Directors' Report

The directors present their report on the consolidated entity consisting of WorleyParsons Limited (Company) and the entities it controlled (Group or consolidated entity) at the end of, or during, the year ended 30 June 2012.

DIRECTORS

The following persons were directors of the Company during the financial year and, unless noted, were directors for the full financial year and until the date of this report:

Ron McNeilly (Chairman)

Larry Benke

Erich Fraunschiel

John M Green

John Grill (Chief Executive Officer)

Eric Gwee – retired as a director on 25 October 2011

Christopher Haynes, OBE – appointed as a director on 1 January 2012

Catherine Livingstone, AO

JB McNeil

Wang Xiao Bin – appointed as a director on 1 December 2011

William Hall (alternate director for Larry Benke) – retired as an alternate director on 25 October 2011.

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

DIRECTORS' NUMBER OF SHARES AND PERFORMANCE RIGHTS

DIRECTORS	NUMBER OF SHARES	NUMBER OF PERFORMANCE RIGHTS
Ron McNeilly	387,484	-
Larry Benke	1,130,195	7,812
Erich Fraunschiel	168,755	-
John M Green	891,869	-
John Grill	25,329,759	140,734[1]
Christopher Haynes, OBE	-	-
Catherine Livingstone, AO	13,000	-
JB McNeil	10,300	-
Wang Xiao Bin	4,000	-

1 Excludes cash settled performance rights.

PRINCIPAL ACTIVITIES

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

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

DIVIDENDS – WORLEYPARSONS LIMITED

Details of dividends paid in respect of the current financial year and previous financial year are as follows:

	2012 $'M	2011 $'M
Interim ordinary dividend for 2012 of 40.0 cents per ordinary share paid on 30 March 2012 (31.7 cents franked)	98.3	-
Final ordinary dividend for 2011 of 50.0 cents per ordinary share paid on 27 September 2011 (12.9 cents franked)	122.8	-
Interim ordinary dividend for 2011 of 36.0 cents per ordinary share paid on 29 March 2011 (36.0 cents franked)	-	88.6
Final ordinary dividend for 2010 of 40.0 cents per ordinary share paid on 28 September 2010 (18.8 cents franked)	-	98.0
Total dividends paid	221.1	186.6

Since the end of the financial year, the directors have resolved to pay a dividend of 51.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

REVIEW OF OPERATIONS

A detailed review of the Group's operations for the financial year and the results of those operations is contained in the CEO's Report.

A summary of the consolidated revenues and results in respect of the current financial year and previous financial year is as follows:

	CONSOLIDATED 2012 $'M	CONSOLIDATED 2011 $'M
Revenue and other income	7,408.4	5,683.2
Depreciation	(19.1)	(14.2)
Amortization	(83.9)	(81.5)
Earnings before interest and tax (EBIT)	537.9	539.9
Net interest expense	(44.1)	(41.5)
Profit before income tax expense	493.8	498.4
Income tax expense	(117.3)	(116.0)
Profit after income tax expense	376.5	382.4
Less: net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Net profit excluding net gain on revaluation of investments previously accounted for as equity accounted investments	368.9	316.7
Profit after income tax expense attributable to:		
Members of WorleyParsons Limited	353.2	364.2
Net gain on revaluation of investments previously accounted for as equity accounted associates attributable to members of WorleyParsons Limited	(7.6)	(65.7)
	345.6	298.5
Non-controlling interests	23.3	18.2
Revenue and other income	7,408.4	5,683.2
Less: procurement services revenue at nil margin	(696.2)	(426.8)
Add: share of revenue from associates	665.0	718.9
Less: net gain on revaluation of investments previously accounted for as equity accounted associates	(7.6)	(65.7)
Less: interest income	(7.0)	(6.1)
Aggregated revenue[1]	7,362.6	5,903.5

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

	AGGREGATED REVENUE		EBIT		EBIT MARGIN	
	2012 $'M	2011 $'M	2012 $'M	2011 $'M	2012 %	2011 %
Hydrocarbons	5,015.1	4,043.9	586.5	554.3	11.7	13.7
Power	581.3	513.7	59.9	65.3	10.3	12.7
Minerals, Metals & Chemicals	895.4	643.8	131.4	102.7	14.7	16.0
Infrastructure & Environment	870.8	702.1	115.3	101.0	13.2	14.4
	7,362.6	5,903.5	893.1	823.3	12.1	13.9
Global support costs			(317.5)	(299.6)		
Interest and tax for associates			(13.8)	(17.0)		
Amortization of acquired intangible assets			(31.5)	(32.5)		
EBIT excluding the net gain on revaluation of investments previously accounted for as equity accounted associates			530.3	474.2	7.2	8.0

Aggregated revenue was $7,362.6 million, an increase of 24.7% on the prior financial year. EBIT, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, of $530.3 million, was up 11.8% from the prior financial year result of $474.2 million.

The EBIT margin on aggregated revenue for the Group, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, decreased to 7.2% compared with 8.0% in 2011. After tax, the Group earned a net margin, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, on aggregated revenue of 4.7%, compared to the 2011 net margin of 5.1%.

The effective tax rate, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, was 24.1% compared with 26.8% in 2011.

The Group retains a strong cash position and low level of gearing with (net debt/net debt plus total equity) at financial year end of 19.9% (2011: 21.5%). Cash as at 30 June 2012 was $247.3 million (2011: $171.2 million). Earnings before interest taxes depreciation amortization (EBITDA) interest cover for 2012 was 12.5 times (2011: 13.4 times). EBITDA interest cover, excluding the net gain on revaluation of investments previously accounted for as equity accounted associates, for 2012 was 12.4 (2011: 12.0 times) times.

Operating cash inflow for the period was $437.5 million, compared to $293.8 million in 2011. Cash outflow from investing activities was $106.3 million (2011: $105.8 million).

EARNINGS PER SHARE

	2012 CENTS	2011 CENTS
Basic earnings per share	143.7	148.3
Basic earnings per share excluding net acquisition gains	140.6	121.5
Diluted earnings per share	142.5	147.2
Diluted earnings per share excluding net acquisition gains	139.5	120.6

Basic earnings per share, excluding net gain on revaluation of investments previously accounted for as equity accounted associates, were 140.6 cents per share, an increase of 15.7% from the previous financial year result of 121.5 cents per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACQUISITIONS

The Group increased its ownership interest in ARA WorleyParsons SA from 50% to 94%.

The ARA WorleyParsons SA business is located in Chile and provides consulting services in environmental engineering and project and construction management.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

Since the end of the financial year, the directors have resolved to pay a dividend of 51.0 cents per fully paid ordinary share, including exchangeable shares, partially franked at 61.3% (2011: 50.0 cents per share, partially franked at 25.7%). In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the aggregate amount of the proposed final dividend of $125.3 million is not recognized as a liability as at 30 June 2012.

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

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

(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

Subject to the markets for our services remaining strong, we expect to achieve good growth in FY2013 compared to FY2012 underlying earnings. We have a clear growth strategy in place focused on improving margins, and developing our skill set and geographic footprint across our four customer sectors. This will be achieved through organic growth as well as by taking advantage of acquisition opportunities that provide value for shareholders. We are confident that our medium and long term prospects remain positive based on our competitive position, our diversified operations and strong financial capacity.

ENVIRONMENTAL REGULATION

In the majority of the Group's business operations, it does not have responsibility for obtaining environmental licenses. The Group typically assists its customers, who usually own or operate plant and equipment, with the management of their environmental responsibilities, rather than having those responsibilities itself. However, the Group has environmental responsibilities in terms of compliance with environmental controls and in exercising reasonable care and skill in its design, construction management, operation and supervising activities. The risks associated with environmental issues are managed through the Group's risk management and quality assurance systems.

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the *Corporations Act 2001* (Act) that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory of Australia.

In the financial year, the Group held ownership interests in the Exmouth power station asset which holds appropriate environmental licenses. Compliance with these licenses was managed through the operational systems which control and monitor the operation and maintenance of this asset.

CARBON AND ENERGY EMISSIONS AND CONSUMPTION PERFORMANCE

The Group recognizes that responsible, sustainable corporate performance is essential to the long term success of its business, and desirable to all of its stakeholders. For this reason, the Company again completed a response for the Carbon Disclosure Project (CDP) in 2012, detailing its energy consumption and measures implemented to assist both the Group to reduce its energy consumption and the Group's customers to achieve more sustainable project solutions utilizing methodologies under the Group's EcoNomics™ initiative. The data collection and analysis under the CDP have stimulated energy and carbon reduction measures in many of the Group's offices around the world.

The Company is registered under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) as the controlling corporation for the Group as prescribed by section 12 of the NGER Act. The Company lodged its National Greenhouse Energy Report (NGER Report) for the period 2010/2011 in October 2011. This NGER Report contained information in relation to the greenhouse gas emissions, energy production and energy consumption from the operation of facilities under the operational control of the Group. The

Directors' Report

Company intends to lodge its NGER Report for the Group for the period 2011/2012 in October 2012.

NON-AUDIT SERVICES

During the financial year, Ernst & Young, the Group's auditor, performed certain other services in addition to its statutory audit duties. Total non-audit services provided by the external auditor amounted to $626,001.

The Board has adopted a policy outlining the provision of non-audit services. 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 Act). The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Act 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 undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing and auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

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

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of WorleyParsons Limited

In relation to our audit of the financial report of WorleyParsons Limited for the year ended 30 June 2012, 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

Bruce Meehan
Partner
Sydney
29 August 2012

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

RON MCNEILLY BCOM, MBA, FCPA, FAICD

CHAIRMAN AND NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002, CHAIRMAN SINCE FEBRUARY 2005

Ron is Chairman of the Board and the Nominations Committee and a member of both the Remuneration Committee and the Health, Safety and Environment Committee. Ron is currently the Deputy Chairman of BlueScope Steel Limited (previously BHP Steel) and has over 30 years' experience in the resources industry. Ron joined BHP Billiton Limited in 1962 and has held positions with that company 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 a former Chairman of Ausmelt Limited and Melbourne Business School Limited and is a former director of Alumina Limited, BHP and BHP Billiton, QCT Resources and Tubemakers of Australia.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
BlueScope Steel Limited	Deputy Chairman and non-executive director	10 May 2002	n/a

LARRY BENKE BSC ENG (HONS)

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2010

Larry joined the Board as a non-executive director on 1 July 2010 and is a member of the Nominations Committee and the Health, Safety and Environment Committee. He was appointed an alternate director for Bill Hall from March 2007, following the Company's acquisition of the Colt Companies, until his retirement as Managing Director Canada on 30 June 2010. Larry has extensive experience in the engineering and construction industries including roles in engineering design, project management and general management including President/CEO of the Colt Companies and Managing Director of WorleyParsons Canada. He successfully led Colt through a period of substantial growth and expansion which continued with the integration of the company into the WorleyParsons Canada business. Larry is a director of the Board of The Calgary Airport Authority, a not-for-profit responsible for the operation and development of the Calgary International and Springbank airports. He is a director of CEDA International, an Ontario Municipal Employees Retirement System owned corporation providing specialty maintenance and turnaround services to industry. Larry is also a director of Cervus Equipment Corporation, a Toronto Stock Exchange listed company in the business of acquiring and operating agricultural, industrial and construction equipment dealerships. Larry graduated from the University of Alberta in 1973 with a Bachelor of Science in Electrical Engineering (Honors).

ERICH FRAUNSCHIEL BCOM (HONS), FCPA, FAICD

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MARCH 2003

Erich is Chairman of the Audit and Risk Committee and a member of the Nominations Committee. Erich is a non-executive director of Woodside Petroleum Limited. He is Chairman of Wesfarmers General Insurance Limited and Wesfarmers Insurance Pty Limited. 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 Wesfarmers' Commercial Division and from 1992 until his retirement in July 2002 was an executive director and Chief Financial Officer of Wesfarmers.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Woodside Petroleum Limited	Non-executive director	1 December 2002	n/a

JOHN M GREEN BJURIS/LLB, FAICD, SFFIN

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE LISTING IN NOVEMBER 2002

John is Chairman of the Remuneration Committee and a member of the Nominations Committee. John is a company director, a writer and the co-founder of book publisher, Pantera Press. He is the author of two novels (a financial thriller, 'Nowhere Man' and a political thriller, 'Born to Run').
John is a director of QBE Insurance Group Limited, a member of the Australian Government Takeovers Panel and a director of the Centre for Independent Studies (a public policy think tank). He was previously an investment banker at Macquarie Bank, as an executive director. His career before banking was in law, including as a partner in Freehills and Dawson Waldron.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
QBE Insurance Group Limited	Non-executive director	1 March 2010	n/a

JOHN GRILL BSC, BENG (HONS), HON DENG (SYDNEY)

CHIEF EXECUTIVE OFFICER – DIRECTOR SINCE LISTING IN NOVEMBER 2002 AND DIRECTOR OF THE COMPANY BEFORE LISTING AND ITS PREDECESSOR ENTITIES SINCE 1971

John is Chief Executive Officer of the Group. In 1971, he became Chief Executive of the entity that ultimately became WorleyParsons Limited – Wholohan Grill and Partners, after having joined Esso Australia in 1968. 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 ASX. 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, the Company 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 the Group's major clients and remains closely involved at board level with the Group's joint ventures. John is on the board of Neuroscience Research Australia.

CHRISTOPHER HAYNES, OBE BSC (HONS), DPHIL, CENG, FIMECHE

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JANUARY 2012

Chris was appointed to the Board effective 1 January 2012. He is Chairman of the Health, Safety and Environment Committee and a member of the Nominations Committee. He is based in the United Kingdom and is a non-executive director of Woodside Petroleum Limited. His appointment followed a 39 year career with the Shell Group of Companies and their affiliates. He has lived in a large number of countries, working in the oil and gas exploration and production, LNG and chemicals businesses, primarily in project development and delivery and in operations. Chris was seconded to Woodside from 1999 to 2002, where he was General Manager of the North West Shelf Venture and was subsequently Managing Director of Shell's operations in Syria and of Nigeria LNG Limited. In 2008, Chris assumed responsibility for the delivery of Shell's major upstream projects worldwide. He retired from Shell in August 2011. Chris graduated from the University of Manchester with a Bachelor of Science with Honors in Mechanical Engineering and obtained a Doctor of Philosophy degree in Applied Sciences from the University of Sussex. He is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers in the United Kingdom and was appointed to the Order of the British Empire in June 2009 for his services to the British oil and gas industry in Nigeria.

Australian listed company directorships

LISTED COMPANY NAME	NATURE OF DIRECTORSHIP	DATE OF COMMENCEMENT	DATE OF CESSATION
Woodside Petroleum Limited	Non-executive director	1 June 2011	n/a

CATHERINE LIVINGSTONE, AO BA (HONS), HON DBUS (MACQUARIE), HON DSC (MURDOCH), FCA, FAICD, FTSE

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE JULY 2007

Catherine joined the Board on 1 July 2007 and is a member of the Audit and Risk Committee and the Nominations Committee. She is Chairman and a director of Telstra Corporation Limited and a director of Macquarie Bank Limited and Macquarie Group Limited. She was Chairman of CSIRO from 2001 to 2006 and has also served on the boards of Goodman Fielder Limited 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). In 2008, Catherine was appointed an Officer of the Order of Australia for service to the development of Australian science, technology and innovation policies to the business sector. She has a Bachelor of Arts (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	Non-executive director	19 November 2003	n/a
Macquarie Group Limited	Non-executive director	30 August 2007	n/a
Telstra Corporation Limited	Non-executive director	30 November 2000	n/a
	Chairman	8 May 2009	n/a

JB MCNEIL BSC (MONT), MSC (CAL), SPE, ASME

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE MAY 2010

JB was appointed to the Board on 1 May 2010 and is a member of the Audit and Risk Committee, the Remuneration Committee and the Nominations Committee. His appointment followed a 34 year career with ExxonMobil Corporation. He began with Exxon in 1974 and over the next two decades he was involved in a variety of engineering and operations assignments in the Middle East and in the USA. In 1994, JB was appointed Offshore Division Manager responsible for production in the South China Sea. In 1996, he was appointed Director General for the Sakhalin 1 Project in Russia and in 2001, Vice President for Deep Water Development in Angola and Equatorial Guinea. Between 2003 and 2005, JB held project development responsibilities for Russia and the Caspian region and in 2005 was appointed Vice President of Arctic Projects (Russia, Canada and Alaska). JB retired from ExxonMobil in 2008.

WANG XIAO BIN BCOM, CPA

NON-EXECUTIVE DIRECTOR – DIRECTOR SINCE DECEMBER 2011

Xiao Bin was appointed to the Board on 1 December 2011 and is a member of the Audit and Risk Committee and the Nominations Committee. She is based in Hong Kong and is an executive director and Chief Financial Officer of China Resources Power Holdings Company Limited. Prior to joining China Resources Power in July 2003, she was a Director of Corporate Finance at ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. Xiao Bin worked for Price Waterhouse in Australia in the Audit and Business Advisory Division for five years before joining ING. She is a member of CPA Australia and holds a graduate diploma in Applied Finance and Investment from Securities Institute of Australia (now Finsia) and a Bachelor of Commerce from Murdoch University in Australia.

Directors' Report

PETER JANU BEC/LLB, CA, FCIS

COMPANY SECRETARY AND GENERAL COUNSEL CORPORATE – APPOINTED OCTOBER 2008

Peter has broad experience across a range of disciplines including company secretarial, governance, legal, remuneration, project finance and corporate taxation. Peter has degrees in Law and Economics from The University of Sydney and is a Chartered Accountant and a Chartered Secretary.

INDEMNITIES AND INSURANCE

Under the Company's Constitution, the Company indemnifies each current and former officer of the Group against certain liabilities and costs incurred by them as an officer of the Group. The Company also indemnifies each current and former officer of the Group against certain liabilities and costs incurred when the officer acts as an officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity. Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former officers under the Act.

In addition, the Company has entered into Deeds of Access, Indemnity and Insurance with certain officers of the Group. Under those deeds, the Company agrees (among other things) to:

- indemnify the officer to the extent permitted by law and the Company's Constitution;
- maintain a directors' and officers' insurance policy; and
- provide officers with access to Board papers.

The Company maintains a directors' and officers' insurance policy that, subject to certain exemptions, provides insurance cover to former and current officers of the Group. During the financial year, the Company paid insurance premiums to insure those officers of the Group. The contracts of insurance prohibit the disclosure of the amounts of premiums paid and the nature of the liability covered.

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. Unless otherwise expressly stated, amounts referred to in this report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order and amounts less than $50,000 that have been rounded down are represented in this report by 0.0.

REMUNERATION REPORT

The Company's directors present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* (Act) for the Company and the consolidated entity for financial year 2012 (FY2012). The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Act. This Remuneration Report forms part of the Directors' Report.

The Remuneration Report is presented in three sections:

REMUNERATION SNAPSHOT

This remuneration snapshot sets out the outcomes of our review of the Remuneration Framework, along with key details regarding Executive remuneration for FY2012 that are likely to be of interest to shareholders.

GUIDING REMUNERATION PRINCIPLES

The diagram below outlines the guiding principles that underpin the Company's remuneration arrangements for Executives, and illustrates how we seek to put these into practice through our remuneration decisions and actions:

Strategic Vision

WorleyParsons will be the preferred global provider of technical, project and operational support services to our customers, using the distinctive WorleyParsons culture to create value for them and prosperity for our people and stakeholders.

Leadership	**Relationships**	**Agility**	**Performance**

Our Executive Remuneration Principles will drive the behaviors and results to help us achieve our strategy and vision.

Executive Remuneration Principles

Providing a fair level of reward in order to retain and attract high caliber employees.	Building a culture of achievement by providing a transparent link between reward and performance.	Building long term employee commitment through continued WorleyParsons share ownership.	Promoting mutually beneficial outcomes by aligning employee, customer and shareholder interests.

Putting the Remuneration Principles into Practice

Roles are benchmarked against roles in the market. We benchmark fixed pay, variable pay and pay mix. Individual remuneration reflects the individual's role, responsibilities performance, qualifications and experience.	Key performance indicators are set with Executives and reviewed with the Board. Reward subject to Company performance and individual performance.	Opportunity to earn equity through the Long Term Incentive (LTI) Plan and the Deferred Equity Short Term Incentive (STI) Plan. Having a minimum shareholding requirement.	Performance metrics are geared at focusing Executives on strong financial performance, while balancing long term interests of the Company.

LOOKING FORWARD

Review of the Executive remuneration mix

As foreshadowed at the 2011 Annual General Meeting (AGM), a comprehensive and in-depth review of our remuneration was completed during FY2012. The aim of the review was to ensure alignment of reward among Executives, customers and shareholders through a clear and transparent remuneration mix and to ensure such alignment is applied throughout all phases of the economic cycle. Several changes have been made for FY2013 and beyond and these are discussed further below.

The Board considered a variety of inputs, such as market practice, governance and compliance standards, and feedback from, and the expectations of, shareholders and Executives. In addition, both recent and anticipated legislative changes were considered.

The changes that are proposed as a result of this review include:

1. simplification of incentive programs;
2. increased period of deferral for deferred incentive;
3. equal weighting for total shareholder return (TSR) and earnings per share (EPS) hurdles for LTI;
4. increased vesting period for LTI from three to four years with no retest;
5. expanded peer group for the LTI TSR hurdle; and
6. piloting of an all employee share purchase plan.

1. Simplification of incentive programs

The Board will replace the Cash STI, Deferred Equity STI and Discretionary STI Plans with a new Combined Incentive Program (Incentive Plan). The LTI Plan will be retained in addition to the Incentive Plan.

Details of the new incentive programs can be found on pages 43 and 44.

2. Increased period of deferral for deferred incentive

The cash component of the Incentive Plan will remain payable at the conclusion of the performance period in which an Executive earned the incentive.

Delivery of the performance rights (rights) component will be deferred for three years following the conclusion of the performance period, changed from two equal tranches vesting after 12 and 24 months.

3. Equal weighting of TSR and EPS hurdles for LTI

The LTI remains subject to two specific performance hurdles, being TSR and EPS. To balance the outlook of Executives on creating shareholder wealth and delivering long term Company performance, the TSR and EPS performance hurdles will be equally weighted. Previously, the LTI plan had a TSR weighting of 60%.

4. Increased vesting period for LTI from three to four years with no retest

The vesting period for awards made under the LTI Plan will be increased from three to four years to drive longer term sustainable results, further aligning interests of Executives with those of shareholders. The Board believes that retesting is no longer required as the volatility of the TSR outcome is reduced by expanding the peer group.

5. Expanded peer group for the LTI TSR hurdle

The peer group for the TSR hurdle will be expanded to reduce the volatility of the outcome. The new peer group is listed on page 44.

The Board believes a specific TSR peer group is appropriate (rather than an ASX Index) in order to measure performance against those companies that compete with the Company for customers, people and projects, and who are subject to similar challenges, opportunities and market sentiment.

6. Piloting of an all employee share purchase plan

The Board believes that an employee share purchase plan will increase employees' commitment to the Company and align participants to shareholder interests. The Board has approved the piloting of such a plan in three countries in FY2013, with a view to implementing it globally if the pilot is successful. Under the plan, for every five shares purchased by an employee and held for three years, the Company will match an additional share to a maximum value of $1,000 per annum, per employee.

Legislative and regulatory developments

On 21 February 2012, the Australian Government announced its in-principle response to the research and recommendations commissioned from the Corporations and Markets Advisory Committee. The Company's remuneration arrangements are consistent with the Government supported recommendations to the extent the detail is currently available.

Consistent with the proposed reforms, the Company maintains a clawback provision within the Incentive Plan and the LTI Plan. The deferral was introduced prior to the Government's recommendations; however, as mentioned above, the Company has now also extended the deferral periods for incentive awards.

EXECUTIVES

Set out below is a list of the Executives of the Company whose remuneration details are outlined in this Remuneration Report. Except where noted, these Executives were employed for all of FY2012 in the positions noted below. The use of the term "Executives" throughout this report refers to the Executives listed below.

NAME	POSITION	COUNTRY OF RESIDENCE
EXECUTIVE DIRECTORS		
John Grill[1]	Chief Executive Officer (CEO)	Australia
William Hall	Executive Director (retired as an alternative director on 25 October 2011)	United States
GROUP MANAGING DIRECTORS		
Barry Bloch	Group Managing Director – People	Australia
Stuart Bradie	Group Managing Director – Operations	United Kingdom
Iain Ross	Group Managing Director – Development	United Kingdom
David Steele	Group Managing Director – Delivery	Malaysia
Andrew Wood[2]	Group Managing Director – Finance/CFO	Australia

1 Mr Grill will retire as CEO on 23 October 2012.
2 Mr Wood will be appointed as CEO and an Executive director on 23 October 2012.

These Executives, in addition to the non-executive directors (NEDs) listed on page 50 of the Annual Report, comprised the key management personnel (KMP) of the Company for FY2012, as defined under the Australian Accounting Standards.

ACTUAL REMUNERATION OUTCOMES

The actual remuneration outcomes for FY2012 for Executives reflect their individual performance and the business conditions faced by, and performance outcomes achieved by, the Company. Outcome details for individual executives can be found on pages 46 and 47. In particular:

- in assessing the outcome for STI, the Board exercised its discretion to base the STI on the underlying Group net profit after tax (NPAT), which in the Board's opinion reflects the Company's operating results, instead of reported Group NPAT. This reduced the STI outcome available to Executives. In FY2012 underlying Group NPAT was $345.6 million compared to reported Group NPAT of $353.2 million. In FY2011 underlying Group NPAT was $298.5 million compared to reported Group NPAT of $364.2 million;
- for performance rights granted in FY2010, achievement against the LTI Plan performance hurdles for the three year period ended 30 June 2012 will result in 42% vesting. Executives have the choice to retain rights under the TSR measure to be retested for the four year period ending 30 June 2013. No rights subject to the EPS measure will vest and they will lapse on 30 September 2012;
- for performance rights granted in FY2009, achievement against the LTI Plan performance hurdles for the three year period ended 30 June 2011 resulted in nil vesting and rights under the EPS measure lapsed on 30 September 2011. All Executives elected to retain rights under the TSR measure to be retested for the four year period ended 30 June 2012. The retested outcome will result in a 90% vesting of rights under the TSR measure.

Directors' Report

REMUNERATION DECISIONS

The diagram below illustrates the process by which remuneration and nomination decisions are made within the Company, and explains the roles played by various stakeholders who are involved in setting remuneration:

Board

- Ensures remuneration policies and structures are competitive, fair, and aligned with the long term interests of the Company.
- Sets and approves remuneration structures.
- Approves non-executive director, and CEO and other Executive remuneration.

Nominations Committee

Reviews and assesses the CEO's performance.

Advises the Board on the CEO's remuneration, including:

- amount;
- structure; and
- applicable performance targets.

Remuneration Committee

Assists/advises the Board in relation to:

- remuneration structuring and policies;
- non-executive director remuneration;
- performance assessment and remuneration for Executives; and
- where required, engaging independent advisors for advice on remuneration structure and quantum for KMP including the CEO.

Management

CEO recommends pay increases, and incentive outcomes for the Executives.

At the request of the Nominations and/or Remuneration Committee, management:

- provides information relevant to remuneration decisions; and
- where appropriate, liaises with independent advisors to assist the Nominations and/or Remuneration Committee with factual information (subject to prior Board approval of the provider).

All remuneration decisions relating to Executives are made by the Board. However, where appropriate, management is included in Committee and Board discussions.

External market data and external consultants

- Market data sourced from published reports and independent surveys.
- Where required, external consultants engaged by the Board and Committees to provide advice or information.
- Any advice or recommendations provided by external consultants are used as a guide. They do not substitute for the Board and Committee decision-making process.

During the year, PwC provided factual information in reports on market practice in support of the remuneration framework review. Aon Hewitt provided data in relation to the pay review for Executives and the review of NED fees. Outcomes relating to total shareholder return were provided by Orient Capital. There were no remuneration recommendations made by consultants in relation to KMP.

Putting policy into practice
In setting our remuneration policies and structures, we take into account a number of relevant factors so that our remuneration framework helps to achieve our vision and values.

Key factors are:

1. the remuneration mix for Executives;
2. executive minimum shareholding requirement; and
3. Securities Dealing Policy.

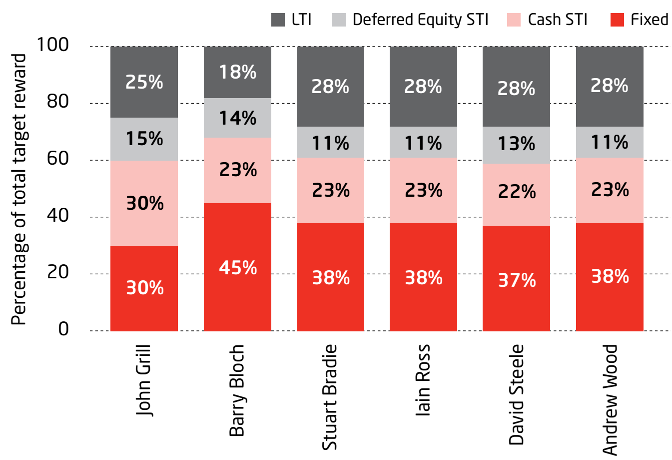
1. Remuneration mix for Executives
Executive remuneration is structured to recognize both an individual's responsibilities, qualifications and experience, as well as to drive performance over the short and long term. Executive remuneration comprises the following:

- fixed pay, which consists of cash (or base) salary, superannuation/retirement contributions and any salary sacrificed components; and
- variable incentive remuneration, which may be comprised of cash or equity and is dependent on the satisfaction of corporate, business unit and individual performance targets.

Allowances and benefits are for specific purposes and are excluded in determining the mix.

The FY2012 targeted mix of the remuneration components described above for each of the Executives is outlined below:

FY2012 targeted remuneration mix for executives



The target at risk remuneration shown in the graph above refers to the incentive that would be payable if all performance conditions are satisfied and assumes the full vesting of STI and LTI. The elements of the remuneration shown above that are at risk are Cash STI, Deferred Equity STI and LTI. Actual incentive remuneration paid to the Executives can vary for individuals depending on the extent that they meet or exceed performance requirements.

Further details in relation to our incentive arrangements, including the specific performance conditions imposed and the outcomes of those arrangements (based on the Company's performance over FY2012 and prior years), are set out in the next section "Executive Remuneration in Detail".

2. Executive minimum shareholding requirement
The Executive minimum shareholding requirement applies to Executives to reinforce our objective of aligning their interests with the interests of shareholders, and to foster an increased focus on building long term shareholder value.

To satisfy the requirement, Executives must retain equity delivered via incentive plans until they hold shares equivalent in value to two times fixed pay (four times fixed pay for the CEO) and must subsequently maintain that multiple.

Compliance with the requirement is assessed as at 30 June each year. The table below provides a summary of the position of each Executive against the requirement as at 30 June 2012:

	WEIGHTED NUMBER OF SHARES HELD AT 30 JUNE 2012[1]	VALUE OF SHARES HELD AT 30 JUNE 2012[2] $	ANNUAL FIXED PAY AT 30 JUNE 2012[3] $	PERCENTAGE OF MINIMUM SHAREHOLDING REQUIREMENT ACHIEVED
EXECUTIVE DIRECTOR				
John Grill	25,433,946	641,342,382	2,100,000	> 100%
GROUP MANAGING DIRECTORS				
Barry Bloch[4]	5,116	129,005	675,000	10%
Stuart Bradie	90,300	2,277,005	760,534	> 100%
Iain Ross	527,929	13,312,258	704,885	> 100%
David Steele	132,965	3,352,845	750,000	> 100%
Andrew Wood	233,663	5,892,046	834,000	> 100%

1 Includes shares held in the Company as provided in note 33(A) to the financial statements plus a 50% weighting of unvested performance rights provided in note 33(B) to the financial statements. Excludes shares held by each Executive's personal related parties.
2 Calculated as the weighted number of shares held at 30 June 2012 multiplied by the volume weighted average price of the Company's shares for the five trading days commencing 2 July 2012.
3 The Australian dollar equivalent of annual fixed pay as at 30 June 2012.
4 Mr Bloch commenced employment as the Group Managing Director – People on 1 May 2011.

3. Securities dealing policy
Under the Company's Securities Dealing Policy, directors and Executives are not permitted to hedge unvested performance rights or shares acquired on exercise of performance rights that are subject to restrictions.

EXECUTIVE REMUNERATION IN DETAIL

REMUNERATION STRUCTURE

Fixed pay
Fixed pay consists of cash (or base) salary, superannuation/retirement contributions and any salary sacrificed components. It is set relative to market, with the level of individual fixed pay aligned with the Executive's responsibilities, performance, qualifications and experience.

STI program
By linking pay to performance via incentive plans, the Company increases the focus on total reward and provides motivation to Executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment.

The target value of the Cash STI and Deferred Equity STI awards for Executives is shown in the chart on this page. FY2012 was the final year in which they also had the ability to earn an additional STI above this in recognition of exceptional performance under the Discretionary STI Plan. The minimum potential value of STI is zero where applicable gate-opener hurdles have not been met.

The Deferred Equity STI Plan first operated in FY2011. In FY2011, the Board, at its discretion, decided to use the underlying Group NPAT rather than reported Group NPAT. As this meant the threshold (95% of NPAT) was not achieved, no rights were issued under this plan. In FY2012, the Company achieved an underlying NPAT outcome of 102% which will result in the first allocation made under the Deferred Equity STI Plan. The value of the awards to be deferred to a future period can be viewed in the actual remuneration outcomes table on pages 46 and 47. This reflects both the Company achievement against Group NPAT and individual performance against an Executive's KPIs.

Outlined below is a summary of the three components of the Company's Executive STI program for FY2012 being Cash STI, Deferred Equity STI and Discretionary STI:

Overview of the STI program

STI ELEMENT	CASH STI PLAN	DEFERRED EQUITY STI PLAN[1]	DISCRETIONARY STI PLAN
Gate-opener	The actual performance is greater than 90% of the budgeted Group NPAT approved by the Board.	Group NPAT performance must exceed the prior year's actual reported results, representing year-on-year growth; and Group NPAT performance must be greater than 95% of the budgeted Group NPAT approved by the Board.	Same as for the Cash STI Plan.
Maximum payout	Maximum payout is possible at 105% of budget.	Maximum payout is possible at 110% of budget.	Up to 60% of target Cash STI may be awarded in deferred rights where an Executive has achieved exceptional performance.
Vesting	Pro-rated percentage from zero to 100% where the actual Group NPAT is between 90% and 105% of budget.	Pro-rated percentage from zero to 100% where the actual Group NPAT is between 95% and 110% of budget.	Up to 100% subject to performance.
Deferral threshold	n/a	A minimum deferral threshold of $50,000 applies. Awards that are below this amount will be paid as a cash lump sum at the conclusion of the performance period.	
STI delivery	Payment of the award will be made as a gross cash amount.	Payment of the award will be through a Deferred Equity STI entitlement, in the form of rights granted under the WorleyParsons Performance Rights Plan.	
Payment timing	Payment will be made at the conclusion of the performance period.	Following the conclusion of the 12 month performance period, the equity entitlement will be deferred in two equal tranches. 50% will vest after 12 months and the remaining 50% after a further 12 months.	
Forfeiture conditions	n/a	Should the accounts be restated during the deferral period or where an individual's behavior is fraudulent, dishonest or in breach of their obligations to the Company, the award may be forfeited. The performance outcomes that resulted in the award will be reviewed to ensure that the award is still appropriate at the time of vesting.	
Dividends	n/a	Dividend Equivalent Payment (DEP) plus interest will be paid in cash to participants on the respective vesting of the two tranches.	
Tenure	To be eligible for an STI payment, generally Executives must have been employed for at least three months of the financial year and remain in employment at the date of payment.		

1 The first allocation under the Deferred Equity STI Plan was in FY2012 as the targets set for FY2011 were not achieved.

1. Cash STI Plan

Performance targets are agreed at the start of the financial year. A summary of the KPIs, along with the weightings for Executives for FY2012, is outlined below:

FINANCIAL KPIs (60% weighting)

The weighting of actual KPIs varies depending on the specific role of the individual and includes the following:

KPIs	METHOD OF ASSESSMENT
Group NPAT applicable to all Executives.	Group NPAT is based upon audited financial statements, to ensure the performance assessment for financial KPIs is aligned with business performance and the creation of value for shareholders. The results are adjusted at Board discretion, to exclude abnormal items.
Cash collection for participants with operational or financial accountability.	Cash collection is measured via days sales outstanding.
Development of strategic and tactical responses to changed economic and business landscapes.	Strategic goals are measured by other regularly reported financial and non-financial metrics e.g. growth in targeted business units[1].

NON-FINANCIAL KPIs (40% weighting)

These may vary with Executive responsibility, but usually include KPIs as shown below. To the extent possible, performance is assessed against quantifiable, objective measures.

KPIs	METHOD OF ASSESSMENT
Health, safety and environment performance.	Reduction in the number of reportable injuries and environmental incidents, and the completion of advanced safety audits.
Leadership, people management and development.	Reduction in turnover.
Successful implementation of the business plan and/or strategic priorities for the business unit, location or function.	Targeted business growth, customer retention and acquisition[1].

1 The specific goals for Executives relating to strategic imperatives are considered commercially sensitive.

Details of the STI payments made to Executives in respect of FY2012 are set out on pages 46 and 47.

2. Deferred Equity STI Plan
Deferred Equity STI vests in two equal tranches. The first tranche will vest 12 months following the end of the performance period, with the remaining tranche vesting after a further 12 months.

Where rights cannot be readily issued to participants in certain overseas jurisdictions due to differing securities laws and taxation treatments, the Deferred Equity STI rules allow equivalent cash payments to be made (on similar conditions to those that apply to the Deferred Equity STI grants).

Given the CEO's significant shareholding in the Company, it is appropriate that John Grill receive his Deferred Equity STI for FY2012 as a deferred cash payment. To ensure continued alignment with shareholders' interests, the size of the payment will vary depending on the Company's share price at the time of vesting. The payment will be subject to the same terms and conditions as the Deferred Equity STI grants outlined above, except that at the time of vesting rather than receiving fully paid ordinary shares in the Company at a nil exercise price, John Grill will receive their cash equivalent value.

3. Discretionary STI
Under the terms of the Discretionary STI Plan, Executives have the ability to earn an additional 60% of their target Cash STI, in recognition of exceptional performance.

NEW COMBINED INCENTIVE PLAN FROM FY2013

As a result of the extensive review of the remuneration framework, the Board has decided to simplify the STI program. From FY2013, the Cash STI Plan, the Deferred Equity STI Plan and the Discretionary STI Plan as outlined above will be replaced by the Combined Incentive Plan, an outline of which is as follows:

INCENTIVE ELEMENT	CASH PORTION (TWO THIRDS OF THE AWARD)	EQUITY PORTION (ONE THIRD OF THE AWARD)	COMMENT/RATIONALE
Gate-opener	The actual performance is greater than 90% of the budgeted NPAT approved by the Board.		No change for the cash portion. A single metric is less complex to understand.
Maximum payout	Maximum payout is possible at 110% of budget.		Outperformance potential replaces the Discretionary STI Plan.
Deferral threshold	n/a	The Board has removed the $50,000 minimum quantum for deferral.	
STI delivery and payment timing	Payment of the award will be made as a gross cash amount at the end of the performance period.	Payment of the award will be through equity deferred for three years in the form of rights granted under the WorleyParsons Performance Rights Plan.	No change to the cash portion. The equity portion has an increased deferral period providing greater ability for clawback.
Forfeiture conditions	n/a	Should the accounts be restated during the deferral period or where an individual's behavior is fraudulent, dishonest or in breach of their obligations to the Company, the award may be forfeited. The performance outcomes that resulted in the award will be reviewed to ensure that the award is still appropriate at the time of vesting. In addition, the Executive must maintain a satisfactory performance rating.	No change.
Dividends	n/a	n/a	Dividends will not be paid on unvested equity.
Tenure	To be eligible for an incentive payment, generally participants must have been employed for at least three months of the financial year and remain in employment at the date of payment.		No change.

LTI Plan

There are two specific performance targets, each assessed independently to earn LTI. These two performance hurdles align an Executive's interests with shareholder returns whilst driving long term Company performance. The measures are as follows:

- TSR relative to peer group (which applies to 60% of potential LTI for FY2012); and
- EPS growth (which applies to 40% of potential LTI for FY2012).

The Board believes a relative TSR hurdle is appropriate to reflect returns to shareholders versus a group of companies with similar business profile, with which we compete for capital and executive talent. Allocations from FY2013 will have equal weight on the two hurdles.

The Board has determined that the number of securities issued under the LTI Plan to Executives and all other participants should be capped at 5% of the issued share capital of the Company over a five year time horizon. Currently, the number of securities issued and held pursuant to the LTI Plan represents 2.85% of the Company's issued share capital (FY2011: 3.02%).

LTI grants for FY2012

LTI grants are delivered to Executives as rights that are issued under the WorleyParsons Performance Rights Plan. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option). The number of rights issued is based on the Executive's target LTI with reference to the underlying share price when issued. Rights vest and are automatically exercised after a three year period, subject to minimum performance hurdles being satisfied.

Where rights cannot be readily issued in certain overseas jurisdictions due to differing securities laws and taxation treatments, the LTI Plan rules ensure a participant can still be rewarded for their contribution, whilst catering for the local restrictions on the issue of securities.

Rights granted under the LTI Plan carry no voting or dividend entitlements. In addition, other than in relation to bonus issues and capital reorganizations (when the number of rights may be adjusted by the Board in accordance with the ASX Listing Rules, so as to ensure no advantage or disadvantage to the Executive), the rights carry no entitlement to participate in new share issues made by the Company.

Details of the rights granted to Executives as the LTI component of their remuneration in FY2012 are outlined on page 49.

Given the CEO's significant shareholding in the Company, it is appropriate that John Grill receive his LTI for FY2012 as a deferred cash payment. To ensure continued alignment of his interests with those of shareholders, the size of the payment will vary depending on the Company's share price at the time of vesting. The payment will be subject to the same terms and conditions as the equity settled rights outlined above, except that at the time of vesting rather than receiving fully paid ordinary shares in the Company at a nil exercise price, John Grill will receive their cash equivalent value.

Relative TSR performance hurdle
(applies to 60% of potential LTI for FY2012, 50% for FY2013)

The TSR measure represents the change in the value of the Company's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value of the share. Relative TSR has been chosen as a performance hurdle because, in the opinion of the Board, it provides the most direct measure of shareholder return.

Executives will only derive value from the TSR component of the LTI Plan if the Company's TSR performance is at least at the median of the companies in the peer comparison group. For LTI grants made in FY2012, the peer comparison group comprises AECOM, Aker Solutions, AMEC, Fluor Corporation, Foster Wheeler, Jacobs Engineering Group, KBR, SNC-Lavalin, URS Corporation and Wood Group. In FY2013, this peer group will be expanded, with the companies added shown below in bold:

AUSTRALIA AND ASIA	UNITED STATES AND CANADA	EUROPE AND UNITED KINGDOM
WorleyParsons	AECOM	Aker Solutions
Cardno	Fluor Corporation	AMEC
Downer EDI	Foster Wheeler	Wood Group
JGC Corporation	Jacobs Engineering Group	**Arcadis**
Leighton Holdings	KBR	**Atkins**
Monadelphous Group	SNC-Lavalin	**Balfour Beatty**
UGL	URS Corporation	**Fugro**
	Chicago Bridge & Iron Company[1]	**Saipem**
	McDermott International	**Serco Group**
	Stantec	**Technip**
	Tetra Tech	**Tecnicas Reunidas**
	The Shaw Group[1]	

1 Chicago Bridge & Iron Company and the Shaw Group have announced a merger agreement between the two companies which will be finalized early 2013, subject to regulatory and shareholder approval.

The Board has discretion to adjust the comparison group to take into account events including, but not limited to, takeovers or mergers that might occur during the performance period.

The vesting schedule of the rights subject to the relative TSR hurdle is outlined below:

RELATIVE TSR PERCENTILE RANKING	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE RELATIVE TSR HURDLE IS MET
Less than 50th percentile	0%
At 50th percentile	30%
Greater than the 50th percentile but less than the 75th percentile	Pro-rated vesting between more than 30% and less than 60%
At 75th percentile or greater	60% (i.e. maximum available under the plan)

The initial test date of the rights subject to the relative TSR hurdle is at the end of year three. At the end of year three, participants can either:

- accept the vesting outcome achieved (based on the schedule set out above); or
- elect to have their rights retested at the end of year four (in which case the same vesting schedule applies but the retest period covers the entire four year period from the date the rights were granted).

Executives are not permitted to "double dip", so by electing to have their rights retested at the end of year four they forfeit any entitlement to rights which otherwise would have vested at the end of year three.

From FY2013, with an expanded peer group and four year performance period, it is expected there will be less volatility. As a result, a retest under the TSR measure will not be provided for performance rights granted from FY2013.

EPS performance hurdle
(applies to 40% of potential LTI for FY2012, 50% for FY2013)

Basic EPS is determined by dividing the Group's NPAT by the weighted average number of the Company's ordinary shares on issue during the financial year. Growth in EPS will be measured by comparing the EPS in the year of issue and the measurement year. EPS has been chosen as a performance hurdle because it provides a clear line of sight between Executive performance and Company performance. It is also a well-recognized and understood measure of performance both within and outside the organization. The Group's NPAT may be adjusted by the Board, where appropriate, to better reflect operating performance as was the case in FY2011.

Executives will only derive value from the EPS component of the grants made in FY2012 if the Company achieves average compound growth in EPS of at least 4% per annum above the increase in the Consumer Price Index (CPI) over the three year performance period.

The vesting schedule of the rights subject to the EPS hurdle is as follows:

AVERAGE COMPOUND GROWTH IN EPS OVER THE PERFORMANCE PERIOD	PERCENTAGE OF RIGHTS THAT MAY BE EXERCISED IF THE EPS HURDLE IS MET
Less than 4% pa above the increase in CPI	0%
4% pa above the increase in CPI	20%
More than 4% pa above the increase in CPI but less than 8% pa above the increase in CPI	An additional 5% of rights will vest for each additional 1% pa plus CPI increase
8% pa or greater above the increase in CPI	40% (i.e. maximum available under the plan)

Exercise of rights and allocation of shares
To the extent that the performance hurdles have been satisfied, rights are automatically exercised (unless an Executive elects otherwise) and participants acquire shares in the Company at a nil exercise price.

Shares allocated to participants upon exercise of rights rank equally with all other ordinary shares on issue. Whilst the shares allocated to participants remain subject to transfer restrictions, participants can apply to have the restrictions lifted. Upon release of the restrictions, participants will have unencumbered ownership of the shares, subject to compliance with the Company's Securities Dealing Policy and minimum shareholding requirement.

Cessation of employment and change of control
Where an Executive leaves the Group, the Board may exercise its discretion and allow a proportion of any unvested rights to remain in the plan, and subsequently vest and be exercised in the ordinary course, having regard to such factors as it determines relevant. Such factors would include performance against applicable performance hurdles, as well as the performance and contribution that the relevant Executive has made. In instances of fraudulent or dishonest behavior, the Board will generally deem all unvested rights held by the Executive to have lapsed on cessation and may also deem any vested but unexercised rights to be forfeited.

In the event of a change of control of the Company (e.g. where a third party unconditionally acquires more than 50% of the issued share capital of the Company), the Board will exercise its discretion to determine whether any or all unvested rights vest, having regard to pro-rata performance against applicable performance hurdles up to the date of the change of control.

COMPANY PERFORMANCE OVER A FIVE YEAR PERIOD

The table below contains a snapshot of the Company's performance against annual financial KPIs and shows how the Company's performance has impacted on remuneration outcomes for Executives under the Company's STI and LTI programs.

	FINANCIAL YEAR ENDED 30 JUNE	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	ANNUALIZED GROWTH OVER FIVE YEARS
TSR portion of LTI	Closing share price ($)	34.00	37.86	23.81	22.21	28.24	25.10	(5.89%)
	Dividends paid[1] (cents per share)	60.5	85.5	93.0	75.5	86.0	91.0	8.5%
	1 year TSR for the Company (%)	69.7	15.9	(34.8)	(1.6)	37.4	(6.8)	
	1 year TSR for median of peer group (%)	42.0	32.0	(34.8)	(9.9)	40.8	(21.9)	
	3 year vesting outcome of LTI (%)	100	100	100	82	Nil	70	
EPS portion of LTI	Basic EPS (cents per share)	101.8	142.5	161.1	118.5	148.3	143.7	7.1%
	Underlying EPS (cents per share)[2]	n/a	n/a	n/a	n/a	121.5	140.6	6.7%
	3 year vesting outcome of LTI (%)	100	100	100	Nil	Nil	Nil	
Combined Incentive	EBIT ($'m)	319.1	520.0	605.3	427.4	539.9	537.9	11.0%
	NPAT ($'m)	224.8	343.9	390.5	291.1	364.2	353.2	9.5%
	Underlying NPAT ($'m)[3]	n/a	n/a	n/a	n/a	298.5	345.6	9.0%
	Average % of maximum STI awarded to Executives (%)	94.6	91.8	53.2	0.0	27.1	47.0	

1 The FY2012 final dividend has been announced and is scheduled to be paid on 28 September 2012.
2 Underlying EPS which in the Board's opinion reflects the Company's operating results, has been used for calculating the outcomes under the vesting period ended 30 June 2011.
3 Underlying NPAT which in the Board's opinion reflects the Company's operating results, has been used for calculating the outcomes under the FY2011 STI payments. This excludes fair value gains on acquisitions of $7.6 million and $65.7 million for FY2012 and FY2011 respectively.

REMUNERATION OUTCOMES

Total remuneration
Details of remuneration for Executives are provided in the following table in accordance with accounting standards. Additional columns have been provided under Actual Remuneration Outcomes. This provides a comparison between the accounting standards, actual remuneration awarded during the year and actual remuneration received during the year.

Accounting standards require the value of equity based payments to be amortised over the relevant period of performance (or vesting period). For those interested in the value of equity based payments awarded during the year, the value is determined as a percentage of Fixed Pay that we aim to deliver. This can be found in the Deferred STI and LTI columns under remuneration awarded section. Those interested in the full value that was received during the year, the value is determined as the number of performance rights granted times the share price at the end of the period of performance, found under the remuneration received section.

STATUTORY REMUNERATION OUTCOMES

		SHORT TERM EMPLOYEE BENEFITS					POST-EMPLOYMENT BENEFITS	OTHER LONG TERM BENEFITS	SHARE BASED PAYMENTS					
		CASH SALARY $	CASH ALLOWANCES[1] $	CASH STI[2] $	NON-MONETARY BENEFITS[3] $	**TOTAL SHORT TERM CASH AND BENEFITS[5] $**	SUPER-ANNUATION $	LONG SERVICE LEAVE $	STI EQUITY SETTLED[4] $	LTI EQUITY SETTLED[4] $	**TOTAL REMUNERATION IN ACCORDANCE WITH ACCOUNTING STANDARDS $**	SHARE BASED PAYMENTS % OF TOTAL REMUNERATION	VARIABLE PAY % OF TOTAL REMUNERATION	% OF MAXIMUM STI AWARD FORFEITED
EXECUTIVE DIRECTORS														
John Grill	FY2012	2,092,241	-	1,530,000	13,635	**3,635,876**	15,836	34,812	260,000	874,926	**4,821,450**	23.5%	55.3%	51.2%
	FY2011	1,706,593	-	1,100,000	14,129	**2,820,722**	50,144	29,010	-	568,055	**3,467,931**	16.4%	48.1%	70.1%
William Hall[9]	FY2012	229,630	-	116,041	11,660	**357,331**	-	-	-	85,868	**443,199**	19.4%	45.6%	56.9%
	FY2011	734,851	-	300,000	36,564	**1,071,415**	11,522	-	-	219,604	**1,302,541**	16.9%	39.9%	61.8%
David Housego[10]	FY2011	686,125	-	205,000	14,408	**905,533**	43,271	11,094	-	139,615	**1,099,513**	12.7%	31.3%	78.2%
GROUP MANAGING DIRECTORS														
Barry Bloch[11]	FY2012	661,760	-	242,000	12,489	**916,249**	15,845	11,189	43,333	32,902	**1,019,518**	7.5%	31.2%	53.4%
	FY2011	111,659	-	-	1,882	**113,541**	2,572	1,844	-	-	**117,957**	-	-	100.0%
Stuart Bradie	FY2012	769,639	284,870	324,000	707,108	**2,085,617**	76,964	-	54,583	324,979	**2,542,143**	14.9%	27.7%	53.1%
	FY2011	722,797	180,699	251,000	434,477	**1,588,973**	72,280	-	-	225,062	**1,886,315**	11.9%	25.2%	73.3%
Iain Ross	FY2012	714,021	178,505	285,000	209,247	**1,386,773**	71,402	-	41,667	307,639	**1,807,481**	19.3%	35.1%	57.2%
	FY2011	677,806	157,372	208,000	169,628	**1,212,806**	58,281	2,212	-	216,286	**1,489,585**	14.5%	28.5%	75.4%
David Steele	FY2012	750,000	75,000	327,000	219,595	**1,371,595**	-	-	55,833	212,443	**1,639,871**	16.4%	36.3%	52.7%
	FY2011	625,078	111,508	189,000	214,824	**1,140,410**	-	-	-	126,064	**1,266,474**	10.0%	24.9%	76.7%
Andrew Wood	FY2012	821,372	50,192	369,000	23,821	**1,264,385**	15,836	13,825	62,917	311,219	**1,668,182**	22.4%	44.5%	50.5%
	FY2011	677,650	130,000	235,000	11,321	**1,053,971**	50,143	12,018	-	210,974	**1,327,106**	15.9%	33.6%	75.1%
Total remuneration	FY2012	6,038,663	588,567	3,193,041	1,197,555	**11,017,826**	195,883	59,826	518,333	2,149,976	**13,941,844**			
	FY2011	5,942,559	579,579	2,488,000	897,233	**9,907,371**	288,213	56,178	-	1,705,660	**11,957,422**			

These footnotes apply to the table on pages 46 and 47.

1 This includes assignment uplifts and one off market adjustments.
2 The FY2012 amount relates to the FY2012 award under the Cash STI Plan, which is scheduled to be paid in September 2012.
3 Non-monetary benefits include benefits such as expatriate benefits (i.e. housing, home leave etc), health insurance, car parking, company cars or car allowances, fringe benefits tax, tax advisory services, life insurance and club memberships. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.
4 This remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments is determined based on the fair value at grant date and is expensed progressively over the vesting period. The amount included as remuneration is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
5 This is the total value of short term employee cash and benefits received during the reporting period.
6 This is the total of superannuation and long service leave benefits received during the reporting period.
7 Remuneration awarded during reporting period but deferred for future periods includes equity awards granted under the STI and LTI Plans which may vest and become available to Executives in future periods. A grant value based on fixed pay (as defined on page 41) multiplied by the STI and/or LTI payout percentage approved by the Board has been included; this is not indicative of the benefit (if any) that individual Executives may ultimately realize should the equity instruments vest.
8 Remuneration received in reporting period from previous periods includes equity awards granted under the STI and LTI Plans in previous years which vested during the reporting period. The STI and LTI value reflects the actual value realized by the Executive rather than the accounting value. In FY2011, all Executives elected to retest the TSR portion of rights granted in FY2009 over the four year period to 30 June 2012. The FY2012 value has been determined based on the number of performance rights granted in FY2010 and FY2009 that vested for the period ended 30 June 2012 and the closing share price at this date.
9 Mr Hall retired as an alternative director on 25 October 2011. Share based payments are disclosed to the extent they relate to William Hall's occupation in the capacity of a director.
10 Mr Housego retired from his directorship on 23 February 2011 and from his Executive role on 2 June 2011. The Board exercised its discretion to allow STI and LTI held at the time of his retirement to be retained following his retirement, pro-rated for his period of contribution to results, and to be measurable and payable in accordance with the original plan vesting schedules.
11 Mr Bloch commenced employment as the Group Managing Director – People on 1 May 2011.

ACTUAL REMUNERATION OUTCOMES

		AWARDED AND RECEIVED DURING REPORTING PERIOD		AWARDED DURING REPORTING PERIOD			RECEIVED DURING REPORTING PERIOD	
				DEFERRED FOR FUTURE PERIODS[7]			DEFERRED FROM PREVIOUS PERIODS[8]	
		SHORT TERM CASH AND BENEFITS $	OTHER BENEFITS[6] $	DEFERRED STI $	LTI $	**TOTAL REMUNERATION AWARDED DURING REPORTING PERIOD $**	LTI $	**TOTAL REMUNERATION RECEIVED DURING REPORTING PERIOD $**
EXECUTIVE DIRECTORS								
John Grill	FY2012	3,635,876	50,648	624,000	1,785,000	**6,095,524**	1,064,591	**4,751,115**
	FY2011	2,820,722	79,154	-	1,487,500	**4,387,376**	-	**2,899,876**
William Hall[9]	FY2012	357,331	-	-	-	**357,331**	419,421	**776,752**
	FY2011	1,071,415	11,522	-	543,476	**1,626,413**	-	**1,082,937**
David Housego[10]	FY2011	905,533	54,365	-	-	**959,898**	-	**959,898**
GROUP MANAGING DIRECTORS								
Barry Bloch[11]	FY2012	916,249	27,034	104,000	270,000	**1,317,283**	-	**943,283**
	FY2011	113,541	4,416	-	-	**117,957**	-	**117,957**
Stuart Bradie	FY2012	2,085,617	76,964	131,000	567,256	**2,860,837**	416,785	**2,579,366**
	FY2011	1,588,973	72,280	-	607,727	**2,268,980**	-	**1,661,253**
Iain Ross	FY2012	1,386,773	71,402	100,000	525,749	**2,083,924**	418,241	**1,876,416**
	FY2011	1,212,806	60,493	-	563,809	**1,837,108**	-	**1,273,299**
David Steele	FY2012	1,371,595	-	134,000	562,500	**2,068,095**	232,677	**1,604,272**
	FY2011	1,140,410	-	-	343,750	**1,484,160**	-	**1,140,410**
Andrew Wood	FY2012	1,264,385	29,661	151,000	625,500	**2,070,546**	403,809	**1,697,855**
	FY2011	1,053,971	62,161	-	543,750	**1,659,882**	-	**1,116,132**
Total remuneration	FY2012	11,017,826	255,709	1,244,000	4,336,005	**16,853,540**	2,955,524	**14,229,059**
	FY2011	9,907,371	344,391	-	4,090,012	**14,341,774**	-	**10,251,762**

STI outcomes

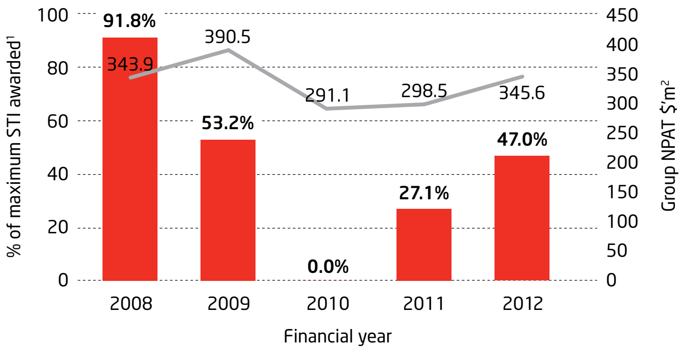
As outlined in the description of the STI Plan on page 41, reward outcomes for Executives are linked primarily to performance against annual financial KPIs, although non-financial (including individual) KPIs are also relevant.

In the above table, the increased Company performance results for FY2012 are reflected in the increase to variable pay earned by Executives during FY2012. The challenging environment in FY2011 was reflected in low STI awards and a nil LTI vesting outcome.

Based on the underlying NPAT provided above and performance against individual KPIs, the resulting STI payments are detailed in the table on pages 46 and 47.

The graph below illustrates the average percentage of maximum STI awarded to Executives over the past five years compared to Group NPAT and demonstrates a strong alignment between Company performance and STI outcomes for Executives:

Average % of maximum STI awarded to Executives compared to Group NPAT

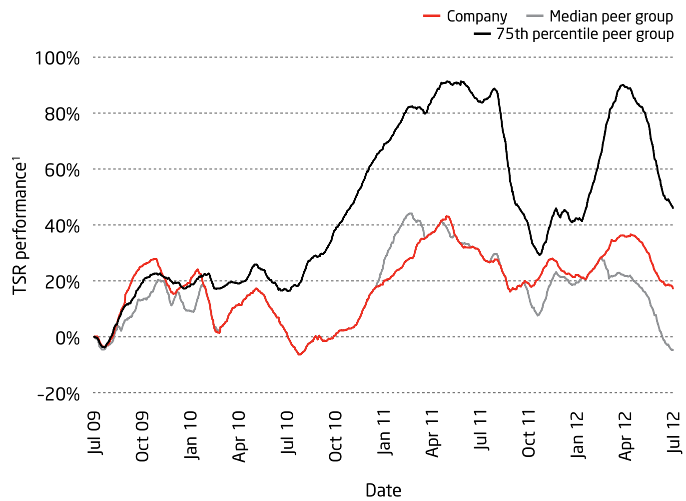


1 The average percentage of maximum STI for any financial year relates to amounts paid in September following that year end, with the exception of a portion of Iain Ross' 2009 STI which was deferred for 12 months.
2 Group NPAT is the reported Group NPAT, except for FY2011 and FY2012 where the lower underlying FY2011 and FY2012 Group NPAT figures were used.

LTI outcomes

The graph below tracks the Company's TSR over the last three years against the median TSR of the peer group used for the LTI Plan:

TSR performance measured over the last three years



1 In determining TSR outcomes previously, the one day closing share price was used. This has been changed to be a one month average closing share price to assist in reducing single day share price volatility.

This graph illustrates that growth in the Company's TSR was above median, which may result in 70% vesting for Executives for TSR related LTI granted in FY2010. As full vesting was not achieved, Executives may elect to retain their TSR performance rights to be retested and measured for the four year period ending 30 June 2013. Executives who elect not to retest will receive vesting of their TSR related LTI on 30 September 2012.

Over the same three year period, the Company's underlying EPS was below the minimum required to trigger vesting against the EPS performance hurdle for LTI granted in FY2010. EPS performance rights will lapse on 30 September 2012. No retest applies to this measure.

No rights granted to Executives under the LTI Plan in FY2009 vested during FY2011. All rights subject to the EPS hurdle lapsed on 30 September 2011, and rights subject to the TSR hurdle were retained and retested this year over a four year performance period in line with Executive elections. The retested outcome will result in 90% vesting for Executives for TSR related LTI granted in FY2009.

The table below shows the history of Executives' grants that have vested to date:

Summary of vested rights

GRANT	PERFORMANCE PERIOD	TSR PERCENTILE ACHIEVED[1]	RETESTED TSR PERCENTILE ACHIEVED[2]	CHANGE IN EPS ACHIEVED[3]	% OF TOTAL LTI GRANT VESTED/EXERCISED	VESTING DATE	VALUE PER RIGHT VESTED/EXERCISED[4] $
EQUITY SETTLED							
FY2007	01 Jul 06 – 30 Jun 09	81st	n/a	33.3%	100%	30 Sep 09	28.40
FY2008	01 Jul 07 – 30 Jun 10	66th	68th	5.8%	49%	30 Sep 10	21.51
FY2009[5]	01 Jul 08 – 30 Jun 11	30th	70th	(5.2%)	54%	30 Sep 12	n/a
FY2010[6]	01 Jul 09 – 30 Jun 12	60th	n/a	(4.4%)	42%	30 Sep 12	n/a

1 Represents the Company's relative TSR ranking over the initial three year performance period compared to the comparator group (being the ASX 50 to 150 ranked companies at the start of the performance period for FY2007 and FY2008, and for FY2009 and FY2010 the peer group listed on page 44).
2 Represents the Company's retested relative TSR ranking over a four year performance period compared to the comparator group (being the ASX 50 to 150 ranked companies at the start of the performance period for FY2007 and FY2008, and for FY2009 and FY2010 the peer group listed on page 44) over the initial three year performance period.
3 Change in EPS achieved is calculated as the compound annual growth rate of EPS over the performance period.
4 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).
5 Equity granted in FY2009 under the TSR measure is due to vest on 30 September 2012 based on the retested outcome over a four year performance period up to 30 June 2012.
6 Equity granted in FY2010 under the TSR measure is due to vest on 30 September 2012. Executives may elect to retain TSR performance rights to be measured for the four year performance period up to 30 June 2013.

Details of vested and outstanding rights over the last five years

	DATE OF GRANT	NUMBER OF RIGHTS GRANTED[1]	FAIR VALUE PER RIGHT (AT GRANT DATE)[2] $	FAIR VALUE OF GRANT (AT GRANT DATE)[3] $	VESTING DATE/ FIRST EXERCISE DATE[4]	EXPIRY DATE	NUMBER OF RIGHTS VESTED AND EXERCISED	VALUE OF RIGHTS VESTED AND EXERCISED[5] $	NUMBER OF RIGHTS LAPSED[6]	VALUE OF RIGHTS LAPSED[7] $	% OF RIGHTS LAPSED
EXECUTIVE DIRECTORS											
John Grill	17 Oct 11	67,639	17.69	1,196,534	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	69,450	16.93	1,175,789	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	45,293	19.27	872,796	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	43,317	19.11	827,788	30 Sep 12	30 Sep 15	–	–	17,326	457,233	40.0%
	02 Oct 07	32,546	30.48	992,002	30 Sep 10	02 Oct 14	15,973	343,579	16,573	356,485	50.9%
William Hall[8]	15 Oct 10	25,375	16.93	429,599	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	18,665	19.27	359,675	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	16,428	19.11	313,939	30 Sep 12	30 Sep 15	–	–	6,571	173,409	40.0%
	02 Oct 07	14,847	30.48	452,537	30 Sep 10	02 Oct 14	7,287	156,743	7,560	162,616	50.9%
GROUP MANAGING DIRECTORS											
Barry Bloch	17 Oct 11	10,231	17.69	180,9 86	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
Stuart Bradie	17 Oct 11	21,495	17.69	380,247	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	28,374	16.93	480,372	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	19,361	19.27	373,086	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,692	19.11	299,874	30 Sep 12	30 Sep 15	–	–	6,276	165,624	40.0%
	02 Oct 07	12,109	30.48	369,082	30 Sep 10	02 Oct 14	5,943	127,834	6,166	132,631	50.9%
Iain Ross	17 Oct 11	19,922	17.69	352,420	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	26,324	16.93	445,665	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	19,316	19.27	372,219	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,834	19.11	302,588	30 Sep 12	30 Sep 15	–	–	6,333	167,128	40.0%
	02 Oct 07	10,727	30.48	326,959	30 Sep 10	02 Oct 14	5,265	113,250	5,462	117,488	50.9%
David Steele	17 Oct 11	21,315	17.69	377,062	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	16,049	16.93	271,710	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	10,746	19.27	207,075	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	8,809	19.11	168,340	30 Sep 12	30 Sep 15	–	–	3,523	92,972	40.0%
	02 Oct 07	6,536	30.48	199,217	30 Sep 10	02 Oct 14	3,208	69,004	3,328	71,585	50.9%
Andrew Wood	17 Oct 11	23,702	17.69	419,288	30 Sep 14	17 Oct 18	–	–	–	–	0.0%
	15 Oct 10	25,387	16.93	429,802	30 Sep 13	15 Oct 17	–	–	–	–	0.0%
	09 Oct 09	18,650	19.27	359,386	30 Sep 12	30 Sep 16	–	–	–	–	0.0%
	03 Oct 08	15,288	19.11	292,154	30 Sep 12	30 Sep 15	–	–	6,115	161,375	40.0%
	02 Oct 07	11,883	30.48	362,194	30 Sep 10	02 Oct 14	5,832	125,446	6,051	130,157	50.9%
NON-EXECUTIVE DIRECTOR											
Larry Benke[9]	09 Oct 09	11,214	19.27	216,094	30 Sep 12	30 Sep 16	–	–	7,476	159,687	66.7%
	03 Oct 08	10,183	19.11	194,597	30 Sep 12	30 Sep 15	–	–	6,109	144,145	60.0%
	02 Oct 07	9,105	30.48	277,520	30 Sep 10	02 Oct 14	4,468	96,107	4,637	99,742	50.9%
Total vested		97,753		2,979,511			47,976	1,031,963			
Total outstanding		624,059		11,299,085			–	–			
Total		721,812		14,278,596			47,976	1,031,963	109,506	2,592,275	

1 The service and performance criteria for the rights are discussed under the heading LTI Plan on page 44. Each right entitles the holder to one fully paid ordinary share in the Company at a nil exercise price (i.e. a zero exercise price option).
2 Fair value per right at grant date is 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-tradeable 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. This amount represents the actual cost to the Company. A Monte Carlo simulation is used for the relative TSR portion and a Black-Scholes model is used for the EPS portion.
3 Total fair value at grant is calculated by multiplying the fair value per right by the number of rights granted. This does not represent the actual value the Executive will derive from the grant, which will depend on the achievement of performance hurdles measured over the vesting period. The maximum value of the rights granted has been estimated based on the fair value per right. The minimum total value of the rights granted, if the applicable performance hurdles are not met, is nil.
4 This is the date at which rights first become exercisable subject to meeting performance hurdles. Once vested, rights are exercisable up until the expiry date. Rights granted on 3 October 2008 were retained for retesting over a four year period (to 30 September 2012).
5 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights vest (as there is no exercise price payable in respect of equity or cash settled rights).
6 The number of rights lapsed represents rights lapsed due to performance hurdles not being met and/or rights lapsed on cessation of employment.
7 This amount is based on the volume weighted average price of the Company's shares for the 10 trading days following the annual results announcement for the year in which the rights lapse. Based on the measurement of the relevant performance hurdles, this total value may be an accumulation of values for rights lapsed over multiple periods.
8 Performance rights issued to William Hall are disclosed to the extent they were granted and received during his occupation in the capacity of a director.
9 Mr Benke received rights as part of his employment with the Company prior to his retirement as an employee on 30 June 2010 and commencement as a non-executive director on 1 July 2010. Board approval was received for retention of a pro-rated number of rights under the original terms of the grant including performance measures and vesting dates. This is consistent with the Company's practice in relation to unvested LTI held by retiring employees. Full details are disclosed on page 45. Rights lapsed on Mr Benke's retirement have been valued based on the volume weighted average price of the Company's shares for the 10 trading days up to and including his retirement date on 30 June 2010.

Directors' Report

EMPLOYMENT ARRANGEMENTS

The key aspects of Executive contracts are outlined below:

	CONTRACT DURATION	NON-COMPETE CLAUSES	NOTICE PERIODS
EXECUTIVE DIRECTOR			
John Grill	Retiring on 23 October 2012	12 months	n/a
GROUP MANAGING DIRECTORS			
Barry Bloch	Unlimited	12 months	6 months
Stuart Bradie	Unlimited	12 months	6 months
Iain Ross	Unlimited	12 months	6 months
David Steele	Unlimited	12 months	6 months
Andrew Wood	Unlimited	12 months	6 months[1]

1 Mr Wood, in his new role as CEO from 23 October 2012, will have a notice period of 12 months.

The contracts include the components of remuneration which are to be paid to Executives, and provide for annual review, but do not prescribe how remuneration levels are to be modified from year to year.

In the event of termination, all Executives are generally entitled to receive their statutory leave entitlements and superannuation benefits. In relation to incentive plans upon termination, where an Executive resigns, STI is paid only if the Executive is employed on the date of payment. The Board retains discretion to make pro-rated STI payments in special circumstances such as retirement.

In accordance with the plan rules, the Board retains discretion on the treatment of both vested and unvested LTI in all instances of separation as outlined in the LTI Plan discussion on page 45. This applies to all LTI, whether equity or cash settled.

In exercising such discretion in the STI and LTI Plans, the Board typically allows retention of awards on a pro-rata basis and subject to the original performance requirements and timing. The Company did not pay sign-on payments to any Executives during FY2012.

At the October 2010 AGM, the Board sought and received approval from shareholders, where discretion was applied for the retention of LTI following cessation of employment for the value of LTI to be disregarded when calculating the relevant participant's cap for the purposes of section 200F(2)(b) or section 200G(1)(c) of the Act.

NON-EXECUTIVE DIRECTOR REMUNERATION

NON-EXECUTIVE DIRECTORS

This section outlines the remuneration arrangements in place for the Company's NEDs. All directors held office for the whole of FY2012, except where otherwise stated. The non-executive directors for FY2012 are listed below:

NAME	POSITION	COUNTRY OF RESIDENCE
Ron McNeilly	Chairman	Australia
Larry Benke	Director	Canada
Erich Fraunschiel	Director	Australia
John M Green	Director	Australia
Eric Gwee[1]	Director	Singapore
Christopher Haynes, OBE[2]	Director	United Kingdom
Catherine Livingstone, AO	Director	Australia
JB McNeil	Director	United States
Wang Xiao Bin[3]	Director	Hong Kong

1 Mr Gwee retired as a director on 25 October 2011.
2 Dr Haynes commenced as a director on 1 January 2012.
3 Ms Wang commenced as a director on 1 December 2011.

REMUNERATION POLICY

The principles of fairness and shareholder alignment are reflected through the Company's commitment to setting NED fees at a level which remain market competitive, whilst ensuring they reflect the caliber of directors required to address the significant strategic and operational challenges faced by the Company. NED fees have been comprehensively reviewed on both an Australian and global basis and will increase for FY2013.

The aggregate amount of fees (which include Board and Committee fees) that may be paid to NEDs in any year is capped at the level approved by shareholders. The current maximum aggregate amount of $2.6 million per annum was approved by shareholders at the 2011 AGM. Of the aggregate annual fee pool, 76% ($1.974 million) was utilized during FY2012 (88% ($1.763 million) for FY2011 for the then $2.0 million limit).

NEDs do not receive performance related payments.

REMUNERATION STRUCTURE

Board and Committee fees

Board and Committee fees for FY2012 and FY2013 are set out below. These amounts are inclusive of superannuation contributions made on behalf of NEDs in accordance with the Company's statutory obligations.

ROLE	FY2012 FEES	FY2013 FEES
Chairman[1]	$495,000	$520,000
Other non-executive director	$185,000	$194,000
Chairman of Audit and Risk Committee	$45,000	$47,000
Member of Audit and Risk Committee	$25,000	$26,000
Chairman of Remuneration Committee	$35,000	$37,000
Member of Remuneration Committee	$20,000	$21,000
Chairman of Health, Safety and Environment Committee	n/a	$30,000
Member of Health, Safety and Environment Committee	n/a	$12,000
Chairman/Member of Nominations Committee	Nil	Nil

1 The Chairman of the Board does not receive additional fees for Committees of which the Chairman may be a member.

Other benefits

NEDs are eligible to receive travel allowances of $5,000 for attendance at overseas meetings (effective 1 July 2009). NEDs are also entitled to be reimbursed for all business related expenses, including travel, incurred in the discharge of their obligations.

Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. The Company does not pay retirement benefits to NEDs in addition to its statutory obligations.

From time to time, the Board may determine special fees for additional duties undertaken by directors.

NED minimum shareholding requirement

A minimum shareholding requirement exists to provide alignment between director and shareholder interests. To comply with this requirement, each non-executive director must build a holding of the Company's ordinary shares equivalent to that director's annual fee. Directors are expected to comply with this requirement within their first full term of three years as a director.

All NEDs complied with the minimum shareholding requirement as at 30 June 2012 with the exception of Wang Xiao Bin and Christopher Haynes, both of whom commenced during FY2012, and have three years to comply.

Particulars of directors' beneficial interests in shares of the Company as at 30 June 2012 are set out in note 33 to the financial statements.

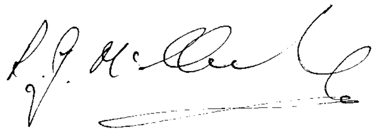
REMUNERATION OUTCOMES

Remuneration of the NEDs for FY2012 and FY2011 is set out below:

	SHORT TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
	FEES $	ALLOWANCES $	SUPERANNUATION[1] $	TOTAL $
Ron McNeilly				
FY2012	465,252	10,000	29,738	504,990
FY2011	388,516	5,000	28,509	422,025
Larry Benke				
FY2012	184,996	30,000	-	214,996
FY2011	175,000	20,000	-	195,000
Grahame Campbell[2]				
FY2011	59,099	5,000	5,066	69,165
Erich Fraunschiel				
FY2012	214,221	10,000	15,775	239,996
FY2011	194,801	5,000	15,199	215,000
John M Green				
FY2012	194,221	10,000	25,775	229,996
FY2011	165,031	5,000	50,444	220,475
Eric Gwee[3]				
FY2012	65,026	5,000	-	70,026
FY2011	187,000	35,000	-	222,000
Christopher Haynes, OBE[4]				
FY2012	92,498	15,000	-	107,498
Catherine Livingstone, AO				
FY2012	194,221	5,000	15,775	214,996
FY2011	177,301	5,000	15,199	197,500
JB McNeil				
FY2012	223,652	30,000	-	253,652
FY2011	186,667	35,000	-	221,667
Wang Xiao Bin[5]				
FY2012	113,296	15,000	9,202	137,498
Total remuneration				
FY2012	1,747,383	130,000	96,265	1,973,648
FY2011	1,533,415	115,000	114,417	1,762,832

1 Superannuation contributions are made on behalf of the NEDs in accordance with the Company's statutory superannuation obligations. The superannuation figures also include additional (i.e. non-statutory) salary sacrificed contributions to superannuation and pension plans, as nominated by NEDs.
2 Mr Campbell retired as a director on 26 October 2010.
3 Mr Gwee retired as a director on 25 October 2011.
4 Dr Haynes commenced as a director on 1 January 2012.
5 Ms Wang commenced as a director on 1 December 2011.

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



RON McNEILLY
Chairman
Sydney, 29 August 2012