John Wood Group PLC

Half year Report 2011

Energy Supporting Energy **worldwide**

John Wood Group PLC ("Wood Group" or the "Group") is a market leader in engineering design, production enhancement and support, and integrated industrial gas turbine maintenance services for customers in the oil & gas and power generation industries around the world. Wood Group employs approximately 35,000 people[1] and operates in over 50 countries.

Financial highlights

- Total revenue[6] of $2,828.8m (2010: $2,409.7) up 17%
- Total EBITA[2,6] of $192.0m (2010: $153.3m) up 25%
- Revenue from continuing operations, including PSN since acquisition and excluding Well Support, of $2,481.8m (2010: $1,959.7m) up 27%, and EBITA from continuing operations of $133.6m (2010: $99.8m) up 34%
- Profit from continuing operations before tax and exceptional items of $102.4m (2010: $68.8m) up 49%
- Post tax exceptional gain of $2,154.0m (2010: nil)
- Basic earnings per share, including net exceptional gain of $2,154.0m, of 444.0 cents (2010: 15.8 cents)
- Adjusted diluted earnings per ordinary share[3] of 25.2 cents (2010: 17.4 cents) up 45%
- Interim dividend of 3.9 cents (2010: 3.4 cents) up 15%
- Completed arrangements to return cash to shareholders of £1.1bn

Group highlights

- Following the acquisition of PSN and disposal of the Well Support division, the refocused Group is well positioned as:
  - A world leading engineering business with strong market positions in upstream, subsea & pipelines ("Engineering")
  - The world leading production facilities support provider, formed by the merger of PSN and Wood Group's Production Facilities business ("Wood Group PSN")
  - The world leading independent provider of integrated maintenance services for industrial gas turbines ("Gas Turbine Services"("GTS"))

$ refers to US dollar, the reporting and principal functional currency of the Group.

For footnotes, see page 9.

Performance highlights

Revenue ($m)

H1 11	2,829
H1 10	2,410
2010	5,063
2009	4,927
2008	5,243

EBITA [2] ($m)

H1 11	192
H1 10	153
2010	345
2009	358
2008	441

Adjusted diluted EPS [3] (cents)

H1 11	25.2
H1 10	17.4
2010	39.7
2009	41.8
2008	52.1

Dividend per ordinary share (cents)

H1 11	3.9
H1 10	3.4
2010	11.0
2009	10.0
2008	9.0

People [1]

H1 11	35,000
H1 10	28,600
2010	28,900
2009	28,200
2008	28,800

Safety cases (per million man hours)

H1 11	2.5
H1 10	2.8
2010	3.1
2009	3.26
2008	3.33

Operating highlights

Engineering

- Good first half revenue growth and margin improvement
- Strong performance in upstream and subsea & pipelines
- Continued order book strength and good bidding pipeline

Wood Group PSN

- Good activity levels in the North Sea
- Improved geographic coverage
- First half benefitting from strong performance in the US, held back by start up delays in Australia and Oman
- Integration progressing well and strong second half performance anticipated

Gas Turbine Services

- Maintenance EBITA up over 20%
- Power Solutions contracts progressing well
- Strong growth in 2011 expected from improved Maintenance performance and good contribution from Power Solutions in the second half

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Interim statement

Sir Ian Wood, Chairman

Allister Langlands, Chief Executive

"The Group has delivered good growth in the first half and anticipates that full year performance will be in line with expectations."

Sir Ian Wood, Chairman
Allister Langlands, Chief Executive

Introduction

The first half of 2011 has been a period of exciting change for the Group as we completed our strategic repositioning to focus on leading positions in engineering, production facilities support and gas turbine services (GTS). In April, we completed the acquisition of PSN for a consideration of $1.0bn and the disposal of the Well Support division for $2.8bn. We also announced our intention to return cash to shareholders following the Well Support disposal. In June, we announced the results of our tender offer and details of the B/C share scheme to complete arrangements to return cash to shareholders of £1.1bn.

In Engineering, we entered the year with a strong order book and have seen good revenue growth and margin improvement. Wood Group PSN was formed by the merger of Wood Group Production Facilities with PSN and has delivered good revenue growth. Integration is progressing well and we are successfully working towards delivering expected synergies. In GTS, we have seen an improved Maintenance performance and are increasingly confident of a strong contribution from Power Solutions in the second half.

Market conditions have continued to improve during the period with global exploration & production ("E&P") spending in 2011 forecast to be up by over 10% on 2010. The group has delivered good growth in the first half and anticipates that full year performance will be in line with expectations. The longer term fundamentals for oil & gas development & production, and gas-fired power generation remain strong. Overall, we believe the refocused Group is well positioned to deliver good longer term growth.

Trading performance	**Interim June 2011 $m**	**Interim June 2010 $m**	**Change**
Total revenue	2,828.8	2,409.7	17%
Revenue from continuing operations	*2,481.8*	*1,959.7*	*27%*
Total EBITA[2]	192.0	153.3	25%
EBITA from continuing operations	*133.6*	*99.8*	*34%*
Total EBITA margin %	6.8%	6.4%	0.4% pts
Continuing operations EBITA margin %	*5.4%*	*5.1%*	*0.3% pts*
Profit from continuing operations before tax and exceptional items	102.4	68.8	49%
Basic EPS (cents)	444.0	15.8	n/m
Adjusted diluted EPS[3] (cents)	25.2	17.4	45%

Note: Total revenue and EBITA figures represent the sum of the Group's continuing operations and Well Support activity up to the date of disposal. Continuing operations revenue and EBITA figures include the results of PSN since acquisition.

Total revenue increased by 17% and total EBITA was up 25%. Revenue from continuing operations increased by 27% in the first half reflecting a strong increase in activity across all three divisions and the inclusion of PSN results from 20 April. EBITA from continuing operations increased by 34% to $133.6m. Continuing operations EBITA margin ("margins") increased by 0.3 percentage points. The margin movement reflects improved margins in Engineering, and the high margin contribution of PSN during the period since acquisition, partially offset by lower margins in GTS due to the second half weighting of Power Solutions profit recognition in 2011.

Adjusted diluted EPS increased by 45% to 25.2 cents, largely as a result of the increased EBITA in the period, combined with lower net finance expense and a lower effective tax rate.

Dividend
Reflecting continuing confidence in our longer term outlook, we have declared a 15% increase in the interim dividend to 3.9 cents (2010: 3.4 cents). The dividend will be paid on 23 September 2011 to shareholders on the Register at 2 September 2011.

Markets
Conditions in oil & gas markets continued to improve in the first half and commodity prices remained strong. Despite the recent volatility in financial and commodity markets, we continue to see good momentum across our business. We are seeing improved activity levels in our engineering business and we are encouraged by forecasts of increased E&P spend in 2011 and 2012 of more than 10% per annum. It is expected that the number of oil & gas installations will continue to grow and, as installations and reservoirs mature, the market for our brownfield production support services will expand as operators increasingly focus on asset integrity, process safety, operational assurance and production enhancement.

Economic conditions for power customers remain relatively weak in Europe and North America but we anticipate some improvement in outlook for our Maintenance services. The longer term growth in global energy demand, relatively favourable gas prices, and environmental considerations continue to support the longer term market for gas-fired power generation.

"The first half of 2011 has been a period of exciting change for the Group as we completed our strategic repositioning to focus on world leading positions in engineering, production facilities support and gas turbine services. Following the acquisition of PSN, the disposal of the Well Support division and the return of cash to shareholders, we are well positioned to deliver good longer term growth."

Sir Ian Wood, Chairman
Allister Langlands, Chief Executive

Interim statement

Divisional highlights

Engineering

We offer a broad range of engineering services to the upstream; subsea, pipeline and midstream; and downstream, process and industrial sectors. These include conceptual studies, engineering, project and construction management, automation projects and control systems upgrades.

	Interim June 2011 $m	Interim June 2010 $m	Change
Revenue	688.5	595.5	16%
EBITA[2]	72.5	57.9	25%
EBITA margin %	10.5%	9.7%	0.8% pts
People[1]	8,000	6,600	21%

Revenue increased by 16%. We entered the year with order book at the higher end of our typical range due to increased bidding volumes during the second half of 2010. This contributed to good growth in activity in upstream and subsea & pipelines during the period, partially offset by a slight reduction in downstream. EBITA increased 25% in the period with margin increasing from 9.7% to 10.5%. The margin movement principally reflected higher volumes, together with slightly improved utilisation and pricing.

Headcount increased from 6,600 to 8,000 primarily as a result of increased activity levels in upstream and subsea & pipelines, together with the addition of around 300 people through the acquisitions of Dar E&C and PI Consult in Saudi Arabia.

Upstream activity accounted for around 40% of Engineering revenue. Volumes have increased, although we are still being impacted by delays in the progression and sanctioning of certain projects by operators. We are active on a number of projects including the Chevron Jack & St Malo topsides design in the US Gulf of Mexico, the Noble Alen project in Equatorial Guinea and the detailed design scope for the Hess Tioga gas plant expansion onshore US. The Canadian oil sands market, where we are currently working on projects including Cenovus Foster Creek, showed the strongest signs of recovery. In Saudi Arabia, we were awarded a multi-year engineering services framework agreement by Saudi Aramco. We also announced the establishment of a joint venture in Malaysia, which has recently been awarded its first contracts.

Our subsea and pipeline business accounted for around 40% of Engineering revenue and continues to perform well, most notably in Australia where we are working on a number of projects including Chevron Gorgon and Woodside Browse. We are currently working on over 20 major subsea projects globally, including key projects for BP in Angola and Shell in Malaysia. We continued to be active in our onshore pipelines business, particularly in the US shale regions.

Our downstream, process and industrial activities accounted for around 20% of revenue. The market in the US remains soft, although we are beginning to see some early signs of improvement.

Outlook

Our order book continues to be strong and we have a good bidding pipeline. We continue to see opportunities for growth to broaden our international presence and extend our services. Estimates of forecast E&P spend into 2012 and beyond underpin our confidence in good longer term growth.

Wood Group PSN

We provide life of field support to producing assets through brownfield engineering and modifications, production enhancement, operations and maintenance, training and abandonment services on a reimbursable basis.

	Interim June 2011 $m	Interim June 2010 $m	Change
Revenue	1,296.9	976.0	33%
EBITA[2]	65.1	49.2	32%
EBITA margin %	5.0%	5.0%	–
People[1]	24,000	14,400	n/m

Revenue and EBITA include the results of PSN from the date of acquisition on 20 April 2011 to 30 June 2011, amounting to revenue of $274.4m and EBITA of $24.6m.

Wood Group PSN was created through the merger of Wood Group Production Facilities with PSN, to create the global market leader in brownfield production facilities support, which now employs around 24,000 people worldwide.

Revenue increased by 33% and EBITA increased by 32% in the period, principally due to the post acquisition contribution of PSN. Financial performance in Wood Group's Production Facilities business was held back by start up delays in Australia and Oman, offset to some extent by a strong performance in the US.

A key driver for the acquisition of PSN was to further internationalise the combined business. The North Sea remains our largest market, and accounted for around 40%[7] of revenue compared to 54% for Wood Group's Production Facilities business in 2010. We are seeing good activity levels in the North Sea and continue to be active for a range of clients on longer term contracts including BP, Shell and Talisman. In June we also successfully extended our contract with Taqa Bratani for a further 5 years.

North America accounted for around 30%[7] of revenue. We are experiencing strong demand for our US onshore services, particularly in the shale regions where we have around 800 people. We are also seeing steady performance in the Gulf of Mexico where we have recently been awarded the commissioning work for the Jack & St. Malo development for Chevron. In Canada, the acquisition of PSN positions us well in the offshore East coast market, where we are providing services to Exxon's Hebron development.

We continue to increase our presence in international markets outside the North Sea and North America, which represent around 30%[7] of revenue. Australia remains a key market for the division where we have a significant level of resource and are working for Exxon in the Bass

Strait and ENI in the Timor Sea. Performance in Wood Group's Production Facilities business was held back by start up delays in Australia and Oman. In Africa, we continue to be active on contracts in Angola, Cameroon, Chad, Equatorial Guinea and Nigeria. In Russia, we have recently extended our contract with SEIC in Sakhalin for a further five years and, in Kazakhstan, we now have over 1,000 people working for TengizChevroil and AGIP KCO.

Outlook

The integration of Wood Group Production Facilities and PSN is progressing well. Management and reporting structures are in place and we are working towards delivering expected synergies.

Performance in the North Sea and North America, and some improvement in international markets should lead to a strong second half.

Wood Group PSN has an excellent track record in the key brownfield engineering & construction and operations & maintenance segments. Looking forward, we believe there will be opportunities to deliver high quality, high integrity services in good long term growth markets as the industry increasingly focuses on operational assurance, competency, reliability and asset integrity.

"Market conditions have continued to improve during the period with global exploration & production spending forecast to increase in 2011 and 2012. Despite the recent volatility in financial and commodity markets, we continue to see good momentum across our business."

Sir Ian Wood, Chairman
Allister Langlands, Chief Executive

GTS

We are a leading provider of services and solutions for clients in the oil & gas and power markets on a worldwide basis. Our aftermarket Maintenance activities include facility operations & maintenance and repair & overhaul of gas, wind and steam turbines, pumps and other high-speed rotating equipment. Our Power Solutions business provides power plant engineering, procurement & construction and construction management services to the owners of power-generation facilities.

	Interim June 2011 $m	**Interim June 2010 $m**	**Change**
Revenue	480.5	371.2	29%
EBITA[2]	22.5	20.1	12%
EBITA margin %	4.7%	5.4%	(0.7% pts)
People[1]	3,400	3,400	–

Overall, revenue was up 29%. Maintenance revenue increased by 4% from $340m to $355m. Power Solutions revenue increased from $31m to $125m reflecting good progress on our EPC contracts with GWF and Dorad, which were both awarded in the fourth quarter of 2010.

EBITA was up 12% in the period. Maintenance EBITA increased by over 20% due to somewhat improved market conditions and the benefit of cost reduction measures taken in 2010. Given the percentage completion of the Dorad and GWF contracts, we did not recognise any Power Solutions profit in the first half. The projects are progressing well and we are increasingly confident of a good profit contribution in the second half.

Headcount remains unchanged, with the impact of cost reductions made in 2010 being offset by increased headcount in our Power Solutions business.

Demand for our Maintenance services in the oil & gas market providing support for turbines used in power generation, gas compression and transmission, remains robust. Performance in the period was impacted by downtime on certain test cells leading to overhaul delays. We are confident of delivering an improved performance in the second half.

Our power & industrial Maintenance activities, which provide support for turbines used for power generation and industrial applications, saw a good performance on some of our longer term contracts. We were also successful with the award of various new longer term agreements including the Municipal Utility District Financing Authority in Sacramento California, EGASA in Peru and PlusPetrol in Argentina.

Interim statement

"The longer term fundamentals for oil & gas development & production, and gas-fired power generation remain strong. Reflecting continuing confidence in our longer term outlook, we have declared a 15% increase in the interim dividend."

Sir Ian Wood, Chairman
Allister Langlands, Chief Executive

Outlook
We continue to anticipate a strong recovery for the year, with an improved performance in our Maintenance business and the timing of profit recognition in Power Solutions resulting in a significant second half weighting.

Economic conditions for power customers remain relatively weak in Europe and North America but we anticipate some improvement in outlook for our Maintenance services. In Power Solutions, we have good visibility on work into 2012 and 2013 and are actively pursuing further opportunities to add to our order book. The longer term growth in global energy demand, relatively favourable gas prices, and environmental considerations continue to support the longer term market for gas-fired power generation.

Well Support

	Interim June 2011 $m	Interim June 2010 $m
Revenue	347.0	450.0
EBITA[2]	58.4	53.5
EBITA margin %	16.8%	11.9%
People[1]	–	3,700

Well Support continued to perform strongly up to the date of disposal on 26 April, generating EBITA of $58.4m from revenue of $347.0m.

Financial review

Financial performance	Interim June 2011 $m	Interim June 2010 $m	Full year Dec 2010 $m
Total revenue	2,828.8	2,409.7	5,063.1
Well Support revenue	(347.0)	(450.0)	(947.1)
Revenue from continuing operations	**2,481.8**	**1,959.7**	**4,116.0**
Total EBITA	192.0	153.3	344.8
Well Support EBITA	(58.4)	(53.5)	(128.1)
EBITA from continuing operations	**133.6**	**99.8**	**216.7**
Total EBITA margin	***6.8%***	***6.4%***	***6.8%***
EBITA margin from continuing operations	***5.4%***	***5.1%***	***5.3%***
Amortisation	(26.9)	(14.0)	(29.0)
Operating profit from continuing operations before exceptional items	**106.7**	**85.8**	**187.7**
Net finance expense	(4.3)	(17.0)	(34.0)
Profit from continuing operations before tax and exceptional items	**102.4**	**68.8**	**153.7**
Taxation on continuing operations before exceptional items	(30.2)	(22.0)	(56.9)
Profit for the period from continuing operations before exceptional items	**72.2**	**46.8**	**96.8**
Profit from discontinued operations, net of tax	36.7	34.4	90.4
Profit for the period before exceptional items	**108.9**	**81.2**	**187.2**
Exceptional items, net of tax	2,154.0	–	(21.4)
Profit for the period	**2,262.9**	**81.2**	**165.8**
Basic EPS (cents)	444.0	15.8	32.4
Adjusted diluted EPS (cents)	25.2	17.4	39.7

The results for the first six months have been impacted by the acquisition of PSN on 20 April 2011 and the disposal of the Well Support division on 26 April 2011. The review of our trading performance is contained within the Divisional commentary above.

The amortisation charge for the half year of $26.9m includes $17.1m (30 June 2010: $4.9m) of amortisation relating to other intangible assets arising from acquisitions, of which $11.8m is in relation to the PSN acquisition. The other intangible asset recognised in relation to the acquisition of PSN was $194.5m and will be amortised over a period of 5 years. The expected charge for the eight months post acquisition in 2011 is around $47.0m and for the full year 2012 is $49.0m. We continue to regard the amortisation charge relating to intangible assets arising from acquisitions to be a relatively subjective measure, and as a result continue to believe that performance is best measured excluding this figure. This is the reason our key reporting measures for profit and earnings per share exclude the impact of amortisation.

The net continuing finance expense before exceptional items in the first half of $4.3m is analysed further below:

	Interim June 2011 $m	Interim June 2010 $m	Full Year Dec 2010 $m
Interest on debt	5.3	10.8	20.0
Non utilisation fees	1.5	2.7	5.1
Non cash charges on pension and deferred consideration	0.3	1.0	1.8
Bank fees and charges	0.4	3.4	8.9
Total finance charge	**7.5**	**17.9**	**35.8**
Finance income	(3.2)	(0.9)	(1.8)
Net continuing finance expense before exceptional items	**4.3**	**17.0**	**34.0**

Interest cover, based on EBITA from continuing operations, is strong at 31.1 times (30 June 2010: 5.9 times).

The effective tax rate on continuing operations was 29.5% (30 June 2010: 29.9%).

	Interim June 2011 $m	Interim June 2010 $m	Full Year Dec 2010 $m
Underlying tax charge	35.2	22.0	56.9
Credit in relation to deferred tax on amortisation of other intangible assets (a)	(5.0)	–	–
Tax charge per financial statements	**30.2**	**22.0**	**56.9**
Profit from continuing operations before tax and exceptional items	102.4	68.8	153.7
Add other intangible assets amortisation (a)	–	4.9	10.5
Adjusted profit	**102.4**	**73.7**	**164.2**
Effective tax rate on continuing operations before exceptional items	29.5%	29.9%	34.7%

(a) A tax credit has been recognised on the amortisation of other intangible assets during 2011, therefore the adjustment to profit before tax shown for 2010 is no longer required.

The higher effective rate on continuing operations for the full year 2010 relates primarily to unrecognised tax losses. Without these, the underlying rate would have been around 30%.

Adjusted diluted EPS for the six months to 30 June 2011 increased by 45% to 25.2c, largely as a result of the increased EBITA in the period, combined with lower net finance expense and a lower effective tax rate.

Exceptional Items

In the period the Group recorded a post tax exceptional gain of $2,154.0m. A pre tax gain of $2,267.2m was generated in relation to the disposal of our Well Support division, on which tax of $77.5m was payable. This amount was offset by pre tax exceptional charges of $22.9m in relation to a receivable in Libya and $23.0m for the acquisition, subsequent integration and associated bank fees in respect of the PSN transaction, on which tax credits of $10.2m have been recognised. Further details are provided in Note 3 to the interim financial statements.

Costs in relation to the return of cash to shareholders of $14.5m were incurred and a foreign exchange loss of $28.8m arose on the sterling balances held in anticipation of the return of cash and these have been taken directly to equity.

Interim statement

Return of cash and share consolidation

In February 2011, we announced that following the completion of the acquisition of PSN and the disposal of our Well Support Division to GE, we intended to make a return of cash to shareholders of not less than $1.7bn. In May 2011 we announced that the Board had decided that the most appropriate process for effecting the return of cash was, in the first instance, a tender offer of up to £1.1bn, followed by a subsequent B/C share scheme.

At the close of the tender offer on 2 June 2011, 65.9m Wood Group shares, representing approximately 12.2 % of the issued ordinary share capital, had been tendered and were purchased by the Group at a price of 625 pence per share, for a total value of £411.9m. Following completion of the tender offer, the Company announced that it would complete the return of cash through a return of 140 pence per share to all shareholders on the register on 1 July 2011. The return was made through a B/C share scheme, which was substantially completed on 4 July 2011.

At the date of this report we have successfully completed the return of £1.1bn, with a further £4.7m expected to be returned when the B shares issued pursuant to the deferred capital option under the B/C share scheme are redeemed in April 2012.

Concurrent with the B/C Share Scheme, the Company undertook a share capital consolidation. The purpose of the share capital consolidation was to seek to ensure that, subject to market fluctuations, the market price of Wood Group ordinary shares immediately following the B/C share issue was approximately the same as the market price immediately beforehand. The share capital consolidation should also allow historical and future financial information in relation to the Company to be compared on a per-share basis before and after the B/C share scheme.

The amount returned under the B/C share scheme represented approximately 21.9 % of the Company's market capitalisation on 10 June 2011. As a result of the share capital consolidation, the number of ordinary shares in issue has been reduced by a broadly equivalent percentage, shareholders having received 7 new ordinary shares for every 9 existing ordinary shares held. Following the cancellation of the ordinary shares purchased under the tender offer, there were 474.9m ordinary shares in issue at the close of trading on 1 July 2011. On 4 July 2011, following the completion of the share capital consolidation, there were 369.4m new ordinary shares in issue.

The weighted average number of fully diluted shares in the six months to 30 June 2011 was 526.9m. As the consolidation took place after 30 June 2010 it has no impact on the current period but the table below sets out the anticipated impact on the full year 2011 weighted average number of shares.

Analysis of movements in ordinary shares

All figures are in million shares	Closing 30 June 2011	Weighted Average 30 June 2011	Anticipated Weighted Average FY 2011	Anticipated Closing FY2011
Ordinary shares – opening balance	530.3	**530.3**	530.3	530.3
PSN acquisition	10.5	**4.1**	7.3	10.5
Tender offer	(65.9)	**(10.6)**	(38.5)	(65.9)
B/C share and consolidation	–	**–**	(52.8)	(105.5)
Ordinary shares – closing balance	474.9	**523.8**	446.3	369.4
Shares held by employee share trusts	(11.6)	**(14.2)**	(11.5)	(9.0)
Basic shares for EPS purposes	463.3	**509.6**	434.8	360.4
Effect of dilutive shares	13.9	**17.3**	15.5	13.9
Fully diluted shares for EPS purposes	477.2	**526.9**	450.3	374.3

Note – The anticipated numbers above assume that there are no further changes to the capital structure of the Group, that no further dilutive options are issued and that the share price remains at 30 June 2011 levels.

Adjusted diluted EPS of 25.2 cents for the period is calculated by taking total profit for the period attributable to the owners of the parent of $2,262.7m less exceptional items net of tax of $2,154.0m plus amortisation net of tax of $23.9m to give adjusted earnings of $132.6m, and dividing this by the fully diluted weighted average number of shares in the period of 526.9m.

Cash flow and net debt

	Interim June 2011 $m	Interim June 2010 $m	Full Year Dec 2010 $m
Opening net debt	**(15.1)**	(87.9)	(87.9)
Cash generated from operations pre working capital	**217.8**	191.3	421.9
Working capital movements (excluding Well Support)	**(87.7)**	(80.4)	23.5
Working capital movements related to Well Support	**(77.6)**	(9.7)	(42.9)
Cash generated from operations	**52.5**	**101.2**	**402.5**
Acquisitions and capex	**(989.4)**	(91.3)	(146.6)
Disposals	**2,745.9**	–	–
Return of cash to shareholders	**(681.0)**	–	–
Tax paid	**(58.5)**	(48.8)	(99.3)
Interest, dividends and other	**(37.7)**	(65.1)	(89.9)
Exchange movements on net debt	**(31.6)**	11.8	6.1
Decrease/(increase) in net debt	**1,000.2**	**(92.2)**	**72.8**
Closing net cash / (debt)	**985.1**	**(180.1)**	**(15.1)**

The funding position of the Group has been impacted significantly in the first half of the year by the acquisition of PSN, the disposal of Well Support and the tender offer. Throughout the period the Group has maintained a level of core gross debt as set out below.

	Interim June 2011 $m	Interim June 2010 $m	Full Year Dec 2010 $m
Average gross (debt)	(282.9)	(382.8)	(364.3)
Closing net cash / (debt)	985.1	(180.1)	(15.1)

The return of cash to shareholders in July 2011 resulted in an outflow of $1,075.1m which, together with other adjustments in relation to the completion of the Well Support disposal, would result in adjusted pro forma net debt of around $125m at 30 June 2011.

Cash generated from operations pre working capital increased by $26.5m to $217.8m. The working capital outflows of $87.7m and $77.6m (2010: $80.4m and $9.7m) shown above were due primarily to the impact of seasonally reduced working capital at December 2010, combined with higher activity compared to the second half of 2010. The Well Support disposal structure includes a working capital adjustment mechanism. It is anticipated that the working capital position will improve in the second half, and that the refocused Group will be less working capital intensive.

Cash paid in relation to acquisitions, primarily the PSN acquisition, totalled $929.4m (30 June 2010: $16.3m), deferred consideration paid in respect of prior period acquisitions decreased to $9.2m (30 June 2010: $42.2m) and payments for capex and intangible assets increased to $50.8m (30 June 2010: $32.8m).

The reduction in tax, interest, dividend and other largely relates to the purchase of shares by the employee share trust in the first half of 2010, offset by higher tax and dividend payments in the first half of 2011.

In February 2011, the Group renegotiated its $800m bilateral borrowing facilities which has resulted in lower pricing.

Gearing and capital efficiency

Due to the significant changes in the Group structure during the first 6 months of 2011 comparison with prior periods is not meaningful.

Foreign exchange and constant currency reporting

The Group's revenue and EBITA can be impacted by movements in foreign exchange rates, including the effect of retranslating the results of subsidiaries with various functional currencies into US dollars at different exchange rates. Movements in the average US dollar rate to other major currencies in which we operate between the first half of 2010 and the first half of 2011, would have had the impact of reducing the growth in total EBITA for the Group by approximately 5% or $5m on a constant currency basis.

Principal risks and uncertainties

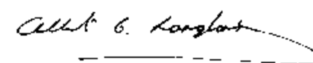
The principal risks and uncertainties facing the Group in the second half of 2011 that could lead to a significant loss of reputation or that could impact on the performance of the Group, along with our approach to managing and mitigating these risks, remain broadly unchanged from those described in the Group's 2010 Annual Report. The mitigating factors set out in the Annual Report are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further detail on the principal risks and uncertainties see pages 22 and 23 of the Group's 2010 Annual Report.

Group Outlook

The Group has delivered good growth in the first half and anticipates that full year performance will be in line with expectations.

The first half of 2011 has been a period of exciting change for the Group as we completed our strategic repositioning to focus on world leading positions in engineering, production facilities support and gas turbine services. Following the acquisition of PSN, the disposal of the Well Support division and the return of cash to shareholders, we are well positioned to deliver good longer term growth.

Market conditions have continued to improve during the period with global exploration & production spending forecast to increase in 2011 and 2012. Despite the recent volatility in financial and commodity markets, we continue to see good momentum across our business and the longer term fundamentals for oil & gas development & production, and gas-fired power generation remain strong.



Sir Ian Wood
Chairman
23 August 2011

Allister G Langlands
Chief Executive

Footnotes

1 Number of people includes both employees and contractors at 30 June.

2 Total EBITA represents operating profit from continuing operations pre exceptional items of $106.7m (2010: $85.8m) before the deduction of amortisation of $26.9m (2010: $14.0m) and including Well Support EBITA of $58.4m (2010: $53.4m) and EBITA is provided as it is a key unit of measurement used by the Group in the management of its business.

3 Adjusted diluted earnings per share is calculated by dividing earnings before exceptional items and amortisation, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.

4 Interest cover is EBITA from continuing operations divided by the net continuing finance expense.

5 Unless stated otherwise, comparisons of financial performance are between the six months to 30 June 2011 and the six months to 30 June 2010.

6 Total revenue and total EBITA are the sum of the Group's continuing operations and the activity of the Well Support business up to the date of disposal. These are non-GAAP measures. Continuing operations revenue and EBITA figures include the results of PSN since acquisition.

7 Annualised geographical revenue split based on annualised Wood Group PSN figures.

Group income statement

for the six month period to 30 June 2011

		Unaudited Interim June 2011			Unaudited Interim June 2010			Audited Full Year December 2010		
	Note	**Pre-exceptional items $m**	**Exceptional items $m**	**Total $m**	Pre-exceptional items $m	Exceptional items $m	Total $m	Pre-exceptional items $m	Exceptional items $m	Total $m
Revenue from continuing operations	2	**2,481.8**	**–**	**2,481.8**	1,959.7	–	1,959.7	4,116.0	–	4.116.0
Cost of sales		**(2,032.5)**	**–**	**(2,032.5)**	(1,587.0)	–	(1,587.0)	(3,360.7)	–	(3,360.7)
Gross profit		**449.3**	**–**	**449.3**	372.7	–	372.7	755.3	–	755.3
Administrative expenses		**(342.6)**	**(42.1)**	**(384.7)**	(286.9)	–	(286.9)	(567.6)	(27.6)	(595.2)
Operating profit	2	**106.7**	**(42.1)**	**64.6**	85.8	–	85.8	187.7	(27.6)	160.1
Finance income		**3.2**	**–**	**3.2**	0.9	–	0.9	1.8	–	1.8
Finance expense		**(7.5)**	**(3.8)**	**(11.3)**	(17.9)	–	(17.9)	(35.8)	–	(35.8)
Profit before taxation from continuing operations		**102.4**	**(45.9)**	**56.5**	68.8	–	68.8	153.7	(27.6)	126.1
Taxation	9	**(30.2)**	**10.2**	**(20.0)**	(22.0)	–	(22.0)	(56.9)	6.2	(50.7)
Profit for the period from continuing operations		**72.2**	**(35.7)**	**36.5**	46.8	–	46.8	96.8	(21.4)	75.4
Profit from discontinued operations, net of tax		**36.7**	**2,189.7**	**2,226.4**	34.4	–	34.4	90.4	–	90.4
Profit for the period		**108.9**	**2,154.0**	**2,262.9**	81.2	–	81.2	187.2	(21.4)	165.8
Equity attributable to owners of the parent:										
Owners of the parent		**108.7**	**2,154.0**	**2,262.7**	81.1	–	81.1	187.4	(21.4)	166.0
Non-controlling interests		**0.2**	**–**	**0.2**	0.1	–	0.1	(0.2)	–	(0.2)
		108.9	**2,154.0**	**2,262.9**	81.2	–	81.2	187.2	(21.4)	165.8
Earnings per share (expressed in cents per share)										
Basic	8	**21.3**	422.7	444.0	15.8	–	15.8	36.6	(4.2)	32.4
Diluted	8	**20.6**	408.8	429.4	15.3	–	15.3	35.4	(4.1)	31.3

Results of discontinued operations represent the post-tax profits of the Well Support division which was divested on 26 April 2011 together with the post-tax gain on divestment.

Group statement of comprehensive income

for the six month period to 30 June 2011

	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year December 2010 $m
Profit for the period	**2,262.9**	81.2	165.8
Other comprehensive income			
Actuarial losses on retirement benefit liabilities	**–**	–	1.0
Movement in deferred tax relating to retirement benefit liabilities	**–**	–	(0.3)
Cash flow hedges	**7.1**	1.1	3.3
Exchange movements on retranslation of foreign currency net assets	**12.7**	(13.5)	3.1
Total comprehensive income for the period	**2,282.7**	68.8	172.9
Total comprehensive income for the period is attributable to:			
Owners of the parent	**2,282.3**	69.1	172.8
Non-controlling interests	**0.4**	(0.3)	0.1
	2,282.7	68.8	172.9

Group balance sheet

as at 30 June 2011

	Note	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year December 2010 $m
Assets				
Non-current assets				
Goodwill and other intangible assets	5	**1,694.0**	662.3	677.5
Property plant and equipment		**146.7**	247.5	238.2
Long term receivables		**42.4**	6.6	43.4
Derivative financial instruments		**3.5**	0.3	0.1
Deferred tax assets		**70.7**	61.9	100.2
		1,957.3	978.6	1,059.4
Current assets				
Inventories		**416.2**	649.2	663.8
Trade and other receivables		**1,246.5**	1,034.5	1,050.8
Income tax receivable		**13.9**	36.0	25.2
Derivative financial instruments		**4.0**	2.3	1.2
Cash and cash equivalents	13	**1,186.8**	131.7	180.1
		2,867.4	1,853.7	1,921.1
Liabilities				
Current liabilities				
Borrowings	13	**29.2**	33.0	30.1
Derivative financial instruments		**1.3**	2.7	0.3
Trade and other payables		**1,218.3**	1,027.7	1,139.5
Income tax liabilities		**130.1**	50.2	60.8
		1,378.9	1,113.6	1,230.7
Net current assets		**1,488.5**	740.1	690.4
Non-current liabilities				
Borrowings	13	**172.5**	278.8	165.1
Derivative financial instruments		**2.1**	2.9	2.7
Deferred tax liabilities		**63.5**	7.2	2.3
Retirement benefit liabilities	10	**25.3**	32.7	33.3
Other non-current liabilities		**86.4**	39.8	82.0
Provisions		**29.3**	50.1	47.2
		379.1	411.5	332.6
Net assets		**3,066.7**	1,307.2	1,417.2
Equity attributable to owners of the parent				
Share capital		**23.3**	26.3	26.3
Share premium		**321.8**	315.8	315.8
Retained earnings		**2,516.2**	917.2	1,007.6
Other reserves		**194.2**	38.5	56.6
		3,055.5	1,297.8	1,406.3
Non-controlling interests		**11.2**	9.4	10.9
Total equity		**3,066.7**	1,307.2	1,417.2

Group statement of changes in equity

for the six month period to 30 June 2011

	Note	Share Capital $m	Share Premium $m	Retained Earnings $m	Other Reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total Equity $m
At 1 January 2010		26.3	315.8	877.6	50.5	**1,270.2**	10.8	**1,281.0**
Profit for the period		–	–	81.1	–	**81.1**	0.1	**81.2**
Other comprehensive income:								
Cash flow hedges		–	–	–	1.1	**1.1**	–	**1.1**
Net exchange movements on retranslation of foreign currency net assets		–	–	–	(13.1)	**(13.1)**	(0.4)	**(13.5)**
Total comprehensive income for the period		**–**	**–**	**81.1**	**(12.0)**	**69.1**	**(0.3)**	**68.8**
Transactions with owners:								
Dividends paid	4	–	–	(35.7)	–	**(35.7)**	(1.1)	**(36.8)**
Credit relating to share based charges	14	–	–	7.8	–	**7.8**	–	**7.8**
Shares purchased by employee share trusts		–	–	(20.5)	–	**(20.5)**	–	**(20.5)**
Shares disposed of by employee share trusts		–	–	3.1	–	**3.1**	–	**3.1**
Exchange movements in respect of shares held by employee share trusts		–	–	3.8	–	**3.8**	–	**3.8**
At 30 June 2010		**26.3**	**315.8**	**917.2**	**38.5**	**1,297.8**	**9.4**	**1,307.2**
At 1 January 2011		**26.3**	**315.8**	**1,007.6**	**56.6**	**1,406.3**	**10.9**	**1,417.2**
Profit for the period		–	–	2,262.7	–	**2,262.7**	0.2	**2,262.9**
Other comprehensive income:								
Cash flow hedges		–	–	–	7.1	**7.1**	–	**7.1**
Net exchange movements on retranslation of foreign currency net assets		–	–	–	12.5	**12.5**	0.2	**12.7**
Total comprehensive income for the period		**–**	**–**	**2,262.7**	**19.6**	**2,282.3**	**0.4**	**2,282.7**
Transactions with owners:								
Dividends paid	4	–	–	(39.3)	–	**(39.3)**	(0.2)	**(39.5)**
Credit relating to share based charges	14	–	–	2.2	–	**2.2**	–	**2.2**
Shares disposed of by employee share trusts		–	–	9.9	–	**9.9**	–	**9.9**
Exchange movements in respect of shares held by employee share trusts		–	–	(1.9)	–	**(1.9)**	–	**(1.9)**
Shares issued in respect of the PSN acquisition	5	0.6	–	–	114.4	**115.0**	–	**115.0**
Purchase of shares under tender offer	7	(3.6)	–	(675.7)	3.6	**(675.7)**	–	**(675.7)**
Expenses relating to return of cash to shareholders	7	–	–	(43.3)	–	**(43.3)**	–	**(43.3)**
Adjustment relating to options exercised under share symmetry scheme		–	6.0	(6.0)	–	**–**	–	**–**
Non-controlling interests arising on business combinations		–	–	–	–	**–**	0.4	**0.4**
Purchase of non-controlling interests		–	–	–	–	**–**	(0.3)	**(0.3)**
At 30 June 2011		**23.3**	**321.8**	**2,516.2**	**194.2**	**3,055.5**	**11.2**	**3,066.7**

The figures presented in the above tables are unaudited.

Other reserves include the capital redemption reserve, capital reduction reserve, merger reserve, currency translation reserve and the hedging reserve. The capital redemption reserve was credited with $3.6m during the period as a result of the purchase of shares under the tender offer. The merger reserve was credited during the period with $114.4m as a result of the issue of shares as part of the PSN acquisition.

Group cash flow statement

for the six month period to 30 June 2011

	Note	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year December 2010 $m
Cash generated from operations	12	**52.5**	101.2	402.5
Tax paid		**(58.5)**	(48.8)	(99.3)
Net cash (used in)/from operating activities		**(6.0)**	52.4	303.2
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and borrowings acquired)	5	**(917.4)**	(16.3)	(20.9)
Deferred consideration payments		**(9.2)**	(42.2)	(47.7)
Proceeds from divestment of subsidiaries (net of cash and borrowings divested and divestment costs)	6	**2,745.9**	-	-
Cash impact of exceptional items		**(11.2)**	-	(8.0)
Purchase of property plant and equipment		**(38.0)**	(26.4)	(54.4)
Proceeds from sale of property plant and equipment		**1.0**	2.7	5.6
Purchase of intangible assets		**(12.8)**	(6.4)	(15.6)
Proceeds from disposal of other intangible assets		**0.6**	-	-
Purchase of non-controlling interests		**(0.8)**	-	-
Investment by non-controlling interests		**-**	-	0.8
Net cash from/(used in) investing activities		**1,758.1**	(88.6)	(140.2)
Cash flows from financing activities				
(Repayment of)/proceeds from bank loans		**(1.6)**	30.1	(97.3)
Purchase of shares under tender offer	7	**(675.7)**	-	-
Expenses relating to return of cash to shareholders		**(5.3)**	-	-
Purchase of shares in employee share trusts		**-**	(21.8)	(22.1)
Disposal of shares in employee share trusts		**9.9**	3.1	6.3
Interest received		**2.5**	1.2	2.3
Interest paid		**(12.2)**	(13.5)	(28.6)
Dividends paid to shareholders	4	**(39.3)**	(35.7)	(53.1)
Dividends paid to non-controlling interests		**(0.2)**	(1.1)	(1.1)
Net cash used in financing activities		**(721.9)**	(37.7)	(193.6)
Net increase/(decrease) in cash and cash equivalents		**1,030.2**	(73.9)	(30.6)
Effect of exchange rate changes on cash and cash equivalents		**(23.5)**	(3.0)	2.1
Opening cash and cash equivalents		**180.1**	208.6	208.6
Closing cash and cash equivalents		**1,186.8**	131.7	180.1

Notes to the interim accounts
for the six month period to 30 June 2011

1 Basis of preparation

The interim report and accounts for the six months ended 30 June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and accounts should be read in conjunction with the Group's 2010 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union.

The interim report and accounts have been prepared on the basis of the accounting policies set out in the Group's 2010 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2011. The interim report and accounts do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim accounts were approved by the Board of Directors on 22 August 2011. The results for the six months to 30 June 2011 and the comparative results for six months to 30 June 2010 are unaudited. The comparative figures for the year ended 31 December 2010 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated interim financial statements.

Functional currency
The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

The following exchange rates have been used in the preparation of these accounts:

	June 2011	June 2010
Average rate £1 = $	**1.6150**	1.5243
Closing rate £1 = $	**1.6055**	1.5189

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations not relevant to the Group

The following revisions and amendments to standards and interpretations are mandatory as of 1 January 2011 but are currently not relevant to the Group and have no impact to the Group's interim financial statements:

- IAS 24 (revised) "Related party disclosures"
- Amendments to IAS 32 Financial instruments: Presentation on classification of rights issues
- Amendment to IFRS 1, First time adoption on financial instruments disclosures
- Amendment to IFRIC 14, "Pre-payments of a Minimum Funding Requirement"
- IFRIC 19, "Extinguishing financial liabilities with equity instruments"

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2012 or later periods, but the Group has not early adopted them:

- IFRS 9, 'Financial instruments'
- IFRS 10, 'Consolidated financial statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosures of interests in other entities'
- IFRS 13, 'Fair value measurement'
- IAS 19 (revised 2011) 'Employee benefits'
- IAS 27 (revised 2011) 'Separate financial statements'
- IAS 28 (revised 2011) 'Associates and joint ventures'

The Group is currently assessing the impact that the new standards and amendments may have to the Group's financial statements.

Notes to the interim accounts

for the six month period to 30 June 2011

2 Segmental reporting

The segment information provided to the Chief Operating Decision Maker for the reportable operating segments for the period included the following:

Business segments

	Revenue			EBITDA[2]			EBITA[2]			Operating profit		
	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year 2010 $m	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year 2010 $m	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year 2010 $m	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year 2010 $m
Engineering	**688.5**	595.5	1,239.1	**76.7**	62.4	130.2	**72.5**	57.9	122.0	**42.1**	50.2	106.0
Wood Group PSN[3]	**1,296.9**	976.0	2,041.1	**70.5**	53.9	112.2	**65.1**	49.2	101.4	**30.0**	46.1	88.6
Gas Turbine Services	**480.5**	371.2	804.9	**28.1**	27.0	60.0	**22.5**	20.1	46.1	**19.7**	17.2	18.8
Central costs[4]	**–**	–	–	**(24.8)**	(24.7)	(48.1)	**(26.2)**	(26.0)	(50.8)	**(26.9)**	(26.3)	(51.3)
Gas Turbine Services – to be divested[5]	**15.9**	17.0	30.9	**(0.3)**	(1.2)	(1.6)	**(0.3)**	(1.4)	(2.0)	**(0.3)**	(1.4)	(2.0)
Well Support – divested[7]	**347.0**	450.0	947.1	**70.0**	69.9	165.9	**58.4**	53.5	128.1	**58.4**	53.5	128.1
Total[6]	**2,828.8**	2,409.7	5,063.1	**220.2**	187.3	418.6	**192.0**	153.3	344.8	**123.0**	139.3	288.2
Remove Well Support[7]	**(347.0)**	(450.0)	(947.1)	**(70.0)**	(69.9)	(165.9)	**(58.4)**	(53.5)	(128.1)	**(58.4)**	(53.5)	(128.1)
Total continuing	**2,481.8**	1,959.7	4,116.0	**150.2**	117.4	252.7	**133.6**	99.8	216.7	**64.6**	85.8	160.1
Finance income										**3.2**	0.9	1.8
Finance expense										**(11.3)**	(17.9)	(35.8)
Profit before taxation from continuing operations										**56.5**	68.8	126.1
Taxation										**(20.0)**	(22.0)	(50.7)
Profit for the period from continuing operations										**36.5**	46.8	75.4
Profit from discontinued operations										**2,226.4**	34.4	90.4
Profit for the period										**2,262.9**	81.2	165.8

Notes

1. Following the acquisition of PSN and the divestment of the Well Support division the Group's reportable segments are now Engineering, Wood Group PSN and Gas Turbine Services. Management considers these segments to be the most appropriate in light of the change in the structure of the Group.
2. Total continuing EBITDA represents operating profit of $64.6m (2010: $85.8m) before continuing depreciation of property, plant and equipment of $16.6m (2010: $17.6m) , amortisation of $26.9m (2010: $14.0m) and continuing exceptional items of $42.1m (2010: nil). Well Support depreciation includes $1.8m (2010: $2.8m) of rental inventory depreciation. EBITA represents EBITDA less depreciation. EBITA and EBITDA are provided as they are units of measurement used by the Group in the management of its business.
3. The results of Wood Group PSN include the trading activity of PSN from the date of acquisition, 20th April 2011 to 30th June 2011.
4. Central costs include the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs. Certain foreign exchange gains and losses are also included within central costs.
5. The GTS business to be divested is an Aero engine overhaul company which the Group has decided to dispose of.
6. Figures on the total row are the sum of continuing activity and Well Support activity up to the date of disposal excluding the gain on divestment.
7. The results of the Well Support division represent the trading activity of that division from 1st January 2011 to 26th April 2011, the date the division was divested.
8. Revenue arising from sales between segments is not material.

Segment assets	**Unaudited Interim June 2011 $m**	Unaudited Interim June 2010 $m	Audited Full Year Dec 2010 $m
Engineering	**735.3**	566.1	604.9
Wood Group PSN	**2,000.2**	742.5	740.8
Gas Turbine Services	**883.4**	878.9	857.1
Well Support	**–**	594.8	636.1
Gas Turbine Services – to be divested	**28.3**	24.8	23.0
Unallocated	**1,177.5**	25.2	118.6
	4,824.7	2,832.3	2,980.5

Unallocated segment assets includes cash, income tax and deferred tax balances.

Notes to the interim accounts

for the six month period to 30 June 2011

3 Exceptional items

	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year Dec 2010 $m
Exceptional items included in continuing operations			
Acquisition costs	**9.5**	–	6.6
Integration and restructuring charge	**9.7**	–	21.0
Political disruption in North Africa	**22.9**	–	–
	42.1	–	27.6
Bank fees relating to PSN acquisition	**3.8**	–	–
	45.9	–	27.6
Taxation	**(10.2)**	–	(6.2)
	35.7	–	21.4
Exceptional items included in discontinued operations			
Gain on divestment of subsidiaries	**(2,267.2)**	–	–
Taxation	**77.5**	–	–
	(2,189.7)	–	–
Exceptional items post–tax	**(2,154.0)**	–	21.4

Acquisition costs of $9.5m relating to the purchase of PSN have been expensed in the period. $6.6m of costs were expensed in relation to this transaction in 2010.

A charge of $9.7m has been recorded in the period in respect of costs relating to the integration of PSN with the existing Wood Group Production Facilities business and the closure of a training facility in Louisiana, USA. The restructuring charge in 2010 relates to the Gas Turbine Services division and the majority of the costs were in respect of the closure of a repair facility in Connecticut, USA.

There are doubts over the Group's ability to recover $22.9m of engineering related receivables following political and social unrest in Libya and therefore the outstanding balance has been provided in full.

Bank fees of $3.8m relating to the acquisition of PSN have been expensed in the period.

The gain on divestment of subsidiaries of $2,267.2m relates to the sale of the Well Support division in April 2011. Further details of the divestment are provided in note 6.

A tax charge of $77.5m has been recorded in relation to the gain on divestment of subsidiaries. A tax credit of $10.2m has been recorded in relation to exceptional items in continuing operations in the period.

4 Dividends

	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year Dec 2010 $m
Dividends on equity shares			
Final paid	**39.3**	–	–
Second interim paid	**–**	35.7	35.7
Interim paid	**–**	–	17.4
Total dividends	**39.3**	35.7	53.1

After the balance sheet date, the directors declared an interim dividend of 3.9 cents per share which will be paid on 24 September 2011. The interim financial report does not reflect this dividend payable, which will be recognised in equity attributable to owners of the parent as an appropriation of retained earnings in the year ended 31 December 2011.

Notes to the interim accounts
for the six month period to 30 June 2011

5 Business combinations

The fair value of assets and liabilities acquired through business combinations in the period were as follows:

	PSN $m	Other $m	Total $m
Property plant and equipment	24.4	3.0	27.4
Other intangible assets	194.5	–	194.5
Inventories	–	7.0	7.0
Trade and other receivables	289.4	19.3	308.7
Cash	40.0	6.3	46.3
Bank borrowings	(370.2)	(1.3)	(371.5)
Trade and other payables	(201.5)	(28.5)	(230.0)
Income tax liabilities	(42.4)	0.2	(42.2)
Deferred tax	(60.4)	–	(60.4)
Provisions	(6.3)	(0.7)	(7.0)
Total identifiable net (liabilities)/assets acquired	**(132.5)**	**5.3**	**(127.2)**
Goodwill	817.8	17.0	834.8
Non–controlling interests	(0.4)	–	(0.4)
Consideration	**684.9**	**22.3**	**707.2**
Consideration satisfied by:			
Cash	569.9	22.3	592.2
Issue of shares	115.0	–	115.0
Total consideration transferred	**684.9**	**22.3**	**707.2**

The Group acquired 100% of the share capital of Production Services Network Limited ('PSN') on 20 April 2011 for a total consideration of $684.9m. $569.9m was paid in cash and $115.0m of shares were issued as part of the transaction. The Group repaid PSN's borrowings of $370.2m immediately following the acquisition. $194.5m of other intangible assets were recognised on acquisition.

The total identifiable net liabilities of PSN are stated after recording fair value adjustments of $25.1m. The fair value adjustments relate mainly to tax issues.

Goodwill of $834.8m has been recognised on the acquisitions in the period. This, together with the other intangible assets of $194.5m recognised on the acquisitions, contribute to the increase in goodwill and other intangible assets in the period.

The acquisition of PSN advances Wood Group's strategy of maintaining an appropriate balance between oil & gas development and later cycle production support, creating global market leading positions, developing long term customer relationships, extending services and broadening international reach. Wood Group PSN will be a global leader in brownfield production services and be well positioned for growth across the oil & gas industry.

Other acquisitions include the purchase of Dar E&C and PI Consult in Saudi Arabia in June 2011. In addition, the Group made deferred consideration payments of $9.2m relating to acquisitions in previous periods.

The outflow of cash equivalents on the acquisitions made during the period is analysed as follows:

	$m
Cash consideration	592.2
Cash acquired	(46.3)
Borrowings acquired	371.5
Cash outflow	**917.4**

The results of the Group, if the acquisition of PSN had been made at the beginning of the period, would have been as follows:

	$m
Continuing revenue	2,845.1
Continuing EBITA	155.6

From the date of acquisition to 30 June 2011, PSN contributed $274.4m to revenue and $24.6m to EBITA.

Notes to the interim accounts
for the six month period to 30 June 2011

6 Divestments

In April 2011, the Group divested of its Well Support division to GE for a gross consideration of $2,850.0m. Details of the assets and liabilities disposed of were as follows:

	$m
Property plant and equipment	127.8
Goodwill and other intangible assets	31.9
Inventories	291.4
Trade and other receivables	238.8
Deferred tax assets	24.3
Cash and cash equivalents	44.4
Borrowings	(3.5)
Trade and other payables	(245.7)
Net income tax liabilities	(24.7)
Provisions	(19.5)
Net assets divested	**465.2**
Gross proceeds received	2,821.8
Disposal costs	(89.4)
Gain on divestment	**2,267.2**
Tax	(77.5)
Gain on divestment after tax	**2,189.7**

The inflow of cash and cash equivalents in relation to the divestment of the Well Support division is analysed as follows:

	$m
Gross proceeds received (a)	2,821.8
Divestment costs paid	(35.0)
Cash divested	(44.4)
Borrowings divested	3.5
Net cash inflow from divestment	**2,745.9**

(a) Of the total agreed sale proceeds of $2,850.0m, $28.2m relating to the divestment of a business in the Middle East remains outstanding. The divestment of this business is expected to be completed in the second half of 2011. The gain on sale calculation will be finalised following agreement of the working capital adjustment with GE and this is expected to be completed before year-end.

7 Return of cash to shareholders

In February 201l the Group announced its intention to return cash to shareholders. The first part of the return was via a tender offer which was completed in June 2011 and which resulted in the purchase by the company of 65.9m shares at £6.25 per share. The total cost of $675.7m (£411.9m) was recorded as a reduction in retained earnings in the period. The second part of the return was via the B/C share scheme and this was completed in July 2011 and resulted in a payment of £660.1m ($1,075.1m) being made to shareholders. A further payment of £4.7m ($7.7m) will be made in April 2012. These payments will also be recorded as a reduction in retained earnings. Expenses of $43.3m relating to the return of cash, including a $28.8m exchange loss on the retranslation of sterling cash held in anticipation of the return to shareholders, have also been deducted from retained earnings.

Notes to the interim accounts

for the six month period to 30 June 2011

8 Earnings per share

	Unaudited Interim June 2011			Unaudited Interim June 2010			Audited Full Year December 2010		
	Earnings attributable to equity shareholders $m	**Number of shares (millions)**	**Earnings per share (cents)**	Earnings attributable to equity shareholders $m	Number of shares (millions)	Earnings per share (cents)	Earnings attributable to equity shareholders $m	Number of shares (millions)	Earnings per share (cents)
Basic	**2,262.7**	**509.6**	**444.0**	81.1	512.4	15.8	166.0	512.6	32.4
Effect of dilutive ordinary shares	**–**	**17.3**	**(14.6)**	–	16.3	(0.5)	–	17.0	(1.1)
Diluted	**2,262.7**	**526.9**	**429.4**	81.1	528.7	15.3	166.0	529.6	31.3
Exceptional items, net of tax	**(2,154.0)**	**–**	**(408.8)**	–	–	–	21.4	–	4.0
Amortisation, net of tax	**23.9**	**–**	**4.6**	11.0	–	2.1	23.0	–	4.4
Adjusted diluted	**132.6**	**526.9**	**25.2**	92.1	528.7	17.4	210.4	529.6	39.7
Adjusted basic	**132.6**	**509.6**	**26.0**	92.1	512.4	18.0	210.4	512.6	41.0
Basic discontinued	**2,226.4**	**509.6**	**436.9**	34.4	512.4	6.7	90.4	512.6	17.6

The calculation of basic earnings per share ('EPS') is based on the earnings attributable to equity shareholders divided by the weighted average number of ordinary shares in issue during the period excluding shares held by the Group's employee share trusts. For the calculation of diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has two types of dilutive ordinary shares – share options granted to employees under Employee Share Option Schemes and the Long Term Retention Plan; and shares issuable under the Group's Long Term Incentive Plan. Adjusted EPS is disclosed to show the results excluding exceptional items and amortisation, net of tax.

9 Taxation

The taxation charge for the six months ended 30 June 2011 reflects an anticipated rate of 29.5% on continuing profit before taxation and exceptional items for the year ending 31 December 2011 (June 2010 : 29.9%).

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. No changes had been substantively enacted at the balance sheet date and therefore there is no impact on these financial statements.

10 Retirement benefit liability

In June 2011, the Group made a one-off payment of $8.1m (£5.0m) to the Group retirement benefit scheme, reducing the scheme liability. No interim revaluation of the pension liability has been carried out at 30 June 2011 and accordingly there is no actuarial gain/loss in the statement of recognised income and expense. The figures for gains and losses for the full year together with the surplus/deficit at the year end will be presented in the 2011 Annual Report and Accounts.

11 Related party transactions

The following transactions were carried out with the Group's joint ventures in the six months to 30 June. These transactions comprise sales and purchase of goods and services in the ordinary course of business.

	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year December 2010$m
Sales of goods and services to joint ventures	**27.0**	47.7	102.2
Purchase of goods and services from joint ventures	**8.0**	21.0	49.3
Receivables from joint ventures	**26.5**	37.8	43.0
Payables to joint ventures	**4.2**	14.1	5.7

Notes to the interim accounts

for the six month period to 30 June 2011

12 Cash generated from operations

	Unaudited Interim June 2011 $m	Unaudited Interim June 2010 $m	Audited Full Year December 2010 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations before exceptional items	**106.7**	85.8	187.7
Operating profit from discontinued operations before exceptional items	**58.4**	53.5	128.1
Adjustments for:			
Depreciation	**26.4**	31.2	66.3
Loss on disposal of property plant and equipment	**0.8**	0.2	3.4
Amortisation	**26.9**	14.0	29.0
Share based charges	**2.2**	7.8	16.7
Decrease in provisions	**(5.7)**	(2.6)	(6.2)
Changes in working capital			
(excluding effect of acquisition and divestment of subsidiaries)			
Increase in inventories	**(36.0)**	(39.9)	(53.9)
Increase in receivables	**(131.2)**	(52.6)	(33.8)
Decrease in payables	**1.9**	2.4	68.3
Exchange differences	**2.1**	1.4	(3.1)
Cash generated from operations	**52.5**	101.2	402.5

13 Reconciliation of cash flow to movement in net (debt)/cash

	At 1 January 2010 $m	Cash flow $m	Exchange movements $m	**At 30 June 2010 $m**
Cash and cash equivalents	180.1	1,030.2	(23.5)	**1,186.8**
Short term borrowings	(30.1)	1.4	(0.5)	**(29.2)**
Long term borrowings	(165.1)	0.2	(7.6)	**(172.5)**
Net (debt)/cash	(15.1)	1,031.8	(31.6)	**985.1**

Notes to the interim accounts
for the six month period to 30 June 2011

14 Share based charges

Share based charges comprise $8.5m (2010: $7.8m) relating to options granted under the Group's executive share option schemes and share awards under the Long Term Incentive Plan. This amount is included in administrative expenses. In addition, and included within exceptional items, are $3.6m of charges that have been accelerated following the divestment of the Well Support division. Also included within exceptional items were payments made to Well Support employees in relation to share based charges. In accordance with the requirements of IFRS2, the fair value of these payments, $9.9m, has been deducted from reserves. The $2.2m credit to reserves comprises the $8.5m and $3.6m mentioned above less the $9.9m fair value adjustment.

15 Capital commitments

At 30 June 2011 the Group had entered into contracts for future capital expenditure amounting to $15.7m. The capital expenditure relates to property plant and equipment and has not been provided in the financial statements.

16 Post balance sheet events

The second part of the return of cash to shareholders, the B/C share scheme, was completed in July 2011 when £660.1m ($1,075.1m) was paid to shareholders. A number of shareholders elected to defer their return of cash until April 2012 and accordingly, a further £4.7m ($7.7m) will be returned on that date.

17 Contingent liabilities

In February 2010, the Group, and several other parties, were notified of a legal claim from a customer in respect of work carried out in 2008. The Group is in the process of lodging its formal defence. Management continues to believe that the Group is in a strong position to defend the claim, and do not believe that it is probable that any material liability will arise as a result.

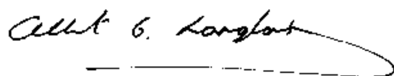
Statement of directors' responsibilities

for the six month period to 30 June 2011

The directors confirm that the interim report and accounts have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the accounts and a description of the principal risks and uncertainties for the remaining six months of the year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of John Wood Group PLC are listed in the Group's 2010 Annual Report and Accounts with the exception of the following changes in the period: J Renfroe resigned on 20 April 2011, R Keiller was appointed on 26 April 2011, J Ogren resigned on 11 May 2011 and J Wilson was appointed on 1 August 2011.



A G Langlands
Chief Executive

A G Semple
Group Finance Director

22 August 2011

Independent review report to John Wood Group PLC

for the six month period to 30 June 2011

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half year report for the six months ended 30 June 2011 which comprises the Group income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information in the condensed set of financial statements.

Directors' responsibilities

The interim report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
22 August 2011

Notes:

(a) The maintenance and integrity of the John Wood Group PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Shareholder information

Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. Shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 2 September 2011 as published in the Financial Times on 3 September 2011.

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Chartered Accountants and Statutory Auditors

Solicitors
Slaughter & May
Company Solicitor

Financial calendar

	6 months ended 30 June 2011	**Year ending 31 December 2011**
Results announced	23 August 2011	Early March 2012
Ex-dividend date	31 August 2011	April 2012
Dividend record date	2 September 2011	April 2012
Dividend payment date	23 September 2011	May 2012
Annual General Meeting		May 2012

The Group's Investor Relations website can be accessed at www.woodgroup.com.

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