



John Wood Group PLC
Half Year Report 2015





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“Conditions in oil & gas markets remain very challenging. Performance in the first half demonstrates our commitment to cost discipline and the resilience and flexibility of Wood Group’s through cycle model. Our outlook for 2015 overall remains unchanged and we anticipate that full year performance will be in line with analyst consensus. With little prospect of short term improvement in market conditions, we will focus on remaining competitive and protecting our capability, working with clients to reduce their overall costs, increase efficiency and safely improve performance.”

Bob Keiller, CEO

Highlights

Financial

19.3% ▼	7.4% ▼	17.6% ▼	14.3% ▼	9.7% ▼	10.1% ▲
Total Revenue of \$3,069.0m (2014: \$3,801.2m)	Total EBITA of \$225.9m (2014: \$243.9m)	Revenue from continuing operations of \$2,656.9m (2014: \$3,224.4m)	Profit before tax and exceptional items of \$156.3m (2014: \$182.4m)	Adjusted diluted EPS of 40.1 cents (2014: 44.4 cents)	Interim dividend of 9.8 cents per share (2014: 8.9 cents)

Operational

Group

- ▶ Continued focus on actions to offset the impact of lower activity and pricing pressure
- ▶ Working with customers to reduce project costs, increase operating efficiency and safely improve performance
- ▶ Strict focus on utilisation; Group headcount down 13% since December
- ▶ Overhead cost savings of \$40m achieved in the first half, significantly ahead of initial estimates
- ▶ Secured new long-term awards in the North Sea for Antin, Gabon for Shell in PSN and in Saudi Arabia and Mexico for Engineering
- ▶ Net debt, including JVs, of \$277.2m (2014: \$427.4m). Net debt: annualised EBITDA ratio of 0.5x, at lower end of targeted range
- ▶ Unchanged outlook for 2015; anticipate full year EBITA in line with expectations

PSN Production Services

- ▶ Revenue down 21.7% reflecting lower activity particularly in the Americas, where we saw strong growth in US shale in 2014, and the North Sea. EBITA margin slightly increased; cost reductions and reduced acquisition deferred consideration provisions helping to offset pricing pressure

Engineering

- ▶ Entered 2015 with reasonable backlog. Revenue down 10.9% however EBITA margin slightly up reflecting good activity and improved margins in onshore pipeline and downstream offsetting the impact of pricing pressure and the deferral and cancellation of projects in Upstream and Subsea. Benefitting from overhead cost reduction, focus on utilisation and the contribution from Agility acquisition



Business review

H1 2015 Trading performance	Interim Jun 2015 \$m	Interim Jun 2014 \$m	% Change
Total Revenue	3,069.0	3,801.2	(19.3%)
Total EBITA ¹	225.9	243.9	(7.4%)
EBITA Margin	7.4%	6.4%	1.0pts
Revenue from continuing operations on an equity accounting basis	2,656.9	3,224.4	(17.6%)
Profit from continuing operations before tax and exceptionals (after tax on JV profits) on an equity accounting basis	156.3	182.4	(14.3%)
Basic EPS	31.7c	38.5c	(17.7%)
Adjusted diluted EPS ²	40.1c	44.4c	(9.7%)

Note: The commentary below 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, in 2014, activities classified as discontinued. Detailed footnotes provided on page 8.

Business review

Conditions in oil & gas markets remain very challenging and we are witnessing a sustained period of low oil prices in 2015 following the increase in focus by operators on efficiency in 2014. Against a backdrop of reduced activity across the oil services sector, the Group delivered EBITA of \$225.9m in the first half, down 7.4% and AEPS of 40.1c down 9.7% which demonstrates the flexibility of our asset light model and significant overhead cost savings achieved in the first half of \$40m.

In Wood Group PSN Production Services, revenue fell 21.7% largely reflecting lower activity in the North Sea and Americas, where we saw strong growth in US shale in 2014. EBITA margin increased by 0.3% compared with the first half of 2014, as the benefit of steps taken including significant overhead cost reductions and the release of provisions relating to deferred consideration on acquisitions helped to offset pricing pressure from customers and foreign exchange headwinds.

In Engineering, revenue fell 10.9% however EBITA margin increased by 0.5% compared to the first half of 2014. Performance reflects the breadth and diversity of our activities, with good activity and improved margins in onshore pipelines and downstream partly offsetting the impact of the deferral and cancellation of projects in upstream and subsea. The impact of cost reduction initiatives, our continued focus on utilisation and the contribution from Agility Projects acquired in September 2014 also positively impacted first half financial performance.

Generally, first half financial performance benefitted significantly from ongoing actions to help offset the impact of lower activity and pricing pressure. We are focussing on what we can control and what we can manage. We are looking after our customers; delivering high quality services and working with them on initiatives to reduce project costs, increase operating efficiency and safely improve performance.

We also continue to have a strict focus on utilisation and this has inevitably resulted in headcount reductions as activity has declined. Group headcount is down 13% from the position in December and 17% from June 2014.

Internally, we have focussed on the control and management of costs, benefitting from the flexibility of our business model. We anticipate that the full year benefit of overhead cost savings will be in excess of \$80m and that the impact of these savings will endure in 2016. To achieve this, we have reduced headcount and discretionary spending, put tighter controls in place, accelerated shared service programmes, and are continuing with our pursuit of back office efficiencies.

The Group continues to have a strong balance sheet and we are comfortable with the flexibility, diversity and maturity of our funding following the \$375m US private placement in 2014 and the extension of our \$950m bilateral facilities to 2020 earlier this year. Net debt including JVs of \$277.2m is at the lower end of our generally targeted Net Debt: EBITDA range ratio of 0.5 times to 1.5 times and we anticipate strong cash flow generation for the full year. M&A remains a focus and is our preferred use of cash. In June 2015, we completed the acquisition of BETA Machinery Analysis which strengthens the Group's integrity management capabilities. We expect the environment for completing bolt-on M&A to improve in the second half of 2015.

We have declared an interim dividend of 9.8 cents per share, an increase of 10.1%, which will be paid on 24 September 2015. Our intention remains to increase the dividend per share by a double digit percentage from 2015 onwards, reflecting our longer term confidence in the Group.

Outlook

Conditions in oil & gas markets remain very challenging. Performance in the first half demonstrates our commitment to cost discipline and the resilience and flexibility that has been the strength of Wood Group's through cycle model. Our outlook for 2015 overall remains unchanged and we anticipate that full year performance will be in line with analyst consensus. With little prospect of short term improvement in market conditions, we will focus on remaining competitive and protecting our capability, working with clients to reduce their overall costs, increase efficiency and safely improve performance.

Wood Group Engineering

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	% Change
Revenue	908.3	1,019.8	(10.9%)
EBITA	101.7	108.8	(6.5%)
EBITA margin	11.2%	10.7%	0.5pts
People ³	9,700	10,500	(7.6%)

Wood Group Engineering

Through Wood Group Mustang and Wood Group Kenny, we provide a wide range of market leading engineering services to the upstream, subsea & pipeline, downstream, chemical, process & industrial and clean energy sectors. These include conceptual studies, engineering, project and construction management (EPCM) and control system upgrades.

In Engineering, revenue fell 10.9% and EBITA fell 6.5%. We entered 2015 with reasonable backlog and the financial performance reflects the breadth and diversity of our activities, with good activity and improved margins in onshore pipeline and downstream partly offsetting the impact of pricing pressure and the deferral and cancellation of projects in Upstream and Subsea. Cost reduction initiatives, our continued focus on utilisation and the contribution from Agility Projects acquired in September 2014 also positively impacted first half performance.

Upstream accounted for around 35% of revenue. The market is very subdued, particularly for detailed design scopes, and we saw the cancellation of a number of projects including Husky White Rose at the start of the year. Work on Det Norske's Ivar Aasen project is now entering a follow-on engineering and construction support phase which will continue into 2016. We currently anticipate completing detailed design on the Hess Stampede TLP around the end of 2015 and will continue to provide follow on support through 2016. In the second quarter, we started FEED work on our six year Offshore Maintain Potential contract with Saudi Aramco. We are encouraged by our engagement in a high volume of early stage engineering work as some of our long standing customers start or restart early phase projects, although the timing of sanction of detailed engineering scopes remains uncertain.

Subsea and Pipelines accounted for around 40% of revenue. We have seen reduced activity in our Subsea business as fewer large subsea capex projects come to market. We remain active on larger projects, including BP Shah Deniz in the Caspian where we are delivering engineering and project management services, with follow on work expected through to 2018. In Australia, work on Gorgon is expected to continue at reduced levels throughout 2015.

In addition, we have secured FEED awards for Woodside in Australia and Talisman in Vietnam. We were also awarded a three year offshore engineering framework agreement by PEMEX covering field development planning and engineering for SURF and topsides facilities in Mexico, which we see as an important market for the future.

Our US onshore pipelines business is performing robustly, with customers looking to improve transportation to downstream facilities. Our contract providing engineering, field services and construction management for Dow is progressing well with completion still scheduled for late 2016 and work continues on the ETC Dakota access pipeline.

Downstream, process and industrial accounted for around 25% of revenue. Performance has benefitted, in part, due to the impact of lower feedstock prices. Following the successful completion of early stage engineering on a refinery modification project for Flint Hills Resources in the Eagle Ford region, we have recently been awarded the detailed engineering, procurement and construction support scope. First half performance has also benefitted from the successful close out of lump sum projects.

Outlook

We entered 2015 with reasonable backlog and, although the market for Upstream and Subsea engineering remains very subdued, we expect financial performance in 2015 overall to benefit from the breadth and diversity of our activities, cost reduction initiatives and our continued focus on utilisation. Looking further ahead, the timing of sanction of detailed engineering scopes is uncertain but we are encouraged by our engagement in a high volume of early stage work. We remain confident that our proven solution-independent engineering capability can deliver significant benefits to customers, helping reduce overall project costs and manage interfaces when activity levels recover.



Wood Group PSN

Production Services	Interim Jun 2015 \$m	Interim Jun 2014 \$m	% Change
Revenue	1,832.9	2,341.6	(21.7%)
EBITA	133.1	163.0	(18.3%)
EBITA margin	7.3%	7.0%	0.3pts
People	23,500	30,000	(21.7%)

Turbine Activities	Interim Jun 2015 \$m	Interim Jun 2014 \$m	% Change
Turbine JVs	327.8	422.3	(22.4%)
Dorad	-	17.5	n/m
Total Revenue	327.8	439.8	(25.5%)
Turbine JVs	18.1	17.3	4.6%
Dorad	-	(17.2)	n/m
Total EBITA	18.1	0.1	n/m
Total EBITA Margin	5.5%	0.0%	n/m
People	2,700	2,700	-

Production Services

We are a market leader in production facilities support focused on optimising production and extending asset life safely. We provide life-of-field services to producing assets through brownfield engineering and modifications, production enhancement, operations and maintenance, facility construction and maintenance management, training and abandonment services.

In Wood Group PSN Production Services, revenue fell 21.7% largely reflecting lower activity particularly in the North Sea and the Americas, where we saw strong performance in US shale in 2014. EBITA margin increased by 0.3% compared with the first half of 2014, as the benefit of steps taken including significant overhead cost reductions and the release of provisions relating to deferred consideration on acquisitions helped to offset pricing pressure from customers and foreign exchange headwinds.

The Americas accounted for around 40% of revenues, with US onshore representing over half of this and the remainder coming from the Gulf of Mexico, East Canada and South and Latin America. The US onshore market continues to be impacted by significant pressure on volumes and pricing. The decline in the rig count has led to reduced demand for our well pad capex related activity and to a lesser extent our midstream construction services. Our opex focussed maintenance activity which accounts for around 60% of our US onshore activity has been less affected. In May, our Trinidad joint venture was awarded a five year \$250 million contract to provide engineering, procurement and construction services to BP's offshore facilities. This contract complements our existing maintenance engagement on the same assets with BP.

The North Sea accounted for around 40% of revenue. We are maintaining our leading position in maintenance and brownfield engineering work and have good visibility under longer term contracts; however we have experienced reduced project and non-essential maintenance work. Our cost leadership, including the contractor rate cuts in 2014, has helped our alignment with customers as we work with them to implement efficiency improvements principally directed at offshore productivity. In May 2015, we secured a new ten year \$250 million contract with Antin Infrastructure Partners for the operatorship of the CATS terminal and pipeline in the North Sea, effective in December. The contract was secured in collaboration with Wood Group Kenny allowing us to leverage our expertise in pipeline operations and extend our existing dutyholder capabilities into a new market.

In our international business, which represents 20% of revenue, longer term contracts secured in prior years in Australia and Asia Pacific are progressing. In Africa, we recently received a letter of award from Shell to provide integrated engineering construction and maintenance services to Shell's four onshore oil fields in Gabon. This new, integrated approach enables us to work collaboratively with Shell to optimise cost efficiency and production across these assets.

Outlook

We expect the performance in Wood Group PSN Production Services in 2015 to reflect the challenging market conditions, albeit offset by the benefit of significant overhead cost reductions. We are continuing to win new work including the expansion of our duty holder capability in the North Sea, and see opportunities for growth in the Middle East and Africa. In the US, despite current weakness, we see a good longer term market for our shale activities.

Turbine Activities

Through three joint venture arrangements, we provide industrial gas turbine and rotating equipment repair, maintenance, overhaul and power plant EPC services to the oil & gas and power sectors.

In Turbine Activities, overall performance reflects a combination of lower oil & gas related revenues and the beneficial impact of capital efficiency and cost reduction initiatives in EthosEnergy. The Dorad EPC contract reached final agreement with the customer early in 2015.

Financial review

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, in 2014, activities classified as discontinued. 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.

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full Year Dec 2014 \$m
H1 2015 Trading Performance			
Total Revenue	3,069.0	3,801.2	7,616.4
Total EBITA	225.9	243.9	549.6
EBITA margin %	7.4%	6.4%	7.2%
Amortisation - Software and system development	(26.9)	(19.4)	(40.2)
Intangible assets from acquisitions	(27.1)	(30.9)	(61.0)
EBIT	171.9	193.6	448.4
Net finance expense	(11.7)	(9.5)	(24.2)
Profit before tax and exceptional items	160.2	184.1	424.2
Taxation before exceptional items	(43.3)	(50.5)	(115.5)
Profit before exceptional items	116.9	133.6	308.7
Exceptional items, net of tax	4.3	16.3	27.6
Profit for the period	121.2	149.9	336.3
Basic EPS (cents)	31.7c	38.5c	87.9c
Adjusted diluted EPS (cents)	40.1c	44.4c	99.6c

Reconciliation to operating profit

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full Year Dec 2014 \$m
EBITA	225.9	243.9	549.6
Amortisation	(54.0)	(50.3)	(101.2)
EBIT	171.9	193.6	448.4
Tax and interest charges in joint ventures included within operating profit but not EBITA	(5.0)	(6.5)	(15.9)
Operating loss from discontinued activities	-	4.3	4.3
Operating profit before exceptional items per accounts	166.9	191.4	436.8

'Like for like' trading

The financial performance of the Group, adjusting for acquisitions and on a constant currency basis, is shown below. The 2014 results have been restated to include the results of acquisitions made in 2014 (Meesters, Cape, Sunstone, Agility and Swaggarts) as if they had been acquired on 1 January 2014 and also to apply the average exchange rates used to translate the 2015 results. The purchase of Beta Machinery occurred at the end of June 2015 and did not impact the June 2015 results, so no adjustment has been made for this acquisition.

	Interim Jun 2015 Total Revenue \$m	Interim Jun 2015 Total EBITA \$m	Interim Jun 2014 Total Revenue \$m	Interim Jun 2014 Total EBITA \$m
Unaudited				
Wood Group Engineering	908.3	101.7	1,080.8	112.9
Wood Group PSN – Production Services	1,832.9	133.1	2,239.4	161.9
Wood Group PSN – Turbine Activities	327.8	18.1	422.5	(0.9)
Central costs	-	(27.0)	-	(27.2)
Pro forma Revenue and EBITA	3,069.0	225.9	3,742.7	246.7
Acquisitions	-	-	(143.2)	(14.0)
Constant currency	-	-	201.7	11.2
Total Revenue and EBITA as reported	3,069.0	225.9	3,801.2	243.9

Amortisation

The amortisation charge for the half year of \$54.0m (2014: \$50.3m) includes \$27.1m (2014: \$30.9m) of amortisation relating to intangible assets arising from acquisitions. Of this amount, \$9.4m (2014: \$14.2m) is in respect of the PSN acquisition and \$10.7m (2014: \$10.7m) relates to the acquisitions of Elkhorn and Mitchells. Amortisation in respect of software and development costs was \$26.9m (2014: \$19.4m) 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 \$108.0m (2014: \$101.2m), of which \$53.0m (2014: \$61.0m) will relate to intangibles arising from acquisitions. Included in the amortisation charge for the half year above is \$0.9m (2014: \$0.9m) in respect of joint ventures.

Net finance expense

Net finance expense is analysed further below.

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full year Dec 2014 \$m
Bilateral facilities	2.2	4.9	9.3
US Private Placement	7.0	-	4.7
Arrangement Fees	0.3	2.2	4.3
JV and other interest	4.3	3.0	7.3
Total finance expense	13.8	10.1	25.6
Finance income	(2.1)	(0.6)	(1.4)
Net finance expense	11.7	9.5	24.2

Interest cover⁴ was 19.3 times (June 2014: 25.7 times). Included in the above are net finance charges of \$1.1m (2014: \$0.5m) in respect of joint ventures. We currently anticipate the full year finance expense to be in the region of \$20-\$25m.



Exceptional (income)/expense

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full year Dec 2014 \$m
Venezuela settlement	-	(58.4)	(58.4)
Integration and restructuring charges	-	7.5	7.5
Onerous contract	(4.3)	-	(9.7)
Transaction related costs	-	23.0	23.0
Total exceptional items pre-tax	(4.3)	(27.9)	(37.6)
Tax on exceptional items	-	11.6	10.0
Total exceptional items net of tax	(4.3)	(16.3)	(27.6)

In 2013, the Group made a provision in respect of Wood Group PSN's contract in Oman. The provision has been reassessed at 30th June 2015 with \$4.3m of the provision being released to the income statement and credited to exceptional items.

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 2015 \$m	Interim Jun 2014 \$m	Full year Dec 2014 \$m
Profit from continuing operations before tax (pre-exceptional items)	160.2	184.1	424.2
Tax charge (pre-exceptional items)	43.3	50.5	115.5
Effective tax rate on continuing operations (pre-exceptional items)	27.0%	27.4%	27.2%

The tax charge above includes \$3.9m in relation to joint ventures (June 2014: \$6.1m).

Going forward we expect the effective tax rate to remain around 27% in the medium term, subject to future changes in tax rates or legislation in the countries in which the Group operates.

The effective tax charge under equity accounting is 24.5%. 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 2015 was 40.1 cents per share (2014: 44.4 cents). The average number of fully diluted shares used in the EPS calculation for the period was 378.6m (June 2014: 374.6m).

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 2015 would be 34.9 cents per share (June 2014: 40.6 cents).

Dividend

An interim dividend of 9.8 cents per share (2014: 8.9 cents) has been declared which will be paid on 24 September 2015, representing an increase of 10.1%. The dividend is covered 4.1 times (June 2014: 5.0 times) by adjusted earnings per share. We remain confident in the longer term outlook for the Group and reconfirm our intent to increase the US dollar value of dividend per share paid from 2015 onwards by a double digit percentage.

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 joint venture cashflows. The gross and net debt figures including joint ventures are given below.

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full year Dec 2014 \$m
Opening net debt (excluding JVs)	(326.6)	(325.3)	(325.3)
Cash generated from operations pre working capital (excluding JVs)	242.1	330.1	650.9
Working capital movements (excluding JVs)	(16.9)	(193.4)	(79.5)
Cash generated from operations	225.2	136.7	571.4
Acquisitions	(13.4)	(65.1)	(262.9)
Capex and intangibles	(42.3)	(68.0)	(110.2)
Tax paid	(47.9)	(49.4)	(84.9)
Interest, dividends and other	(70.6)	(79.8)	(114.7)
Decrease/(increase) in net debt	51.0	(125.6)	(1.3)
Closing net debt (excluding JVs)	(275.6)	(450.9)	(326.6)
JV net (debt)/cash	(1.6)	23.5	30.9
Closing net debt (including JVs)	(277.2)	(427.4)	(295.7)

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

	Interim Jun 2015 \$m	Interim Jun 2014 \$m	Full Year Dec 2014 \$m
Average net debt	290.9	390.3	416.4
Average gross debt	581.0	588.8	643.4
Closing net debt	277.2	427.4	295.7
Closing gross debt	572.1	637.4	559.3

Cash generated from operations pre-working capital fell by \$88.0m to \$242.1m. 2014 benefitted from the \$58.4m Venezuelan settlement included in exceptional income and the business generated lower EBITA in the first half of 2015. Cash generated from operations post-working capital increased by \$88.5m to \$225.2m partly as a result of significant cash receipts on the Dorad contract.

Acquisition payments consisted of \$9.3m relating to the acquisition of Beta Machinery Analysis and \$4.1m relating to payments made in respect of companies acquired in prior periods. Payments for capex and intangible assets reduced to \$42.3m (2014: \$68.0m) due to a reduction of capital expenditure in challenging market conditions. This balance includes expenditure on continued development of our core ERP systems across the Group.

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 2015 \$m	Interim Jun 2014 \$m	Full year Dec 2014 \$m
Non-current assets	2,707.1	2,682.6	2,739.6
Current assets	1,468.3	1,783.3	1,647.3
Current liabilities	(878.9)	(1,070.5)	(1,093.9)
Net current assets	589.4	712.8	553.4
Non-current liabilities	(718.2)	(835.5)	(733.7)
Net assets	2,578.3	2,559.9	2,559.3
Equity attributable to owners of the parent	2,561.9	2,549.5	2,546.2
Non-controlling interests	16.4	10.4	13.1
Total equity	2,578.3	2,559.9	2,559.3

The reduction in net current assets compared to June 2014 is due to lower working capital with the cash generated being used to repay long term borrowings.

Capital efficiency

Net debt (including our share of JV net debt) to annualised Total EBITDA at 30 June 2015 was 0.5 times (June 2014: 0.8 times). We 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 typically to be below 1.0 times.

The Group's Return on Capital Employed ("ROCE")⁵ reduced from 16.0% at 30 June 2014 to 15.4% at 30 June 2015 with lower EBITA in the period partly offset by lower working capital.

The Group's ratio of average Operating Capital Employed to Revenue (OCER) of 16.1% has reduced slightly from 2014 (16.0%).

Principal risks and uncertainties

The principal risks facing the Group in the second half of 2015 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to mitigating, monitoring and assurance, remain broadly unchanged from those described in the Group's 2014 Annual Report. The principal risks are in the following categories:

- Health, Safety, Security & Environment (HSSE)
- Strategic
- Operational
- Financial
- People
- Compliance
- Commercial
- Technology

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 18 to 20 of the Group's 2014 Annual Report.

Footnotes

1. Total EBITA represents operating profit including JVs on a proportional basis of \$176.2m (2014: \$221.5m) before the deduction of amortisation of \$54.0m (2014: \$50.3m) and exceptional income of \$4.3m (2014: \$27.9m) 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 2015 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.



Group income statement

for the six month period to 30 June 2015

	Note	Unaudited Interim June 2015			Unaudited Interim June 2014			Audited Full Year December 2014		
		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	2,656.9	-	2,656.9	3,224.4	-	3,224.4	6,574.1	-	6,574.1
Cost of sales		(2,226.2)	-	(2,226.2)	(2,738.5)	-	(2,738.5)	(5,564.7)	-	(5,564.7)
Gross profit		430.7	-	430.7	485.9	-	485.9	1,009.4	-	1,009.4
Administrative expenses		(273.4)	-	(273.4)	(313.2)	50.9	(262.3)	(592.9)	50.9	(542.0)
Share of profit from joint ventures		9.6	4.3	13.9	18.7	-	18.7	20.3	9.7	30.0
Operating profit	2	166.9	4.3	171.2	191.4	50.9	242.3	436.8	60.6	497.4
Finance income		2.1	-	2.1	0.6	-	0.6	1.4	-	1.4
Finance expense		(12.7)	-	(12.7)	(9.6)	-	(9.6)	(23.7)	-	(23.7)
Profit before tax from continuing operations		156.3	4.3	160.6	182.4	50.9	233.3	414.5	60.6	475.1
Taxation	7	(39.4)	-	(39.4)	(45.9)	(13.0)	(58.9)	(102.9)	(10.0)	(112.9)
Profit for the period from continuing operations		116.9	4.3	121.2	136.5	37.9	174.4	311.6	50.6	362.2
Loss from discontinued operations net of tax		-	-	-	(2.9)	(21.6)	(24.5)	(2.9)	(23.0)	(25.9)
Profit for the period		116.9	4.3	121.2	133.6	16.3	149.9	308.7	27.6	336.3
Profit attributable to:										
Owners of the parent		112.5	4.3	116.8	129.7	10.8	140.5	299.9	22.1	322.0
Non-controlling interests		4.4	-	4.4	3.9	5.5	9.4	8.8	5.5	14.3
		116.9	4.3	121.2	133.6	16.3	149.9	308.7	27.6	336.3
Earnings per share (expressed in cents per share)										
Basic	6	30.5	1.2	31.7	35.5	3.0	38.5	81.9	6.0	87.9
Diluted	6	29.7	1.2	30.9	34.6	2.9	37.5	79.9	5.9	85.8

The notes on pages 14 to 19 are an integral part of the interim financial statements.

Group statement of comprehensive income

for the six month period to 30 June 2015

	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year December 2014 \$m
Profit for the period	121.2	149.9	336.3
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement losses on retirement benefit obligations	-	-	(16.5)
Movement in deferred tax relating to retirement benefit obligations	-	-	3.3
Total items that will not be reclassified to profit or loss	-	-	(13.2)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	(0.4)	(0.4)	(0.1)
Tax credit relating to share options schemes	-	-	1.8
Tax credit relating to foreign exchange on net investment in subsidiary	-	-	15.0
Exchange movements on retranslation of foreign currency net assets	(43.6)	39.1	(147.4)
Exchange movements on retranslation of non-controlling interests	(0.1)	0.1	(0.3)
Total items that may be reclassified subsequently to profit or loss	(44.1)	38.8	(131.0)
Other comprehensive (expense)/income for the period, net of tax	(44.1)	38.8	(144.2)
Total comprehensive income for the period	77.1	188.7	192.1
Total comprehensive income for the period is attributable to:			
Owners of the parent	72.8	179.2	178.1
Non-controlling interests	4.3	9.5	14.0
	77.1	188.7	192.1
Total comprehensive income for the period is attributable to:			
Continuing operations	77.1	213.2	218.0
Discontinued operations	-	(24.5)	(25.9)
	77.1	188.7	192.1

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 14 to 19 are an integral part of the interim financial statements.



Group balance sheet

as at 30 June 2015

	Note	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year December 2014 \$m
Assets				
Non-current assets				
Goodwill and other intangible assets		1,922.0	1,901.6	1,943.5
Property plant and equipment		187.9	193.6	194.6
Investment in joint ventures		457.5	474.4	460.0
Long term receivables		82.9	78.3	79.2
Deferred tax assets		56.8	34.7	62.3
		2,707.1	2,682.6	2,739.6
Current assets				
Inventories		8.8	9.5	9.1
Trade and other receivables		1,213.7	1,587.2	1,443.6
Income tax receivable		16.0	38.9	11.5
Cash and cash equivalents	11	229.8	147.7	183.1
		1,468.3	1,783.3	1,647.3
Liabilities				
Current liabilities				
Borrowings	11	10.4	12.7	14.7
Trade and other payables		801.8	962.9	969.1
Income tax liabilities		66.7	94.9	110.1
		878.9	1,070.5	1,093.9
Net current assets		589.4	712.8	553.4
Non-current liabilities				
Borrowings	11	495.0	585.9	495.0
Deferred tax liabilities		7.2	-	3.9
Retirement benefit obligations	8	26.4	36.6	27.0
Other non-current liabilities		117.3	127.0	129.7
Provisions		72.3	86.0	78.1
		718.2	835.5	733.7
Net assets		2,578.3	2,559.9	2,559.3
Equity attributable to owners of the parent				
Share capital		23.7	23.6	23.7
Share premium		56.0	56.0	56.0
Retained earnings		2,202.5	1,960.0	2,142.8
Other reserves		279.7	509.9	323.7
		2,561.9	2,549.5	2,546.2
Non-controlling interests		16.4	10.4	13.1
Total equity		2,578.3	2,559.9	2,559.3

The notes on pages 14 to 19 are an integral part of the interim financial statements.

Group statement of changes in equity

for the six month period to 30 June 2015

	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 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	12	-	-	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
At 1 January 2015		23.7	56.0	2,142.8	323.7	2,546.2	13.1	2,559.3
Profit for the period		-	-	116.8	-	116.8	4.4	121.2
Other comprehensive income:								
Cash flow hedges		-	-	-	(0.4)	(0.4)	-	(0.4)
Net exchange movements on retranslation of foreign currency net assets		-	-	-	(43.6)	(43.6)	(0.1)	(43.7)
Total comprehensive income for the period		-	-	116.8	(44.0)	72.8	4.3	77.1
Transactions with owners:								
Dividends paid	4	-	-	(68.6)	-	(68.6)	(1.0)	(69.6)
Credit relating to share based charges	12	-	-	8.8	-	8.8	-	8.8
Shares disposed of by employee share trusts		-	-	3.8	-	3.8	-	3.8
Exchange movements in respect of shares held by employee share trusts		-	-	(1.1)	-	(1.1)	-	(1.1)
At 30 June 2015		23.7	56.0	2,202.5	279.7	2,561.9	16.4	2,578.3

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 14 to 19 are an integral part of the interim financial statements.



Group cash flow statement

for the six month period to 30 June 2015

	Note	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year Dec 2014 \$m
Cash generated from operations	10	225.2	136.7	571.4
Tax paid		(47.9)	(49.4)	(84.9)
Net cash from operating activities		177.3	87.3	486.5
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and borrowings acquired)	5	(13.4)	(60.8)	(258.1)
Acquisitions of non-controlling interests		-	(4.3)	(4.8)
Proceeds from divestment of subsidiaries (net of cash and borrowings divested and divestment costs)		-	-	1.7
Payments received in relation to EthosEnergy transaction		10.9	21.0	58.6
Purchase of property plant and equipment		(14.7)	(36.2)	(59.0)
Proceeds from sale of property plant and equipment		0.1	0.1	2.9
Purchase of intangible assets		(27.6)	(31.8)	(51.2)
Interest received		2.1	0.6	1.4
Loans to joint ventures		-	(47.6)	(78.0)
Net cash used in investing activities		(42.6)	(159.0)	(386.5)
Cash flows from financing activities				
(Repayment of)/proceeds from bank loans		(4.4)	124.9	(331.0)
Proceeds from senior loan notes		-	-	375.0
Disposal of shares by employee share trusts		3.8	9.1	11.2
Interest paid		(14.2)	(5.6)	(13.2)
Dividends paid to shareholders	4	(68.6)	(54.5)	(87.2)
Dividends paid to non-controlling interests		(1.0)	(1.0)	(7.7)
Net cash (used in)/from financing activities		(84.4)	72.9	(52.9)
Net increase in cash and cash equivalents		50.3	1.2	47.1
Effect of exchange rate changes on cash and cash equivalents		(3.6)	1.5	(9.0)
Opening cash and cash equivalents		183.1	145.0	145.0
Closing cash and cash equivalents		229.8	147.7	183.1

The notes on pages 14 to 19 are an integral part of the interim financial statements.

Notes to the interim financial statements

for the six month period to 30 June 2015

1. Basis of preparation

The interim report and condensed financial statements for the six months ended 30 June 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and condensed financial statements should be read in conjunction with the Group's 2014 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union.

The interim report and condensed financial statements have been prepared on the basis of the accounting policies set out in the Group's 2014 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2015. The interim report and condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim condensed financial statements were approved by the Board of Directors on 17 August 2015. The results for the six months to 30 June 2015 and the comparative results for six months to 30 June 2014 are unaudited. The comparative figures for the year ended 31 December 2014 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.

The directors have reviewed the Group's backlog, trading outlook and funding position and re-assessed its principal risks and consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed financial statements.

In preparing these interim condensed 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 2014.

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 2015	June 2014
Average rate £1 = \$	1.5261	1.6706
Closing rate £1 = \$	1.5727	1.7099

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

The scope of IAS 19 'Employee benefits' was amended with effect from 1 January 2015. The amendment does not have a material impact on the Group's 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 standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018, but the Group has not early adopted them:

- ▶ IFRS 15 'Revenue from contracts with customers' is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the likely impact of this standard on the financial statements.
- ▶ IFRS 9 'Financial instruments' is effective for accounting periods on or after 1 January 2018. The Group does not expect the adoption of this standard to have a material impact on the financial statements.

Amendments have also been made to the following standards effective 1 January 2016. The Group does not expect the amendments to have a material impact on the Group's financial statements.

- ▶ IFRS 11 'Joint arrangements'
- ▶ IAS 16 'Property, plant and equipment'
- ▶ IAS 38 'Intangible assets'
- ▶ IAS 27 'Separate financial statements'
- ▶ IFRS 10 'Consolidated financial statements'
- ▶ IAS 1 'Presentation of financial statements'



Notes to the interim financial statements

for the six month period to 30 June 2015

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 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 Group's Chief Executive for the reportable operating segments for the period included the following:

Reportable operating segments

	Revenue			EBITDA ⁽¹⁾			EBITA ⁽¹⁾			Operating profit		
	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year 2014 \$m	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year 2014 \$m	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year 2014 \$m	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year 2014 \$m
Wood Group Engineering	908.3	1,019.8	2,130.7	110.7	116.3	248.1	101.7	108.8	232.0	81.8	95.3	203.9
Wood Group PSN – Production Services	1,832.9	2,341.6	4,636.0	145.6	176.4	368.0	133.1	163.0	341.7	107.5	181.5	336.1
Wood Group PSN – Turbine activities	327.8	439.8	849.7	24.3	6.5	47.3	18.1	0.1	33.3	17.2	(3.2)	28.5
Central costs ⁽²⁾	-	-	-	(22.9)	(25.7)	(52.8)	(27.0)	(28.0)	(57.4)	(30.3)	(52.1)	(82.5)
Total	3,069.0	3,801.2	7,616.4	257.7	273.5	610.6	225.9	243.9	549.6	176.2	221.5	486.0
Remove discontinued operations ⁽⁴⁾	-	(188.5)	(188.5)	-	(0.7)	(0.7)	-	1.7	1.7	-	27.3	27.3
Remove share of joint ventures	(412.1)	(388.3)	(853.8)	(22.4)	(32.0)	(53.2)	(15.5)	(26.1)	(38.5)	(18.9)	(25.2)	(45.9)
Total continuing operations excluding joint ventures	2,656.9	3,224.4	6,574.1	235.3	240.8	556.7	210.4	219.5	512.8	157.3	223.6	467.4
Share of post-tax profit from joint ventures										13.9	18.7	30.0
Operating profit										171.2	242.3	497.4
Finance income										2.1	0.6	1.4
Finance expense										(12.7)	(9.6)	(23.7)
Profit before taxation from continuing operations										160.6	233.3	475.1
Tax on continuing operations										(39.4)	(58.9)	(112.9)
Profit for the period from continuing operations										121.2	174.4	362.2
Loss from discontinued operations, net of tax										-	(24.5)	(25.9)
Profit for the period										121.2	149.9	336.3

Notes

- Total EBITDA represents total operating profit of \$176.2m (2014: \$221.5m) before the charge for depreciation of property, plant and equipment of \$31.8m (2014: \$29.6m), amortisation of \$54.0 (2014: \$50.3m) and exceptional credits of \$4.3m (2014: \$27.9m). 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.
- 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.
- Revenue arising from sales between segments is not material.
- Discontinued operations relate to the turbine businesses transferred to the EthosEnergy joint venture in May 2014.

Notes to the interim financial statements

for the six month period to 30 June 2015

2. Segmental reporting (continued)

Segment assets	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year December 2014 \$m
Wood Group Engineering	1,037.6	976.1	1,094.5
Wood Group PSN – Production Services	2,217.7	2,507.3	2,345.3
Wood Group PSN – Turbine activities	579.9	610.1	675.3
Unallocated	340.2	372.4	271.8
	4,175.4	4,465.9	4,386.9

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 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year December 2014 \$m
Exceptional items included in continuing operations			
Venezuelan settlement	-	(58.4)	(58.4)
Restructuring charges	-	7.5	7.5
Onerous contract	(4.3)	-	(9.7)
	(4.3)	(50.9)	(60.6)
Taxation	-	13.0	10.0
Continuing operations exceptional items, net of tax	(4.3)	(37.9)	(50.6)
Exceptional items included in discontinued operations			
Costs relating to EthosEnergy transaction	-	23.0	23.0
	-	23.0	23.0
Taxation	-	(1.4)	-
Discontinued operations exceptional items, net of tax	-	21.6	23.0
Total exceptional items, net of tax	(4.3)	(16.3)	(27.6)

At 31 December 2013, the Group made a provision in respect of Wood Group PSN's contract in Oman. The provision has been reassessed at 30th June 2015 with \$4.3m of the provision being released to the income statement and credited to exceptional items.

Full details of the 2014 exceptional items are included in the 2014 Annual Report and Accounts.

4. Dividends

	Unaudited Interim June 2015 \$m	Unaudited Interim June 2014 \$m	Audited Full Year December 2014 \$m
Dividends on ordinary shares			
Final paid	68.6	54.5	54.5
Interim paid	-	-	32.7
Total dividends	68.6	54.5	87.2

After the balance sheet date, the directors declared an interim dividend of 9.8 cents per share (2014: 8.9 cents) which will be paid on 24 September 2015. The interim financial statements do not reflect the interim dividend, which will result in an estimated reduction of \$36.2m 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 2015.



Notes to the interim financial statements

for the six month period to 30 June 2015

5. Acquisitions

On 26 June 2015, the Group acquired 100% of the share capital of Beta Machinery Analysis ('Beta'), a Calgary-based engineering consultancy specialising in advanced vibration analysis for an initial consideration of \$9.3m with a further \$8.3m of estimated contingent consideration provided. Net assets acquired amount to \$4.1m and goodwill and intangible assets of \$13.5m have provisionally been recognised on the acquisition. The accounting for the acquisition will be finalised in the financial statements for the year ended 31 December 2015. Beta will be reported in the Wood Group Engineering segment.

Contingent consideration payments amounting to \$4.1m were made during the period in relation to acquisitions completed in previous years. Estimated contingent consideration liabilities at 30 June 2015 amounted to \$35.6m (2014: \$58.3m) and are payable over the next four years.

6. Earnings per share

	Unaudited Interim June 2015			Unaudited Interim June 2014			Audited Full Year December 2014		
	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	112.5	368.6	30.5	129.7	364.8	35.5	299.9	366.1	81.9
Exceptional items, net of tax and non-controlling interests	4.3	-	1.2	10.8	-	3.0	22.1	-	6.0
Basic	116.8	368.6	31.7	140.5	364.8	38.5	322.0	366.1	87.9
Effect of dilutive ordinary shares	-	10.0	(0.8)	-	9.8	(1.0)	-	9.1	(2.1)
Diluted	116.8	378.6	30.9	140.5	374.6	37.5	322.0	375.2	85.8
Exceptional items, net of tax and non-controlling interests	(4.3)	-	(1.2)	(10.8)	-	(2.9)	(22.1)	-	(5.9)
Diluted pre-exceptional items	112.5	378.6	29.7	129.7	374.6	34.6	299.9	375.2	79.9
Amortisation, net of tax	39.4	-	10.4	36.5	-	9.8	73.7	-	19.7
Adjusted diluted	151.9	378.6	40.1	166.2	374.6	44.4	373.6	375.2	99.6
Adjusted basic	151.9	368.6	41.2	166.2	364.8	45.6	373.6	366.1	102.0

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.

7. Taxation

The taxation charge, recognising the profits from joint ventures on a proportional basis, for the six months ended 30 June 2015 is 27.0% which is the anticipated effective rate on profit before taxation and exceptional items for the year ending 31 December 2015 (June 2014: 27.4%). The table below shows how these rates reconcile to the amounts presented in the income statement.

	Unaudited Interim June 2015			Unaudited Interim June 2014			Audited Full Year December 2014		
	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	160.6	39.4	24.5	233.3	58.9	25.2	475.1	112.9	23.8
Adjust for joint ventures, discontinued operations and exceptional items	(0.4)	3.9		(49.2)	(8.4)		(50.9)	2.6	
Adjusted effective rate	160.2	43.3	27.0	184.1	50.5	27.4	424.2	115.5	27.2

Notes to the interim financial statements

for the six month period to 30 June 2015

8. Retirement benefit obligations

On 30 June 2014, the Group closed its defined benefit scheme to future accrual. No interim revaluation of the pension liability has been carried out at 30 June 2015 and accordingly there is no actuarial gain/loss in the Group statement of comprehensive income. The figures for gains and losses for the full year together with the surplus or deficit at 31 December 2015 will be presented in the 2015 Annual Report and Accounts.

9. 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 2015	Unaudited Interim June 2014	Audited Full Year December 2014
	\$m	\$m	\$m
Sales of goods and services to joint ventures	21.0	30.7	57.5
Purchase of goods and services from joint ventures	4.9	3.0	15.6
Receivables from joint ventures	159.0	219.8	181.0
Payables to joint ventures	18.9	18.7	27.6

10. Cash generated from operations

	Unaudited Interim June 2015	Unaudited Interim June 2014	Audited Full Year December 2014
	\$m	\$m	\$m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations	171.2	242.3	497.4
Less share of post-tax profit from joint ventures	(13.9)	(18.7)	(30.0)
	157.3	223.6	467.4
Operating loss from discontinued operations	-	(27.3)	(27.3)
Adjustments (excluding share of joint ventures)			
Depreciation	24.9	23.7	46.3
Loss on disposal of property plant and equipment	2.5	2.1	6.2
Amortisation of intangible assets	53.1	49.4	98.9
Share based charges	8.8	17.4	22.2
(Decrease)/increase in provisions	(5.5)	5.5	7.5
Dividends from joint ventures	8.1	10.3	20.3
Exceptional items – non-cash impact	-	20.7	23.5
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories	0.2	(5.3)	(5.2)
Decrease/(increase) in receivables	177.9	(197.1)	(73.5)
(Decrease)/increase in payables	(195.0)	9.0	(0.8)
Exchange movements	(7.1)	4.7	(14.1)
Cash generated from operations	225.2	136.7	571.4



Notes to the interim financial statements

for the six month period to 30 June 2015

11. Reconciliation of cash flow to movement in net debt

	At 1 January 2015 \$m	Cash flow \$m	Exchange movements \$m	At 30 June 2015 \$m
Cash and cash equivalents	183.1	50.3	(3.6)	229.8
Short term borrowings	(14.7)	4.4	(0.1)	(10.4)
Long term borrowings	(495.0)	-	-	(495.0)
Net debt	(326.6)	54.7	(3.7)	(275.6)

At 30 June 2015, \$30.4m of the Group's cash balance was subject to an attachment order. In addition, \$18.8m of the cash balance was held in escrow accounts.

12. Share based charges

Share based charges for the period of \$8.8m (2014: \$12.6m) 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. In 2014, accelerated share based charges of \$4.8m were booked to exceptional items in the period relating to employees transferring to EthosEnergy. \$4.2m of the 2014 charge was credited to liabilities in respect of cash settled awards with the balance of \$13.2m being credited to equity.

13. 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.

14. Capital commitments

At 30 June 2015 the Group had entered into contracts for future capital expenditure amounting to \$3.2m. The capital expenditure relates to property plant and equipment and has not been provided in the financial statements.

15. Contingent liabilities

At the balance sheet date the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

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 inspection and regulatory reporting services in the US. At this point the directors are unable to make a reliable estimate of any potential liability and therefore no provision has been made.

The Group is aware of potential legal challenges which may affect historic and future employment costs and may have an impact on the Group. At this point it is not possible to make a reliable estimate of the liability, if any, that may arise and therefore no provision has been made.

Statement of directors' responsibilities

for the six month period to 30 June 2015

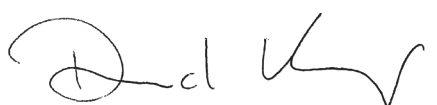
The directors confirm that the interim condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- ▶ 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 2014 Annual Report and Accounts. The following changes have occurred since the signing of the 2014 accounts: A G Semple and M Contie resigned as directors on 13 May 2015 and D Kemp was appointed to the Board on the same day.



R Keller
Chief Executive Officer



D Kemp
Chief Financial Officer

17 August 2015



Independent review report to John Wood Group PLC for the six month period to 30 June 2015

Report on the consolidated condensed interim financial statements

Our conclusion

We have reviewed the consolidated condensed interim financial statements, defined below, in the half-yearly financial report of John Wood Group PLC for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed 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 condensed interim financial statements, which are prepared by John Wood Group PLC, comprise:

- the Group balance sheet as at 30 June 2015;
- 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 condensed 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 condensed 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 condensed 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 condensed 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
17 August 2015
Aberdeen

Notes



Notes

Information for shareholders

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 28 August 2015 as published in the Financial Times on 29 August 2015.

Officers and advisers

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Credit Suisse

Independent Auditors

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 2015	Year ending 31 December 2015
Results announced	18 August 2015	February 2016
Ex-dividend date	27 August 2015	April 2016
Dividend record date	28 August 2015	April 2016
Dividend payment date	24 September 2015	May 2016
Annual General Meeting		May 2016

The Group's Investor Relations website can be accessed at:

www.woodgroup.com



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