

(iii) Cash flow hedges
In relation to cash flow hedges to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the amounts recognised in equity are transferred to the income statement at balance date when the hedged firm commitment affects the profit or loss (e.g. when the future sale actually occurs).

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000

3 EXPENSES AND LOSSES/(GAINS)

Profit before income tax expense includes the following specific net gains and expenses:

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
NET GAINS					
Gain on sale of investment*		(2,300)	-	-	-
OTHER EXPENSES AND LOSSES					
Operating lease rentals – minimum lease payments		61,035	44,096	-	-
Performance rights		12,490	7,109	-	-
Provisions					
Deferred revenue	14	5,852	21,131	-	-
Warranties	14	5,388	(26)	-	-
Insurance	14	7,777	-		

* On 29 December 2006, WorleyParsons Projects Pty Limited, a wholly owned subsidiary of WorleyParsons Limited, sold its 50% holding of the B class shares in the issued capital of Esperance Power Station Pty Limited and Esperance Pipeline Company Pty Limited (Esperance). These shares were sold for $4.6 million, giving rise to a profit on disposal of $2.3 million. The Group retains its holding of 50% of the A class shares and the remaining 50% of the B class shares in Esperance. The A class shares hold the voting and current dividend rights. The B class shares have no voting rights and become entitled to dividends after certain profit levels are reached in the future. This transaction was settled in February 2007.

4 INCOME TAX

(A) INCOME TAX EXPENSE

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Current tax		75,657	69,731	(413)	(357)
Deferred tax		7,784	(12,707)	1,137	(1,257)
(Over)/under provision in previous financial periods		(3,556)	(1,881)	672	(142)
Income tax expense/(benefit)		79,885	55,143	1,396	(1,756)
Deferred income tax expense/(revenue) included in income tax expense comprises:					
(Increase)/decrease in deferred tax assets		(10,795)	(16,070)	461	(546)
Increase/(decrease) in deferred tax liabilities		18,579	3,363	676	(711)
Deferred tax		7,784	(12,707)	1,137	(1,257)

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

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Profit before income tax expense		306,205	196,885	135,848	79,621
At the Group's statutory income tax rate of 30% (2006: 30%)		91,862	59,066	40,754	23,886
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:					
Rebateable dividends		-	-	(40,030)	(25,500)
Non deductible performance rights		6,845	-	-	-
Share of profits of associates accounted for using the equity method		(5,906)	(3,860)	-	-
Non deductible legal and professional fees		-	191	-	-
Research and development concession		(4,033)	(9,941)	-	-
US machinery rebate		(572)	212	-	-
Other		364	2,475	-	-
		88,560	48,143	724	(1,614)
Tax clearance received for items previously not treated as deductible		-	(1,318)	-	-
Benefit from income tax and capital losses not previously recognised		(11,160)	(735)	-	-
Unrecognised tax losses		-	3,231	-	-
(Over)/under provision in previous financial periods		(3,556)	(1,881)	672	(142)
Difference in overseas tax rates*		6,041	7,703	-	-
Income tax expense/(benefit)		79,885	55,143	1,396	(1,756)

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

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Current tax – credited directly to equity	18	153	1,231	153	1,231

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000

4 INCOME TAX (continued)

(D) TAX LOSSES

The Group has tax losses for which no deferred tax asset is recognised on the balance sheet.

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Unused tax losses for which no deferred tax asset has been recognised		11,461	6,527	–	–
Potential tax benefit at 30%		3,438	1,958	–	–

The benefit for tax losses will only be recognised 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 realised; or

(ii) the losses are transferred to an eligible entity in the consolidated entity; and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

5 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Cash and cash equivalents		118,643	78,212	–	594

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Cash at bank and on hand		118,643	78,212	–	594
Cash and cash equivalents		118,643	78,212	–	594
Bank overdraft	12	(10,600)	(7,929)	(2,418)	–
Balance per cash flow statement		108,043	70,283	(2,418)	594

6 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Trade receivables		437,422	290,981	–	–
Retentions		7,586	13,035	–	–
Allowance for doubtful debts		(13,773)	(17,472)	–	–
		431,235	286,544	–	–
Other receivables		28,089	15,044	275	13,879
Amounts owing by related parties and associates	35(C)	47,370	28,431	187,591	143,728
		506,694	330,019	187,866	157,607

(A) BAD AND DOUBTFUL TRADE RECEIVABLES

The Group has recognised net income of $2.1 million (2006: $4.9 million expense) in respect of bad and doubtful trade receivables recovered during the financial year ended 30 June 2007.

(B) OTHER RECEIVABLES

These amounts generally arise from transactions outside the usual operating activities of the Group.

7 CURRENT ASSETS – INVENTORIES

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Raw materials and finished goods at cost	912	1,359	–	–
Work in progress at cost	313,422	180,583	–	–
	314,334	181,942	–	–

8 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
LAND AND BUILDINGS				
At cost	890	1,039	–	–
Accumulated depreciation	(48)	(21)	–	–
	842	1,018	–	–
LEASEHOLD IMPROVEMENTS				
At cost	35,253	26,232	–	–
Accumulated amortisation	(18,131)	(19,062)	–	–
	17,122	7,170	–	–
PLANT AND EQUIPMENT				
At cost	60,633	40,439	–	–
Accumulated depreciation	(33,520)	(25,695)	–	–
	27,113	14,744	–	–
COMPUTER EQUIPMENT				
At cost	50,657	40,442	–	–
Accumulated depreciation	(32,467)	(29,009)	–	–
	18,190	11,433	–	–
CAPITAL WORK IN PROGRESS				
At cost	–	28,274	–	–
Impairment of asset	–	(1,915)	–	–
	–	26,359	–	–
Total property, plant and equipment	63,267	60,724	–	–

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years are set out below:

		CONSOLIDATED					
	NOTES	LAND AND BUILDINGS $'000	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	COMPUTER EQUIPMENT $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
Balance at 1 July 2006		1,018	7,170	14,744	11,433	26,359	60,724
Additions due to the acquisition of entities	23	–	5,173	8,947	6,070	–	20,190
Additions		–	9,831	18,639	2,525	6,533	37,528
Transfers		(9)	(475)	484	–	–	–
Disposals		–	(55)	(31)	(299)	–	(385)
Transfer to finance lease receivable		–	–	–	–	(32,892)	(32,892)
Depreciation		(39)	–	(15,741)	(1,204)	–	(16,984)
Amortisation		–	(4,268)	–	–	–	(4,268)
Differences arising on translation of foreign operations		(128)	(254)	71	(335)	–	(646)
Balance at 30 June 2007		842	17,122	27,113	18,190	–	63,267
Balance at 1 July 2005		61	6,404	11,081	8,189	5,443	31,178
Additions due to the acquisition of entities		545	–	1,903	2,002	–	4,450
Additions		419	4,094	8,264	6,231	22,831	41,839
Disposals		–	–	(566)	–	–	(566)
Depreciation		(11)	–	(6,472)	(5,687)	–	(12,170)
Amortisation		–	(3,461)	(89)	–	–	(3,550)
Impairment		–	–	–	–	(1,915)	(1,915)
Differences arising on translation of foreign operations		4	133	623	698	–	1,458
Balance at 30 June 2006		1,018	7,170	14,744	11,433	26,359	60,724

9 NON CURRENT ASSETS – INTANGIBLE ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
GOODWILL				
At cost	1,332,537	378,189	–	–
Accumulated impairment	(982)	(982)	–	–
	1,331,555	377,207	–	–
CUSTOMER CONTRACTS AND RELATIONSHIPS				
At cost	79,442	–	–	–
Accumulated amortisation	(4,911)	–	–	–
	74,531	–	–	–
TRADE NAMES				
At cost	66,003	35,000	–	–
Accumulated amortisation	(11,870)	(8,167)	–	–
	54,133	26,833	–	–
FAVOURABLE PROPERTY LEASES				
At cost	10,497	–	–	–
Accumulated amortisation	(650)	–	–	–
	9,847	–	–	–
*COMPUTER SOFTWARE**				
At cost	30,936	16,187	–	–
Accumulated amortisation	(16,771)	(12,292)	–	–
	14,165	3,895	–	–
OTHER				
At cost	4,694	–	–	–
Accumulated amortisation	(1,026)	–	–	–
	3,668	–	–	–
Total intangible assets	1,487,899	407,935	–	–

* The comparative figures have been restated from those previously disclosed, to reclassify items of computer software from property, plant and equipment to intangible assets. This restatement has increased the costs of the computer software intangible assets by $16.2 million and accumulated amortisation by $12.3 million, for the financial year ended 30 June 2006.

RECONCILIATIONS

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

	CONSOLIDATED						
	GOODWILL $'000	CUSTOMER CONTRACTS AND RELATIONSHIP $'000	TRADE NAME $'000	FAVOURABLE PROPERTY LEASE $'000	COMPUTER SOFTWARE $'000	OTHER $'000	TOTAL $'000
Balance at 1 July 2006	377,207	–	26,833	–	3,895	–	407,935
Additions due to the acquisition of entities	974,248	78,237	30,519	10,300	8,287	4,690	1,106,281
Additions	–	–	–	–	3,932	–	3,932
Differences arising on translation of foreign operations	(19,900)	1,175	455	184	(221)	70	(18,237)
Amortisation	–	(4,881)	(3,674)	(637)	(1,728)	(1,092)	(12,012)
Balance at 30 June 2007	1,331,555	74,531	54,133	9,847	14,165	3,668	1,487,899
Balance at 1 July 2005	313,149	–	28,583	–	3,048	–	344,780
Additions due to the acquisition of entities	55,388	–	–	–	–	–	55,388
Additions	–	–	–	–	1,308	–	1,308
Disposals	(199)	–	–	–	–	–	(199)
Differences arising on translation of foreign operations	11,230	–	–	–	45	–	11,275
Adjustment to pre-acquisition provisions	(2,361)	–	–	–	–	–	(2,361)
Amortisation	–	–	(1,750)	–	(506)	–	(2,256)
Balance at 30 June 2006	377,207	–	26,833	–	3,895	–	407,935

Identifiable intangible assets with finite lives are carried at cost less accumulated amortisation and adjusted for any accumulated impairment loss. The assets are assessed at each reporting date as to whether there is any indication that the asset may be impaired. Goodwill is an intangible asset which is tested annually for impairment. The recoverable amount test is based on a value in use calculation. These calculations use cash flow projections based on financial forecasts of how the business is expected to operate based on current performance and the business environment but taking into account expected future changes.

Key assumptions used for impairment testing for the financial year ended 30 June 2007 include pre tax discount rates (8.9% to 14.0%) per annum, expected future profits and future nominal growth rates (5% to 10%) per annum without reinvestment. Sensitivity analysis is used to determine whether the carrying value is supported under different assumptions.

Goodwill is not impaired at reporting date. The business segments form the basis of the cash generating units. Intangible assets including goodwill are disclosed by segment in note 36.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
10 NON CURRENT ASSETS – DEFERRED TAX ASSETS				
The balance comprises temporary differences attributable to:				
Amounts recognised in the income statement:				
Allowance for doubtful debts	2,986	4,487	–	–
Employee benefits provision	13,063	9,859	–	–
General and sundry accruals	2,292	1,853	–	–
Insurance provision	1,110	639	–	–
Performance rights	–	2,511	–	–
Warranty provision	3,241	2,656	–	–
Project provisions	1,484	1,761	–	–
Lease incentives	1,040	1,167	–	–
Interests in partnerships	7,565	1,011	–	–
Subsidiary earnings not distributed	–	825	–	–
Fixed assets	4,201	–	–	–
Recognised tax losses	824	–	–	–
Unrealised foreign exchange losses	675	1,698	85	546
Other	942	161	–	–
	39,423	28,628	85	546
Amounts recognised directly in equity:				
Costs associated with the Initial Public Offering	–	375	–	375
Costs associated with the Parsons E&C acquisition	1,015	1,522	1,015	1,522
Cash flow hedges	105	232	–	–
Capital foreign exchange losses	2,900	1,038	–	–
	4,020	3,167	1,015	1,897
Net deferred tax assets	43,443	31,795	1,100	2,443
Balance at the beginning of the financial year	31,795	15,364	2,443	2,806
Credited to the income statement	10,795	16,070	(461)	546
Credited/(charged) to equity	853	361	(882)	(909)
Balance at the end of the financial year	43,443	31,795	1,100	2,443

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
11 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES					
Trade payables and accruals		307,446	209,149	–	–
Payables to related parties and associates	35(C)	10,927	17,182	–	–
Billings in advance		19,070	12,388	–	–
Accrued staff costs		62,504	52,239	7,746	6,549
		399,947	290,958	7,746	6,549
12 CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS					
Bank overdraft		10,600	7,929	2,418	–
Bank loans					
– Secured bank loan	15	1,002	475	–	–
– Unsecured bank loan	15	5,907	36,622	–	–
Promissory notes		10,410	–	–	–
Lease and hire purchase liabilities		493	449	–	–
		28,412	45,475	2,418	–

BANK OVERDRAFT
The Bank overdraft facilities can be drawn at any time subject to the terms and conditions set out in the facility agreement. This instrument is subject to negative pledge arrangements which require WorleyParsons to comply with certain minimum financial requirements.

PROMISSORY NOTE
The promissory note of 4.5 billion Chilean Pesos (A$10.4 million) is an unsecured fixed interest rate facility.

	CONSOLIDATED 2007	CONSOLIDATED 2006	PARENT ENTITY 2007	PARENT ENTITY 2006
13 CURRENT LIABILITIES – INCOME TAX PAYABLE				
Income tax payable/(benefit)	33,426	20,759	(1,358)	5,230
14 CURRENT LIABILITIES – PROVISIONS				
Employee benefits	86,046	54,481	–	–
Deferred revenue	56,898	69,359	–	–
Insurance	16,133	6,389	–	–
Warranties	22,815	6,879	–	–
Deferred consideration	19,644	7,597	–	–
Other	7,008	2,110	–	–
	208,544	146,815	–	–

MOVEMENTS IN PROVISIONS

	CONSOLIDATED				
	DEFERRED REVENUE $'000	INSURANCE $'000	WARRANTIES $'000	DEFERRED CONSIDERATION $'000	OTHER $'000
Carrying amount at 1 July 2006	69,359	6,389	6,879	7,597	2,110
Provision from entities acquired	430	1,915	324	-	-
Additional provision	37,361	11,357	5,388	9,378	5,211
Transfer from non-current liability (note 17)	-	-	14,664	10,060	-
Difference arising from translation of foreign operations	(7,993)	52	(846)	(699)	(276)
Release of unused provision	(31,509)	(3,580)	-	-	-
Amounts utilised	(10,750)	-	(3,594)	(6,692)	(37)
Carrying amount at 30 June 2007	56,898	16,133	22,815	19,644	7,008

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

15 NON CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS

Lease liabilities	334	428	-	-
Notes payable	413,467	-	-	-
Bank loan				
– Secured bank loan	23,640	19,615	-	-
– Unsecured bank loan, net of borrowing costs	50,974	66,426	-	-
	488,415	86,469	-	-

NOTES PAYABLE US$

Unsecured notes payable were issued in the United States private debt capital market. The issue comprised US$40 million at floating rates maturing in May 2012, US$140.5 million maturing in May 2014 with a fixed coupon of 5.61% and US$169.5 million maturing in May 2017 with a fixed coupon of 5.75%. These notes are subject to negative pledge arrangements which require WorleyParsons to comply with certain minimum financial requirements.

UNSECURED BANK LOAN

The bank loan of US$50.0 million is a floating interest rate term loan facility. This instrument is subject to negative pledge arrangements which required WorleyParsons to comply with certain minimum financial requirements. This facility is repayable so that the aggregate facility commitment does not exceed the following amounts on the following dates:

3.5 years from 12 November 2004	US$45 million
4 years from 12 November 2004	US$40 million
4.5 years from 12 November 2004	US$35 million
5 years from 12 November 2004	-

SECURED BANK LOAN

Secured bank loan of A$24.6 million is a fixed and floating interest rate term loan facility. This bank loan is secured by the assets of Exmouth Power Station Pty Limited. The terms of the loan facility precludes the assets from being used as a security for other debt within the Group. The loan facility requires the assets to be insured.

		CONSOLIDATED		PARENT ENTITY	
	NOTES	2007 $'000	2006 $'000	2007 $'000	2006 $'000

16 NON CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:					
Amounts recognised in the income statement:					
Unrealised foreign exchange gains		975	188	676	-
Prepayments and other		4,536	-	-	-
Identifiable intangible assets amortisation		46,440	8,050	-	-
Goodwill deductible for tax purposes		13,101	9,459	-	-
Accrued billings		4,944	5,797	-	-
Work in progress accruals		28,194	11,434	-	-
		98,190	34,928	676	-
Amounts recognised directly in equity:					
Cash flow hedges		1,504	190	-	-
Capital foreign exchange gains		676	47	-	-
		2,180	237	-	-
Net deferred tax liabilities		100,370	35,165	676	-
Balance at the beginning of the financial year		35,165	25,665	-	711
Charged/(credited) to the income statement		18,579	3,363	676	(711)
Goodwill deductible for tax purposes		3,642	5,900	-	-
Charged to equity		1,943	237	-	-
Acquisition of controlled entities		41,041	-	-	-
Balance at the end of the financial year		100,370	35,165	676	-

17 NON CURRENT LIABILITIES – PROVISIONS

Employee benefits		5,735	6,916	-	-
Claims acquired on acquisition		11,813	13,539	-	-
Deferred revenue and warranties		13,276	28,436	-	-
Deferred consideration	23(F)	5,154	10,773	-	-
Other		1,067	989	-	-
		37,045	60,653	-	-

MOVEMENTS IN PROVISIONS

	CONSOLIDATED			
	CLAIMS ACQUIRED ON ACQUISITION $'000	DEFERRED REVENUE AND WARRANTIES $'000	DEFERRED CONSIDERATION $'000	OTHER $'000
Carrying amount at 1 July 2006	13,539	28,436	10,773	989
Additional provision	-	-	5,475	448
Transfer to current liability	-	(14,664)	(10,060)	-
Difference arising from translation of foreign operations	(1,726)	(496)	(1,034)	29
Amounts utilised	-	-	-	(399)
Carrying amount at 30 June 2007	11,813	13,276	5,154	1,067

18 ISSUED CAPITAL

	2007		2006	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
Ordinary shares, fully paid[1,2]	240,572,286	1,128,486	204,558,651	327,103
Special voting share	1	-	-	-
	240,572,287	1,128,486	204,558,651	327,103

1 Included in ordinary shares are 12,306,499 (2006: nil) 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 293,212 (2006: 391,947) shares in the Company which has been consolidated and eliminated in accordance with the accounting standards.

(A) MOVEMENTS IN SHARES

	2007 NUMBER OF SHARES	2007 $'000	2006 NUMBER OF SHARES	2006 $'000
Balance at the beginning of the financial year	204,558,651	327,103	204,558,651	332,517
Ordinary shares issued	22,985,426	481,259	-	-
Exchangeable shares issued	12,306,499	329,814	-	-
Transaction costs, net of tax	-	(11,104)	-	-
Purchase of shares to satisfy performance rights	-	(660)	-	(7,622)
Tax effect of purchase of shares to satisfy performance rights	-	153	-	1,231
Issuance of special voting share	1	-	-	-
Transfer from performance rights reserve on purchase and issuance of shares	721,710	1,921	-	977
Balance at the end of the financial year	240,572,287	1,128,486	204,558,651	327,103

(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 subject to escrow arrangements.

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 WorleyParsons, entitle their holders to vote at WorleyParsons' general meetings as though they hold ordinary shares. During the financial year ended 30 June 2007 nil exchangeable shares were exchanged, redeemed, cancelled or forfeited.

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 WorleyParsons' 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 exchangeable.

(C) SHARE OPTIONS

Options over ordinary shares

There are no unissued ordinary shares of WorleyParsons Limited under option as at the date of this report (2006: nil). No options have been granted during or since the end of the financial year.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
19 RESERVES				
Foreign currency translation reserve	(25,661)	(2,703)	-	-
Hedge reserve	4,588	572	-	-
Asset revaluation reserve	1,200	-	-	-
Performance rights reserve	11,993	5,822	11,993	5,822
	(7,880)	3,691	11,993	5,822

(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 operations.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Balance at the beginning of the financial year	(2,703)	(15,489)	-	-
(Loss)/gain on translation of foreign controlled entities and associates	(22,958)	12,786	-	-
Balance at the end of the financial year	(25,661)	(2,703)	-	-

(B) HEDGE RESERVE

The hedge reserve is used to record gains or losses on hedging instruments used in the cash flow hedges that are recognised directly in equity, as described in note 2(AA). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Balance at the beginning of the financial year	572	(151)	-	-
Gain/(loss) on foreign exchange hedges, net of tax	2,678	(758)	-	-
Gain on interest rate hedges, net of tax	636	753	-	-
Share of interest rate hedges recognised in associates	702	728	-	-
Balance at the end of the financial year	4,588	572	-	-

19 RESERVES (continued)

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
(C) ASSET REVALUATION RESERVE				
Balance at the beginning of the financial year	–	–	–	–
Asset revaluation reserve of existing investment on acquisition	2,005	–	–	–
Transfer to retained profits on disposal of investment	(805)	–	–	–
Balance at the end of the financial year	1,200	–	–	–

(D) PERFORMANCE RIGHTS RESERVE

The rights reserve is used to recognise the fair value of performance rights issued but not satisfied.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Balance at the beginning of the financial year	5,822	2,495	5,822	2,495
Performance rights expense	8,092	4,304	8,092	4,304
Transfer to issued capital on purchase and issuance of shares to satisfy performance rights	(1,921)	(977)	(1,921)	(977)
Balance at the end of the financial year	11,993	5,822	11,993	5,822

20 RETAINED PROFITS

	Note	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Balance at the beginning of the financial year		142,993	67,422	70,779	52,937
Profit attributable to members of WorleyParsons Limited		224,766	139,106	134,452	81,377
Transfer from asset revaluation reserve		805	–	–	–
Dividends paid	22	(103,554)	(63,535)	(103,702)	(63,535)
Balance at the end of the financial year		265,010	142,993	101,529	70,779

21 EARNINGS PER SHARE

	CONSOLIDATED 2007	CONSOLIDATED 2006
ATTRIBUTABLE TO MEMBERS		
Basic earnings per share (cents)	101.8	66.3
Diluted earnings per share (cents)	100.4	66.3

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

	CONSOLIDATED 2007	CONSOLIDATED 2006
Earnings used in calculating basic and diluted earnings per share ($'000)	224,766	139,106
Weighted average number of ordinary securities used in calculating basic earnings per share	220,812,863	209,724,787
Bonus element of performance rights which are considered dilutive	3,054,035	–
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	223,866,898	209,724,787

The weighted average number of converted, lapsed or cancelled potential ordinary shares used in diluted earnings per share was 521,467 (2006: nil).

Previously, shares to be issued associated with WorleyParsons performance rights program were not included as dilutive potential ordinary shares in the dilutive EPS calculation as it was expected that upon exercise of any equity settled rights, the Company would purchase the required shares on market, rather than issue new shares and dilute the total number of shares. This assumption has changed and it is now assumed that the Company may issue new shares to fulfil these rights. On this basis the performance rights, which can be settled with equity, are now treated as potential ordinary shares when calculating diluted EPS.

Basic and diluted earnings per share for the financial year ended 30 June 2006 have been restated for the bonus element of the renounceable rights issue of 5.2 million shares as a result of the Colt Group acquisition. Basic earnings per share has been restated from 68.0 cents to 66.3 cents and diluted earnings per share has been restated from 67.9 cents to 66.3 cents.

22 DIVIDENDS

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
(A) FINAL DIVIDEND PROPOSED				
Dividend in respect of the six months to 30 June 2007:				
Parent entity 32.5 cents per share (9.5 cents franked)	78,186	–	78,281	–
Dividend in respect of the six months to 30 June 2006:				
Parent entity 22.5 cents per share (7.7 cents franked)	–	46,048	–	46,114

Dividends will be paid on 25 September 2007. Dividends paid by the parent entity are franked at the corporate tax rate of 30%. The record date for the 2007 final dividend will be 11 September 2007.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
(B) DIVIDENDS PAID DURING THE YEAR				
Dividends in respect of the six months to 31 December 2006:				
Parent entity 28.0 cents per share (5.4 cents franked)	57,506	–	57,588	–
Dividend in respect of the six months to 30 June 2006:				
Parent entity 22.5 cents per share (7.7 cents franked)	46,048	–	46,114	–
Dividend in respect of the six months to 31 December 2005:				
Parent entity 18.5 cents per share (5.4 cents franked)	–	37,916	–	37,916
Dividend in respect of the six months to 30 June 2005:				
Parent entity 12.5 cents per share (12.5 cents franked)	–	25,619	–	25,619
	103,554	63,535	103,702	63,535
(C) FRANKING CREDIT BALANCE OF THE PARENT ENTITY				
The amount of franking credits available on a tax paid basis for future distributions are:				
Franking credits balance as at the end of the financial year at the corporate tax rate of 30% (2006: 30%)	9,853	2,202	9,853	2,202
Franking credits arising from the refund/payment of income tax received/provided in this financial report	81	4,519	81	4,519
Franking credits available for distribution	9,934	6,721	9,934	6,721
Franking debits that will arise from the payment of the final dividend	(9,795)	(6,753)	(9,795)	(6,753)
Franking credits/(debits) available for future dividends	139	(32)	139	(32)

23 INVESTMENTS IN CONTROLLED ENTITIES

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES:

ENTITY	NOTES	COUNTRY OF INCORPORATION/ ESTABLISHMENT	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2007 %	2006 %
ACN 009 009 643 Pty Limited	1	Australia	100	100
ACN 009 265 927 Pty Limited	1	Australia	100	100
Australian Biodiesel Pty Limited	1	Australia	51	51
Braeside Properties Limited	6	Canada	100	–
Cadskills Pte Limited		Singapore	100	100
Colt-CGSL Partnership, The	6	Canada	100	–
Colt Companies LP, The	6	Canada	100	–
Colt Construction Inc	1, 6	Canada	100	–
Colt Engineering Corporation	6	Canada	100	–
Colt Engineering (International) Limited	6	Canada	100	–
Colt Engineering (Ontario) Corporation	6	Canada	100	–
Colt Engineering Inc	6, 7	USA	100	–
Colt Geomatic Solutions Limited	6	Canada	100	–
Colt Technical Services Limited	6	Barbados	100	–
Colt Technologies Inc	6	Canada	100	–
Cord Projects Limited	6	Canada	100	–
CTR Solutions Pty Limited	1	Australia	100	100
Damit WorleyParsons Engineering Sdn Bhd		Brunei	70	70
EFC Capital Limited	1	Cyprus	100	100
Energy Resourcing Australia Pty Limited	(a)	Australia	100	100
Energy Resourcing Singapore Pte Limited		Singapore	100	–
EnergySkills Recruitment (Thailand) Limited		Thailand	100	100
Engineering Securities Pty Limited atf The Worley Limited Trust		Australia	100	100
Exmouth Power Station Pty Limited		Australia	100	100
Fraser Worley Pty Limited	1	Australia	100	100
Holbourn Pty Limited atf The WorleyParsons Limited Plans Trust		Australia	100	100
John Thompson Engineering Pty Limited	5	Australia	100	50
Jones & Jones Engineering Design Pty Limited		Australia	100	100
Komex (Cyprus) Limited	3	Cyprus	100	100
Komex Environmental (Ireland) Limited	3	Ireland	100	100
Komex Iberica Ambiental SL	3	Spain	100	100
MaisonParsons (Beijing) Engineering & Technology Co Limited	3	People's Republic of China	75	75
Mar WorleyParsons, SA de CV		Mexico	55	55
Maxview Engineering Limited	3	Hong Kong	100	100
MEG Plus Limited		Canada	100	100
Pars Worley Qeshm Limited	2	Iran	–	60
Parsons E&C Construction Services Inc		USA	100	100
Parsons E&C de Mexico SA de CV		Mexico	100	100
Parsons E&C United Limited		Saudi Arabia	100	100
Parsons Energy & Chemicals Group Limited		Cayman Islands	100	100
Parsons Group International Zagreb doo	1, 3	Croatia	100	100
Parsons Power Group Inc		USA	100	100
Parsons Proceso y Asociados SA	1	Columbia	71	71
Parsons Tecnica de Venezuela, CA		Venezuela	100	100
PCT Pollution Control Technology Limited		Canada	100	100
Pollution Control Technologies Inc		USA	100	100
Pollution Control Technologies Limited		United Kingdom	100	100
PT WorleyParsons Indonesia	(b)	Indonesia	100	100
Sea Engineering India Pvt Limited		India	100	–
Sinn Phan Thavee Co Limited		Thailand	100	100
SIP Engineering Corporation		USA	100	100
SolarRem Corporation		USA	100	100
Worley & Partners Engineering Consultancy LLC		Oman	60	60
Worley Astron Pty Limited		Australia	100	100
Worley International Inc		USA	100	100
Worley No 2 Pty Limited	4	Australia	100	100
Worley SAFF Qeshm Limited		Iran	60	60
Worley SPV1 Pty Limited		Australia	100	100
Worley SPV2 Pty Limited		Australia	100	100
Worley UK Finance Pty Limited		Australia	100	100
Worley US Finance Pty Limited		Australia	100	100
WorleyParsons (AES) Pte Limited		Singapore	100	100
WorleyParsons Angola Limitada		Angola	51	–
WorleyParsons (DRPL) Pte Limited		Singapore	100	100
WorleyParsons (Thailand) Limited		Thailand	100	100
WorleyParsons Asset Management Pty Limited	(c)	Australia	100	75
WorleyParsons Australia Inc		USA	100	100
WorleyParsons Canada Callco Limited		Canada	100	–
WorleyParsons Canada Finance Pty Limited		Australia	100	100
WorleyParsons Canada Finance No 2 Pty Limited		Australia	100	–
WorleyParsons Canada GP Limited		Canada	100	–
WorleyParsons Canada Holdings Pty Limited		Australia	100	–
WorleyParsons Canada Limited		Canada	100	100
WorleyParsons Canada LP Limited		Canada	100	–
WorleyParsons Canada Pty Limited		Australia	100	–
WorleyParsons Canada SPV Limited		Canada	100	–
WorleyParsons Construction Services of Louisiana Inc		USA	100	100
WorleyParsons Constructors Inc		USA	100	100
WorleyParsons Corporation		USA	100	100

23 INVESTMENTS IN CONTROLLED ENTITIES (continued)

(A) WORLEYPARSONS LIMITED GROUP ACCOUNTS INCLUDE A CONSOLIDATION OF THE FOLLOWING ENTITIES (continued):

ENTITY	NOTES	COUNTRY OF INCORPORATION/ ESTABLISHMENT	BENEFICIAL INTEREST HELD BY CONSOLIDATED ENTITY 2007 %	2006 %
WorleyParsons Developments Pty Limited		Australia	100	100
WorleyParsons do Brasil Engenharia Limitada		Brazil	100	100
WorleyParsons E&C of Canada Limited		Canada	100	100
WorleyParsons EAMES Holdings Limited		United Kingdom	100	100
WorleyParsons Egypt Limited		Egypt	100	100
WorleyParsons Energy Services Company		USA	100	100
WorleyParsons Energy Services LLC		USA	100	100
WorleyParsons Engineering (India) Pvt Limited		India	100	100
WorleyParsons Engineering Pty Limited	4	Australia	100	100
WorleyParsons Engineers Egypt Limited	3, (d)	Egypt	100	100
WorleyParsons Engineers Limited		Cayman Islands	100	100
WorleyParsons Europe Energy Services Limited	3, (e)	Bulgaria	100	100
WorleyParsons Europe Limited		United Kingdom	100	100
WorleyParsons Financial Services Pty Limited	4	Australia	100	100
WorleyParsons GCT Inc	(f)	USA	100	100
WorleyParsons Germany GmbH		Germany	100	–
WorleyParsons Global Pty Limited		Australia	100	–
WorleyParsons Group Inc		USA	100	100
WorleyParsons Gulf Coast Services Inc		USA	100	100
WorleyParsons HK Limited		Hong Kong	100	100
WorleyParsons Holding Pty Limited atf the WP Holding Trust		Australia	100	100
WorleyParsons Infrastructure (M) Sdn Bhd		Malaysia	100	100
WorleyParsons Infrastructure Holdings Pty Limited		Australia	100	100
WorleyParsons International		USA	100	100
WorleyParsons International Inc		USA	100	100
WorleyParsons International Infrastructure Pty Limited		Australia	100	100
WorleyParsons Italy SRL		Italy	100	–
WorleyParsons Kazakhstan LLP	3	Republic of Kazakhstan	100	100
WorleyParsons Komex Inc		USA	100	100
WorleyParsons Komex Limited		United Kingdom	100	100
WorleyParsons Limitada		Chile	100	100
WorleyParsons Malta Holdings Limited		Malta	100	100
WorleyParsons Malta Limited		Malta	100	100
WorleyParsons of Michigan Inc		USA	100	–
WorleyParsons of New York, Inc	(g)	USA	100	100
WorleyParsons of North Carolina Inc	1	USA	100	100
WorleyParsons of Virginia Inc	1	USA	100	100
WorleyParsons Oman Engineering LLC	3	Oman	51	51
WorleyParsons Philippines Inc		Philippines	100	100
WorleyParsons Projects Pty Limited	5, (h)	Australia	100	50
WorleyParsons Pte Limited		Singapore	100	100
WorleyParsons Qatar WLL		Qatar	100	100
WorleyParsons Risk Management Limited		Bermuda	100	100
WorleyParsons Sdn Bhd		Malaysia	100	100
WorleyParsons Sea, Inc		USA	100	–
WorleyParsons SEA Pty Limited		Australia	100	100
WorleyParsons Services Inc		USA	100	100
WorleyParsons Services Pty Limited	4	Australia	100	100
WorleyParsons Services Sdn Bhd	(i)	Malaysia	100	100
WorleyParsons Singapore Holding Pte Limited		Singapore	100	100
WorleyParsons South America Holdings Limited		Australia	100	100
WorleyParsons South Carolina Inc	1	USA	100	100
WorleyParsons Technologies Pty Limited		Australia	100	100
WorleyParsons Trinidad Limited		Trinidad	100	100
WorleyParsons US Holding Corporation		USA	100	100
WorleyParsons West Inc		USA	100	100
WP Infrastructure Developments Pty Limited		Australia	100	100
WP Management Pty Limited atf The WP Management Trust		Australia	100	100
WPES International LLC		USA	100	100
WPES Tecnica de Venezuela CA		Venezuela	100	100

1 Dormant company.
2 Liquidated during the financial year.
3 Balance date is 31 December.
4 Entities subject to Class Order relief.
5 Acquired control during the financial year.
6 Entities acquired as part of the Colt Group acquisition.
7 Balance date is 31 January.
(a) Previously named Source Personnel Pty Limited.
(b) Previously named PT Ceria Worley.
(c) Previously named BRW Power Generation (Esperance) Pty Limited.
(d) Previously named Komex Egypt Limited.
(e) Previously named Parsons E&C Bulgaria Limited.
(f) Previously named HGE Inc.
(g) Previously named Gilbert/Commonwealth, Inc.
(h) Previously named Burns & Roe Worley Pty Limited.
(i) Previously named WorleyParsons SRM Sdn Bhd.

(B) WORLEYPARSONS LIMITED PARENT ACCOUNTS INCLUDE INVESTMENTS IN THE FOLLOWING ENTITIES:

ENTITY	COUNTRY OF INCORPORATION	COST OF PARENT ENTITY'S INVESTMENT 2007 $'000	2006 $'000
Engineering Securities Pty Limited atf The Worley Limited Trust	Australia	94,660	94,660
WorleyParsons Canada Callco Limited	Canada	329,814	–
WorleyParsons Canada Holdings Pty Limited	Australia	197,941	–
WorleyParsons Financial Services Pty Limited	Australia	440,109	160,179
Total		1,062,524	254,839

(C) CLOSED GROUP

Pursuant to Class Order 98/1418, relief has been granted to WorleyParsons Services Pty Limited, Worley No 2 Pty Limited, WorleyParsons Engineering Pty Limited and WorleyParsons Financial Services Pty Limited from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports. As a condition of the Class Order, WorleyParsons Limited together with the parties noted entered into a Deed of Cross Guarantee on 26 May 2003. The effect of the deed is that WorleyParsons Limited has guaranteed to pay any deficiency in the event of the winding up of the abovementioned controlled entities. The controlled entities have also given a similar guarantee in the event that WorleyParsons Limited is wound up. The consolidated income statement and balance sheet of the entities which are parties to the Deed of Cross Guarantee and The Worley Limited Trust (Closed Group) are as follows:

	CLOSED GROUP 2007 $'000	2006 $'000
INCOME STATEMENT		
Profit before income tax expense	173,480	109,177
Income tax expense	(26,861)	(10,354)
Profit after tax	146,619	98,823
Profit attributable to members of WorleyParsons Limited	146,619	98,823
Retained profits at the beginning of the financial year	60,925	25,637
Dividends paid	(103,702)	(63,535)
Retained profits at the end of the financial year	103,842	60,925

	CLOSED GROUP 2007 $'000	2006 $'000
BALANCE SHEET		
ASSETS		
Current assets		
Cash and cash equivalents	20,107	20,511
Trade and other receivables	723,350	166,068
Inventories	96,743	59,740
Income tax benefit	7,880	–
Other current assets	4,686	3,809
Total current assets	852,766	250,128
Non current assets		
Equity accounted associates	10,788	8,786
Property, plant and equipment	10,601	5,467
Intangible assets	62,064	55,712
Deferred tax assets	19,416	17,769
Other non current assets	1,158,345	211,864
Total non current assets	1,261,214	299,598
TOTAL ASSETS	2,113,980	549,726
LIABILITIES		
Current liabilities		
Trade and other payables	789,001	76,477
Interest bearing loans and borrowings	18	35,167
Income tax payable	–	729
Provisions	40,264	21,457
Total current liabilities	829,283	133,830
Non current liabilities		
Interest bearing loans and borrowings	–	18
Deferred tax liabilities	35,271	16,286
Provisions	5,089	6,218
Total non current liabilities	40,360	22,522
TOTAL LIABILITIES	869,643	156,352
NET ASSETS	1,224,337	393,374
EQUITY		
Issued capital	1,128,486	327,103
Reserves	12,009	5,346
Retained profits	103,842	60,925
TOTAL EQUITY	1,244,337	393,374

23 INVESTMENTS IN CONTROLLED ENTITIES (continued)

(D) ACQUISITION OF CONTROLLED ENTITIES

On 16 October 2006, WorleyParsons Engineering Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired the remaining 50% interest in Burns & Roe Worley Pty Limited (BRW) for a total consideration of $14.3 million and gained effective control at that date. The wholly owned entity has been renamed WorleyParsons Projects Pty Limited.

On 25 January 2007, WorleyParsons Group Inc, a wholly owned subsidiary of WorleyParsons, acquired 100% of Sea Engineering Inc. (Sea) for a total consideration of $32.3 million. The deferred consideration of $8.9 million is payable in two equal cash instalments due on the first and second anniversaries of the acquisition. Sea is a Houston based engineering company operating in the hydrocarbons/upstream/offshore/deepwater market sector. Sea provides complete engineering services including concept evaluation and selection; front-end engineering; detailed design; installation support; operational and maintenance planning and support; and removal and relocation planning of floating systems of all types. Sea provides its services worldwide including in the Gulf of Mexico, South East Asia and the Pacific Rim, and West Africa.

Effective 9 March 2007, WorleyParsons acquired the Colt Group (Colt), a Canadian engineering and project services partnership, for a total consideration of $1,123.1 million. This consisted of $793.3 million in cash and $329.8 million in exchangeable shares. Colt is a leading provider of project services to the hydrocarbons industry in Canada and Alaska.

Since acquisition, Colt has generated revenue of $321.5 million and employs around 4,600 staff.

The acquisition has placed WorleyParsons in a leading position in the Canadian hydrocarbons market and materially enhanced WorleyParsons' heavy oil, oil sands and cold weather technical capabilities. The expanded operational base of the Group has created opportunities for extending existing relationships and created new ones and enhanced its ability to win and execute major projects in Canada and Alaska.

The Group's reported profit attributable to members was $224.8 million, and the reported revenue was $3,477.8 million. Had these business combinations taken place at 1 July 2006, the profit after income tax expense for the Group would have been $243.4 million and revenue would have been $4,079.3 million. The basis for the increment is the results of the acquired entities. In respect of the Colt acquisition the increment is based on proforma income statement for the year ended 31 January 2007 as disclosed in the WorleyParsons and Colt prospectus.

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

	NOTES	BRW ACQUISITION $'000	SEA ACQUISITION $'000	COLT ACQUISITION $'000
ASSETS				
Cash and cash equivalents		791	–	3,351
Trade and other receivables		9,844	6,288	96,042
Inventories		10,744	–	75,043
Prepayments		90	283	3,120
Property, plant and equipment		672	358	20,527
Deferred tax asset	1	–	–	2,023
Income tax benefit		3,509	–	–
Other assets	2	10,190	140	5,749
Total assets		35,840	7,069	205,855
LIABILITIES				
Trade and other payables		21,977	1,125	53,283
Income tax payable	1	–	–	5,184
Interest bearing loans and borrowings		–	616	15,267
Provisions		6,283	31	15,975
Total liabilities		28,260	1,772	89,709
Net assets		7,580	5,297	116,146

	NOTES	BRW ACQUISITION $'000	SEA ACQUISITION $'000	COLT ACQUISITION $'000
Existing investment accounted for using the equity method		(1,079)	–	–
Asset revaluation of existing investment on acquisition		(2,005)	–	–
Adjustment to other equity accounted investments	3	244	–	–
Adjustments to minority interests	4	(6)	–	–
Intangible assets		–	3,836	125,758
Deferred tax liability on intangible assets		–	(1,592)	(39,449)
Goodwill arising on acquisition		9,516	24,747	933,402
Total consideration paid		14,250	32,288	1,135,857
Consideration:				
Cash consideration		14,250	23,295	793,311
Deferred consideration		–	8,860	–
Exchangeable shares		–	–	329,814
Net asset adjustment – provision		–	133	–
Costs associated with the acquisition		–	–	12,732
Total consideration paid		14,250	32,288	1,135,857
Net cash effect:				
Cash consideration (including costs) paid		14,250	32,288	806,043
Cash and overdrafts included in net assets acquired		(791)	615	(3,351)
Net cash outflow		13,459	32,903	802,692

1 Deferred tax asset and income tax payable include a fair value adjustment to reflect the change of tax status for the Colt Group. The carrying value of net assets of the Colt Group at acquisition was $118.6 million.

2 Other assets include a fair value adjustment of the BRW Group to the carrying value of investments of $5.7 million and deferred tax liability of $0.9 million. The carrying value of net assets of the BRW Group at acquisition was $2.7 million.

3 The acquisition of the BRW Group resulted in an increase to WorleyParsons' shareholding of equity accounted investments in Esperance Power Station Pty Limited and Esperance Pipeline Company Pty Limited.

4 The acquisition of the BRW Group resulted in the removal of a minority interest in WorleyParsons' shareholding of WorleyParsons Asset Management Pty Limited (formerly BRW Power Generation Pty Limited).

Goodwill represents the value of the assembled workforce and any premium for synergies and future growth opportunities that cannot be recognised separately. Except as indicated, the carrying value equals the fair value of net assets acquired.

(E) PURCHASE OF BUSINESS ASSETS

On 1 July 2006, WorleyParsons Infrastructure Holdings Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired the trade and assets of TMG International Holdings Pty Limited (TMG) for $3.6 million cash. There is also deferred consideration of $1.4 million, payable in two equal cash instalments due on the first and second anniversaries of the acquisition. TMG is an Australian based company that provides specialist consulting and technological solutions to the rail and associated industries.

(F) DEFERRED CONSIDERATION

During the year ended 30 June 2007, cash payments in respect of deferred consideration for acquisitions completed in earlier financial periods totalled $12.8 million. The total adjustment to goodwill, as a result of finalising these and expected future payments, was an increase of $1.9 million.

24 INVESTMENTS IN ASSOCIATES

(A) DETAILS OF INVESTMENTS IN ASSOCIATES ARE AS FOLLOWS:

			OWNERSHIP INTEREST CONSOLIDATED		CARRYING VALUE CONSOLIDATED	
ENTITY	NOTES	PRINCIPAL ACTIVITY	2007 %	2006 %	2007 $'000	2006 $'000
Ambar SA		Infrastructure	35	–	–	–
Aquara SA		Infrastructure	45.5	–	–	–
ARA Administracion Limitada		Infrastructure	50	–	–	–
ARA Limitada		Infrastructure	50	–	–	–
ARA WorleyParsons SA		Infrastructure	50	–	12,546	–
Beijing MaisonWorleyParsons Engineering & Technology Co Limited	1	Hydrocarbons	50	50	13,028	7,197
Biovision 2020 Holdings Pty Limited		Infrastructure	33.3	–	–	–
Biovision 2020 Pty Limited		Infrastructure	33.3	–	–	–
CIARA Limitada		Minerals & Metals	50	–	–	–
Clyde-WorleyParsons Pte Limited		Minerals & Metals	50	50	(12)	–
DeltaAfrik Engineering Limited		Hydrocarbons	49	49	1,346	–
Esperance Pipeline Company Pty Limited		Power	50	43.75	10,661	5,855
Esperance Power Station Pty Limited		Power	50	43.75	7,248	4,442
Gazneft Engineering LLC	1	Hydrocarbons	50	50	733	773
GCR Limited	8	Power	–	49	–	–
I&E Systems Pty Limited		Technology	50	50	1,282	1,374
John Thompson Engineering Pty Limited	6	Power	–	50	–	–
KDPC Limited		Hydrocarbons	50	50	–	–
Motor Rent SA		Minerals & Metals	50	–	–	–
NANA/Colt Engineering LLC	3, 7	Hydrocarbons	50	–	6,653	–
NWKC LLC		Hydrocarbons	50	50	515	590
Pacific Waterworks LLC		Infrastructure	50	50	–	–
Perunding Ranhill Worley Sdn Bhd		Hydrocarbons	50	50	777	825
Petrocon Arabia Co Limited	1	Hydrocarbons	50	50	8,306	6,308
PFD International LLC		Hydrocarbons	50	50	5,026	4,254
PFD (UK) Limited		Hydrocarbons	50	50	–	–
Protek Engineers Sdn Bhd		Hydrocarbons	49	49	330	315
Ranhill Worley Engineering Sdn Bhd	4	Hydrocarbons	40	40	78	85
Ranhill WorleyParsons Sdn Bhd		Hydrocarbons	49	49	9,301	5,132
Sakhneftegaz Engineering	1	Hydrocarbons	49	49	166	76
Transfield Worley Limited	2	Hydrocarbons	50	50	4,632	4,289
Transfield Worley Power Services Pty Limited		Power	50	25	834	–
Worley ABB Procurement Pty Limited	5	Procurement	–	50	–	–
Worley Maunsell Pty Limited		Dormant	50	50	–	–
WorleyParsons Arabia Limited Company	(a)	Hydrocarbons	50	50	2,286	1,180
WorleyParsons Kirpalaney Engineering Pvt Limited		Hydrocarbons	50	–	375	–
WorleyParsons Kuwait WLL		Dormant	49	49	37	38
WorleyParsons Momin Sdn Bhd		Dormant	50	50	–	–
WorleyParsons Projects Pty Limited	6, (b)	Power and water	–	50	–	3,603
					86,148	46,336

1 Balance date is 31 December.

2 Balance date is 31 March.

3 Balance date is 30 September.

4 In liquidation.

5 Liquidated during the financial year.

6 Acquired control during the financial year.

7 Interest acquired as part of the Colt Group acquisition.

8 Interest divested during the financial year.

(a) Previously named Worley Arabia Co Limited.

(b) Previously named Burns and Roe Worley Pty Limited.

	CONSOLIDATED	
	2007 $'000	2006 $'000
(B) CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES		
Carrying amount at the beginning of the financial year	46,336	42,793
Addition of new investments	32,256	797
Capital repayment	(625)	(469)
Change in accounting to controlled entities	(3,374)	(5,328)
	74,593	37,793
Net profits of associates	18,981	10,951
Dividends received	(4,709)	(3,210)
Movement in hedge reserves of associates	702	727
Movement in foreign currency translation reserve of associates	(3,419)	75
Carrying amount at the end of the financial year	86,148	46,336

24. INVESTMENTS IN ASSOCIATES (continued)

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000
(C) NET PROFITS ATTRIBUTABLE TO ASSOCIATES		
Profits before income tax expense	24,192	18,454
Income tax expense	(4,507)	(5,588)
Share of profits of associates accounted for using the equity method	19,685	12,866
Capitalised losses relating to operations with a subsidiary	(704)	(1,915)
Net profits of associates	18,981	10,951
(D) RESERVES ATTRIBUTABLE TO ASSOCIATES		
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the financial year	(2,225)	(2,300)
Effect of (decrease)/increase in reserve	(3,419)	75
Balance at the end of the financial year	(5,644)	(2,225)
(E) RETAINED PROFITS ATTRIBUTABLE TO ASSOCIATES		
Balance at the beginning of the financial year	24,750	17,009
Share of profits of associates accounted for using the equity method	18,981	10,951
Dividends received	(4,709)	(3,210)
Balance at the end of the financial year	39,022	24,750
(F) SHARE OF ASSOCIATES' CONTINGENT LIABILITIES		
Performance related guarantees issued	3,781	5,377
(G) SHARE OF ASSOCIATES' EXPENDITURE COMMITMENTS		
Operating lease commitments	7,049	6,432
Finance lease commitments	9,602	13,849
Capital expenditure commitments	410	380
Other commitments*	-	7,695
	17,061	28,356

* Relates to expenditure commitments for the Esperance Energy Project.

(H) SUMMARY OF FINANCIAL POSITION OF ASSOCIATES

The consolidated entity's share of aggregate assets and liabilities of associates is:	2007 $'000	2006 $'000
Current assets	194,734	151,107
Non-current assets	55,153	42,064
Current liabilities	(146,296)	(125,897)
Non-current liabilities	(36,086)	(26,976)
Net assets	67,505	40,298
Fair value adjustment to tangible assets on stepped acquisitions	3,429	-
Identifiable intangible assets, net of amortisation	1,521	-
Goodwill at the end of the financial year	13,693	6,038
Carrying amount at the end of the financial year	86,148	46,336

(I) PURCHASE OF ASSOCIATES

On 22 November 2006, WorleyParsons Limitada, a wholly owned Chilean subsidiary of WorleyParsons Limited, acquired 50% of Arze Recine y Asociados Ingenieros Consultores SA (since renamed ARA WorleyParsons SA) for a total consideration of $13.3 million. ARA WorleyParsons SA will support the development of the Minerals & Metals business in Chile and other countries in South America and provide additional resources to support the existing Minerals & Metals business. ARA WorleyParsons SA has around 450 employees.

25 INTERESTS IN JOINT VENTURE OPERATIONS AND ASSETS

Controlled entities have entered into the following joint venture operations:

JOINT VENTURE OPERATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED 2007 %	OWNERSHIP INTEREST CONSOLIDATED 2006 %
AMEC-Colt Joint Venture	Hydrocarbons	50	-
AMEC-Colt (Fort Hills) Joint Venture	Hydrocarbons	50	-
ANSTO WorleyParsons Joint Venture	Infrastructure	50	-
APE Joint Venture	Hydrocarbons	50	50
Arabian Industries LLC	Hydrocarbons	50	50
Bechtel WorleyParsons Joint Venture[1]	Minerals & Metals	50	-
Colt/KBR Joint Venture[1]	Hydrocarbons	50	-
EOS Joint Venture	Hydrocarbons	50	50
Foster Wheeler Energy WorleyParsons Joint Venture (Browse LNG)	Hydrocarbons	50	50
Foster Wheeler WorleyParsons (BPV) Joint Venture	Hydrocarbons	50	50
Foster Wheeler WorleyParsons (LNG Phase V) Joint Venture	Hydrocarbons	25	25
FWP Joint Venture[1]	Hydrocarbons	50	50
G*UB*MK Constructors Joint Venture	Power	34	34
Hazco/Komex Grande Prairie Joint Venture	Infrastructure	50	50
Iraq Power Alliance Joint Venture	Power	50	50
John Holland BRW Joint Venture	Infrastructure	50	25
MMM WorleyParsons Joint Venture	Power	50	50
MG Joint Venture	Minerals & Metals	50	50
NLP AMEC-Colt Joint Venture	Hydrocarbons	50	-
Parsons Iraq Joint Venture	Hydrocarbons	85	85
Transfield Worley Joint Venture	Hydrocarbons	50	50
Transfield Worley TRAGS Joint Venture	Hydrocarbons	27.5	27.5
Worley Dome Joint Venture	Hydrocarbons	51	51
Worley Maunsell Joint Venture	Minerals & Metals	50	50
WorleyParsons SNC-Lavalin Joint Venture	Minerals & Metals	50	-

1 Balance date is 31 December.

The consolidated entity's interests in the assets employed in the joint venture operations are included in the consolidated balance sheet under the following classifications:

	CONSOLIDATED	
	2007 $'000	2006 $'000
ASSETS		
Current assets		
Cash and cash equivalents	19,999	7,734
Trade and other receivables	54,201	34,756
Inventories	41,577	34,069
Other financial assets	205	169
Total current assets	115,982	76,728
Non current assets		
Plant and equipment	864	98
Other non-current assets	81	81
Total non-current assets	945	179
TOTAL ASSETS	116,927	76,907
LIABILITIES		
Current liabilities		
Trade and other payables	84,328	40,889
Provisions	6,371	4,060
Total current liabilities	90,699	44,949
Non current liabilities		
Other	848	414
Total non current liabilities	848	414
TOTAL LIABILITIES	91,547	45,363
NET ASSETS	25,380	31,544

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

26 FINANCING ARRANGEMENTS

The consolidated entity had unrestricted access at balance date to the following lines of credit:

SECURED FACILITIES				
Total facilities available:				
Loan facilities	24,150	28,079	–	–
	24,150	28,079	–	–
Facilities utilised at balance date:				
Loan facilities	24,150	20,089	–	–
	24,150	20,089	–	–
Facilities available at balance date:				
Loan facilities	–	7,990	–	–
	–	7,990	–	–
UNSECURED FACILITIES				
Total facilities available:				
Loan facilities	712,163	238,595	187,667	209,239
Overdraft facilities	25,485	12,723	5,000	5,000
Bank guarantees and letters of credit	184,534	186,739	129,067	137,696
	922,182	438,057	321,734	351,935
Facilities utilised at balance date:				
Loan facilities*	483,436	104,278	59,067	104,278
Overdraft facilities	10,600	7,929	–	–
Bank guarantees and letters of credit	102,328	101,288	74,295	87,397
	596,364	213,495	133,362	191,675
Facilities available at balance date:				
Loan facilities	228,727	134,317	128,600	104,961
Overdraft facilities	14,885	4,794	5,000	5,000
Bank guarantees and letters of credit	82,206	85,451	54,772	50,299
	325,818	224,562	188,372	160,260

* Amounts disclosed under the parent entity represent total facilities available and drawn by all borrowers under the common terms deed poll entered into with the Group's bankers. The parent is a listed borrower under the common terms deed poll and as such has access to the total facilities shown as available.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

27 NON CASH FINANCING ACTIVITIES

Acquisition of plant and equipment by means of finance leases	–	392	–	–

28 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit after income tax expense to net cash inflow from operating activities:

	NOTES	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Profit after income tax expense		226,320	141,742	134,452	81,377
NON-CASH ITEMS					
Depreciation		16,984	12,170	–	–
Amortisation		17,276	6,277	–	–
Performance rights expense		12,490	7,109	–	–
Share of profits of associates accounted for using the equity method	24(C)	(19,685)	(12,866)	–	–
Dividends received from associates	24(B)	4,709	3,210	–	–
Net (profit)/loss on sale of investments		(2,300)	197	–	–
(Write back)/ write down of investments		(538)	3,150	–	–
Allowance for loans to controlled entities		(2,237)	620	–	–
Impairment of assets		–	1,915	–	–
Other		(518)	(465)	(1,971)	1,820
Cash flow adjusted for non-cash items		252,501	163,059	132,481	83,197
CHANGES IN ASSETS AND LIABILITIES ADJUSTED FOR EFFECTS OF PURCHASE OF CONTROLLED ENTITIES					
(Increase)/decrease in trade and other receivables		(53,191)	(64,642)	1,958	(10,263)
Increase in inventories		(46,435)	(80,364)	–	–
Increase in prepayments		(1,730)	(8,643)	–	–
(Increase)/decrease in deferred tax assets		(6,189)	(16,627)	1,343	363
Increase in other non-current assets		–	(4,087)	–	–
Increase/(decrease) in trade and other payables		17,072	76,715	(3,409)	(1,828)
Increase/(decrease) in income tax payable		8,288	6,047	(6,435)	4,835
Increase in deferred tax liabilities		22,649	13,577	676	(711)
Increase/(decrease) in billings in advance		3,722	(28,558)	–	–
Increase in other provisions		11,118	65,127	–	–
Increase in hire purchase liabilities		198	–	–	–
Exchange rate movement on opening balances		(11,451)	1,675	–	–
Decrease in issued capital		(660)	(7,622)	(660)	(7,622)
Net cash inflow from operating activities		195,892	115,657	125,954	67,971

29 COMMITMENTS FOR EXPENDITURE

(A) OPERATING LEASES

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Within one year	92,845	49,127	–	–
Later than one year and not later than five years	210,697	134,834	–	–
Later than five years	61,194	41,611	–	–
Commitments not recognised in the financial statements	364,736	225,572	–	–

(B) CAPITAL EXPENDITURE COMMITMENTS

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Estimated capital expenditure contracted for at reporting date but not provided for payable as follows:				
Within one year	325	68	–	–

30 FINANCE LEASE RECEIVABLE

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Current finance lease receivable	1,004	–	–	–
Non-current finance lease receivable	31,490	–	–	–
Gross investment in lease receivable	32,494	–	–	–
Present value of minimum lease payments:				
Within one year	1,004	–	–	–
Later than one year and not later than five years	4,735	–	–	–
More than five years	25,384	–	–	–
Present value of minimum lease payments	31,123	–	–	–
Gross investment in lease receivable	32,494	–	–	–
Unguaranteed residual value	1,371	–	–	–

The finance lease receivable relates to the power supply contract held by WorleyParsons' 100% subsidiary, Exmouth Power Station Pty Ltd, which is an arrangement that contains a lease. Additional information is in note 37.

31 CONTINGENT LIABILITIES

(A) GUARANTEES

The consolidated entity 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 obligations.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Bank guarantees outstanding at balance date in respect of financing facilities	1,590	1,600	–	–
Bank guarantees outstanding at balance date in respect of contractual performance	100,738	99,688	–	–
	102,328	101,288	–	–

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

(B) ASBESTOS

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

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

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006

32 EMPLOYEE NUMBERS

EMPLOYEE NUMBERS

Number of employees at end of the financial year	23,800	14,310	-	-

SUPERANNUATION COMMITMENTS

The consolidated entity does not operate a superannuation fund. The consolidated entity contributes to various superannuation funds at the statutory superannuation guarantee rate.

EXECUTIVE PERFORMANCE RIGHTS

	NUMBER OF PERFORMANCE RIGHTS	
	2007	2006
Balance at the beginning of the financial year	2,782,064	2,293,808
Rights granted[1]	865,391	1,206,540
Rights exercised	(440,103)	(653,552)
Rights lapsed or expired	(53,501)	(64,732)
Balance at the end of the financial year	3,153,851	2,782,064

1 The fair value of the rights granted on 2 March 2007 was $14.3 million (2006: $10.6 million) with annual vesting periods over three years. The fair value of the rights at inception is being amortised over three years on a straight line basis. The fair value of the rights issued has been determined using an appropriate pricing model that takes into account the vesting and performance criteria of the rights.

33 DIRECTOR AND EXECUTIVE DISCLOSURES

(A) DIRECTORS

The names of persons who were directors of WorleyParsons at any time during the financial year were as follows:

Ron McNeilly (Chairman)

Grahame Campbell

Erich Fraunschiel

John Green

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego

Larry Benke (alternate executive director for William Hall appointed effective 10 March 2007)

(B) EXECUTIVES

The names of persons who were key management personnel of WorleyParsons at any time during the financial year were as follows:

Stuart Bradie

Peter Meurs

Iain Ross

Andrew Wood

Jeffrey Osborne

33 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(C) DETAILS OF REMUNERATION

Details of the remuneration paid to key management personnel of the Company and the Group during the financial years ended 30 June 2007 and 2006 are set out in the following table:

		SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS		TOTAL
		CASH SALARY $	BONUSES[1] $	NON-MONETARY BENEFITS[2] $	SUPERANNUATION BENEFITS $	OTHER[3] $	PERFORMANCE RIGHTS PLAN[4] $	CASH COMPENSATION[5] $	$
EXECUTIVE DIRECTOR									
John Grill	FY2007	1,057,858	864,000	-	12,199	83,790	566,770	-	2,584,617
	FY2006	833,723	599,850	-	12,186	87,476	404,102	-	1,937,337
William Hall	FY2007	697,777	643,237	42,983	14,273	74,063	225,744	698,056	2,396,133
	FY2006	655,979	557,089	50,976	14,726	36,815	111,363	338,560	1,765,508
Larry Benke[6]	FY2007	198,159	448,912	451	-	1,780	-	-	649,302
	FY2006	-	-	-	-	-	-	-	-
David Housego	FY2007	464,956	443,788	-	12,199	28,231	244,985	-	1,194,159
	FY2006	430,637	179,775	-	12,186	28,869	177,349	-	828,816
Sub-total	FY2007	2,418,750	2,399,937	43,434	38,671	187,864	1,037,499	698,056	6,824,211
	FY2006	1,920,339	1,336,714	50,976	39,098	153,160	692,814	338,560	4,531,661
SENIOR EXECUTIVE									
Stuart Bradie	FY2007	645,931	184,262	306,413	-	-	98,656	1,005,539	2,240,801
	FY2006	310,817	105,576	141,584	-	-	42,880	776,150	1,377,007
Peter Meurs	FY2007	409,654	152,280	-	14,473	23,558	226,906	-	826,871
	FY2006	352,914	148,320	6,194	12,186	24,594	163,962	-	708,170
Iain Ross	FY2007	497,417	328,960	-	12,199	-	226,536	-	1,065,112
	FY2006	464,603	192,375	-	12,186	-	167,787	-	836,951
Andrew Wood	FY2007	425,481	425,950	-	12,199	-	223,908	-	1,087,538
	FY2006	399,353	154,980	-	12,186	-	165,830	-	732,349
Jeffrey Osborne	FY2007	371,725	259,598	44,138	14,421	16,667	104,082	344,698	1,155,329
	FY2006	372,569	249,577	38,336	15,184	8,474	50,600	167,180	901,920
Sub-total	FY2007	2,350,208	1,351,050	350,551	53,292	40,225	880,088	1,350,237	6,375,651
	FY2006	1,900,256	850,828	186,114	51,742	33,068	591,059	943,330	4,556,397
Grand total	FY2007	4,768,958	3,750,987	393,985	91,963	228,089	1,917,587	2,048,293	13,199,862
	FY2006	3,820,595	2,187,542	237,090	90,840	186,228	1,283,873	1,281,890	9,088,058

1 Inclusive in the bonuses column, David Housego, Iain Ross and Andrew Wood received an additional bonus relating to their considerable efforts towards the acquisition of the Colt Group.

2 "Non-monetary benefits" includes benefits such as health insurance, company cars or car allowances, fringe benefits tax, tax advisory services, life insurance and club memberships.

3 "Other" includes additional (i.e. non-statutory) contributions to superannuation and pension plans.

4 In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to, or indicative of, the benefit (if any) that individual executives may ultimately realise should the equity instruments vest.

5 The value disclosed as remuneration relating to cash settled performance rights granted to key management personnel is the fair value at the grant date and adjusted for the movement in the fair value of the liability during the reported period.

6 Larry Benke was appointed as an alternate executive director to William Hall from 10 March 2007. Remuneration for this period is shown above.

Details of non-executive directors' remuneration for the financial years ended 30 June 2007 and 2006 are set out in the following table:

	PRIMARY BENEFITS	POST EMPLOYMENT		SHARE BASED PAYMENTS	TOTAL
	SALARY AND FEES[1] $	STATUTORY SUPER-ANNUATION[2] $	OTHER[3] $	NON-EXECUTIVE DIRECTOR SHARE PLAN $	$
Ron McNeilly					
FY2007	180,000	15,930	–	59,000	254,930
FY2006	115,500	10,128	–	37,500	163,128
Grahame Campbell					
FY2007	142,625	12,566	–	29,875	185,066
FY2006	70,500	6,078	–	22,500	99,078
Erich Fraunschiel					
FY2007	3,000	–	93,750	31,250	128,000
FY2006	73,500	–	–	23,502	97,002
John Green					
FY2007	6,000	–	89,625	29,875	125,500
FY2006	21,000	1,620	33,750	38,250	94,620
Eric Gwee					
FY2007	102,000	–	–	27,000	129,000
FY2006	79,500	–	–	19,500	99,000
Total					
FY2007	433,625	28,496	183,375	177,000	822,496
FY2006	360,000	17,826	33,750	141,252	552,828

1 Includes travel and similar allowances.

2 Superannuation contributions are made on behalf of the non-executive directors in accordance with the Company's statutory superannuation obligations.

3 "Other" includes additional (i.e. non-statutory) contributions to superannuation and pension plans.

Particulars of the holdings of directors and other key management personnel in the WorleyParsons Performance Rights Plan are as follows:

(D) EQUITY COMPENSATION PROGRAM

	BALANCE AT 1 JULY 2006	GRANTED[1]	EXERCISED[2,3]	BALANCE AT 30 JUNE 2007
EXECUTIVE DIRECTORS				
John Grill[4]				
Number	308,325	52,500	66,117	294,708
Value per share ($)	–	19.24	22.44	–
William Hall[4]				
Number	47,788	28,000	–	75,788
Value per share ($)	–	19.24	–	–
David Housego[4]				
Number	134,976	21,500	29,808	126,668
Value per share ($)	–	19.24	22.44	–
Total Executive Directors number	491,089	102,000	95,925	497,164

	BALANCE AT 1 JULY 2006	GRANTED[1]	EXERCISED[2,3]	BALANCE AT 30 JUNE 2007
EXECUTIVES				
Stuart Bradie				
Number	18,400	15,034	–	33,434
Value per share ($)	–	19.24		–
Peter Meurs				
Number	126,618	20,420	25,779	121,259
Value per share ($)	–	19.24	22.44	–
Iain Ross				
Number	131,801	19,541	30,987	120,355
Value per share ($)	–	19.24	22.44	–
Andrew Wood				
Number	130,931	19,569	30,987	119,513
Value per share ($)	–	19.24	22.44	–
Jeffrey Osborne				
Number	21,713	13,270	–	34,983
Value per share ($)	–	19.24	–	–
Total Executives number	429,463	87,834	87,753	429,544
Total number	920,552	189,834	183,678	926,708

1 The first exercise date for grants made on 2 March 2007 (grant dated 30 September 2006) is 30 September 2009. The last exercise date for these performance rights is 30 September 2014. The minimum value of this grant is $nil. The maximum value of the grant is the value per share multiplied by the number of rights granted.

2 During the financial year, the rights granted in the 2004 financial year vested and were exercised.

3 The value of the performance rights calculated at the date of exercise is equivalent to the share price on the date of exercise.

4 Shareholders approved the grant of performance rights to Messrs Grill, Hall and Housego at the 2006 Annual General Meeting, even though grants of performance rights to Messrs Grill and Housego are the subject of an ASX waiver which applies while shares are purchased on market to satisfy performance rights which are exercised. The Board has determined to seek shareholder approval for annual grants of performance rights to all executive directors. The Board may determine that restrictions on transfer apply to the shares allocated on exercise of these performance rights.

(a) No rights lapsed or were forfeited during the financial year.

(b) The amounts disclosed as remuneration relating to equity rights is the assessed fair value at the date the rights were granted to executive directors and other key management personnel, allocated over the period from grant date to vesting date. Fair values at grant date are independently determined using an appropriate option pricing model in accordance with AASB 2 "Share Based Payments" that takes into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

(c) The rights granted in the 2005 financial year become exercisable on 30 September 2007.

(E) CASH COMPENSATION PROGRAM

EXECUTIVE DIRECTOR AND EXECUTIVES	BALANCE AT 1 JULY 2006	GRANTED	EXERCISED[1]	BALANCE AT 30 JUNE 2007
William Hall				
Number	41,756	–	–	41,756
Value per share ($)	–	–	–	–
Stuart Bradie				
Number	81,761	–	27,244	54,517
Value per share ($)	–	–	17.84	–
Jeffrey Osborne				
Number	20,619	–	–	20,619
Value per share ($)	–	–	–	–
Total number	144,136	–	27,244	116,892

1 No cash entitlement was forfeited during the financial year.

(a) The cash rights are due to be settled on 30 September 2007.

(b) The amounts disclosed as remuneration relating to cash settled performance rights granted to executive directors and other key management personnel is the fair value at grant date. The fair value of the liability is calculated initially at the grant date and is re-measured at each reporting date and at the date of each settlement until the liability is fully settled. Fair values at reporting date are determined using an appropriate pricing model for cash settled equity rights in accordance with AASB 2 "Share Based Payments".

33 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(F) PARTICULARS OF DIRECTORS' INTERESTS IN SHARES

Particulars of directors' and specified executives' beneficial interests in shares of WorleyParsons as at 30 June 2007 are as follows:

NUMBER OF SHARES HELD IN WORLEYPARSONS LIMITED

	BALANCE AT 1 JULY 2006	GRANTED AS REMUNERATION[1]	ON EXERCISE OF PERFORMANCE RIGHTS	NET CHANGE[2]	BALANCE AT 30 JUNE 2007
EXECUTIVE AND NON-EXECUTIVE DIRECTORS					
John Grill	32,515,064	–	66,117	357,897	32,939,078
William Hall	68,524	–	–	7,614	76,138
David Housego	244,515	–	29,808	(116,741)	157,582
Larry Benke[3]	–	–	–	1,177,475	1,177,475
Ron McNeilly	352,772	3,421	–	36,667	392,860
Grahame Campbell	453,638	2,302	–	48,639	504,579
Erich Fraunschiel	147,863	2,481	–	14,508	164,852
John Green	890,975	535	–	50,000	941,510
Eric Gwee	2,555	747	–	–	3,302
Sub-total	34,675,906	9,486	95,925	1,576,059	36,357,376
EXECUTIVES					
Stuart Bradie	40,907	–	–	(40,907)	–
Peter Meurs	13,422,462	–	25,779	(2,758,865)	10,689,376
Iain Ross	435,790	–	30,987	–	466,777
Andrew Wood	747,251	–	30,987	50,000	828,238
Jeffrey Osborne	16,951	–	–	1,884	18,835
Sub-total	14,663,361	–	87,753	(2,747,888)	12,003,226
Grand total	49,339,267	9,486	183,678	(1,171,829)	48,360,602

1 Shares granted as remuneration during the financial year.

2 Net change relates to the sale and purchase of shares on market.

3 Larry Benke received exchangeable shares as part of the Colt consideration.

34 REMUNERATION OF AUDITORS

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated group:				
Auditor of the parent entity	2,485,044	1,664,125	–	–
Other auditors of controlled entities	65,548	33,450	–	–
	2,550,592	1,697,575	–	–
Amounts received for other services:				
Services provided in relation to the acquisition of:				
– The Colt Group	1,076,683	–	–	–
– Parsons E&C Corporation	–	61,964	–	–
Tax related services	–	121,477	–	–
Group treasury review	–	21,000	–	–
Other acquisition related assurance services	15,350	85,000	–	–
	1,092,033	289,441	–	–
	3,642,625	1,987,016	–	–

35 RELATED PARTIES

(A) DIRECTORS

The names of persons who were directors of WorleyParsons at any time during the financial year were as follows:

Ron McNeilly (Chairman)

Grahame Campbell

Erich Fraunschiel

John Green

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego

Larry Benke (alternate executive director for William Hall appointed effective 10 March 2007).

(B) WHOLLY OWNED GROUP TRANSACTIONS

The wholly owned group consists of WorleyParsons and its wholly owned entities listed at note 23.

Aggregate amounts included in the determination of profit before income tax expense that resulted from transactions with entities in the wholly owned group:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Dividend revenue	–	–	133,435	85,000

(C) OTHER RELATED PARTIES

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Aggregate amounts included in the determination of profit before income tax expense that resulted from transactions with each class of other related parties:				
Dividend revenue				
Associates and related parties	4,709	3,210	–	–
Controlled entities	–	–	133,435	85,000
Other revenue				
Associates and related parties	–	1,346	–	–
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Loans advanced to				
Controlled entities	–	–	190,418	110,195
Associates and related parties	7,658	7,653	–	–
Loan repayments from				
Controlled entities	–	–	172,870	105,391
Associates and related parties	3,672	8,155	–	–

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT ENTITY 2007 $	PARENT ENTITY 2006 $
Amount payable to director:				
Larry Benke	95,875	–	–	–

Amount owing to Larry Benke arising from the acquisition of the Colt Group.

Included within loans advanced to associates and related parties is an unsecured loan of $4 million due from Esperance Power Station Pty Ltd. This is at a fixed interest rate of 10.35%.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Aggregate amounts receivable from, and payable to, each class of other related parties at balance date:				
Current receivables				
Controlled entities	–	–	187,591	143,728
Associates and related parties	47,370	28,431	–	–
Current payables				
Associates and related parties	10,927	17,182	–	–

Related entities provide specific advisory services to controlled entities in the normal course of business. These transactions are made on normal terms and conditions and at market rates.

(D) CONTROLLING ENTITIES

WorleyParsons Limited is the ultimate Australian parent company.

36 SEGMENT INFORMATION

The Group operates in four primary business segments: Hydrocarbons, Power, Minerals & Metals and Infrastructure. The Hydrocarbons segment incorporates the Oil and Gas, and Refining, Petrochemicals and Chemicals business units.

PRIMARY REPORTING – BUSINESS SEGMENTS

30 JUNE 2007	HYDROCARBONS $'000	POWER $'000	MINERALS & METALS $'000	INFRASTRUCTURE $'000	OTHER $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales to external customers	2,054,201	406,885	242,700	195,551	2,623	–	2,901,960
Procurement services revenue	430,870	121,177	15,872	7,886	–	–	575,805
Inter-segment sales	5,900	–	1,327	4,682	–	(11,909)	–
Total revenue	2,490,971	528,062	259,899	208,119	2,623	(11,909)	3,477,765
Other income	525	4,619	–	670	9,223	–	15,037
Total segment revenue	2,491,496	532,681	259,899	208,789	11,846	(11,909)	3,492,802
Segment result	237,078	58,229	36,983	19,873	–	–	352,163
Share of net profits of associates	13,902	(444)	5,675	552	–	–	19,685
Amortisation of intangible assets	(11,382)	–	–	–	–	–	(11,382)
Unallocated corporate expenses							(54,261)
Profit before income tax expense	239,598	57,785	42,658	20,425			306,205
Income tax expense							(79,885)
Profit after income tax expense							226,320
Segment assets	683,405	150,632	80,646	79,035	14,584	–	1,008,302
Goodwill	1,192,955	88,500	23,700	26,400	–	–	1,331,555
Identified intangibles	156,344	–	–	–	–	–	156,344
Unallocated corporate assets							188,121
Consolidated total assets							2,684,322
Segment liabilities	429,779	95,370	38,037	46,464	52,587	–	662,237
Unallocated corporate liabilities							634,379
Consolidated total liabilities							1,296,616
Investments in associates included in segment assets	54,871	18,743	12,534	–	–	–	86,148
Acquisition of property, plant and equipment, intangible and other non-current assets	1,116,277	23,887	2,853	3,246	–	–	1,146,263
Depreciation and amortisation expense	24,768	5,470	1,054	1,857	1,111	–	34,260
Total segment revenue	2,491,496	532,681	259,899	208,789	11,846	(11,909)	3,492,802
Share of associates' revenue	602,377	25,846	46,116	17,464	–	–	691,803
Procurement revenue – controlled	(216,650)	(121,162)	(13,355)	(6,635)	–	–	(357,802)
Procurement revenue – associates	(292,212)	–	–	–	–	–	(292,212)
Aggregated revenue	2,585,011	437,365	292,660	219,618	11,846	(11,909)	3,534,591

36 SEGMENT INFORMATION (continued)

PRIMARY REPORTING – BUSINESS SEGMENTS

30 JUNE 2006	HYDROCARBONS $'000	POWER $'000	MINERALS & METALS $'000	INFRASTRUCTURE $'000	OTHER $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales to external customers	1,302,046	320,518	184,655	101,461	–	(4,607)	1,904,073
Procurement revenue	490,694	–	–	2,183	–	–	492,877
Inter-segment sales	4,113	–	1,387	5,244	–	(10,744)	–
Total revenue	1,796,853	320,518	186,042	108,888	–	(15,351)	2,396,950
Other income	–	–	141	2,110	5,311	–	7,562
Total segment revenue	1,796,853	320,518	186,183	110,998	5,311	(15,351)	2,404,512
Segment result	149,048	46,080	26,362	9,532	–	–	231,022
Share of net profits of associates	9,639	1,737	1,319	171	–	–	12,866
Amortisation expense	(1,750)	–	–	–	–	–	(1,750)
Unallocated corporate expenses							(45,253)
Profit before income tax expense	156,937	47,817	27,681	9,703			196,885
Income tax expense							(55,143)
Profit after income tax expense							141,742
Segment assets	352,948	93,729	49,305	55,870	8,451	–	560,303
Goodwill and other intangible assets	271,635	90,300	23,300	22,700	–	–	407,935
Unallocated corporate assets							194,151
Consolidated total assets							1,162,389
Segment liabilities	296,311	80,926	27,844	26,516	36,262	–	467,859
Unallocated corporate liabilities							219,267
Consolidated total liabilities							687,126
Investments in associates included in segment assets	32,436	13,900	–	–	–	–	46,336
Acquisition of property, plant and equipment, intangible and other non-current assets	29,570	26,548	16,275	23,636	507	–	96,536
Depreciation and amortisation expense	13,477	1,782	1,161	1,550	477	–	18,447
Total segment revenue	1,796,853	320,518	186,183	110,998	5,311	(15,351)	2,404,512
Share of associates' revenue	705,145	47,248	15,993	17,942	–	–	786,328
Procurement revenue – controlled	(297,674)	–	–	(2,183)	–	–	(299,857)
Procurement revenue – associates	(426,601)	–	–	–	–	–	(426,601)
Aggregated revenue	1,777,723	367,766	202,176	126,757	5,311	(15,351)	2,464,382

SECONDARY REPORTING – GEOGRAPHICAL SEGMENTS

30 JUNE 2007	EUROPE $'000	AUSTRALIA AND NEW ZEALAND $'000	ASIA AND MIDDLE EAST $'000	AMERICAS $'000	CANADA $'000	TOTAL $'000
Sales to external customers	362,174	911,988	574,538	1,092,114	536,951	3,477,765
Aggregated revenue	414,957	970,809	795,323	831,883	521,619	3,534,591
Segment assets	162,060	417,678	203,577	471,445	1,429,562	2,684,322
Purchase of non-current assets	4,778	28,260	5,337	37,532	1,070,356	1,146,263

30 JUNE 2006	EUROPE $'000	AUSTRALIA AND NEW ZEALAND $'000	ASIA AND MIDDLE EAST $'000	AMERICAS $'000	CANADA $'000	TOTAL $'000
Sales to external customers	367,985	582,032	467,181	869,749	110,003	2,396,950
Aggregated revenue	447,381	655,783	534,920	710,112	116,186	2,464,382
Segment assets	160,252	303,979	146,305	451,254	100,599	1,162,389
Purchase of non-current assets	2,726	28,187	3,590	10,303	51,730	96,536

The 2007 segment results include the allocation of overhead that can be directly attributable to an individual business segment. Those expenses that cannot be attributed to a business segment are recorded as unallocated corporate expenses. The 2006 comparatives have been prepared on a similar basis.

The consolidated entity provides engineering design, project services, and maintenance and reliability support services to a number of markets. The consolidated entity's activities also include infrastructure developments within the Power sector.

The consolidated entity's operations are organised and managed separately according to the nature of the services they provide, with each segment serving different markets.

Geographically, the consolidated entity operates in five predominant segments, Europe, Australia and New Zealand, Asia and the Middle East, Americas and Canada. Outside of Australia, activities are predominantly in the Hydrocarbons and Power segments.

SEGMENT ACCOUNTING POLICIES

Segment accounting policies are the same as the consolidated entity's policies described in note 2. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

Segment revenues, expenses, assets and liabilities 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 assets include all assets used by a segment and consist primarily of receivables and plant and equipment.

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.

37 FINANCIAL INSTRUMENTS

(A) DERIVATIVE INSTRUMENTS

FORWARD EXCHANGE CONTRACTS

The consolidated entity is exposed to exchange rate transaction risk on foreign currency sales, purchases and loans to related entities. The most significant exchange rate risk is US dollar receipts by Australian entities. When required, hedging is undertaken through transactions entered into in the foreign exchange markets. Forward exchange contracts have been used for hedging purposes. Forward exchange contracts are accounted for as cash flow hedges.

At balance date, the details of outstanding contracts are:

	BUY AUD		AVERAGE EXCHANGE RATE	
	2007 $'000	2006 $'000	2007	2006
SELL USD				
0 - 6 months	23,769	7,780	0.77	0.76
6 - 12 months	19,689	6,601	0.78	0.76
12 - 18 months	2,998	5,295	0.77	0.76
Total sell USD	46,456	19,676	0.77	0.76
SELL GBP				
0 - 6 months	–	4,988	–	0.40
SELL CAD				
0 - 6 months	39,500	–	0.91	–

	BUY USD		AVERAGE EXCHANGE RATE	
	2007 $'000	2006 $'000	2007	2006
SELL AUD				
0 - 6 months	18,391	5,144	0.77	0.73
SELL EUROS				
0 - 6 months	–	3,768	–	1.26

	BUY GBP		AVERAGE EXCHANGE RATE	
	2007 $'000	2006 $'000	2007	2006
SELL USD				
6 - 12 months	–	3,729	–	1.88

	BUY CAD		AVERAGE EXCHANGE RATE	
	2007 $'000	2006 $'000	2007	2006
SELL USD				
0 - 6 months	2,350	830	1.07	1.38
6 - 12 months	800	380	1.07	1.38
12 - 18 months	–	190	–	1.39
Total sell USD	3,150	1,400	1.07	1.38

	BUY SGD		AVERAGE EXCHANGE RATE	
	2007 $'000	2006 $'000	2007	2006
SELL USD				
0 - 6 months	643	–	1.51	–
SELL GBP				
0 - 6 months	1,710	–	2.96	–

As these contracts are hedging anticipated future receipts and sales, any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated.

The following gains and losses have been deferred at balance date:

	2007 $'000	2006 $'000
Unrealised gains	3,470	47
Unrealised losses	(457)	(879)
Net unrealised gains/(losses)	3,013	(832)

37 FINANCIAL INSTRUMENTS (continued)

(A) DERIVATIVE INSTRUMENTS (continued)

INTEREST RATE SWAP CONTRACTS

Exmouth Power Station Pty Limited, 100% owned by a wholly owned subsidiary of WorleyParsons, is contracted to build and operate the Exmouth Power Station and has drawn down on a loan facility which currently has a variable interest rate of 6.6% per annum. It is policy to protect part of the loan from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other receivables or other payables.

The contracts require settlement of net interest receivable or payable six monthly. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover approximately 97.5% (2006: 100%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rate is 5.89% per annum (2006: 5.89% and 6.82%) and the variable rates are between 0% and 1.1% per annum above the 90 day bank bill rate which at balance date was 6.43% per annum.

At 30 June 2007, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2007 $'000	2006 $'000
Less than one year	977	28,542
Later than one year but not later than five years	4,688	4,367
Later than five years	18,371	19,670
	24,036	52,579

As these contracts are hedging anticipated future receipts and sales, any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated. These contracts have been accounted for as cash flow hedges.

The following gains have been deferred at balance date:

	2007 $'000	2006 $'000
Unrealised gains	1,544	635

(B) CREDIT RISK EXPOSURES

The credit risk on financial assets of the consolidated entity which have been recognised on the balance sheet is generally the carrying amount, net of any allowance for doubtful debts.

(C) CONSOLIDATED INTEREST RATE RISK EXPOSURES

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

AS AT 30 JUNE 2007	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE $'000	FIXED INTEREST MATURING IN: 1 YEAR OR LESS $'000	1 TO 2 YEARS $'000	2 TO 3 YEARS $'000	3 TO 4 YEARS $'000	4 TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
FINANCIAL ASSETS										
Cash and deposits*	4.22	118,643	–	–	–	–	–	–	–	118,643
Trade and other receivables	7.11	7,839	–	–	–	–	–	–	498,855	506,694
Derivatives		–	–	–	–	–	–	–	5,014	5,014
Finance lease receivable		–	1,004	1,071	1,143	1,220	1,301	26,755	–	32,494
Total financial assets		126,482	1,004	1,071	1,143	1,220	1,301	26,755	503,869	662,845
FINANCIAL LIABILITIES										
Bank overdraft	7.59	10,600	–	–	–	–	–	–	–	10,600
Bank loans	6.85	94,119	–	–	–	–	–	–	–	94,119
Notes payable	7.14	47,253	–	–	–	–	–	366,214	–	413,467
Other interest bearing loans and borrowings		–	493	334	–	–	–	–	–	827
Trade and other payables	–	1,023	–	–	–	–	–	–	398,924	399,947
Derivatives		–	–	–	–	–	–	–	457	457
Interest rate swap		(24,036)	977	1,050	1,128	1,212	1,298	18,371		–
Total financial liabilities		128,959	1,470	1,384	1,128	1,212	1,298	384,585	399,381	919,417
Net financial liabilities										(256,572)

* Includes cash and deposits held in overseas subsidiary bank accounts at lower than Australian interest rates.

AS AT 30 JUNE 2006										
FINANCIAL ASSETS										
Cash and deposits*	3.80	78,212	–	–	–	–	–	–	–	78,212
Trade and other receivables	2.88	3,812	–	–	–	–	–	–	326,207	330,019
Derivatives		–	–	–	–	–	–	–	635	635
Total financial assets		82,024	–	–	–	–	–	–	326,842	408,866
FINANCIAL LIABILITIES										
Bank overdraft	9.25	7,929	–	–	–	–	–	–	–	7,929
Bank loans	6.49	124,408	–	–	–	–	–	–	–	124,408
Other interest bearing loans and borrowings		–	449	396	32	–	–	–	–	877
Trade and other payables	2.94	2,783	–	–	–	–	–	–	288,175	290,958
Derivatives		–	–	–	–	–	–	–	832	832
Interest rate swap		(52,579)	28,542	977	1,050	1,128	1,212	19,670	–	–
Total financial liabilities		82,541	28,991	1,373	1,082	1,128	1,212	19,670	289,007	425,004
Net financial liabilities										(16,138)

* Includes cash and deposits held in overseas subsidiary bank accounts at lower than Australian interest rates.

37 FINANCIAL INSTRUMENTS (continued)

(D) PARENT INTEREST RATE RISK EXPOSURES

The parent entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

			FIXED INTEREST MATURING IN:			
AS AT 30 JUNE 2007	WEIGHTED AVERAGE INTEREST RATE % PA	FLOATING INTEREST RATE $'000	1 YEAR OR LESS $'000	MORE THAN 5 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
FINANCIAL ASSETS						
Trade and other receivables		–	–	–	187,866	187,866
Total financial assets		–	–	–	187,866	187,866
FINANCIAL LIABILITIES						
Bank overdraft	9.75	2,418	–	–	–	2,418
Trade and other payables		–	–	–	7,746	7,746
Total financial liabilities		2,418	–	–	7,746	10,164
Net financial assets		(2,418)	–	–	180,120	177,702
AS AT 30 JUNE 2006						
FINANCIAL ASSETS						
Cash and deposits	4.75	594	–	–	–	594
Trade and other receivables		–	3,676	38,304	115,627	157,607
Total financial assets		594	3,676	38,304	115,627	158,201
FINANCIAL LIABILITIES						
Trade and other payables		–	–	–	6,549	6,549
Total financial liabilities		–	–	–	6,549	6,549
Net financial assets		594	3,676	38,304	109,078	151,652

(E) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(F) RECONCILIATION OF NET FINANCIAL (LIABILITIES)/ASSETS TO NET ASSETS				
Net financial (liabilities)/assets	(256,572)	(16,138)	177,702	151,652
Non-financial assets and liabilities:				
Inventories	314,334	181,942	–	–
Prepayments	25,048	19,825	–	–
Property, plant and equipment	63,267	60,724	–	–
Intangible assets	1,487,899	407,935	–	–
Other assets	127,503	83,097	1,064,982	257,282
Provisions	(245,589)	(207,468)	–	–
Other liabilities	(131,728)	(54,654)	(676)	(5,230)
Net assets per balance sheet	1,384,162	475,263	1,242,008	403,704

(G) ESTIMATION OF FAIR VALUES

The carrying values equal the fair values for all financial assets and financial liabilities.

38 SUBSEQUENT EVENTS

Effective 1 July 2007, WorleyParsons Infrastructure Holdings Pty Limited, a wholly owned subsidiary of WorleyParsons, acquired 100% of Sydney based Patterson Britton & Partners Pty Limited and Brisbane based John Wilson & Partners Pty Limited for a total consideration $32.5 million. The acquired net assets are estimated to be $6.1 million. It is impractical to disclose the fair value and carrying value of the net assets acquired by major class of asset and liability as the directors have not yet been able to analyse the acquired net assets.

Patterson Britton & Partners and John Wilson & Partners are regarded as two of the leading consultants in the water and environmental services market in Australia with specific capabilities in the coastal and marine, water resources and wastewater, environmental, civil and structural and power markets. Combined the two organisations employ approximately 300 staff with estimated annual revenue in 2007 of approximately $42.0 million and EBIT of $7.2 million.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the consolidated entity's state of affairs in future financial years.

Directors' Declaration

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

(1) In the opinion of the directors:

(a) the financial report and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and

(ii) complying with 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.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year 30 June 2007; and

(3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group in note 23 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

RON McNEILLY
Chairman
Sydney, 27 August 2007

ERNST & YOUNG

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Independent auditor's report to the members of WorleyParsons Limited

We have audited the accompanying financial report of WorleyParsons Limited and the entities it controlled during the year ended 30 June 2007, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("remuneration disclosures"), under the heading "Remuneration Report" in a separate report attached to the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2B, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion
In our opinion:

1. the financial report of WorleyParsons Limited is in accordance with:
   (a) the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the financial position of WorleyParsons Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
   (b) other mandatory financial reporting requirements in Australia.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2B.

3. the remuneration disclosures that are contained in a separate report attached to the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst & Young

Ernst & Young

Jeff Chamberlain
Partner
Sydney

27 August 2007

Shareholder Information

TOP 20 SHARE HOLDERS AS AT 14 AUGUST 2007

NAME	SHARES	% OF ISSUED CAPITAL	RANK
HSBC Custody Nominees (Australia) Limited	28,530,550	11.9	1
Wilaci Pty Limited	28,306,982	11.8	2
JP Morgan Nominees Australia Limited	23,055,550	9.6	3
National Nominees Limited	17,071,469	7.1	4
UBS Wealth Management Australia Nominees Pty Limited	14,830,847	6.1	5
ANZ Nominees Limited (Cash Income A/C)	10,756,591	4.5	6
Lujeta Pty Limited	10,276,850	4.3	7
Citicorp Nominees Pty Limited	6,975,448	2.9	8
Behana Pty Limited	6,602,441	2.7	9
UBS Nominees Pty Limited	4,321,942	1.8	10
Skiptan Pty Limited	3,747,781	1.6	11
John Grill	3,041,603	1.3	12
Cogent Nominees Pty Limited	2,762,959	1.1	13
Peter Meurs	2,311,442	1.0	14
AMP Life Limited	2,138,162	0.9	15
Inmac Engineering Pty Limited	1,650,000	0.7	16
Taylor Square Designs Pty Limited	1,597,997	0.7	17
RBC Dexia Investor Services Australia Nominees Pty Limited	1,336,138	0.6	18
Benke Engineering Consultants Limited	1,177,475	0.5	19
Evenrose Pty Limited	1,053,136	0.4	20
Total	171,545,363	71.3	

Total number of current holders for all named classes is 12,308.

The table above includes exchangeable shares. 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.

SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 14 AUGUST 2007*

NAME	SHARES	% ISSUED CAPITAL
John Grill	32,939,078	13.7
Bill Paterson	22,787,612	9.5

* As disclosed in substantial shareholder notices received by the Company.

RANGE OF FULLY PAID SHARES AS AT 14 AUGUST 2007

	1 TO 1,000	1,001 TO 5,000	5,001 TO 10,000	10,001 TO 100,000	100,001 TO (MAX)	TOTAL
Holders						
Cert				6	36	42
Issuer	642	572	95	100	25	1,434
CHESS	6,135	3,771	482	358	86	10,832
Total	6,777	4,343	577	464	147	12,308
Shares						
Cert				214,447	12,092,052	12,306,499
Issuer	353,153	1,266,311	676,943	2,492,560	15,117,922	19,906,889
CHESS	2,874,145	8,022,758	3,358,564	9,319,780	185,076,863	208,652,110
Total	3,227,298	9,289,069	4,035,507	12,026,787	212,286,837	240,865,498
Total holders for classes selected						12,308
Total shares						240,865,498

The number of shareholders holding less than the marketable parcel of shares is 16 (shares: 221).

The table above includes exchangeable shares. 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.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. In the case of the exchangeable shares, voting rights are provided through the special voting share which carries an aggregate number of votes equal to the number of votes attached to the ordinary shares into which the exchangeable shares are exchangeable.

Corporate Information

WorleyParsons Limited
ACN 096 090 158

DIRECTORS

Ron McNeilly (Chairman)
Grahame Campbell
Erich Fraunschiel
John Green
John Grill (Chief Executive Officer)
Eric Gwee
William Hall
David Housego
Catherine Livingstone
Larry Benke (alternate executive director for William Hall)

COMPANY SECRETARY

Sharon Sills

REGISTERED OFFICE

Level 7
116 Miller Street
North Sydney NSW 2060

AUDITORS

Ernst & Young

BANKERS

HSBC
JPMorgan Chase
Royal Bank of Scotland
Royal Bank of Canada
Westpac Banking Corporation

LAWYERS

Freehills
Baker & McKenzie

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Australia
Ph: 1300 855 080

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