WOOD GROUP

OUR CORE VALUES DEFINE WHO WE ARE

John Wood Group PLC
Half Year Report 2014

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Safety & Assurance Relationships Social Responsibility People Innovation Financial Responsibility Integrity

"We have seen strong performance in our PSN Production Services activities in the US shale market, offset by an anticipated lower contribution from Upstream Engineering and weaker than expected performance in our Turbine Activities. Overall, the outlook for the Group for the year remains unchanged from the position outlined at our December 2013 trading update; we continue to anticipate full year EBITA to be in line with expectations and up on 2013, led by growth in PSN Production Services."

Bob Keiller, CEO

Financial highlights

- Total revenue[1] of $3,801.2m up 10% and Total EBITA in line with H1 2013 at $243.2m
- Revenue from continuing operations on an equity accounting basis up 16% at $3,224.4m (2013: $2,788.7m)
- Profit from continuing operations on an equity accounting basis before tax and exceptional items up 15% at $182.4m (2013: $159.0m)
- Adjusted diluted EPS of 44.4 cents (2013: 44.5 cents)
- Interim dividend of 8.9 cents (2013: 7.1 cents) up 25%

[1] See detailed footnotes following Financial Review section of the half year results. Total Revenue and Total EBITA include the contribution from joint ventures and activities classified as discontinued, which include the results of the businesses that transferred to the EthosEnergy joint venture prior to its formation in May.

Operating highlights

Wood Group Engineering

- EBITA down 9%, reflecting a lower contribution from Upstream partially offset by good performance in Subsea & Pipelines and Downstream
- Increased engagement in early stage work; remain well positioned to influence and reduce overall project costs
- Announced acquisition of Agility Projects for NOK 1,008m (c.$164m) in July 2014 positions us well in key Norwegian market

Wood Group PSN

Production Services

- Strong EBITA growth of 47% driven by performance in US shale, including Elkhorn acquired in 2013
- Robust North Sea business benefitting from contract renewals and growth in Pyeroy acquired in 2013
- International position reinforced with recent multi-year award in Malaysia adding to work commenced in Papua New Guinea

Turbine Activities

- Breakeven at the EBITA level reflecting performance in Turbine JVs together with losses on the Dorad contract in the period
- EthosEnergy JV with Siemens completed in May
- Significant improvement expected in H2, including loss on Dorad to be largely recovered

Note: The commentary on trading performance is presented based on proportionally consolidated numbers, which is the basis used by management to run the business. Total Revenue and Total EBITA include the contribution from joint ventures and activities classified as discontinued, which includes the results of the businesses that transferred to the EthosEnergy joint venture prior to its formation in May.

H1 2014 Trading Performance	Interim Jun 2014 $m	Interim Jun 2013 $m	Change
Total Revenue	**3,801.2**	3,447.1	10.3%
Total EBITA[1]	**243.9**	243.2	0.3%
EBITA Margin	**6.4%**	7.1%	(0.7pts)
Revenue from continuing operations on an equity accounting basis	**3,224.4**	2,788.7	15.6%
Profit from continuing operations before tax and exceptionals on an equity accounting basis	**182.4**	159.0	14.7%
Basic EPS	**38.5c**	43.5c	(11.5%)
Adjusted diluted EPS[2]	**44.4c**	44.5c	(0.2%)

Against a market backdrop of increased focus on efficiency by oil & gas operators generally and the consequential impact on investment in certain areas, whilst total revenue was up 10% at $3.8bn, both total EBITA and adjusted diluted EPS were in line with the first half of 2013, at $243.9m and 44.4 cents respectively.

Total EBITA reflects a varied performance across the Group. In Wood Group Engineering revenue increased by 4% however EBITA decreased by 9% and EBITA margin fell by 1.5pts to 10.7%. Good performance in Subsea & Pipelines and Downstream was more than offset by a lower contribution from Upstream which saw growth in onshore activity but was impacted by a lower contribution from offshore projects and Canada. Wood Group PSN's core Production Services activities delivered strong growth, with revenue up 22% and EBITA up 47%, primarily attributable to performance in the Americas led by US shale. Turbine Activities broke even at the EBITA level reflecting a disappointing performance in Turbine JVs, together with losses on the Dorad contract in the period.

We continue to augment organic growth with acquisitions and have a strong pipeline of opportunities. In the first half we acquired Meesters, a specialist fabrication business in the Bakken shale region, Cape Software, a Texas based training and process simulation company, and Sunstone, a Calgary based pipeline consultancy. In July we announced the acquisition of Agility Projects AS ("Agility") in Norway for NOK 1,008m (c.$164m), which adds offshore greenfield and brownfield platform engineering capability in the Norwegian sector of the North Sea and positions us well for future projects in a significant Norwegian market. Completion is expected in Q3 2014.

In February, we highlighted some of the actions being taken to address underperformance in the less differentiated parts of our Turbine Activities. Our JV with Siemens, EthosEnergy, completed on 6 May and is in the early stages of integration. 2014 will be a more challenging period for EthosEnergy than we had anticipated although we remain confident that the combination of the two businesses, led by a strong management team, will improve performance in our less differentiated turbine activities over the longer term and that the previously indicated synergies of around $15m can be delivered.

Our balance sheet remains strong. The working capital outflow for the first half of the year partly reflects the typical seasonal movement and we expect a significant improvement in the second half. In May, we reached agreement to issue $375m of unsecured senior notes in the US private placement market with drawdown in August and November 2014. These will be at a mix of 7, 10 and 12 year maturities at an average fixed rate of 3.74% which we consider to be a very competitive rate highlighting the strong level of demand in the market generated by this placement. The issue will further diversify our sources of funding, extend the maturity profile of our debt and results in a greater proportion of fixed rate debt finance at favourable rates. This issue does not change our net debt to EBITDA ratio guidance of between 0.5x to 1.5x and typically less than 1.0x.

In February, we signaled our confidence in the longer term outlook for the Group and committed to increasing the dividend in 2014 by around 25% and our intention to increase the US dollar value of dividend per share from 2015 onwards by a double digit percentage. We have declared an interim dividend of 8.9 cents, an increase of 25%, which will be paid on 25 September 2014.

Overall, the outlook for the Group for the year remains unchanged from the position outlined at our December trading update. We continue to anticipate full year EBITA to be in line with expectations and up on 2013, led by growth in our Production Services activities in Wood Group PSN.

Wood Group Engineering

We provide a wide range of market-leading engineering services to the upstream, subsea & pipelines, downstream & industrial and clean energy sectors. These include conceptual and front end engineering and design (FEED) studies, engineering, project & construction management (EPCM) and control system upgrades.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Change
Revenue	**1,019.8**	982.6	3.8%
EBITA	**108.8**	119.8	(9.2%)
EBITA margin	**10.7%**	12.2%	(1.5pts)
People[3]	**10,500**	10,500	-

In Wood Group Engineering, revenue increased by 4% however EBITA decreased by 9% and EBITA margin fell by 1.5pts to 10.7%. Good performance in Subsea & Pipelines and Downstream was more than offset by a lower contribution from Upstream which saw growth in onshore activity but was impacted by a lower contribution from offshore projects and Canada.

The Upstream business represents around 40% of divisional revenue. Following the substantial completion of our scope on Mafumeira Sul and Ichthys in 2013, we have seen a slower pace in the award of significant detailed offshore engineering contracts to replace these projects. We are active on detailed engineering for SMOE on Ivar Aasen in the North Sea working alongside Agility Projects, Husky White Rose in Eastern Canada and Anadarko Heidelberg in the Gulf of Mexico. We are currently engaged in more early stage projects than in 2012 and 2013 including FEED work on Hess Stampede and study work on Anadarko Shenandoah. We believe our involvement during the early phases can significantly improve overall project costs and is an encouraging indicator of customers turning to engineering solutions to improve capital efficiency.

Subsea & Pipelines represents around 40% of divisional revenue. Good activity in Europe, the Middle East and the Caspian has contributed to profitability in our subsea business. In June, we were awarded the $60m contract for stage two of Shah Deniz from BP in Azerbaijan, having provided engineering support throughout the earlier definition and appraisal phases. We have also recently booked awards from Tullow in Ghana and Southstream in Europe. Our onshore pipelines business continues to perform well, benefitting from US shale related pipeline work with customers including Shell and Dow. We see good prospects in Saudi Arabia and in Canada, where we added to our capability with the acquisition of Sunstone in Calgary.

Downstream, process & industrial activities accounted for around 20% of revenue. We have seen some benefit of brownfield and greenfield work in refining and chemicals markets, in part due to the continued impact of lower gas prices in the US.

Outlook

We continue to anticipate a reduction in Engineering EBITA in the full year 2014. We remain well positioned to unlock value for clients and influence overall project costs through the delivery of high quality engineering, with our recent acquisition of Agility Projects adding to our capabilities in the Norwegian greenfield and brownfield market. We are still confident that the Upstream market will strengthen in the longer term, with current early stage projects providing an encouraging indicator of future activity.

Wood Group PSN

Production Services

We provide life of field support to producing assets through brownfield engineering & modifications, production enhancement, operations and maintenance, training, maintenance management and abandonment services.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Change
Revenue	**2,341.6**	1,913.7	22.4%
EBITA	**163.0**	111.1	46.7%
EBITA margin	**7.0%**	5.8%	1.2pts
People	**30,000**	26,300	14.1%

Wood Group PSN's Production Services activities delivered strong growth, with revenue up 22% and EBITA up 47%. This increase is primarily attributable to performance in the Americas led by typically higher margin US shale activity, including the benefit of the Elkhorn business acquired in December 2013.

The Americas is now the largest contributing region to Production Services EBITA. Our US onshore activities, which are predominantly shale related, have contributed over $500m of revenue in the year to date. We now have over 5,000 people across the US Shale regions engaged in site preparation, fabrication, installation, construction, commissioning, operations and maintenance. Elkhorn is performing very strongly and is benefitting from infrastructure construction work in the core Permian basin. Our capabilities in US shale were further strengthened in the first half of 2014 with the addition of Meesters, a specialist fabrication business in the Bakken region and the establishment of safety and technical training facilities in the Eagle Ford.

Our North Sea business has remained robust and is benefitting from growth in Pyeroy, acquired in July 2013. In the first half, we secured a five year renewal of the Talisman Sinopec engineering and maintenance services contract, an extension to our operations and maintenance contract with Chevron North Sea and also a new contract with independent Iona Energy. The increased focus on operator efficiency, with the UK oil and gas sector's costs rising an estimated 15% last year, prompted us to cut contractor rates by 10% in May, reducing our overall cost to the customer and positioning us well for future opportunities.

Internationally, our managed exit in Oman is progressing; the underlying performance is broadly breakeven and we expect to exit the contract fully by July 2015. In Papua New Guinea we have commenced brownfield engineering and procurement support work for ExxonMobil's operations and expect activity in this area to increase in the second half of the year. In July, we secured a multi-year award for EPCM services in Malaysia.

Outlook

For Wood Group PSN Production Services, strong growth in US shale including a significant contribution from Elkhorn and robust performance in the mature North Sea, together with cessation of losses in Oman, is expected to lead to good growth overall in 2014.

Turbine Activities

We provide industrial gas turbine and rotating equipment services and solutions for clients in the oil & gas and power markets.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Change
Turbine JVs	**422.3**	440.9	(4.2%)
Dorad/GWF	**17.5**	109.9	n/m
Total Revenue	**439.8**	550.8	(20.2%)
Turbine JVs	**17.3**	35.7	(51.5%)
Dorad/GWF	**(17.2)**	4.9	n/m
Total EBITA	**0.1**	40.6	n/m
Total EBITA Margin	**0.0%**	7.4%	n/m
People	**2,700**	3,200	(15.6%)

Our Turbine Activities comprise: the joint venture with Siemens, EthosEnergy ("Ethos"), Rolls Wood Group ("RWG") and TransCanada Turbines ("TCT") (together "Turbine JVs"); and for 2014 the Dorad EPC contract. Turbine JVs includes the proportionally consolidated results of: RWG and TCT from 1 January to 30 June, the former Wood Group GTS business now included in Ethos from 1 January to 5 May, and Ethos from 6 May to 30 June. Dorad/GWF includes the results of Dorad in 2014 and Dorad and GWF in 2013.

In Turbine JVs, revenue fell 4% and EBITA fell 52%. This was due to performance in the Wood Group businesses now included in Ethos, primarily the impact of lower EPC activity. The outlook for Ethos in 2014 is more challenging than previously anticipated, reflecting the impact of project delays in Latin America, the Middle East and North Africa and significantly lower EPC backlog. We also saw a lower contribution from our other joint ventures including the impact of deferrals, however current backlog largely supports our expectation of a recovery in the second half.

Customer handover on the Dorad EPC contract was delayed to the second half of May which contributed to the recognition of increased costs and led to a year to date loss, albeit the contract remains profitable overall. We are in discussion with the customer around the agreement of change orders and continue to anticipate that the financial position will be largely recovered during the remainder of 2014. As part of the outcome of a review in 2013, the decision was taken to lower the risk profile of the Group and it is our intention not to undertake further fixed price EPC contracts of equivalent scale to Dorad.

Outlook

Performance in Turbine Activities is typically weighted to the second half and we expect a significant improvement throughout the remainder of 2014 including substantial recovery of the financial position on Dorad. In Ethos, we are taking actions to reduce costs and expect to deliver net synergies of around $15m by the third year. Overall, we anticipate that Turbine Activities will deliver lower EBITA in 2014 than in 2013.

Trading performance

Trading performance is presented on a proportionally consolidated basis, which is the basis used by management to run the business. Total Revenue and Total EBITA include the contribution from Joint Ventures and activities classified as discontinued. A reconciliation to Operating Profit from EBIT is presented below. A reconciliation to statutory measures of revenue and operating profit from continuing operations excluding joint ventures is included in note 2 to the interim financial statements.

H1 2014 Trading Performance	Interim Jun 2014 $m	Interim Jun 2013 $m	Full Year Dec 2013 $m
Total Revenue	**3,801.2**	3,447.1	7,064.2
Total EBITA	**243.9**	243.2	533.0
EBITA margin %	**6.4%**	7.1%	7.5%
Amortisation –			
software and system development	(19.4)	(20.5)	(44.5)
intangible assets from acquisitions	(30.9)	(28.3)	(57.6)
EBIT	**193.6**	194.4	430.9
Net finance expense	(9.5)	(7.8)	(18.6)
Profit before tax and exceptional items	**184.1**	186.6	412.3
Taxation before exceptional items	(50.5)	(51.3)	(113.4)
Profit before exceptional items	**133.6**	135.3	298.9
Exceptional items, net of tax	16.3	26.6	1.6
Profit for the period	**149.9**	161.9	300.5
Basic EPS (cents)	**38.5c**	43.5c	81.4c
Adjusted diluted EPS (cents)	**44.4c**	44.5c	98.6c

The review of our trading performance is contained within the Strategic Review.

Reconciliation to operating profit

	Interim Jun 2014 $m	Interim Jun 2013 $m
EBIT	**193.6**	194.4
Impact of JV profit included pre vs. post tax	**(6.5)**	(6.8)
Impact of discontinued activities (pre-exceptionals)	**4.3**	(21.2)
Operating Profit per Group Income Statement	**191.4**	166.4

Financial performance

The financial performance of the Group, adjusting for acquisitions and on a constant currency basis, is shown below. The 2013 results have been restated to include the results of acquisitions made in 2013 (Elkhorn, Pyeroy, Intetech) as if they had been acquired on 1 January 2013 and also to apply the average exchange rates used to translate the 2014 results. The 2014 results have been restated to exclude the results of acquisitions made in 2014 (Meesters, Cape, Sunstone).

Unaudited	Interim Jun 2014 Total Revenue $m	Interim Jun 2014 Total EBITA $m	Interim Jun 2013 Total Revenue $m	Interim Jun 2013 Total EBITA $m
Wood Group Engineering	**1,015.2**	**107.2**	985.8	119.8
Wood Group PSN – Production Services	**2,333.8**	**162.2**	2,168.4	133.7
Wood Group PSN – Turbine Activities	**439.8**	**0.1**	556.1	41.4
Central costs	**–**	**(27.9)**	–	(29.1)
Pro forma	**3,788.8**	**241.6**	**3,710.3**	**265.8**
Acquisitions	**12.4**	**2.3**	(228.0)	(22.8)
Constant currency	**–**	**–**	(35.2)	0.2
Total Revenue and EBITA as reported	**3,801.2**	**243.9**	**3,447.1**	**243.2**

Amortisation

The amortisation charge for the half year of $50.3m (2013: $48.8m) includes $30.9m (2013: $28.3m) of amortisation relating to intangible assets arising from acquisitions. Of this amount $14.2m (2013: $19.6m) is in respect of the PSN acquisition and $10.7m relates to the acquisitions of Elkhorn and Mitchells. Amortisation in respect of software and development costs was $19.4m (2013: $20.5m) and this largely relates to engineering software and ERP system development. We currently anticipate that the amortisation charge for the full year will be around $104.0m (2013: $102.1m), of which $62.0m (2013: $57.6m) relates to intangibles arising from acquisitions.

Included in the amortisation charge for the half year above is $0.9m (2013: $0.2m) in respect of joint ventures.

Net finance expense

Net finance expense is analysed further below.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Interest on debt	**4.9**	4.2	8.5
Bank fees and charges	**5.2**	4.2	11.2
Total finance expense	**10.1**	8.4	19.7
Finance income	**(0.6)**	(0.6)	(1.1)
Net finance expense	**9.5**	7.8	18.6

Interest cover[4] was 25.7 times (June 2013: 31.2 times). In May, we reached agreement to issue $375.0m of unsecured senior notes in the US private placement market with drawdown in August and November 2014. These will be at a mix of 7, 10 and 12 year maturities at an average fixed rate of 3.74%. Included in the above are net finance charges of $0.5m (2013: $0.4m) in respect of joint ventures.

We currently anticipate the full year interest cost to be just under $25.0m, including the impact of the US private placement drawdown.

Exceptional (income)/expense

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Venezuela settlement	**(58.4)**	–	–
Integration and restructuring charges	**7.5**	–	15.9
Lease termination income	**–**	(15.3)	(15.1)
Onerous contract	**–**	–	28.0
Bad debt recoveries	**–**	(2.0)	(6.0)
Transaction related costs	**23.0**	–	11.1
Gain on divestment of Well Support division	**–**	(14.0)	(34.4)
Total exceptional items pre-tax	**(27.9)**	(31.3)	(0.5)
Tax on exceptional items	**11.6**	4.7	(1.1)
Total exceptional items net of tax	**(16.3)**	(26.6)	(1.6)

In January 2014, the Group finalised a settlement agreement in respect of a contract taken over by PDVSA in 2009. A gain of $58.4m has been recorded in the income statement. $5.5m of the settlement relates to a minority shareholder.

Further restructuring charges of $7.5m have been recorded in the period in relation to the decision made in 2013 to exit certain markets in the Wood Group PSN Production Services Americas business.

Transaction related costs of $23.0m are in respect of Ethos in 2014 and are discussed below.

EthosEnergy transaction

On 6 May 2014, the Group's joint venture with Siemens, EthosEnergy ("Ethos") was formed. Whilst Wood Group has a 51% shareholding in the new entity, significant decision making requires unanimous consent from both shareholders. Wood Group does not have control and the business is therefore accounted for as a joint venture. The initial transaction was accounted for as follows:

	$m	$m
Book value of Wood Group net assets transferred to EthosEnergy		541.8
Cash received and receivable		(157.4)
Wood Group net assets disposed		384.4
Value of Wood Group's investment in EthosEnergy		(384.4)

Wood Group costs associated with the creation of EthosEnergy

	$m	$m
Cumulative foreign exchange losses recycled through the income statement	7.0	
Transaction related costs	16.0	23.0
Net impact of transaction included in exceptional items		**23.0**

The value of Wood Group's investment in Ethos represents the fair value of the net assets disposed.

In respect of cash received and receivable of $157.4m, under the joint venture agreement Wood Group received a 51% ownership interest in Ethos, and Ethos was required to pay Wood Group $70.0m, of which $21.0m was paid in May 2014. In addition, an estimated $87.4m will be paid by Ethos in respect of post close adjustments for items including working capital and indebtedness at the date of formation.

Foreign exchange losses of $7.0m which were recorded in the currency translation reserve in prior periods in relation to the businesses transferred into Ethos have been recycled through the income statement as required by IAS 21.

Transaction costs include legal fees and other costs associated with the setup of the joint venture, accelerated share based charges and a provision for liabilities which the Group has retained as part of the joint venture agreement.

Taxation

The effective tax rate on profit before tax and exceptional items including joint ventures and discontinued operations on a proportionally consolidated basis is set out below.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Profit from continuing operations before tax (pre-exceptional items)	**184.1**	186.6	412.3
Tax charge (pre-exceptional items)	**50.5**	51.3	113.4
Effective tax rate on continuing operations (pre-exceptional items)	**27.4%**	27.5%	27.5%

The tax charge above includes $6.1m in relation to joint ventures (June 2013: $6.4m).

Going forward we expect the effective tax rate, to remain around 27.5% in the medium term.

The effective tax charge under equity accounting is 25.2%. The pre tax profit number used to compute this figure includes the post tax contribution from joint ventures and as such we do not consider this to be a meaningful measure.

Earnings per share

Adjusted diluted EPS for the six months to 30 June 2014 was 44.4 cents per share (2013: 44.5 cents). The average number of fully diluted shares used in the EPS calculation for the period was 374.6m (June 2013: 374.7m).

Adjusted diluted EPS adds back all amortisation. If only the amortisation related to intangible assets arising on acquisition is adjusted and no adjustment is made for that relating to software and development costs, the figure for June 2014 would be 40.6 cents per share (June 2013: 40.6 cents).

Dividend

In February, we signaled our confidence in the longer term outlook for the Group and committed to increasing the dividend in 2014 by around 25%.

In line with our policy, an interim dividend of 8.9 cents per share (2013: 7.1 cents) has been declared which will be paid on 25 September 2014, representing an increase of 25%. The dividend is covered 5.0 times (June 2013: 6.3 times) by adjusted earnings per share.

The Group continues to adopt a progressive dividend policy taking into account its capital requirements, cash flows and earnings. Since IPO the Group has increased the dividend by an equivalent of 20% per annum compound.

Cash flow and net debt

The cash flow and net debt position below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the assets and liabilities of joint ventures. Our share of net cash in joint ventures is added at the bottom of the cash flow to show the total net debt including jv's. The gross and net debt figures including joint ventures are given below.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Opening net debt (excluding jv's)	**(325.3)**	(145.5)	(145.5)
Cash generated from operations pre working capital (excluding jv's)	**330.1**	268.7	573.8
Working capital movements (excluding jv's)	**(193.4)**	(159.3)	(65.2)
Cash generated from operations	**136.7**	109.4	508.6
Acquisitions, capex and intangibles	**(133.1)**	(78.0)	(427.1)
Tax paid	**(49.4)**	(48.5)	(123.7)
Interest, dividends and other	**(79.8)**	(59.7)	(137.6)
Increase in net debt	**(125.6)**	(76.8)	(179.8)
Closing net debt (excluding jv's)	**(450.9)**	(222.3)	(325.3)
jv net cash	**23.5**	4.6	15.8
Closing net debt (including jv's)	**(427.4)**	(217.7)	(309.5)

Throughout the period the Group debt levels (including jv cash and debt) are set out below.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Average net debt	**390.3**	221.6	258.4
Average gross debt	**588.8**	391.8	436.0
Closing net debt	**427.4**	217.7	309.5
Closing gross debt	**637.4**	372.7	493.0

Cash generated from operations pre-working capital increased by $61.4m to $330.1m and post-working capital increased by $27.3m to $136.7m.

The majority of the higher working capital outflow of $193.4m in the first half of 2014 was due to increased receivables. This was caused in part by higher levels of activity in the first half of 2014 compared to the second half of 2013 and also by the typical seasonality seen at the end of the year, not being repeated at 30 June 2014.

Acquisitions, capex and intangibles include $60.8m in relation to acquisitions (2013: $16.6m). Of this amount, $23.4m relates to the acquisitions of Sunstone, Meesters and Cape. $37.4m relates to payments made in respect of companies acquired in prior periods. Payments for capex and intangible assets increased to $68.0m (2013: $60.1m). This included a significant investment in plant and infrastructure related to our US shale expansion and ongoing ERP and system related expenditure.

Interest, dividends and other, increased due to the inclusion of amounts relating to the Ethos transaction.

Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of $221.5m (2013: $225.7m) before the deduction of amortisation of $50.3m (2013: $48.8m) and exceptional income of $27.9m (2013: $31.3m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
2. Adjusted diluted earnings per share ("AEPS") 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.
3. Number of people includes both employees and contractors at 30 June 2014 and includes our proportional share of headcount in joint ventures.
4. Interest cover is EBITA divided by the net finance expense.
5. Return of Capital Employed ("ROCE") is EBITA divided by average capital employed.

Summary balance sheet

The balance sheet below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the joint ventures assets and liabilities.

	Interim Jun 2014 $m	Interim Jun 2013 $m	Full year Dec 2013 $m
Non-current assets	**2,682.6**	2,158.4	2,276.3
Current assets	**1,783.3**	1,903.8	2,052.7
Current liabilities	**(1,070.5)**	(1,191.2)	(1,267.4)
Net current assets	**712.8**	712.6	785.3
Non-current liabilities	**(835.5)**	(601.9)	(645.3)
Net assets	**2,559.9**	2,269.1	2,416.3
Equity attributable to owners of the parent	**2,549.5**	2,260.5	2,407.4
Non-controlling interests	**10.4**	8.6	8.9
Total equity	**2,559.9**	2,269.1	2,416.3

The increase in non-current assets since December 2013 is largely related to the investment in Ethos, goodwill and other intangible assets in relation to acquisitions made and expenditure on property, plant and equipment.

The reduction in net current assets since December 2013 is due to the move to equity accounting for joint ventures as required by IFRS 11, including the impact of the new Ethos joint venture, offset by higher receivables as noted in the commentary on the cash flow.

Capital efficiency

Net debt (including our share of JV net debt) to annualised Total EBITDA at 30 June 2014 was 0.8 times (June 2013: 0.4 times). The Board would generally expect net debt to EBITDA on this basis to be in a range of around 0.5 to 1.5 times going forward and to be typically below 1.0 times.

The Group's Return on Capital Employed ("ROCE")[5] reduced from 18.1% at 30 June 2013 to 16.0% due to higher average working capital combined with higher goodwill and other intangible assets recognised on acquisition, as well as the lower EBITA margin in the period.

The Group's ratio of average Operating Capital Employed to Revenue (OCER) worsened from 15.2% to 16.0%, as average operating capital grew at a faster rate than revenue. This was primarily due to higher average working capital in Wood Group PSN.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group in the second half of 2014 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in the Group's 2013 Annual Report. The key risks are in the following categories:

- Safety & Assurance
- Operational
- Financial
- Environmental
- Commercial
- Compliance
- People
- Strategic

The mitigating factors are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further details on the management of risk and the principal risks and uncertainties see pages 21 to 23 of the Group's 2013 Annual Report.

Group income statement

for the six month period to 30 June 2014

		Unaudited Interim June 2014			Unaudited Interim June 2013 (restated)			Audited Full Year December 2013 (restated)		
	Note	Pre-exceptional items $m	Exceptional items (note 3) $m	Total $m	Pre-exceptional items $m	Exceptional items (note 3) $m	Total $m	Pre-exceptional items $m	Exceptional items (note 3) $m	Total $m
Revenue from continuing operations	2	**3,224.4**	**–**	**3,224.4**	2,788.7	–	2,788.7	5,753.2	–	5,753.2
Cost of sales		**(2,738.5)**	**–**	**(2,738.5)**	(2,342.6)	–	(2,342.6)	(4,803.3)	–	(4,803.3)
Gross profit		**485.9**	**–**	**485.9**	446.1	–	446.1	949.9	–	949.9
Administrative expenses		**(313.2)**	**50.9**	**(262.3)**	(288.5)	17.3	(271.2)	(588.3)	1.1	(587.2)
Share of post-tax profit from joint ventures		**18.7**	**–**	**18.7**	8.8	–	8.8	29.9	(28.0)	1.9
Operating profit	2	**191.4**	**50.9**	**242.3**	166.4	17.3	183.7	391.5	(26.9)	364.6
Finance income		**0.6**	**–**	**0.6**	0.6	–	0.6	1.1	–	1.1
Finance expense		**(9.6)**	**–**	**(9.6)**	(8.0)	–	(8.0)	(18.9)	–	(18.9)
Profit before taxation from continuing operations		**182.4**	**50.9**	**233.3**	159.0	17.3	176.3	373.7	(26.9)	346.8
Taxation	8	**(45.9)**	**(13.0)**	**(58.9)**	(32.8)	(4.7)	(37.5)	(83.1)	0.9	(82.2)
Profit for the period from continuing operations		**136.5**	**37.9**	**174.4**	126.2	12.6	138.8	290.6	(26.0)	264.6
(Loss)/profit from discontinued operations net of tax		**(2.9)**	**(21.6)**	**(24.5)**	9.1	14.0	23.1	8.3	27.6	35.9
Profit for the period		**133.6**	**16.3**	**149.9**	135.3	26.6	161.9	298.9	1.6	300.5
Profit attributable to:										
Owners of the parent		**129.7**	**10.8**	**140.5**	131.5	26.6	158.1	294.3	1.6	295.9
Non-controlling interests		**3.9**	**5.5**	**9.4**	3.8	–	3.8	4.6	–	4.6
		133.6	**16.3**	**149.9**	135.3	26.6	161.9	298.9	1.6	300.5
Earnings per share (expressed in cents per share)										
Basic	7	**35.5**	**3.0**	**38.5**	36.2	7.3	43.5	81.0	0.4	81.4
Diluted	7	**34.6**	**2.9**	**37.5**	35.1	7.1	42.2	78.8	0.4	79.2

The income statement for prior periods has been restated to show the results from joint ventures under equity accounting (proportional consolidation was used previously). The June 2013 income statement has been restated to show the results of the businesses that transferred to the EthosEnergy joint venture as discontinued. The 2014 losses of these businesses for the period prior to the formation of EthosEnergy are also shown as discontinued.

The notes on pages 12 to 24 are an integral part of the interim financial statements.

08 Group statement of comprehensive income

for the six month period to 30 June 2014

	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year December 2013 $m
Profit for the period	**149.9**	161.9	300.5
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains on retirement benefit obligations	**–**	–	16.5
Movement in deferred tax relating to retirement benefit obligations	**–**	–	(3.8)
Total items that will not be reclassified to profit or loss	**–**	–	12.7
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**(0.4)**	0.6	0.2
Net exchange movements on retranslation of foreign currency net assets	**39.1**	(95.2)	(37.6)
Net exchange movements on retranslation of non-controlling interests	**0.1**	(0.6)	(0.2)
Total items that may be reclassified subsequently to profit or loss	**38.8**	(95.2)	(37.6)
Other comprehensive income/(expense) for the period, net of tax	**38.8**	(95.2)	(24.9)
Total comprehensive income for the period	**188.7**	66.7	275.6
Total comprehensive income for the period is attributable to:			
Owners of the parent	**179.2**	63.5	271.2
Non-controlling interests	**9.5**	3.2	4.4
	188.7	66.7	275.6
Total comprehensive income for the period is attributable to:			
Continuing operations	**213.2**	43.6	239.7
Discontinued operations	**(24.5)**	23.1	35.9
	188.7	66.7	275.6

Exchange movements on the retranslation of foreign currency net assets would only be subsequently reclassified through profit or loss in the event of the disposal of a business.

The notes on pages 12 to 24 are an integral part of the interim financial statements.

Group balance sheet

as at 30 June 2014

	Note	Unaudited Interim June 2014 $m	(Restated) Unaudited Interim June 2013 $m	(Restated) Audited Full Year December 2013 $m
Assets				
Non-current assets				
Goodwill and other intangible assets		**1,901.6**	1,733.3	1,855.0
Property plant and equipment		**193.6**	165.5	187.3
Investment in joint ventures		**474.4**	158.0	137.8
Long term receivables		**78.3**	62.0	68.0
Deferred tax assets		**34.7**	39.6	28.2
		2,682.6	2,158.4	2,276.3
Current assets				
Inventories		**9.5**	339.4	11.4
Trade and other receivables		**1,587.2**	1,404.6	1,242.8
Income tax receivable		**38.9**	32.5	19.1
Assets held for sale		**–**	–	634.4
Cash and cash equivalents	12	**147.7**	127.3	145.0
		1,783.3	1,903.8	2,052.7
Liabilities				
Current liabilities				
Borrowings	12	**12.7**	27.2	74.1
Trade and other payables		**962.9**	1,048.1	951.1
Liabilities held for sale		**–**	–	183.0
Income tax liabilities		**94.9**	115.9	59.2
		1,070.5	1,191.2	1,267.4
Net current assets		**712.8**	712.6	785.3
Non-current liabilities				
Borrowings	12	**585.9**	322.4	396.2
Deferred tax liabilities		**–**	5.9	–
Retirement benefit obligations	9	**36.6**	52.3	41.2
Other non-current liabilities		**127.0**	136.4	141.7
Provisions		**86.0**	84.9	66.2
		835.5	601.9	645.3
Net assets		**2,559.9**	2,269.1	2,416.3
Equity attributable to owners of the parent				
Share capital		**23.6**	23.5	23.6
Share premium		**56.0**	54.3	56.0
Retained earnings		**1,960.0**	1,768.7	1,856.6
Other reserves		**509.9**	414.0	471.2
		2,549.5	2,260.5	2,407.4
Non-controlling interests		**10.4**	8.6	8.9
Total equity		**2,559.9**	2,269.1	2,416.3

The balance sheet for prior periods has been restated to show the share of net assets of joint ventures under equity accounting (proportional consolidation was used previously).

The notes on pages 12 to 24 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2014

	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 2013		23.5	54.3	1,640.7	508.6	**2,227.1**	8.2	**2,235.3**
Profit for the period		–	–	158.1	–	**158.1**	3.8	**161.9**
Other comprehensive income:								
Cash flow hedges		–	–	–	0.6	**0.6**	–	**0.6**
Net exchange movements on retranslation of foreign currency net assets		–	–	–	(95.2)	**(95.2)**	(0.6)	**(95.8)**
Total comprehensive income for the period		–	–	158.1	(94.6)	**63.5**	3.2	**66.7**
Transactions with owners:								
Dividends paid	4	–	–	(41.4)	–	**(41.4)**	(2.8)	**(44.2)**
Credit relating to share based charges	13	–	–	11.4	–	**11.4**	–	**11.4**
Shares purchased by employee share trusts		–	–	(12.7)	–	**(12.7)**	–	**(12.7)**
Shares disposed of by employee share trusts		–	–	5.7	–	**5.7**	–	**5.7**
Exchange movements in respect of shares held by employee share trusts		–	–	7.7	–	**7.7**	–	**7.7**
Transactions with non-controlling interests		–	–	(0.8)	–	**(0.8)**	–	**(0.8)**
At 30 June 2013		23.5	54.3	1,768.7	414.0	**2,260.5**	8.6	**2,269.1**
At 1 January 2014		23.6	56.0	1,856.6	471.2	**2,407.4**	8.9	**2,416.3**
Profit for the period		–	–	140.5	–	**140.5**	9.4	**149.9**
Other comprehensive income:								
Cash flow hedges		–	–	–	(0.4)	**(0.4)**	–	**(0.4)**
Net exchange movements on retranslation of foreign currency net assets		–	–	–	39.1	**39.1**	0.1	**39.2**
Total comprehensive income for the period		**–**	**–**	**140.5**	**38.7**	**179.2**	**9.5**	**188.7**
Transactions with owners:								
Dividends paid	4	–	–	(54.5)	–	**(54.5)**	(1.0)	**(55.5)**
Credit relating to share based charges	13	–	–	13.2	–	**13.2**	–	**13.2**
Shares disposed of by employee share trusts		–	–	9.1	–	**9.1**	–	**9.1**
Exchange movements in respect of shares held by employee share trusts		–	–	(4.9)	–	**(4.9)**	–	**(4.9)**
Transactions with non-controlling interests		–	–	–	–	**–**	(7.0)	**(7.0)**
At 30 June 2014		**23.6**	**56.0**	**1,960.0**	**509.9**	**2,549.5**	**10.4**	**2,559.9**

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 notes on pages 12 to 24 are an integral part of the interim financial statements.

Group cash flow statement

for the six month period to 30 June 2014

	Note	**Unaudited Interim June 2014 $m**	(Restated) Unaudited Interim June 2013 $m	(Restated) Audited Full Year December 2013 $m
Cash generated from operations	11	**136.7**	109.4	508.6
Tax paid		**(49.4)**	(48.5)	(123.7)
Net cash from operating activities		**87.3**	60.9	384.9
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and borrowings acquired)	5	**(60.8)**	(16.6)	(287.3)
Acquisitions of non–controlling interests		**(4.3)**	–	(3.1)
Proceeds from divestment of subsidiaries (net of cash and borrowings divested and divestment costs)		**–**	–	0.3
Payment received in relation to EthosEnergy transaction		**21.0**	–	–
Purchase of property plant and equipment		**(36.2)**	(34.6)	(84.5)
Proceeds from sale of property plant and equipment		**0.1**	1.0	2.3
Purchase of intangible assets		**(31.8)**	(25.5)	(50.9)
Interest received		**0.6**	0.6	1.1
Loans to joint ventures		**(47.6)**	(0.6)	(6.6)
Investment in joint ventures		**–**	(1.3)	(1.3)
Net cash used in investing activities		**(159.0)**	(77.0)	(430.0)
Cash flows from financing activities				
Proceeds from bank loans		**124.9**	59.4	166.7
Purchase of shares by employee share trusts		**–**	(12.7)	(47.8)
Disposal of shares by employee share trusts		**9.1**	5.7	7.9
Interest paid		**(5.6)**	(13.2)	(18.0)
Dividends paid to shareholders	4	**(54.5)**	(41.4)	(67.4)
Dividends paid to non–controlling interests		**(1.0)**	(2.8)	(3.1)
Net cash from/(used in) financing activities		**72.9**	(5.0)	38.3
Net increase/(decrease) in cash and cash equivalents		**1.2**	(21.1)	(6.8)
Effect of exchange rate changes on cash and cash equivalents		**1.5**	(8.8)	(5.4)
Opening cash and cash equivalents		**145.0**	157.2	157.2
Closing cash and cash equivalents		**147.7**	127.3	145.0

The cash flow statement for prior periods has been restated to show the cash flows from joint ventures under equity accounting (proportional consolidation was used previously).

The notes on pages 12 to 24 are an integral part of the interim financial statements.

Notes to the interim financial statements

for the six month period to 30 June 2014

1. Basis of preparation

The interim report and financial statements for the six months ended 30 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and financial statements should be read in conjunction with the Group's 2013 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union.

The interim report and financial statements have been prepared on the basis of the accounting policies set out in the Group's 2013 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2014. The interim report and financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial statements were approved by the Board of Directors on 18 August 2014. The results for the six months to 30 June 2014 and the comparative results for six months to 30 June 2013 are unaudited. The comparative figures for the year ended 31 December 2013 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.

As required by IFRS 11, the Group's interests in joint ventures have been consolidated using equity accounting for the six months ended 30 June 2014. In previous periods, the Group used proportional consolidation to account for its interests in joint ventures. The comparative figures for June 2013 and December 2013 have been restated accordingly.

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.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2013, to the extent that they now encompass an additional critical accounting estimate and judgment.

Accounting for the EthosEnergy joint venture

The Group has used equity accounting to record its investment in the EthosEnergy joint venture. The accounting for the joint venture required the exercise of management's judgment relating to the assessment of whether EthosEnergy is controlled or jointly controlled. Based on management's judgment, control of the entities transferred to EthosEnergy was lost on creation of the joint venture and that going forward EthosEnergy is jointly controlled. Accordingly the Group has equity accounted for the investment in accordance with IFRS 11. On establishment of the Group's investment in EthosEnergy, an assessment of the initial carrying value of that investment was made, which required the application of management judgment. Future events could cause the assumptions used by the Group to change which could have a significant impact on the carrying value of the investment.

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 2014	June 2013
Average rate £1 = $	**1.6706**	1.5467
Closing rate £1 = $	**1.7099**	1.5167

Disclosure of impact of new and future accounting standards

(a) *Amended standards and interpretations*

The following revisions and amendments to standards and interpretations are mandatory as of 1 January 2014:

- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosure of interests in other entities'

Up until 31 December 2013, the Group accounted for its interests in joint ventures using proportional consolidation. As IFRS 11 does not permit proportional consolidation, from 1 January 2014, for all periods presented, the Group has accounted for its interests in joint ventures using equity accounting. The use of equity accounting has no impact on Group profit for the year or earnings per share, but does impact the presentation of the Group's interests in joint ventures in the income statement, the balance sheet and the cash flow statement. Comparative figures have been restated to reflect the change to equity accounting. For further details see note 18 to the interim financial statements.

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

The following relevant 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 2015, but the Group has not early adopted them:

- IFRS 15 'Revenue from contracts with customers' was published in May 2014 and is effective for accounting periods beginning on or after 1 January 2017. The Group is in the process of assessing the likely impact of this standard on the financial statements.

Notes to the interim financial statements

for the six month period to 30 June 2014

2. Segmental reporting

The Group operates through two segments, Wood Group Engineering and Wood Group PSN. Following the formation of the EthosEnergy joint venture in May 2014, all of the Group's predominantly opex related turbine activity is carried out through joint ventures and is now managed and reported as part of the Wood Group PSN division. In order to provide visibility over the performance of the turbine activities, they are included on a separate line in the table below (Wood Group PSN – Turbine activities). This presentation is consistent with the Group's internal management reporting.

Under IFRS 11, the Group is now required to account for joint ventures using equity accounting, however for management reporting the Group continues to use proportional consolidation hence the inclusion of the proportional presentation in this note.

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

Reportable operating segments

	Revenue			EBITDA[1]			EBITA[1]			Operating profit		
	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year 2013 $m	**Unaudited Interim June 2014 $m**	Unaudited Interim June 2013 $m	Audited Full Year 2013 $m	**Unaudited Interim June 2014 $m**	Unaudited Interim June 2013 $m	Audited Full Year 2013 $m	**Unaudited Interim June 2014 $m**	Unaudited Interim June 2013 $m	Audited Full Year 2013 $m
Wood Group Engineering	**1,019.8**	982.6	1,985.4	**116.3**	126.7	260.3	**108.8**	119.8	246.0	**95.3**	121.8	228.0
Wood Group PSN – Production Services	**2,341.6**	1,913.7	3,996.0	**176.4**	119.4	281.5	**163.0**	111.1	262.1	**181.5**	83.2	161.9
Wood Group PSN – Turbine activities	**439.8**	550.8	1,082.8	**6.5**	48.4	95.1	**0.1**	40.6	80.8	**(3.2)**	36.1	65.0
Well Support – discontinued	**–**	–	–	**–**	–	–	**–**	–	–	**–**	14.0	34.4
Central costs [2]	**–**	–		**(25.7)**	(26.4)	(52.0)	**(28.0)**	(28.3)	(55.9)	**(52.1)**	(29.4)	(57.9)
Total	**3,801.2**	3,447.1	7,064.2	**273.5**	268.1	584.9	**243.9**	243.2	533.0	**221.5**	225.7	431.4
Remove discontinued	**(188.5)**	(356.4)	(652.5)	**(0.7)**	(31.0)	(45.8)	**1.7**	(25.5)	(36.4)	**27.3**	(35.2)	(55.2)
Remove share of joint ventures	**(388.3)**	(302.0)	(658.5)	**(32.0)**	(19.3)	(48.9)	**(26.1)**	(15.8)	(41.8)	**(25.2)**	(15.6)	(13.5)
Total continuing operations excluding joint ventures	**3,224.4**	2,788.7	5,753.2	**240.8**	217.8	490.2	**219.5**	201.9	454.8	**223.6**	174.9	362.7
Share of post-tax profit from joint ventures										**18.7**	8.8	1.9
Operating profit										**242.3**	183.7	364.6
Finance income										**0.6**	0.6	1.1
Finance expense										**(9.6)**	(8.0)	(18.9)
Profit before taxation from continuing operations										**233.3**	176.3	346.8
Tax on continuing operations										**(58.9)**	(37.5)	(82.2)
Profit for the period from continuing operations										**174.4**	138.8	264.6
(Loss)/Profit from discontinued operations, net of tax										**(24.5)**	23.1	35.9
Profit for the period										**149.9**	161.9	300.5

Notes

1. Total EBITDA represents total operating profit of $221.5m (2013: $225.7m) before the charge for depreciation of property, plant and equipment of $29.6m (2013: $24.9m), amortisation of $50.3m (2013: $48.8m) and exceptional credits of $27.9m (2013: $31.3m). The Total line includes the proportional share of all joint venture activity. EBITA represents EBITDA less depreciation. EBITA is the key unit of measurement used by the Group in the management of its business.
2. Central costs include the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs. Operating profit for the period to June 2014 is stated after deducting $23.0m of costs relating to the EthosEnergy transaction (see note 3 to the interim financial statements).
3. Revenue arising from sales between segments is not material.
4. Discontinued activities relate to the turbine businesses transferred to the EthosEnergy joint venture in May 2014. Comparative figures have been restated accordingly.

Notes to the interim financial statements

for the six month period to 30 June 2014

2. Segmental reporting (continued)

Segment assets

	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year December 2013 $m
Wood Group Engineering	**976.1**	937.2	880.0
Wood Group PSN – Production Services	**2,507.3**	2,037.8	2,342.9
Wood Group PSN – Turbine activities	**610.1**	975.1	967.8
Unallocated	**372.4**	112.1	138.3
	4,465.9	4,062.2	4,329.0

Unallocated segment assets include cash, income tax and deferred tax balances and amounts receivable in relation to the formation of the EthosEnergy joint venture.

3. Exceptional items

	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year December 2013 $m
Exceptional items included in continuing operations			
Venezuelan settlement	**(58.4)**	–	–
Restructuring charges	**7.5**	–	15.9
Lease termination income	**–**	(15.3)	(15.1)
Onerous contract	**–**	–	28.0
Other	**–**	(2.0)	(1.9)
	(50.9)	(17.3)	26.9
Taxation	**13.0**	4.7	(0.9)
Continuing operations exceptional items, net of tax	**(37.9)**	(12.6)	26.0
Exceptional items included in discontinued operations			
Gain on divestment – Well Support	**–**	(14.0)	(34.4)
Costs relating to EthosEnergy transaction (see note 6)	**23.0**	–	7.0
	23.0	(14.0)	(27.4)
Taxation	**(1.4)**	–	(0.2)
Discontinued operations exceptional items, net of tax	**21.6**	(14.0)	(27.6)
Total exceptional items, net of tax	**(16.3)**	(26.6)	(1.6)

In January 2014, the Group finalised a settlement agreement in respect of a contract taken over by PDVSA in 2009 and a gain of $58.4m has been recorded in the income statement. $5.5m of the settlement is attributable to a minority shareholder.

Further restructuring charges of $7.5m have been recorded in the period in relation to the decision made in 2013 to exit certain markets in Wood Group PSN Production Services Americas business.

For details of the EthosEnergy transaction see note 6.

Full details of the 2013 exceptional items are included in the 2013 Annual Report and Accounts.

Notes to the interim financial statements

for the six month period to 30 June 2014

4. Dividends

	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year December 2013 $m
Dividends on ordinary shares			
Final paid	**54.5**	41.4	41.4
Interim paid	**–**	–	26.0
Total dividends	**54.5**	41.4	67.4

After the balance sheet date, the directors declared an interim dividend of 8.9 cents per share (2013: 7.1 cents) which will be paid on 25 September 2014. The interim financial statements do not reflect the interim dividend, which will result in an estimated reduction of $32.7m in equity attributable to owners of the parent. This will be shown as an appropriation of retained earnings in the financial statements for the year ended 31 December 2014.

5. Acquisitions

In January 2014, the Group acquired the assets of Meesters, a specialist fabrication business based in the Bakken shale region in North Dakota. In April 2014, the Group acquired 100% of the share capital of Cape Software Inc, a Texas based provider of simulation software and services for industrial control systems used by the oil & gas and other process-based industries. Also in April 2014, the Group acquired 100% of the share capital of Calgary based Sunstone Projects Ltd, a pipeline consulting company providing engineering, procurement and construction management services to clients in the Canadian oil & gas industry. Initial consideration (net of $4.4m cash acquired) for these acquisitions was $23.4m and contingent consideration of $5.9m has been provided. Goodwill and intangible assets of $25.3m has been recorded on the acquisitions, the accounting for which will be finalised by 31 December 2014.

Contingent consideration payments amounting to $37.4m were made during the period in relation to acquisitions completed in previous years. Estimated contingent consideration liabilities at 30 June 2014 amounted to $58.3m (2013: $85.7m) and are payable over the next three years.

6. Divestments

On 6 May 2014, the Group's joint venture with Siemens, EthosEnergy was formed. Whilst Wood Group has a 51% shareholding in the new entity, all significant decision making requires unanimous consent from both parties and therefore Wood Group do not have control and the new business is accounted for as a joint venture. The transaction was accounted for under IAS 28 as set out below.

	$m	**$m**
Book value of Wood Group net assets transferred to EthosEnergy		541.8
Cash received and receivable		(157.4)
Wood Group net assets disposed		384.4
Value of Wood Group's investment in EthosEnergy		(384.4)
Wood Group costs associated with the creation of EthosEnergy		
Cumulative foreign exchange losses recycled through the income statement	7.0	
Accelerated share based charges	4.8	
Legal and other costs	11.2	23.0
Net impact of transaction included in exceptional items per note 3		**23.0**

The value of Wood Group's investment in EthosEnergy represents the fair value of the net assets disposed.

Under the joint venture agreement Wood Group received a 51% ownership interest in EthosEnergy and EthosEnergy was required to pay Wood Group $70.0m, of which $21.0m was paid in May 2014. In addition, an estimated $87.4m will be paid by EthosEnergy in respect of post close adjustments for items including working capital and indebtedness at the date of formation.

Foreign exchange losses of $7.0m, which were recorded in the currency translation reserve in prior periods in relation to the businesses transferred to EthosEnergy, have been recycled through the income statement as required by IAS 21. Further details of the accelerated share based charges are provided in note 13.

Notes to the interim financial statements

for the six month period to 30 June 2014

7. Earnings per share

	Unaudited Interim June 2014			Unaudited Interim June 2013			Audited Full Year December 2013		
	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 pre-exceptional	**129.7**	**364.8**	**35.5**	131.5	363.6	36.2	294.3	363.3	81.0
Exceptional items, net of tax and non-controlling interests	**10.8**	**–**	**3.0**	26.6	–	7.3	1.6	–	0.4
Basic	**140.5**	**364.8**	**38.5**	158.1	363.6	43.5	295.9	363.3	81.4
Effect of dilutive ordinary shares	**–**	**9.8**	**(1.0)**	–	11.1	(1.3)	–	10.2	(2.2)
Diluted	**140.5**	**374.6**	**37.5**	158.1	374.7	42.2	295.9	373.5	79.2
Exceptional items, net of tax and non-controlling interests	**(10.8)**	**–**	**(2.9)**	(26.6)	–	(7.1)	(1.6)	–	(0.4)
Diluted pre-exceptional items	**129.7**	**374.6**	**34.6**	131.5	374.7	35.1	294.3	373.5	78.8
Amortisation, net of tax	**36.5**	**–**	**9.8**	35.4	–	9.4	74.0	–	19.8
Adjusted diluted	**166.2**	**374.6**	**44.4**	166.9	374.7	44.5	368.3	373.5	98.6
Adjusted basic	**166.2**	**364.8**	**45.6**	166.9	363.6	45.9	368.3	363.3	101.4

Basic discontinued earnings per share for the period is (6.7) cents (2013: 6.4 cents) and diluted discontinued earnings per share is (6.5) cents (2013: 6.2 cents).

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's dilutive ordinary shares comprise share options granted to employees under Employee Share Option Schemes and the Long Term Retention Plan and shares and share options awarded under the Group's Long Term Incentive Plan and Long Term Plan. Adjusted basic and adjusted diluted EPS are disclosed to show the results excluding the impact of exceptional items and amortisation, net of tax.

8. Taxation

The taxation charge, recognising the profits from joint ventures on a proportional basis, for the six months ended 30 June 2014 is 27.4% which is the anticipated effective rate on profit before taxation and exceptional items for the year ending 31 December 2014 (June 2013: 27.5%). The table below shows how these rates reconcile to the amounts presented in the income statement.

	Unaudited Interim June 2014			Unaudited Interim June 2013			Audited Full Year December 2013		
	Profit before tax $m	Tax charge $m	Rate %	Profit before tax $m	Tax charge $m	Rate %	Profit before tax $m	Tax charge $m	Rate %
Amounts reported in the income statement	**233.3**	**58.9**	**25.2**	176.3	37.5	21.3	346.8	82.2	23.7
Adjust for joint ventures, discontinued operations and exceptional items	**(49.2)**	**(8.4)**		10.3	13.8		65.5	31.2	
Adjusted effective rate	**184.1**	**50.5**	**27.4**	186.6	51.3	27.5	412.3	113.4	27.5

9. Retirement benefit obligations

On 30 June 2014, the Group closed its defined benefit scheme to future accrual. A past service gain of $6.7m arose as a result of the closure of the scheme and this amount has been credited to the income statement in the period.

10. 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. The receivables include loans to certain joint venture companies and amounts receivable in relation to the formation of the EthosEnergy joint venture.

	Unaudited Interim June 2014 $m	Unaudited Interim June 2013 $m	Audited Full Year December 2013 $m
Sales of goods and services to joint ventures	**30.7**	13.4	25.1
Purchase of goods and services from joint ventures	**3.0**	4.0	11.7
Receivables from joint ventures	**219.8**	73.8	87.0
Payables to joint ventures	**18.7**	2.4	9.8

11. Cash generated from operations

	Unaudited Interim June 2014 $m	(Restated) Unaudited Interim June 2013 $m	(Restated) Audited Full Year December 2013 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations	**242.3**	183.7	364.6
Less share of post-tax profit from joint ventures	**(18.7)**	(8.8)	(1.9)
	223.6	174.9	362.7
Operating (loss)/profit from discontinued operations	**(27.3)**	35.2	55.2
Adjustments (excluding share of joint ventures)			
Depreciation	**23.7**	21.4	44.8
Loss on disposal of property plant and equipment	**2.1**	0.7	1.6
Amortisation of intangible assets	**49.4**	48.6	101.7
Share based charges	**17.4**	14.2	22.4
Increase /(decrease) in provisions	**5.5**	(10.7)	(7.5)
Dividends from joint ventures	**10.3**	6.1	24.7
Exceptional items – non-cash impact	**20.7**	(14.0)	(23.4)
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Increase in inventories	**(5.3)**	(20.7)	(9.7)
Increase in receivables	**(197.1)**	(198.1)	(66.5)
Increase/(decrease) in payables	**9.0**	59.5	11.0
Exchange movements	**4.7**	(7.7)	(8.4)
Cash generated from operations	**136.7**	109.4	508.6

Notes to the interim financial statements

for the six month period to 30 June 2014

12. Reconciliation of cash flow to movement in net debt

	At 1 January 2014 $m	Cash flow $m	Exchange movements $m	**At 30 June 2014 $m**
Cash and cash equivalents	145.0	1.2	1.5	**147.7**
Short term borrowings	(74.1)	61.9	(0.5)	**(12.7)**
Long term borrowings	(396.2)	(186.8)	(2.9)	**(585.9)**
Net debt	(325.3)	(123.7)	(1.9)	**(450.9)**

At 30 June 2014, $26.5m of cash relating to the Dorad project was subject to an attachment order.

13. Share based charges

Share based charges for the period of $12.6m (2013: $14.2m) relate to options granted under the Group's executive share option schemes and awards under the Long Term Incentive Plan, the Long Term Plan and the Long Term Cash Incentive Plan ('LTCIP'). The charge is included in administrative expenses in the income statement. $11.9m of the charge is credited to equity and $0.7m in respect of the LTCIP is included in non-current liabilities.

In addition, accelerated charges of $4.8m have been booked to exceptional items in the period relating to employees transferring to Ethos Energy. $1.3m of this amount is credited to equity and $3.5m, representing the cash amount payable to former Wood Group employees in compensation for loss of the options, is credited to non-current liabilities.

14. Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments. Drawdowns under long-term bank facilities are for periods of three months or less and as a result, book value and fair value are considered to be the same.

Details of derivative financial instruments are not disclosed in the financial statements as they are not material.

15. Capital commitments

At 30 June 2014 the Group had entered into contracts for future capital expenditure amounting to $2.2m. The capital expenditure relates to property plant and equipment and has not been provided in the financial statements.

16. Contingent liabilities

From time to time, the Group is notified of claims in respect of work carried out. Where management believes we are in a strong position to defend these claims no provision is made. In addition, the Group is currently cooperating in an investigation into a facility where it previously provided services, however management do not believe that it is probable that any material liability will arise from this matter.

17. Post balance sheet events

In May 2014, the Group reached agreement to issue $375m of unsecured senior notes in the US private placement market with drawdown in August and November 2014. These will be at a mix of 7, 10 and 12 year maturities at an average fixed rate of 3.74%.

In July 2014, the Group reached agreement to acquire 100% of the shareholding of Agility Projects AS, a Norwegian engineering, procurement, construction management, installation and commissioning company for a consideration of NOK 1,008m (approximately $164m). Based in Sandefjord, the company is focussed on the Norwegian Continental Shelf and employs 650 personnel in various locations in Norway as well as having an engineering office in Shanghai, China. The acquisition is expected to be completed during the third quarter of 2014, subject to regulatory approval.

18. Reconciliation of primary financial statements as previously reported to adjust for change to equity accounting and to reclassify EthosEnergy activity as discontinued operations

The financial statements for the 6 months ended 30 June 2013 and the year ended 31 December 2013 have been restated as a result of the introduction of IFRS 11. Previously, the Group used proportional consolidation to account for its interests in joint ventures. Under IFRS 11, equity accounting must be used to account for interests in joint ventures and therefore these periods have been restated accordingly. In addition, the income statement for the six months to 30 June 2013 has been restated to show the results of the businesses transferred to EthosEnergy in May 2014 as discontinued operations. This note reconciles the figures as reported at June and December 2013 with the restated comparative figures for those periods.

Group income statement for 6 months to 30 June 2013	As previously reported $m	Adjust for joint ventures previously proportionally consolidated $m	Reallocate companies transferred to EthosEnergy as discontinued $m	**As restated $m**
Revenue from continuing operations	**3,447.1**	**(302.0)**	**(356.4)**	2,788.7
Cost of sales	(2,896.1)	261.2	292.3	(2,342.6)
Gross profit	**551.0**	**(40.8)**	**(64.1)**	**446.1**
Administrative expenses	(339.3)	25.2	42.9	(271.2)
Share of post-tax profit from joint ventures	–	8.8	–	8.8
Operating profit	**211.7**	**(6.8)**	**(21.2)**	**183.7**
Finance income	0.6	–	–	0.6
Finance expense	(8.4)	0.4	–	(8.0)
Profit before tax from continuing operations	**203.9**	**(6.4)**	**(21.2)**	**176.3**
Taxation	(56.0)	6.4	12.1	(37.5)
Profit for the period from continuing operations	**147.9**	**–**	**(9.1)**	**138.8**
Profit from discontinued operations	14.0	–	9.1	23.1
Profit for the period	**161.9**	**–**	**–**	**161.9**

The income statement has been restated to show the results from joint ventures under equity accounting. In addition, the results of the businesses transferred to the EthosEnergy joint venture in May 2014 have been reclassified as discontinued operations for comparative purposes.

Notes to the interim financial statements

for the six month period to 30 June 2014

Group balance sheet as at 30 June 2013	As previously reported $m	Equity accounting adjustment $m	**As restated $m**
Non-current assets			
Goodwill and other intangible assets	1,756.7	(23.4)	**1,733.3**
Property plant and equipment	206.1	(40.6)	**165.5**
Investment in joint ventures	–	158.0	**158.0**
Long term receivables	62.0	–	**62.0**
Deferred tax assets	39.6	–	**39.6**
	2,064.4	**94.0**	**2,158.4**
Current assets			
Inventories	469.3	(129.9)	**339.4**
Trade and other receivables	1,536.3	(131.7)	**1,404.6**
Income tax receivable	34.3	(1.8)	**32.5**
Cash and cash equivalents	155.0	(27.7)	**127.3**
	2,194.9	**(291.1)**	**1,903.8**
Current liabilities			
Borrowings	50.3	(23.1)	**27.2**
Trade and other payables	1,210.7	(162.6)	**1,048.1**
Income tax liabilities	120.2	(4.3)	**115.9**
	1,381.2	**(190.0)**	**1,191.2**
Net current assets	**813.7**	**(101.1)**	**712.6**
Non-current liabilities			
Borrowings	322.4	–	**322.4**
Deferred tax liabilities	6.4	(0.5)	**5.9**
Retirement benefit obligations	52.3	–	**52.3**
Other non-current liabilities	141.6	(5.2)	**136.4**
Provisions	86.3	(1.4)	**84.9**
	609.0	**(7.1)**	**601.9**
Net assets	**2,269.1**	**–**	**2,269.1**
Equity attributable to owners of the parent			
Share capital	23.5	–	**23.5**
Share premium	54.3	–	**54.3**
Retained earnings	1,768.7	–	**1,768.7**
Other reserves	414.0	–	**414.0**
	2,260.5	**–**	**2,260.5**
Non-controlling interests	8.6	–	**8.6**
Total equity	**2,269.1**	**–**	**2,269.1**

There is no requirement to restate the June 2013 balance sheet to show the assets and liabilities of the businesses transferred to EthosEnergy in May 2014 as assets and liabilities held for sale.

Group cash flow statement for 6 months ended 30 June 2013	As previously reported $m	Equity accounting adjustment $m	Discontinued adjustment $m	**As restated $m**
Reconciliation of operating profit to cash generated from operations				
Operating profit from continuing operations	211.7	(15.6)	(21.2)	**174.9**
Operating profit from discontinued operations	–	–	35.2	**35.2**
Adjustments for:				
Depreciation	24.9	(3.5)	–	**21.4**
Loss on disposal of property plant and equipment	1.2	(0.5)	–	**0.7**
Amortisation of intangible assets	48.8	(0.2)	–	**48.6**
Share based charges	14.2	–	–	**14.2**
Decrease in provisions	(11.0)	0.3	–	**(10.7)**
Dividends from joint ventures	–	6.1	–	**6.1**
Exceptional items – non-cash impact	–	–	(14.0)	**(14.0)**
Changes in working capital				
Increase in inventories	(35.1)	14.4	–	**(20.7)**
Increase in receivables	(191.0)	(7.1)	–	**(198.1)**
Increase in payables	77.8	(18.3)	–	**59.5**
Exchange movements	(8.3)	0.6	–	**(7.7)**
Cash generated from operations	**133.2**	**(23.8)**	**–**	**109.4**
Tax paid	(55.8)	7.3	–	**(48.5)**
Net cash from operating activities	**77.4**	**(16.5)**	**–**	**60.9**
Cash flow from investing activities				
Acquisition of subsidiaries (net of cash acquired)	(16.6)	–	–	**(16.6)**
Purchase of property, plant and equipment	(38.9)	4.3	–	**(34.6)**
Proceeds from sale of property, plant and equipment	1.0	–	–	**1.0**
Purchase of intangible assets	(26.0)	0.5	–	**(25.5)**
Interest received	0.6	–	–	**0.6**
Loans to joint ventures	–	(0.6)	–	**(0.6)**
Investment in joint ventures	–	(1.3)	–	**(1.3)**
Net cash used in investing activities	**(79.9)**	**2.9**	**–**	**(77.0)**
Cash flows from financing activities				
Proceeds from bank loans	59.0	0.4	–	**59.4**
Purchase of shares by employee share trusts	(12.7)	–	–	**(12.7)**
Disposal of shares by employee share trusts	5.7	–	–	**5.7**
Interest paid	(13.6)	0.4	–	**(13.2)**
Dividends paid to shareholders	(41.4)	–	–	**(41.4)**
Dividends paid to non-controlling interests	(2.8)	–		**(2.8)**
Net cash used in financing activities	**(5.8)**	**0.8**	**–**	**(5.0)**
Net decrease in cash and cash equivalents	**(8.3)**	**(12.8)**	**–**	**(21.1)**
Effect of exchange rate changes on cash and cash equivalents	(9.0)	0.2	–	**(8.8)**
Opening cash and cash equivalents	**172.3**	**(15.1)**	**–**	**157.2**
Closing cash and cash equivalents	**155.0**	**(27.7)**	**–**	**127.3**

Notes to the interim financial statements

for the six month period to 30 June 2014

Group income statement for year ended 31 December 2013

	As previously re-ported $m	Adjust for joint ventures previously proportionally consolidated $m	**As restated $m**
Revenue from continuing operations	**6,379.7**	**(626.5)**	**5,753.2**
Cost of sales	(5,351.9)	548.6	**(4,803.3)**
Gross profit	**1,027.8**	**(77.9)**	**949.9**
Administrative expenses	(662.2)	75.0	**(587.2)**
Share of post-tax profit from joint ventures	–	1.9	**1.9**
Operating profit	**365.6**	**(1.0)**	**364.6**
Finance income	1.1	–	**1.1**
Finance expense	(19.6)	0.7	**(18.9)**
Profit before tax from continuing operations	**347.1**	**(0.3)**	**346.8**
Taxation	(92.6)	10.4	**(82.2)**
Profit for the period from continuing operations	**254.5**	**10.1**	**264.6**
Profit from discontinued operations	46.0	(10.1)	**35.9**
Profit for the period	**300.5**	**–**	**300.5**

The income statement has been restated to show joint ventures under equity accounting. The results of the businesses transferred to the EthosEnergy joint venture in May 2014, were already reclassified as discontinued in the December 2013 accounts.

Notes to the interim financial statements

for the six month period to 30 June 2014

Group balance sheet as at 31 December 2013

	As reported $m	Joint venture held for sale adjustment $m	Equity accounting adjustment $m	**As restated $m**
Non-current assets				
Goodwill and other intangible assets	1,875.5	3.8	(24.3)	**1,855.0**
Property plant and equipment	221.3	2.4	(36.4)	**187.3**
Investment in joint ventures	–	–	137.8	**137.8**
Long term receivables	68.0	–	–	**68.0**
Deferred tax assets	27.2	–	1.0	**28.2**
	2,192.0	**6.2**	**78.1**	**2,276.3**
Current assets				
Inventories	101.1	35.1	(124.8)	**11.4**
Trade and other receivables	1,365.1	9.9	(132.2)	**1,242.8**
Income tax receivable	20.7	–	(1.6)	**19.1**
Assets held for sale	685.6	(51.2)	–	**634.4**
Cash and cash equivalents	183.5	–	(38.5)	**145.0**
	2,356.0	**(6.2)**	**(297.1)**	**2,052.7**
Current liabilities				
Borrowings	96.8	–	(22.7)	**74.1**
Trade and other payables	1,123.0	1.9	(173.8)	**951.1**
Liabilities held for sale	185.4	(2.4)	–	**183.0**
Income tax liabilities	61.3	0.3	(2.4)	**59.2**
	1,466.5	**(0.2)**	**(198.9)**	**1,267.4**
Net current assets	**889.5**	**(6.0)**	**(98.2)**	**785.3**
Non-current liabilities				
Borrowings	396.2	–	–	**396.2**
Retirement benefit obligations	41.2	–	–	**41.2**
Other non-current liabilities	141.0	–	0.7	**141.7**
Provisions	86.8	0.2	(20.8)	**66.2**
	665.2	**0.2**	**(20.1)**	**645.3**
Net assets	**2,416.3**	**–**	**–**	**2,416.3**
Equity attributable to owners of the parent				
Share capital	23.6	–	–	**23.6**
Share premium	56.0	–	–	**56.0**
Retained earnings	1,856.6	–	–	**1,856.6**
Other reserves	471.2	–	–	**471.2**
	2,407.4	**–**	**–**	**2,407.4**
Non-controlling interests	8.9	–	–	**8.9**
Total equity	**2,416.3**	**–**	**–**	**2,416.3**

Notes to the interim financial statements

for the six month period to 30 June 2014

Group cash flow statement for the year ended 31 December 2013

	As reported $m	Equity accounting adjustment $m	**As restated $m**
Cash generated from operations			
Operating profit from continuing operations	365.6	(2.9)	**362.7**
Operating profit from discontinued operations	65.8	(10.6)	**55.2**
Adjustments for:			
Depreciation	51.9	(7.1)	**44.8**
Loss on disposal of property plant and equipment	1.6	–	**1.6**
Amortisation of intangible assets	102.1	(0.4)	**101.7**
Share based charges	22.4	–	**22.4**
Decrease in provisions	(7.6)	0.1	**(7.5)**
Dividends from joint ventures	–	24.7	**24.7**
Exceptional items - non-cash impact	4.6	(28.0)	**(23.4)**
Changes in working capital			
Increase in inventories	(17.9)	8.2	**(9.7)**
Increase in receivables	(66.8)	0.3	**(66.5)**
Increase in payables	23.2	(12.2)	**11.0**
Exchange movements	(8.5)	0.1	**(8.4)**
Cash generated from operations	**536.4**	**(27.8)**	**508.6**
Tax paid	(127.8)	4.1	**(123.7)**
Net cash from operating activities	**408.6**	**(23.7)**	**384.9**
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)	(287.3)	–	**(287.3)**
Acquisition of non-controlling interests	(3.1)	–	**(3.1)**
Disposal of subsidiaries (net of cash disposed)	0.3	–	**0.3**
Purchase of property, plant and equipment	(90.4)	5.9	**(84.5)**
Proceeds from sale of property, plant and equipment	2.6	(0.3)	**2.3**
Purchase of intangible assets	(51.6)	0.7	**(50.9)**
Interest received	1.1	–	**1.1**
Loans to joint ventures	–	(6.6)	**(6.6)**
Investment in joint ventures	–	(1.3)	**(1.3)**
Net cash used in investing activities	**(428.4)**	**(1.6)**	**(430.0)**
Cash flows from financing activities			
Proceeds from bank loans	165.4	1.3	**166.7**
Purchase of shares by employee share trusts	(47.8)	–	**(47.8)**
Sale of shares by employee share trusts	7.9	–	**7.9**
Interest paid	(18.6)	0.6	**(18.0)**
Dividends paid to shareholders	(67.4)	–	**(67.4)**
Dividends paid to minority interests	(3.1)	–	**(3.1)**
Net cash from financing activities	**36.4**	**1.9**	**38.3**
Net increase/(decrease) in cash and cash equivalents	**16.6**	**(23.4)**	**(6.8)**
Effect of exchange rate changes on cash	(5.4)	–	**(5.4)**
Opening cash and cash equivalents	172.3	(15.1)	**157.2**
Closing cash and cash equivalents	**183.5**	**(38.5)**	**145.0**

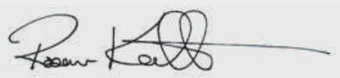
Statement of directors’ responsibilities

for the six month period to 30 June 2013

The directors confirm that the interim financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union and that the interim management 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 financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial 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 2013 Annual Report and Accounts. The following changes have occurred since the signing of the 2013 accounts: A G Langlands resigned as a director and as Chairman on 14 May 2014 and J M Brown was appointed as a director on 15 May 2014.



R Keiller
Chief Executive

A G Semple
Chief Financial Officer

18 August 2014

Independent review report to John Wood Group PLC

for the six month period to 30 June 2013

Report on the consolidated interim financial statements

Our conclusion
We have reviewed the consolidated interim financial statements, defined below, in the half-yearly financial report of John Wood Group PLC for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed
The consolidated interim financial statements, which are prepared by John Wood Group PLC, comprise:

the Group balance sheet as at 30 June 2014;

the Group income statement for the period then ended;

the Group statement of comprehensive income for the period then ended;

the Group statement of changes in equity for the period then ended;

the Group cash flow statement for the period then ended; and

the notes to the interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of consolidated financial statements involves
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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial statements.

Responsibilities for the consolidated interim financial statements and the review

Our responsibilities and those of the directors
The half-yearly financial report, including the consolidated interim financial statements, 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 Conduct Authority.

Our responsibility is to express to the company a conclusion on the consolidated interim 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 complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
18 August 2014
Aberdeen

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 29 August 2014 as published in the Financial Times on 30 August 2014.

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PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
32 Albyn Place
Aberdeen
AB10 1YL

Company Solicitors
Slaughter and May

Financial calendar

	6 months ended 30 June 2014	Year ending 31 December 2014
Results announced	19 August 2014	Late February 2015
Ex-dividend date	27 August 2014	April 2015
Dividend record date	29 August 2014	April 2015
Dividend payment date	25 September 2014	May 2015
Annual General Meeting		May 2015

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

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