



WorleyParsons

resources & energy

EcoNomics™

INTERIM FINANCIAL REPORT AND APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2007

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INTERIM FINANCIAL REPORT AND APPENDIX 4D HALF YEAR ENDED 31 DECEMBER 2007

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change %	31 December 2007 \$'M	31 December 2006 \$'M
Revenue and other income	55.7	2,262.5	1,453.5
Earnings before interest and income tax expense ("EBIT")	76.7	231.7	131.1
Profit before income tax expense	71.4	218.4	127.4
Profit attributable to members of WorleyParsons Limited	61.6	152.7	94.5
Basic earnings per share (cents per share)	40.4	63.3	45.1
Diluted earnings per share (cents per share)	41.0	62.6	44.4
Aggregated Revenue			
Revenue and other income		2,262.5	1,453.5
Procurement services revenue		(97.7)	(181.8)
Revenue excluding procurement services revenue		2,164.8	1,271.7
Share of revenue from associates		397.2	356.8
Procurement services revenue of associates		(182.5)	(160.7)
Net revenue from associates		214.7	196.1
Share of net profits of associates accounted for using the equity method		(17.6)	(7.9)
Aggregated revenue*		2,361.9	1,459.9
EBIT margin on aggregated revenue		9.8%	9.0%

* Aggregated revenue is defined as statutory revenue and other income plus share of revenue from associates less procurement services revenue at nil margin. The Directors of WorleyParsons Limited believe the disclosure of revenue attributable to associates provides additional information in relation to the financial performance of the WorleyParsons Limited Group.

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Dividends	Amount per security	Franked amount per security
Interim dividend (cents per share):		
Six months to 31 December 2007	38.0	11.4
Six months to 31 December 2006	28.0	6.2
Record date for determining entitlement to dividend	13 March 2008	
Date dividend is to be paid	11 April 2008	

REVIEW OF OPERATIONS

Commentary on the results for the half year is contained in the press release dated 27 February 2008, accompanying this interim financial report and Appendix 4D.

REVIEW

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

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2. DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of WorleyParsons Limited ("Company") and the entities it controlled ("consolidated entity" or "Group") at the end of, or during, the half year ended 31 December 2007.

DIRECTORS

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

Ron McNeilly (Chairman)

Grahame Campbell

Erich Fraunschiel

John Green

John Grill (Chief Executive Officer)

Eric Gwee

William Hall

David Housego

Catherine Livingstone, AO

Larry Benke (alternate executive director for William Hall).

PRINCIPAL ACTIVITIES

During the half year, the principal activities of the consolidated entity consisted of;

- provision of design and project services to the following sectors:
 - Hydrocarbons;
 - Power;
 - Minerals & Metals; and
 - Infrastructure;
- provision of maintenance and reliability support services to these sectors; and
- infrastructure developments.

REVIEW OF OPERATIONS

The profit attributable to members of WorleyParsons Limited for the half year ended 31 December 2007 was \$152.7 million, an increase of 61.6% on the \$94.5 million net profit reported for the same period to 31 December 2006 and an increase of 17.2% on the \$130.3 million reported in the second half of the 2007 financial year. The result was earned on aggregated revenue of \$2,361.9 million, an increase of 61.8% on the \$1,459.9 million reported in the previous corresponding period.

The commentary on the results for the half year is contained in the press release dated 27 February 2008, accompanying this interim financial report and Appendix 4D.

On 1 July 2007, the Group acquired 100% of Sydney based Patterson Britton and Partners Pty Limited and Brisbane based John Wilson & Partners Pty Limited for \$32.5 million. These entities are regarded as two of the leading consultants in the water and environmental services market within Australia.

Effective 31 August 2007, the Group acquired 100% of Polestar Applied Technology, Inc for \$12.7 million. This transaction expands the Group's nuclear power services in the US and UK.

On 1 November 2007, the Group acquired 100% of Unifield Engineering, Inc. for \$17.9 million. The acquisition will expand the Group's power business in western US and increase its asset services in the Hydrocarbons sector.

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SUBSEQUENT EVENTS

No material matter or transaction has arisen since 31 December 2007 that has significantly affected the Group's operations or state of affairs.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out below.



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680 George Street
Sydney NSW 2000
Australia

■ Tel 61 2 9248 5555
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Exchange 10172

GPO Box 2646
Sydney NSW 2001

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

In relation to our review of the financial report of WorleyParsons Limited for the half-year ended 31 December 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Jeff Chamberlain'.

Jeff Chamberlain

Partner
Sydney
27 February 2008

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ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

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

A handwritten signature in black ink, appearing to read 'R. J. McNeilly', with a horizontal line underneath.

Ron McNeilly
Chairman

Sydney, 27 February 2008

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3. CONSOLIDATED INCOME STATEMENT

	Notes	31 December 2007 \$'M	31 December 2006 \$'M
Revenue and other income			
Services		2,234.6	1,430.0
Sale of goods		1.3	8.2
Total revenue		2,235.9	1,438.2
Interest		7.8	4.0
Other		1.2	3.4
Share of net profits of associates accounted for using the equity method		17.6	7.9
Revenue and other income		2,262.5	1,453.5
Expenses			
Staff costs		(1,274.6)	(795.1)
Reimbursable costs		(495.2)	(360.9)
Office and administration costs		(142.8)	(80.9)
Depreciation		(10.9)	(7.6)
Amortisation		(20.5)	(2.7)
Borrowing costs		(21.1)	(7.7)
Other costs		(79.0)	(71.2)
Profit before income tax expense	7.2	218.4	127.4
Income tax expense	7.4	(63.8)	(31.4)
Net profit for the half year		154.6	96.0
This is represented by:			
Profit attributable to members of WorleyParsons Limited		152.7	94.5
Profit attributable to minority interests		1.9	1.5
		154.6	96.0
Basic earnings per share (cents per share)	7.1	63.3	45.1
Diluted earnings per share (cents per share)	7.1	62.6	44.4

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

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4. CONSOLIDATED BALANCE SHEET

	Notes	31 December 2007 \$'M	30 June 2007 \$'M
Current assets			
Cash and cash equivalents	7.10	126.8	118.6
Trade and other receivables		894.8	820.1
Inventories		0.8	1.0
Prepayments		42.0	25.0
Finance lease receivable		1.0	1.0
Derivatives		7.0	5.0
Total current assets		1,072.4	970.7
Non-current assets			
Equity accounted investments		98.3	86.1
Property, plant and equipment		75.6	63.3
Intangible assets	7.5	1,580.0	1,487.9
Finance lease receivable		31.3	31.5
Deferred tax assets		45.0	43.5
Other non-current assets		1.4	1.3
Total non-current assets		1,831.6	1,713.6
Total assets		2,904.0	2,684.3
Current liabilities			
Trade and other payables		420.5	399.9
Interest bearing loans and borrowings		111.2	28.4
Income tax payable		15.5	33.4
Provisions		215.6	208.6
Derivatives		0.1	0.5
Total current liabilities		762.9	670.8
Non-current liabilities			
Interest bearing loans and borrowings		471.4	488.4
Deferred tax liabilities		104.9	100.4
Provisions		39.4	37.0
Total non-current liabilities		615.7	625.8
Total liabilities		1,378.6	1,296.6
Net assets		1,525.4	1,387.7
Equity			
Issued capital	7.6	1,132.2	1,128.4
Reserves	7.7	50.5	(7.8)
Retained profits	7.8	339.6	265.0
Parent entity interest		1,522.3	1,385.6
Minority interests		3.1	2.1
Total equity		1,525.4	1,387.7

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

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5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	31 December 2007 \$'M	31 December 2006 \$'M
Total equity at the beginning of the half year		1,387.7	475.3
Exchange differences on translation of foreign operations		53.7	(21.3)
Net gain on cash flow hedges, net of tax		2.0	1.3
Net income/(expense) recognised directly in equity		55.7	(20.0)
Profit after income tax expense		154.6	96.0
Total recognised income and expense for the half year		210.3	76.0
Performance rights expense		6.4	3.2
Dividends paid	7.3	(78.1)	(46.1)
		(71.7)	(42.9)
Purchase of shares to satisfy performance rights		-	(0.7)
Tax effect of purchase of shares to satisfy performance rights		-	0.2
Minority interests movements		(0.9)	0.0
Asset revaluation of existing investment on acquisition		-	2.0
		(0.9)	1.5
Total equity at the end of the half year		1,525.4	509.9
Total recognised income and expense for the half year is attributable to:			
Members of WorleyParsons Limited		208.4	74.5
Minority interests		1.9	1.5
		210.3	76.0

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

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6. CONSOLIDATED CASH FLOW STATEMENT

	Notes	31 December 2007 \$'M	31 December 2006 \$'M
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		2,282.9	1,505.4
Payments to suppliers and employees (inclusive of goods and services tax)		(2,101.8)	(1,397.2)
		181.1	108.2
Dividends received		5.5	0.9
Purchase of shares to satisfy performance rights		-	(0.7)
Interest received		7.3	4.0
Borrowing costs paid		(19.0)	(7.7)
Income taxes paid		(63.3)	(31.0)
Net cash inflow from operating activities	7.10	111.6	73.7
Cash flows from investing activities			
Payments for acquisition of controlled entities		(72.7)	(29.7)
Cash balances of controlled entities acquired		5.6	0.8
Payments for purchase of associates, net of return of capital		-	(13.1)
Payments for purchase of property, plant and equipment and intangible assets		(37.5)	(13.9)
Payments for assets under construction		-	(5.2)
Proceeds from sale of property, plant and equipment		0.6	1.9
Net cash outflow from investing activities		(104.0)	(59.2)
Cash flows from financing activities			
Proceeds from borrowings		160.1	155.2
Repayment of borrowings		(70.3)	(100.9)
Proceeds from finance lease		0.5	-
Lease payments		(0.1)	(0.9)
Loans from related parties repaid		-	3.7
Loans to related parties		(1.0)	(4.3)
Dividends paid to the Company's shareholders	7.3	(78.1)	(46.1)
Dividends paid to minority interests		(0.9)	-
Net cash inflow from financing activities		10.2	6.7
Net increase in cash			
		17.8	21.2
Cash and cash equivalents at the beginning of the half year		108.0	70.3
Effects of exchange rate changes on cash		(0.5)	(2.5)
Cash and cash equivalents at the end of the half year	7.10	125.3	89.0

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

7. NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

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

The interim financial report should be read in conjunction with the Annual Report of WorleyParsons Limited as at 30 June 2007, which was prepared in accordance with Australian Accounting Standards ("AAS") and the *Corporations Act 2001*. It is also recommended that the interim financial report be considered together with any public announcements made by WorleyParsons Limited and its controlled entities during the half year ended 31 December 2007 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Except for the changes in accounting policy noted below, the interim financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2007.

(a) Basis of accounting

(i) Basis of preparation

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

The 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 hundred thousand dollars in accordance with that Class Order. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period. The balance sheet comparatives have been restated to show accrued billings within trade receivables rather than inventories as disclosed in the annual financial report for the year ended 30 June 2007.

(ii) Historical cost convention

The interim 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 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) Changes in accounting policy

Since 1 July 2007, the consolidated entity has adopted the following Standards and Interpretations which are mandatory for annual reporting periods beginning on or after 1 January 2007.

- AASB 7 "Financial Instruments: Disclosure"
- AASB 2005-10 "Amendments to Australian Accounting Standards(AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)"
- AASB 2007-4 "Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments"

Adoption of these standards did not have any effect on the financial position or performance of the consolidated entity. Disclosures required under these standards will be contained in the annual report for the year ending 30 June 2008.

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	31 December 2007	31 December 2006
7.1 EARNINGS PER SHARE		
Attributable to members		
Basic earnings per share (cents per share)	63.3	45.1
Diluted earnings per share (cents per share)	62.6	44.4

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

Earnings used in calculating basic and diluted earnings per share (\$'M)	152.7	94.5
Weighted average number of ordinary securities used in calculating basic earnings per share	241,062,123	209,724,787
Bonus element of performance rights which are considered dilutive	2,815,128	3,128,403
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per share	243,877,251	212,853,190

The weighted average number of converted, lapsed or cancelled potential ordinary shares used in diluted earnings per share was 21,309 (2006: nil).

Basic and diluted earnings per share for the half year ended 31 December 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 in March 2007. Basic earnings per share has been restated from 46.2 cents to 45.1 cents and diluted earnings per share has been restated from 45.7 cents to 44.4 cents.

	31 December 2007 \$'M	31 December 2006 \$'M
7.2 GAINS		
Profit before income tax expense includes the following specific net gains:		
<i>Net gains</i>		
Gain on sale of investment*	-	2.3

* On 29 December 2006, WorleyParsons Projects Pty Limited, a wholly owned subsidiary of the Group, 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 (collectively "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.

7.3 DIVIDENDS

Details of dividends paid during the half year are as follows:

Final ordinary dividend for the year ended 30 June 2007 of 32.5 cents (9.5 cents franked) per share paid on 25 September 2007	78.1	-
Final ordinary dividend for the year ended 30 June 2006 of 22.5 cents (7.7 cents franked) per share paid on 29 September 2006	-	46.1
Total dividends paid	78.1	46.1

Since the end of the half year, the Directors have declared an interim dividend of 38.0 cents (11.4 cents franked) (31 December 2006: 28.0 cents – 6.2 cents franked) per share. The aggregate amount of the proposed interim dividend of \$91.9 million (31 December 2006: \$57.4 million) is not recognised as a liability as at 31 December 2007.

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	31 December 2007 \$'M	31 December 2006 \$'M
7.4 INCOME TAX		
(a) Income tax expense		
Current tax	65.6	27.3
Deferred tax	(0.2)	3.4
(Over)/under provision in previous financial periods	(1.6)	0.7
Income tax expense	63.8	31.4

(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	218.4	127.4
At the Group's statutory income tax rate of 30% (2006: 30%)	65.5	38.2
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
(Non-taxable)/non-deductible performance rights	(0.1)	1.2
Share of net profits of associates accounted for using the equity method	(5.3)	(2.4)
Research and development concession	(1.8)	(3.1)
US machinery rebate	(0.7)	(0.3)
Other	1.7	1.5
	59.3	35.1
Benefits from income tax and capital losses not previously recognised	(0.1)	(6.6)
Non-assessable income	(1.1)	-
Capital gains	0.5	-
Adjustments to timing differences resulting from changes to future tax rates	0.5	0.0
(Over)/under provision in previous financial periods	(1.6)	0.7
Difference in overseas tax rates*	6.3	2.2
Income tax expense	63.8	31.4

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

(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the half year and not recognised in profit but directly debited or credited to equity:		
Current tax – credited directly to equity	3.0	0.2
Deferred tax – (debited)/credited directly to equity	(5.6)	1.4
	(2.6)	1.6

(d) Tax losses

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

Unused tax losses for which no deferred tax asset has been recognised	21.7	22.5
Potential tax benefit at 30%	6.5	6.8

The benefit for tax losses will only be recognised if:

- 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
- the losses are transferred to an eligible entity in the consolidated entity; and
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

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	31 December 2007 \$'M	30 June 2007 \$'M
7.5 INTANGIBLE ASSETS		
Goodwill		
At cost	1,413.4	1,332.5
Accumulated impairment	(0.9)	(0.9)
	1,412.5	1,331.6
Customer contracts and relationships		
At cost	89.4	79.4
Accumulated amortisation	(13.4)	(4.9)
	76.0	74.5
Trade names		
At cost	69.1	66.0
Accumulated amortisation	(16.2)	(11.9)
	52.9	54.1
Favourable property leases		
At cost	10.9	10.5
Accumulated amortisation	(1.7)	(0.7)
	9.2	9.8
Computer software		
At cost	47.4	30.9
Accumulated amortisation	(21.5)	(16.7)
	25.9	14.2
Other		
At cost	4.0	4.7
Accumulated amortisation	(0.5)	(1.0)
	3.5	3.7
Total intangible assets	1,580.0	1,487.9

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7.5 INTANGIBLE ASSETS (continued)

Reconciliations

	Goodwill \$'M	Customer contracts & relationships \$'M	Trade names \$'M	Favourable property leases \$'M	Computer software \$'M	Other \$'M	Total \$'M
Balance at 1 July 2007	1,331.6	74.5	54.1	9.8	14.2	3.7	1,487.9
Additions due to the acquisition of entities	48.6	6.7	1.9	-	0.8	-	58.0
Additions	-	-	-	-	14.6	-	14.6
Differences arising on translation of foreign operations	32.3	2.9	1.1	0.5	0.1	0.1	37.0
Amortisation	-	(8.1)	(4.2)	(1.1)	(3.8)	(0.3)	(17.5)
Balance at 31 December 2007	1,412.5	76.0	52.9	9.2	25.9	3.5	1,580.0
Balance at 1 July 2006	377.2	-	26.8	-	3.9	-	407.9
Additions due to the acquisition of entities	974.3	78.2	30.5	10.3	8.3	4.7	1,106.3
Additions	-	-	-	-	3.9	-	3.9
Differences arising on translation of foreign operations	(19.9)	1.2	0.5	0.2	(0.2)	0.1	(18.1)
Amortisation	-	(4.9)	(3.7)	(0.7)	(1.7)	(1.1)	(12.1)
Balance at 30 June 2007	1,331.6	74.5	54.1	9.8	14.2	3.7	1,487.9

7.6 ISSUED CAPITAL

	31 December 2007		30 June 2007	
	Number of shares	\$'M	Number of shares	\$'M
Ordinary shares, fully paid ^{1,2}	241,758,208	1,132.2	240,572,286	1,128.4
Special voting share	1	-	1	-
	241,758,209	1,132.2	240,572,287	1,128.4

¹ As a result of the Colt acquisition, included in ordinary shares are 11,974,723 (30 June 2007: 12,306,499) 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 (30 June 2007: 293,212) shares in the Company, which have been consolidated and eliminated in accordance with AAS.

	Number of shares	\$'M
Balance at 1 July 2007	240,572,287	1,128.4
Transfer from performance rights reserve on issuance of shares	1,185,921	3.8
Balance at 31 December 2007	241,758,208	1,132.2

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	31 December 2007 \$'M	30 June 2007 \$'M
7.7 RESERVES		
Foreign currency translation reserve	28.1	(25.6)
Cash flow hedge reserve	6.6	4.6
Performance rights reserve	14.6	12.0
Asset revaluation reserve	1.2	1.2
Reserves	50.5	(7.8)

7.8 RETAINED PROFITS

Balance at beginning of the reporting period	265.0	143.0
Profit attributable to members of WorleyParsons Limited	152.7	224.8
Dividends paid	(78.1)	(103.6)
Transfer from asset revaluation reserve	-	0.8
Balance at the end of the reporting period	339.6	265.0

	31 December 2007 \$	31 December 2006 \$
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7.9 NET ASSETS PER SHARE

Net assets per share	6.31	2.49
Net tangible assets per share	(0.23)	0.55

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

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	31 December 2007 \$'M	31 December 2006 \$'M
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7.10 NOTES TO THE CASH FLOW STATEMENT

(a) Cash and cash equivalents	126.8	98.4
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The above figures are reconciled to cash at the end of the half year as shown in the cash flow statement as follows:

Cash and cash equivalents	126.8	98.4
Less: bank overdraft	(1.5)	(9.4)
Balance per cash flow statement	125.3	89.0

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

Profit after income tax expense	154.6	96.0
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Non-cash items

Depreciation	10.9	7.6
Amortisation	20.5	2.7
Performance rights expense	10.5	3.3
Share of net profits of associates accounted for using the equity method	(17.6)	(7.9)
Provision for loans to associates written back	-	(2.2)
Dividends received from associates	5.5	0.9
Gain on sale of investment	-	(2.3)
Other	0.0	(0.6)
Cash flow adjusted for non-cash items	184.4	97.5

Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the half year

Increase in trade and other receivables and inventories	(76.7)	(29.1)
Increase in prepayments	(16.1)	(7.5)
Decrease in trade and other payables	4.0	13.3
Increase in other provisions	11.4	2.7
Decrease in current and deferred tax balances	0.5	0.4
Decrease in issued capital	-	(0.7)
Exchange rate movement on opening balances	4.1	(2.9)
Net cash inflow from operating activities	111.6	73.7

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7.11 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.

Business segments

31 December 2007	Hydrocarbons \$'M	Power \$'M	Minerals & Metals \$'M	Infra- structure \$'M	Other \$'M	Eliminations \$'M	Consolidated \$'M
Sales to external customers	1,573.9	206.7	175.5	156.9	-	-	2,113.0
Procurement services revenue	98.1	24.8	-	-	-	-	122.9
Inter-segment sales	3.9	2.6	1.5	0.2	-	(8.2)	-
Total revenue	1,675.9	234.1	177.0	157.1	-	(8.2)	2,235.9
Interest	-	-	-	-	7.8	-	7.8
Other	1.0	0.1	0.0	0.1	-	-	1.2
Share of net profits of associates	11.0	1.4	4.7	0.5	-	-	17.6
Revenue and other income	1,687.9	235.6	181.7	157.7	7.8	(8.2)	2,262.5
Segment result	194.9	30.2	33.1	18.6	-	-	276.8
Amortisation expense	(14.0)	(0.2)	(0.3)	(0.5)	(1.1)	-	(16.1)
Unallocated corporate expenses	-	-	-	-	(42.3)	-	(42.3)
Profit before income tax expense	180.9	30.0	32.8	18.1	(43.4)	-	218.4
Income tax expense	-	-	-	-	-	-	(63.8)
Profit after income tax expense							154.6
Aggregated revenue							
Revenue and other income	1,687.9	235.6	181.7	157.7	7.8	(8.2)	2,262.5
Procurement services revenue	(72.9)	(24.8)	-	-	-	-	(97.7)
Share of revenue from associates	342.7	10.9	38.6	5.0	-	-	397.2
Procurement services revenue of associates	(182.5)	-	-	-	-	-	(182.5)
Share of net profits of associates	(11.0)	(1.4)	(4.7)	(0.5)	-	-	(17.6)
Aggregated revenue*	1,764.2	220.3	215.6	162.2	7.8	(8.2)	2,361.9

* Aggregated revenue is defined as statutory revenue and other income 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 the Group.

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7.11 SEGMENT INFORMATION (continued)

Business segments

31 December 2006	Hydro-carbons \$'M	Power \$'M	Minerals & Metals \$'M	Infra- structure \$'M	Other \$'M	Eliminations \$'M	Consolidated \$'M
Sales to external customers	778.8	169.1	107.4	98.4	-	-	1,153.7
Procurement services revenue	210.7	58.6	9.7	5.5	-	-	284.5
Inter-segment sales	3.0	-	-	3.4	-	(6.4)	-
Total revenue	992.5	227.7	117.1	107.3	-	(6.4)	1,438.2
Interest	-	-	-	-	4.0	-	4.0
Other	0.3	2.3	0.1	0.7	-	-	3.4
Share of net profits of associates	7.6	(0.9)	1.4	(0.2)	-	-	7.9
Revenue and other income	1,000.4	229.1	118.6	107.8	4.0	(6.4)	1,453.5
Segment result	103.0	19.6	19.5	10.9	-	-	153.0
Amortisation expense	(0.9)	-	-	-	-	-	(0.9)
Unallocated corporate expenses	-	-	-	-	(24.7)	-	(24.7)
Profit before income tax expense	102.1	19.6	19.5	10.9	(24.7)	-	127.4
Income tax expense	-	-	-	-	-	-	(31.4)
Profit after income tax expense							96.0
Aggregated revenue							
Revenue and other income	1,000.4	229.1	118.6	107.8	4.0	(6.4)	1,453.5
Procurement services revenue	(109.3)	(58.6)	(8.8)	(5.1)	-	-	(181.8)
Share of revenue from associates	306.2	16.8	20.9	12.9	-	-	356.8
Procurement services revenue of associates	(160.7)	-	-	-	-	-	(160.7)
Share of net profits of associates	(7.6)	0.9	(1.4)	0.2	-	-	(7.9)
Aggregated revenue*	1,029.0	188.2	129.3	115.8	4.0	(6.4)	1,459.9

* Aggregated revenue is defined as statutory revenue and other income 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 the Group.

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	31 December 2007 \$'M	30 June 2007 \$'M
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7.12 CONTINGENT LIABILITIES

(a) Guarantees

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

Bank guarantees outstanding at balance date in respect of financing facilities

	0.4	1.6
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Bank guarantees outstanding at balance date in respect of contractual performance

	133.3	100.7
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	133.7	102.3
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(b) Asbestos

Certain members of the 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 due diligence investigations during the acquisition of Parsons E&C Group 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 Group, WorleyParsons Limited is not aware of any circumstance that is likely to lead to a material residual contingent exposure for the Group in respect of asbestos liabilities.

7.13 SUBSEQUENT EVENTS

No material matter or transaction has arisen since 31 December 2007 that has significantly affected the Group's operations or state of affairs.

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8. DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of WorleyParsons Limited ("Company"), we state that in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R. J. McNeilly', with a long horizontal flourish underneath.

Ron McNeilly
Chairman

Sydney, 27 February 2008

Independent Auditor's Review Report

To the members of WorleyParsons Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WorleyParsons Limited which comprises the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising WorleyParsons Limited (the company) and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of WorleyParsons Limited and the entities it controlled during half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

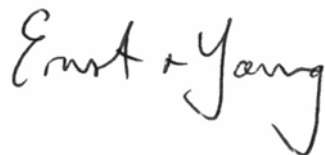
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WorleyParsons Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Partner

Sydney

27 February 2008

**WORLEYPARSONS
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10. CORPORATE INFORMATION

DIRECTORS

Ron McNeilly (Chairman)
Grahame Campbell
Erich Fraunschiel
John Green
John Grill (Chief Executive Officer)
Eric Gwee
William Hall
David Housego
Catherine Livingstone, AO
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
The Royal Bank of Scotland
Westpac Banking Corporation
JPMorgan Chase

LAWYERS

Freehills
Baker & McKenzie

SHARE REGISTRY

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