



John Wood Group PLC
Annual Report and Accounts 2010



**Energy Supporting Energy
worldwide**

Contents

At a glance

- 01 **Our performance**
- 02 **Our 2011 strategy**
- 04 **Overview of 2010 activities**
- 06 **How we measure our performance**

Operational review

- 08 **Chairman's and Chief Executive's statement**
- 10 **Engineering & Production Facilities**
- 14 **Well Support**
- 16 **Gas Turbine Services**
- 18 **Financial review**
- 22 **Principal risks and uncertainties**

Corporate social responsibility

- 24 **Being responsible**
- 26 **Our people**
- 27 **Health and safety**
- 28 **Environment**
- 29 **Ethics**
- 30 **Shareholders**
- 31 **Community**
- 32 **Making a difference**

Governance

- 36 **Board of directors and biographies**
- 38 **Report of the directors**
- 39 **Corporate governance**
- 45 **Directors' remuneration report**

Financial statements**Group financial statements**

- 56 **Independent auditor's report**
- 58 **Consolidated income statement**
- 59 **Consolidated statement of comprehensive income**
- 60 **Consolidated balance sheet**
- 61 **Consolidated statement of changes in equity**
- 62 **Consolidated cash flow statement**
- 63 **Notes to the financial statements**

Company financial statements

- 106 **Independent auditor's report**
- 108 **Company balance sheet**
- 109 **Notes to the company financial statements**

Additional information

- 119 **Five year summary**
- 120 **Shareholder information**

Forward-looking statements

The operational review and certain other sections of this annual report contain forward-looking statements. Such forward-looking statements are not guarantees or predictions of future performance and are subject to known and unknown risks, uncertainties and other factors (many of which are beyond our control) associated with, among other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the Group operates. Although the Group believes that its expectations are based on reasonable assumptions, statements about future outlook may be affected by a wide range of variables which could cause actual results to differ materially from those currently expected or implied by the forward-looking statements. Readers are therefore cautioned not to put undue reliance on forward-looking statements. All forward-looking statements in this document are based on information known to us on the date hereof. Except as required by applicable law, we do not undertake any obligation to publicly update, review or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

An online version of this annual report and accounts 2010 is available at www.woodgroup.com

Energy Supporting Energy

At a glance

Our performance

Results 2010

Revenue
\$5,063m

2009: \$4,927m

up **3%**
Adjusted diluted EPS² (cents)
39.7c

2009: 41.8c

down **5%**
Dividend per ordinary share (cents)
11.0c

2009: 10.0c

up **10%**
EBITA¹
\$345m

2009: \$358m

down **4%**
ROCE³ (%)
24.8%

2009: 26.3%

down **1.5%**
points

People⁵
28,900

2009: 28,200

up **2%**
Cash generated from operations
\$395m

2009: \$546m

down **28%**
OCER⁸ (%)
16.7%

2009: 16.8%

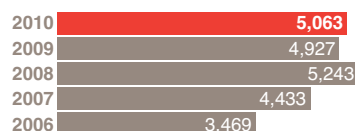
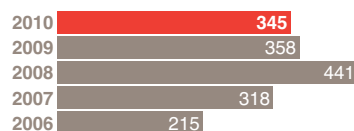
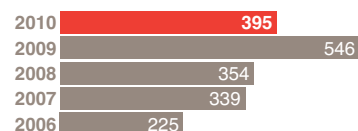
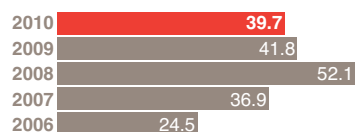
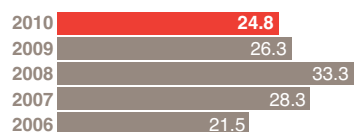
improved **0.1%**
point

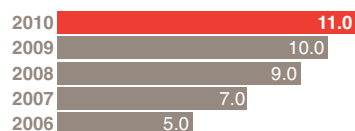
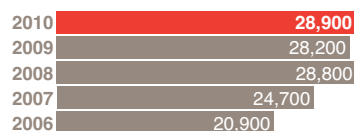
Safety – total recordable case frequency⁴
3.1
(per million man hours)

2009: 3.3

improved **6%**

Five year trading record

Revenue (\$m)

EBITA¹ (\$m)

Cash generated from operations (\$m)

Adjusted diluted EPS² (cents)

ROCE³ (%)

OCER⁸ (%)

Dividend per ordinary share (cents)

People⁵

Safety – total recordable case frequency⁴
(per million man hours)


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


For footnotes
turn to **page 21**.

For more information on
Financial performance
turn to **pages 18-21**.

At a glance

Operational review

Governance

Financial statements

At a glance

Our 2011 strategy

Our strategy is to achieve long-term sustainable growth by adding value to our customers' operations with world-leading, highly differentiated services. We strive to be true partners with our customers, helping them achieve greater success through our innovation and creative solutions.

In 2010 the Board took the important strategic decision to enhance the Group's focus and market-leading positions in its Engineering & Production Facilities and Gas Turbine Services divisions, and to sell its Well Support division.

Following the expected second quarter 2011 completion of the PSN acquisition and disposal of the Well Support division, we will be set to grow our position as

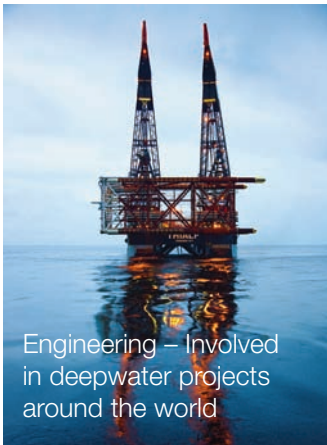
- A world-leading engineering business with strong market positions in upstream, subsea and pipelines
- The world's leading production facilities support provider
- The world's leading independent industrial gas turbine aftermarket provider

The steps taken will be accompanied by a return of cash to shareholders of not less than \$1.7 billion.

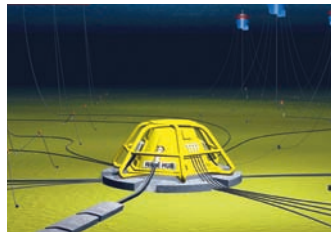
Our business model for growth



A world-leading engineering business with strong market positions in upstream, subsea and pipelines



Engineering – Involved in deepwater projects around the world



Engineering – Active on leading subsea engineering projects in offshore West Africa and the North West Australian shelf

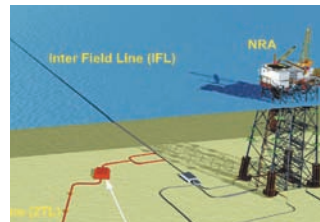


Engineering – Progressed Middle East expansion through acquisition of a controlling interest in Al-Hejailan Consultants

The world's leading production facilities support provider



Production Facilities – Secured contract extensions in Brunei and Equatorial Guinea and new wins in Oman and Angola



Production Facilities – Increased presence in Australia through a new joint venture with Wagners and contract wins with ENI and Woodside



Production Facilities – Extended North Sea support contracts with Hess and Total and secured new work with Chevron

The world's leading independent industrial gas turbine aftermarket provider



Gas Turbine Services – Won several long-term maintenance contracts around the world



Gas Turbine Services – Power Plant EPC contract awards with GWF in the USA and Dorad in Israel

At a glance

Overview of 2010 activities

During 2010 we operated in three divisions: Engineering & Production Facilities, Well Support and Gas Turbine Services

Engineering & Production Facilities

We deliver a wide range of market-leading engineering services to the upstream, subsea & pipelines, downstream & industrial and clean energy sectors. These include conceptual studies, engineering, project and construction management (EPCM) and control systems upgrades. We provide life of field support to producing assets, through brownfield engineering and modifications, production enhancement, operations management (including UK duty holder services), training, maintenance management and abandonment services.

Engineering

% Group revenue

Upstream

10%

EPCM services and control system upgrades for topsides for offshore processing facilities (including FPSOs), onshore and onshore processing facilities.

Subsea and pipelines

10%

EPCM services for subsea developments, offshore pipelines and floating LNG, plus EPCM and field service for onshore pipelines.

Downstream and industrial

5%

EPCM services, operational enhancements and control system upgrades for refineries (including clean fuel modifications), petrochemical plants, process and industrial, and clean energy facilities.

Production Facilities

UK North Sea

22%

- Brownfield engineering & modifications
- Operations & maintenance
- Production enhancement
- Start-up and commissioning
- Supply chain management

International

18%

- Human resources management including safety training and competence development programmes
- Decommissioning



For more detail on Engineering & Production Facilities' performance turn to **pages 10-13**.



For more detail on Well Support's performance turn to **pages 14-15**.



For more detail on Gas Turbine Services' performance turn to **pages 16-17**.

Key statistics

Revenue by region



- North America
- Europe
- Middle East & Africa
- Asia Pacific
- Central & South America

Margin
6.8%

Share of Group revenue



- Engineering & Production Facilities
- Rest of Group

65%
share of revenue

21,400 people
up 3%

Well Support

We provide solutions, products and services to enhance production rates and efficiency from oil & gas reservoirs. We are among the market leaders in artificial lift using electric submersible pumps (ESPs) and in surface wellheads and valves. We also provide electric line and slickline services.

On 14 February 2011 we announced our intention to dispose of our Well Support division for \$2.8bn. Subject to shareholder approval and certain regulatory approvals, the disposal is targeted for completion by the end of the second quarter of 2011.

	% Group revenue	
Electric Submersible Pumps	10%	Provide and service ESPs and associated systems.
Pressure Control	7%	Manufacture, supply and service of surface wellheads, valves and wellhead systems.
Logging Services	2%	Cased hole electric line and slickline mechanical operations to gather information and perform operations in development and production wells.

Revenue by region



■ North America
■ Europe
■ Middle East & Africa
■ Asia Pacific
■ Central & South America

Margin
13.5%

Share of Group revenue



■ Well Support
■ Rest of Group

19%
share of revenue

3,900 people
up 11%

Gas Turbine Services

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

	% Group revenue	
Maintenance	14%	<p>Repair & overhaul – field service, shop-based repair & overhaul, parts re-engineering and parts supply.</p> <p>Term maintenance – scheduling, technical solutions and advice.</p> <p>Turbine system solutions – retrofits and service for turbine control systems and fuel systems.</p> <p>Rotating equipment – repair and service for compressors, pumps and other rotating equipment.</p> <p>Reliability & availability optimisation and asset integrity.</p> <p>Our power business also provides power station operations & maintenance.</p>

Power Solutions	2%	<p>Power plant engineering, procurement & contract and construction management.</p> <p>Equipment solutions – provision of gas turbine driven packages for power, compression and pumping.</p>
------------------------	-----------	---

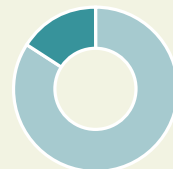
Revenue by region



■ North America
■ Europe
■ Middle East & Africa
■ Asia Pacific
■ Central & South America

Margin
5.7%

Share of Group revenue



■ Gas Turbine Services
■ Rest of Group

16%
share of revenue

3,300 people
down 6%

At a glance

How we measure our performance

We use a variety of key performance measures to evaluate the Group's performance. Our metrics set out below are included in the Group's senior management incentive schemes, alongside specific personal objectives covering strategy, people development and safety measures.

EBITA and EBITA margin

EBITA
\$344.8m

EBITA margin
6.8%

Our objective

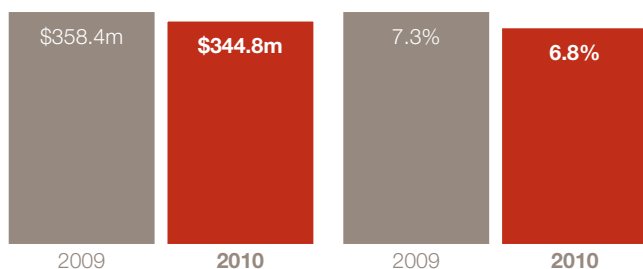
We aim to achieve sustainable long-term EBITA growth and margin improvement.

Relevance

We use EBITA and EBITA margin as key indicators of operating profitability. They are measures of financial profitability and efficiency, which exclude the impact of accounting charges against acquired intangible assets, to provide a better indication of underlying financial performance.

How we performed

EBITA declined by 4% from \$358.4m to \$344.8m during the period and EBITA margin fell by 0.5% points from 7.3% to 6.8%.



Capital efficiency

Return on Capital Employed (ROCE)
24.8%

Operating Capital Employed to Revenue (OCER)
16.7%

Our objective

To obtain a satisfactory return on capital invested and to actively manage the level of operating capital required to support revenue.

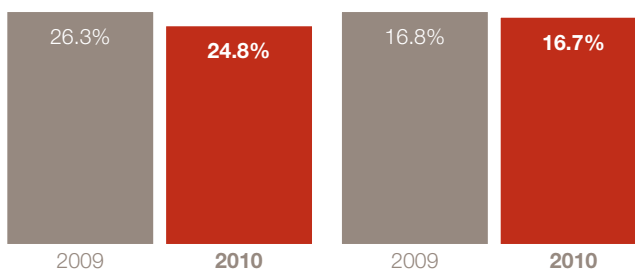
Relevance

ROCE is calculated as EBITA divided by average equity plus average net debt. It is a measure which demonstrates our efficiency in generating a financial return from the book value of the net assets in the Group.

OCER is calculated as Operating Capital Employed (property plant and equipment, intangible assets (excluding goodwill and intangibles arising on acquisitions), inventories and trade and other receivables less trade and other payables) divided by Revenue. OCER measures our efficiency in generating revenue from the book value of our working capital and other operating assets.

How we performed

The Group's ROCE deteriorated from 26.3% to 24.8%, and OCER improved from 16.8% to 16.7%.



Adjusted diluted EPS

39.7c

Our objective

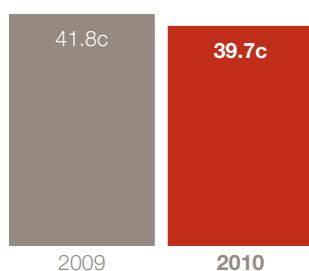
To generate long-term adjusted diluted earnings per share growth.

Relevance

Adjusted diluted EPS is a widely accepted measure of post-tax shareholder return.

How we performed

Adjusted diluted EPS has reduced from 41.8c to 39.7c.



Safety – total recordable case frequency (per million man hours)

3.1

Our objective

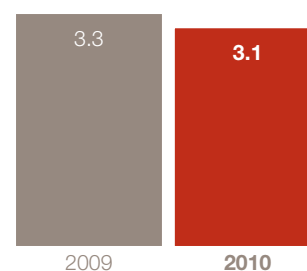
We are committed to continuous improvement in safety performance across all of our businesses.

Relevance

The safety and well-being of our employees lies at the very heart of Wood Group's business principles.

How we performed

Improved TRCF from 3.3 cases to 3.1 cases per million man hours.



Operational review

Chairman's and Chief Executive's statement



For footnotes
turn to **page 21**.



For more detail about
our financial performance
turn to **pages 18-21**.



For more detail about
corporate governance
turn to **pages 35-54**.

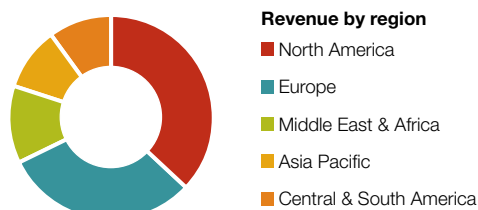
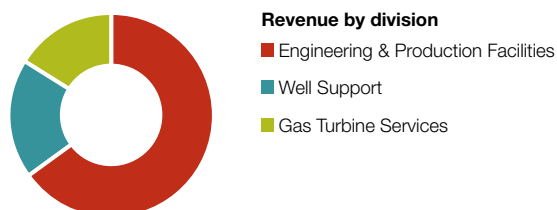
Introduction

Following a comprehensive Board review of strategy, the recently announced acquisition of PSN and disposal of the Well Support division are key strategic moves to significantly enhance our focus on our core Engineering, Production Facilities support and Gas Turbine Services activities.

Following the expected second quarter completion of these transactions, Wood Group will be well set to grow its position as

- A world-leading engineering business with strong market positions in upstream, subsea and pipelines
- The world's leading production facilities support provider
- The world's leading independent industrial gas turbine aftermarket provider

With global exploration & production (E&P) spend forecast to increase in 2011 and the global economy continuing to recover, we anticipate a period of good market growth over the next few years.



2010 Group performance	2010 \$m	2009 \$m	% Change
Revenue	5,063.1	4,927.1	2.8%
EBITA	344.8	358.4	(3.8%)
EBITA margin	6.8%	7.3%	(0.5%pts)
Profit before tax	254.6	264.8	(3.9%)
Basic EPS	32.4c	32.1c	0.9%
Adjusted diluted EPS	39.7c	41.8c	(5.0%)
Total dividend	11.0c	10.0c	10%
ROCE	24.8%	26.3%	(1.5%pts)
Cash generated from operations	394.5	545.5	(27.7%)

Revenue for the year was slightly up on 2009 but EBITA fell \$13.6m to \$344.8m. Overall, our business focused on customer operating expenditure (opex) continued to deliver a good performance, although results were affected by the slow recovery in certain power markets. In our capex-related Engineering activities, the relatively low bidding activity during 2009 carried forward into 2010, but picked up as the year went on. In Well Support, the higher average drilling rig level in the USA contributed to better volumes and profitability.

Cash generated from operations was strong at \$394.5m, following the exceptional 2009 performance. Reflecting our continued confidence in the longer-term outlook, we are declaring a final dividend of 7.6 cents, which will bring the full dividend for the year to 11.0 cents, up 10% on 2009.

Markets

Global E&P spend is set to increase as oil & gas operators seek to extract additional hydrocarbons from existing assets and invest in exploiting increasingly challenging reservoirs. In the oil & gas market, it is expected that the number of installations, both on and offshore, will continue to grow and, as the installations and reservoirs mature, asset integrity and production enhancement spending will increase. We are well positioned to support our customers around the world and, following the Macondo incident, we are seeing more client interest in our asset integrity, process safety and performance assurance services.

The power market has been less active in 2010, particularly in North America and Europe, driven by excess generation capacity and generally poor economics for the electricity generation sector. However, the longer-term fundamentals for gas fired power generation remain strong and we have recently won contracts in our Maintenance and Power Solutions businesses which reflect some recovery in the market and provide a significant increase in Power Solutions backlog.

We believe the clean energy sector will grow over the longer-term, albeit more slowly over the next few years. We have some early contracts in this sector and our skills and expertise are well suited for the future growth.

Right Sir Ian Wood,
Chairman



Right Allister Langlands,
Chief Executive



To read about our
directors turn to
pages 36-37.

Strategy implementation

We have announced two decisive steps to implement the Board's strategic decision to enhance the Group's focus on its core Engineering, Production Facilities support and Gas Turbine Services activities.

In December 2010, we announced the proposed purchase of PSN, who have over 8,000 personnel providing life of field support to oil & gas facilities through brownfield engineering, modifications, production enhancement, operations management, maintenance management and abandonment services. Upon completion, PSN will merge with Wood Group's Production Facilities business to create Wood Group PSN, which will have 22,000 people in over 30 countries across the world covering all the significant oil & gas development regions.

In February 2011, the Group agreed to sell its Well Support division to GE Oil & Gas for \$2.8 billion, which, we believe, fully recognises the division's strong performance and future prospects.

Following the expected second quarter completion of the PSN acquisition and disposal of the Well Support division, Wood Group will be well set to grow its position as

- A world-leading engineering business with strong market positions in upstream, subsea and pipelines
- The world's leading production facilities support provider
- The world's leading independent industrial gas turbine aftermarket provider

Looking ahead, we will further develop these market-leading positions by extending services and broadening our international presence through organic and acquisition-led growth in important new markets including Angola, Brazil, Canada, Malaysia and Saudi Arabia.

Return of cash

Having considered the expected net proceeds from the disposal of the Well Support division together with the forecast operating cash flow of the continuing Group, including associated working capital requirements, the continuing Group's capex profile, nearer term acquisition opportunities and the recently announced acquisition of PSN, the Board intends that Wood Group will return cash to shareholders of not less than \$1.7bn. Details regarding the return of cash are expected to be communicated to shareholders following completion of the disposal of the Well Support division.

The Board and people

Michel Contie was appointed to the Board in February 2010. On completion of the PSN acquisition it is intended that Bob Keiller, the CEO of PSN, will also join the Board. John Ogren will retire from our Board in May this year after almost 10 years' service. His wide knowledge of the oil & gas industry has been absolutely invaluable in developing our growth strategy for North America in particular and we thank him warmly for his invaluable advice and counsel.

A special thank you this year and best wishes to all our management and employees in Wood Group Well Support with whom we have

worked to build a great company. We believe that GE Oil & Gas will be an excellent new home for Well Support. The combination will be complementary in capabilities and technologies, and should benefit employees and customers.

And once again, our very warm thanks, on behalf of the Board and Senior Executives, to all Wood Group people around the world for their commitment and dedication to satisfying our customers' needs and consistently achieving continuous improvement. We are continuing to invest in the training and development of our people and are increasingly seeing the benefits of a global workforce. We are also pleased to support and encourage our people to become involved in community support activities around the world.

Risks and uncertainties

Risks and uncertainties are inherent features of the oil & gas and power services industries and present challenges that cannot be completely eliminated. However, we assess risk carefully and seek to mitigate these to ensure that we can keep our people safe, serve our customers and, at the same time, achieve acceptable returns.

Safety⁴

Since 2004 we have seen year-on-year improvement in total recordable case frequency and in 2010 maintained this trend with a further 6% reduction. This reduction was achieved through a series of proactive initiatives with a focus on the higher risk areas of our operations. Our commitment to achieving the highest standards of safety in everything we do was recognised through a series of industry awards around the world. Continuous improvement is a key measure of our success and is given the highest priority.

Outlook

This has been an exciting and decisive re-positioning period. Our enhanced focus on our market-leading positions in greenfield engineering, production facilities support, and the industrial gas turbine aftermarket increases our capability to add value to our clients' activities. We are well positioned to take advantage of the improving market conditions and will continue to pursue our strategy of targeted geographic expansion and extended services through organic and acquisition-led growth. Overall, we anticipate good growth over the next few years.

Sir Ian Wood,
Chairman

Allister Langlands,
Chief Executive

Operational review

Engineering & Production Facilities



Engineering

We deliver a wide range of market leading engineering services to the upstream, subsea & pipelines, downstream & industrial and clean energy sectors. These include conceptual studies, engineering, project and construction management (EPCM) and control systems upgrades.

Revenue
up 1%

EBITA
down 16%

Right **Mike Straughen**,
Group Director,
Engineering



To read about our
directors turn to
pages 36-37.



Our operational and financial review

	2010 \$m	2009 \$m	% Change
Revenue	3,280.2	3,241.9	1.2%
EBITA	223.4	266.0	(16.0%)
EBITA margin	6.8%	8.2%	(1.4%pts)
People	21,400	20,800	3%

Revenue in the year increased by 1%, reflecting a 11% reduction in Engineering revenue offset by 11% growth in our opex-related Production Facilities activities. Engineering represented 38% of the Divisional revenue compared to 43% in 2009. In Engineering, the impact of a weak downstream, process and industrial market and delays in the progression of projects in our upstream business in the first half of 2010, was offset to some extent by continued strength in our subsea and pipeline activities. Growth in Production Facilities reflected increased demand for our services, predominantly in international markets.

EBITA decreased by 16% in the year, with the margin decreasing from 8.2% to 6.8%. The margin reduction is due to the change in revenue mix towards relatively lower margin Production Facilities work, and reduced underlying margins in both Engineering and Production Facilities. Engineering margins fell as a consequence of the lower pricing of work won in 2009 and early 2010, the loss of scale efficiencies as volumes decreased and reduced utilisation. In Production Facilities, margins fell due to reduced scope on certain North Sea contracts, the slower than anticipated start-up on some contracts in Australia, and lower volumes on certain specialist services in the international market.

Divisional headcount at the year end, including contractors, stood at around 21,400 an increase of 3% over 2009. Engineering headcount was added, from the first quarter low of 6,300, to support increasing activity levels and ended the year up 8% on the prior year at 6,900. Production Facilities has seen a small increase in the year to 14,500, largely the result of increased international activity offset by a fall in North Sea activity.

Engineering

Upstream engineering represents around 40% of total Engineering revenue. Activity was lower in 2010; however, increasing bidding volumes during the year resulted in a number of project awards in the second half and the higher order book provides much improved visibility into 2011. Notable awards included the Chevron Jack & St Malo topsides design in the Gulf of Mexico, the Noble Alen project in Equatorial Guinea, Hess Tioga in the USA, Ecopetrol in Colombia and Altagas Gordondale in Canada. We have also won work in Uganda, Angola and Israel.

Subsea and pipeline engineering has continued to grow and accounted for around 40% of Engineering revenue. Spending on subsea pipelines is robust and we are working on over 20 major subsea projects globally with awards during the year including Apache Julimar in Australia, Chevron Jack & St Malo in the Gulf of Mexico, Total Egina in Nigeria and BG Jordbaer in Norway. In our onshore pipeline business, we are continuing to broaden our client base and are active on engineering services work for Ecopetrol in Colombia. We are also supporting infrastructure developments to link unconventional gas developments to end markets in the USA.

Downstream engineering in the USA has continued to experience a soft market as refining margins have been suppressed and the significant activity around compliance with the MSAT 2 environmental legislation is substantially complete. Overall, the downstream market looks set to remain weak for some time. The process and industrial area saw some slight strengthening in the second half as general economic conditions in the USA improved. This sector now accounts for around 20% of Engineering revenue.

Broadening our international presence and extending our services remain key elements of our Engineering strategy. During the year, we progressed our geographic expansion into key markets through the acquisition of a controlling interest in Al-Hejailan Consultants in Saudi Arabia and the subsequent award in 2011 of a general engineering services (GES) contract from Saudi Aramco; the establishment of joint ventures with Sime Darby in Malaysia and Kianda in Angola; and we also broadened our services through an investment in SgurrEnergy, an engineering consultancy specialising in renewable energy projects.

✦ Australia

Review of Engineering drawings for client projects in Western Australia.

Operational review

Engineering & Production Facilities continued



Production Facilities

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

Right **Les Thomas,**
Group Director,
Production Facilities



To read about our
directors turn to
pages 36-37.



Production Facilities

We have continued to see increased demand for skilled resources in operations & maintenance support services as our customers bring new developments on stream, particularly in international markets. In line with our strategy, we have now increased the proportion of revenues from international markets to 46% (2009: 40%).

The North Sea remains our largest Production Facilities business representing around 54% of revenue and we have been successful in renewing a number of important contracts including those for Hess, Talisman and Total, which provides continuity for our business. We also remain active on our duty holder business for Centrica, Ithaca and Premier.

Baker Energy, acquired in 2009, has now been integrated with our existing operations, strengthening our US business and expanding our international operations, especially in Africa. In the USA we have also seen an increase in demand for our support services to the expanding market in the unconventional shale regions. In Latin America and the Caribbean we have continued to provide support under longer-term contracts to Chevron and Statoil in Brazil, BP and Ecopetrol in Colombia and BP in Trinidad.

In December our joint venture with CCC in the Middle East secured its first major contract with PDO in Oman for the provision of engineering and maintenance services. The contract is initially for seven years and represents a significant expansion into the growing Middle East market.

In West Africa we extended our longer-term contracts with Hess and Marathon in Equatorial Guinea and we secured work in Angola for BP and Chevron. In addition we have continued to support the Nigeria LNG contract.

We extended our longer-term support contract with Brunei Shell Petroleum in Asia Pacific and negotiated framework agreements with Woodside and ENI. We also entered into a joint venture with Wagners in Australia, focused on coal seam methane, which secured its first contract with WestSide.

In December we announced the acquisition of PSN, which is subject to clearance by the UK merger control authorities. It is our intention to merge PSN with Production Facilities to create the global market leader in production facilities support. This new business, to be called Wood Group PSN, will have the capability to provide comprehensive support services to customers across the global oil & gas market.

Engineering & Production Facilities outlook

In Engineering, increased forecast global E&P spend, higher bidding volumes and an improved order book supports our expectation of a continuing recovery in our upstream engineering businesses and ongoing growth in our subsea and pipeline business. This will be partially held back by the continuing subdued demand for our services in the US-based downstream market through 2011. We anticipate we will see some benefit from our international expansion during the latter part of 2011 with the start of work on the GES contract in Saudi Arabia, and with our joint venture partners Sime Darby in Malaysia and Kianda in Angola. Overall, increased bidding in the second half of 2010 has resulted in our order book being at the higher end of our typical range, representing approximately eight months of forecast revenue. We expect that scale efficiencies resulting from higher volumes and slightly improving utilisation, somewhat offset by lower pricing on orders secured in 2010, will lead to an improved EBITA margin in 2011.

In Production Facilities, we expect to see good revenue growth in the Middle East in 2011 with the start-up of the PDO contract, albeit start-up costs will largely offset any contribution to earnings in the first year. In other markets, Gulf of Mexico support activities are anticipated to perform well, and in Asia Pacific we anticipate a good contribution from work on coal seam methane in Australia and our longer-term support contracts. Our North Sea business is expected to reduce due to the loss of some contracts that went to re-tender and a fall in activity on certain longer-term contracts, offset by increases in project-related work for existing customers. Subject to UK merger control clearance, we will see a significant increase in overall activity through our acquisition of PSN, which should add some \$1.2bn of revenue on an annualised basis and over 8,000 additional people. Overall we expect margins to be relatively flat in 2011 as the scale benefits of increased activity will be offset by start-up costs in certain overseas locations.

USA

Providing commissioning services for an offshore platform prior to service in Trinidad.

Operational review

Well Support



We provide solutions, products and services to enhance production rates and efficiency from oil & gas reservoirs. We are among the market leaders in artificial lift using electric submersible pumps (ESPs) and in surface wellheads and valves. We also provide electric line and slickline services.

Revenue
up 16%

EBITA
up 71%

Right **Jim Renfro**,
Group Director,
Well Support



To read about our
directors turn to
pages 36-37.



Our operational and financial review

	2010 \$m	2009 \$m	% Change
Revenue	947.1	813.7	16.4%
EBITA	128.1	75.1	70.6%
EBITA margin	13.5%	9.2%	4.3pts
People	3,900	3,500	11%

Revenue was 16% higher than 2009 due to the impact of the strong US rig count on our Pressure Control and Logging Services businesses, together with good ESP activity globally.

EBITA increased by 71%, reflecting higher volumes, the benefit of our continued focus on operating efficiency, cost discipline and a slightly improved pricing environment.

Electric Submersible Pumps (ESPs)

Our ESP business represents around 52% of the division's revenue. ESP continues to perform strongly internationally, typically under longer-term contracts, in regions including South America, the Middle East and Africa. International revenue accounts for 71% of ESP's total revenue. Growth in the USA, where we are a market leader in the sale, operation and service of ESPs, was driven by strong transactional activity. Good revenue growth, together with our continued focus on cost discipline and process efficiency, has resulted in higher margins.

Pressure Control

Pressure Control represents 36% of the division's revenue and is the leading surface wellhead provider in the USA serving more than 25% of operating rigs. The recovery in the US drilling rig count, particularly as a result of an increase in horizontal liquids related drilling in the shale regions, led to a significant increase in revenue in 2010. Internationally, we continued to develop in the Middle East and Asia Pacific and opened our manufacturing plant in Saudi Arabia. International business represents 27% of Pressure Control activity. Overall margins have significantly improved in 2010 as a result of increased volumes, improved supply chain processes, and control of overhead costs.

Logging Services

Our Logging Services business has seen a good increase in activity during 2010 and represented 12% of the division's revenue.

The US business, which encompasses slickline and cased hole electric wireline services and has a strong position in deepwater pipe recovery and completion services in the Gulf of Mexico, performed strongly in 2010. Robust drilling activity in the US land unconventional shale and traditional markets more than offset the slowdown offshore.

In addition, we achieved a strong performance in Argentina where we are the leading provider of cased hole electric wireline services.

Improved volumes in 2010 and the impact of cost-reduction actions taken in 2009 have contributed to significantly increased profitability in the year.

Outlook

All three Well Support businesses are anticipated to perform strongly in 2011 and are well positioned to take advantage of a growing market in mature oilfield production and the developments in the US unconventional shale regions. We believe that the US drilling rig count average for 2011 will be above that of 2010 which should result in increased volumes. We also anticipate that some easing of pricing pressure, and the continued benefit of structural changes made to the cost base in 2009, will contribute to further EBITA margin improvement.

On 14 February 2011 we announced our intention to dispose of our Well Support division for \$2.8bn. Subject to shareholder approval and certain regulatory approvals the disposal is targeted for completion by the end of the second quarter of 2011.

China

Pressure Control equipment manufacturing & maintenance to support our global client base.

Operational review

Gas Turbine Services

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

Revenue
down 3%

EBITA
down 30%

Right **Mark Papworth**,
Group Director,
Gas Turbine Services



To read about our
directors turn to
pages 36-37.



Our operational and financial review

	2010 \$m	2009 \$m	% Change
Revenue	804.9	825.6	(2.5%)
EBITA	46.1	65.7	(29.8%)
EBITA margin	5.7%	8.0%	(2.3%pts)
People	3,300	3,500	(6%)

Maintenance revenue, covering the Division's operations & maintenance, and repair & overhaul activities, fell from around \$740m to \$715m, principally reflecting lower spending by customers in North America and Europe. Power Solutions revenue was flat at around \$90m with work performed on recently awarded major contracts contributing around 50% of Power Solutions revenue, on which no profit was recognised due to their early stages of completion.

EBITA before exceptional items for 2010 was \$46.1m. Maintenance EBITA fell by \$10m with activity impacted by deferrals of spend by customers and losses at our Connecticut component repair shop. Power Solutions generated a small loss for the year, reflecting low activity levels for much of the year, and the cost of expanding our execution capability. Across the Division, we have continued to seek cost reductions in both direct and indirect costs wherever possible and this contributed to an improved EBITA performance in the second half of the year.

During the year, we took the decision to close our loss-making Connecticut component repair shop and also undertook a restructuring of our organisation which resulted in a reduction of more than 10% of indirect headcount. Together, these actions resulted in one-off costs of \$21m, of which the cash element is around \$11m, and are expected to deliver annual cash savings of around \$8m.

Headcount has reduced to 3,300 at the end of 2010 as compared to 3,500 for 2009 largely as a result of the cost-reduction measures noted above.

In the oil & gas sector, where we provide Maintenance services in support of turbines used in power generation, gas compression and transmission, we made progress in extending our presence in a number of new international markets, including significant contracts in Peru, Canada and Iraq. We also continued to be successful with our services in the North Sea managing rotating equipment reliability.

Our Maintenance business supporting turbines in the power generation market was affected by soft market conditions, although we saw good performance on some of our longer-term contracts. We also won several new long-term contracts in a number of different countries, particularly during the latter part of the year, including in Iraq, Oman, Germany, Australia and USA, all of which provide significant order book for future years.

Overall in our Maintenance activities, we continued to focus on building our engineering and operational capability and to build up our work under longer-term contracts. We are now supporting around 19,000 MW under longer-term contracts (2009: 17,000 MW).

In Power Solutions, market confidence began to return during the course of the year, and we were awarded two major contract awards in the fourth quarter with GWF in North America and Dorad Energy in Israel. These two contracts represent a solid backlog to underpin performance recovery in 2011 and beyond.

Outlook

We expect to see some recovery in the Maintenance market in 2011, and this greater volume of activity, together with the cost-reduction measures already implemented, should result in margin improvement. In Power Solutions the award of the GWF and Dorad contracts has resulted in backlog of over \$1bn. We expect this business to represent around 25% of divisional revenue and to begin to deliver an EBITA contribution in 2011, with stronger EBITA contribution in 2012 and 2013 as the projects progress towards completion. Overall we expect a strong recovery in GTS EBITA in 2011.



UK

Inspection of turbine veins in one of our UK facilities.

Operational review

Financial review

Financial performance

Measuring our performance – We use a variety of key performance measures to evaluate the Group's financial performance. These include earnings before interest, tax, exceptional items and amortisation (EBITA) and adjusted diluted earnings per share (EPS) to measure the profitability of the business, along with other metrics such as Return on Capital Employed (ROCE) and Operating Capital Employed to Revenue (OCER) which measure how efficiently we use capital. These metrics are included in the Group's senior management incentive schemes, alongside specific personal objectives covering strategy, people development and safety measures.

Key Performance Indicator

EBITA

We use earnings before interest, tax, exceptional items and amortisation as a key indicator of operating profit.

Key Performance Indicator

EPS

We use EPS as a key indicator of post tax profit attributable to each share.

	2010 \$m	2009 \$m	% Change
Revenue	5,063.1	4,927.1	3%
EBITA	344.8	358.4	(4%)
EBITA Margin	6.8%	7.3%	(0.5%pts)
Amortisation	29.0	24.1	
Exceptional items	27.6	35.8	
Operating profit	288.2	298.5	(3%)
Net finance expense	33.6	33.7	
Profit before tax	254.6	264.8	(4%)
Tax	88.8	100.6	
Profit for the year	165.8	164.2	1%
Basic EPS (cents)	32.4c	32.1c	1%
Adjusted diluted EPS (cents)	39.7c	41.8c	(5%)
Dividend per share (cents)	11.0c	10.0c	10%

2010 saw an increase in revenue and a decrease in EBITA and EBITA margin. Revenue increased by 3% to \$5,063.1m, EBITA fell by 4% to \$344.8m and EBITA margin by 50 basis points to 6.8%.

A review of our trading performance is contained within the Chairman's and Chief Executive's report, together with the divisional reviews.

The amortisation charge of \$29.0m includes \$10.5m (2009: \$11.0m) of amortisation relating to other intangible assets arising from acquisitions. The acquisition of PSN, which is subject to UK merger control clearance, is likely to lead to a significant increase in the value of other intangible assets and corresponding amortisation. A full assessment of the split between other intangible assets and goodwill will be provided post acquisition.

During 2010, we recorded an exceptional charge of \$27.6m. Within this, \$21.0m was an impairment and restructuring charge in the Gas Turbine Services division. The majority of the \$21.0m charge relates to the closure of our component repair facility in Connecticut with the balance resulting from divisional restructuring, which included a reduction of more than 10% of indirect headcount. Ongoing savings are expected to



To read about key performance indicators turn to **pages 06-07**.



To read about divisional performance turn to **pages 10-17**.

Right **Alan Semple**,
Group Finance Director

To read about our
directors turn to
pages 36-37.



be around \$8m per annum. \$6.6m of acquisition-related costs incurred during the year have been recorded as an exceptional charge. These costs mainly relate to the PSN acquisition.

The net finance expense in the period of \$33.6m (2009: \$33.7m) is made up of a finance charge of \$35.9m (2009: \$36.2m) and finance income of \$2.3m (2009: \$2.5m). The finance charge of \$35.9m (2009: \$36.2m) is comprised of interest on debt of \$20.1m (2009: \$23.5m) and other interest charges of \$15.8m (2009: \$12.7m). Included in the other interest charges of \$15.8m (2009: \$12.7m) are \$8.4m (2009: \$3.4m) of arrangement fees incurred in relation to the refinancing carried out in 2009. The fees were being amortised over three years but the write-off has been accelerated in 2010 as a result of the renegotiation of the bank facilities early in 2011. The other interest charge also includes non-utilisation fees of \$5.1m (2009: \$5.3m), deemed interest on deferred consideration and pension liabilities of \$1.8m (2009: \$4.0m), and bank fees and charges relating to the PSN acquisition of \$0.5m (2009: nil).

The movement in the tax charge is outlined below:

	2010 \$m	2009 \$m
Tax charge	88.8	100.6
Tax on exceptional items	6.2	–
Adjusted tax charge	95.0	100.6
Profit before tax	254.6	264.8
Exceptional items	27.6	35.8
Amortisation of other intangible assets on acquisition	10.5	11.0
Adjusted profit before tax	292.7	311.6
Effective tax rate	32.5%	32.3%

The Group's effective tax rate has increased from 32.3% to 32.5% and reflects an underlying lower tax rate, offset primarily by adjustments in respect of prior years and non-recognition of losses.

The proposed final dividend is 7.6c. This results in a full-year dividend of 11.0c, an increase of 10% from last year. Dividend cover⁶ for 2010 was 3.6 times (2009: 4.2 times).

Dividend per ordinary share (cents)

2010	11.0
2009	10.0
2008	9.0
2007	7.0
2006	5.0

Summary balance sheet

	2010 \$m	2009 \$m
Assets		
Non-current assets	1,059.4	1,003.8
Current assets	1,921.1	1,850.7
Liabilities		
Current liabilities	1,230.7	1,137.1
Net current assets	690.4	713.6
Non-current liabilities	332.6	436.4
Net assets	1,417.2	1,281.0
Total shareholders' equity	1,406.3	1,270.2
Non-controlling interests	10.9	10.8
Total equity	1,417.2	1,281.0

Non-current assets are primarily made up of goodwill and other intangible assets, and property plant and equipment.

Capital efficiency and gearing⁷

The Group's ROCE³ decreased from 26.3% to 24.8%. The decrease reflects the reduced EBITA in the period and slightly higher capital employed.

The Group's ratio of OCER⁸ has improved from 16.8% to 16.7%, reflecting a more efficient use of operating capital in the year.

The Group's gearing ratio has reduced from 6.9% to 1.1% during the year, reflecting lower net debt at 31 December 2010.

Key Performance Indicator

ROCE

We use ROCE as a key indicator of the efficiency of our use of total capital.

Gearing ratio (%)

2010	1
2009	7
2008	22
2007	29
2006	32

Operational review

Financial review continued

Financial performance

Cash flow and net debt

	2010 \$m	2009 \$m
Opening net debt	(87.9)	(248.8)
EBITA	344.8	358.4
Depreciation and other non-cash items	69.1	68.8
Cash generated from operations before working capital movements	413.9	427.2
Working capital movements	(19.4)	118.3
Cash generated from operations	394.5	545.5
Acquisitions	(68.6)	(110.1)
Capex and intangible assets	(70.0)	(68.4)
Disposals	–	10.7
(Purchase)/sale of trust shares (net)	(15.8)	4.3
Tax paid	(99.3)	(113.9)
Interest, dividends and other	(74.1)	(73.7)
Exchange movements on net debt	6.1	(33.5)
Decrease in net debt	72.8	160.9
Closing net debt	(15.1)	(87.9)
Cash and cash equivalents	180.1	208.6

During the year the Group generated \$394.5m (2009: \$545.5m) of cash from operations, which was used to fund acquisitions, capex and intangible assets amounting to \$138.6m (2009: \$178.5m) and which contributed to net debt reducing by \$72.8m to \$15.1m (2009: \$87.9m).

Included in the cash generated from operations was a net \$19.4m outflow (2009: \$118.3m inflow) from working capital. The increase in net working capital was principally due to the higher revenue in the period and represents 14.3% of incremental revenue. The working capital inflow in 2009 primarily reflected a reduction in revenue in 2009.

The acquisition cost of \$68.6m comprised \$20.9m in relation to acquisitions in the year and \$47.7m in relation to deferred consideration for previous years' acquisitions. Of the deferred consideration, \$9.9m was for a working capital settlement on the 2009 Baker Energy acquisition, and the remainder was for performance based payments on four acquisitions made in prior years. Capex and intangible assets investment at \$70.0m was broadly similar to 2009.

Net debt (\$m)



The level of debt carried by the Group fluctuates throughout the year and is typically lower at December and June. The average and closing levels of gross and net debt are shown below.

	2010 \$m	2009 \$m
Average gross debt	364.3	421.3
Average net debt	182.3	229.4
Closing gross debt	195.2	296.5
Closing net debt	15.1	87.9

Credit facilities

At 31 December 2010 the Group had unutilised borrowing facilities of \$749.0m (2009: \$780.8m) representing 79% (2009: 72%) of total borrowing facilities. Total borrowing facilities amount to \$944.2m. In addition the Group has a number of facilities covering the issue of bonds, guarantees and letters of credit amounting to \$665.2m (2009: \$327.2m). At 31 December 2010 these facilities were 61% utilised (2009: 58%). The Group renegotiated its \$800m bilateral banking facilities in February 2011 which will result in lower pricing and non-utilisation fees going forward.

Net debt to EBITDA and interest cover⁹

The ratio of net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) fell from 0.21 times to 0.04 times. Interest cover decreased from 10.6 times to 10.3 times, as a result of the lower EBITA in the year.

Interest cover (times)



For footnotes
turn to **page 21**.

Foreign exchange and constant currency reporting

The Group's revenue and EBITA can be impacted by movements in foreign exchange rates, including the effect of retranslating the results of subsidiaries with various functional currencies into US dollars at different exchange rates. Given there was no significant movement in the average US dollar rate to other major currencies in which we operate between 2009 and 2010, our results in constant currency terms are materially the same as those presented above.

Pensions

The majority of the Group's pension arrangements are on a defined contribution basis. The Group operates one UK defined benefit scheme which had 348 active members and 634 deferred, pensionable deferred or pensionable members at 31 December 2010. At 31 December 2010 the scheme had a deficit of \$33.3m (2009: \$34.3m). In assessing the potential liabilities, judgement is required to determine the assumptions around future salary and pension increases, inflation, investment returns and member longevity.

The scheme is closed to new members and future benefits under the scheme are provided on a Career Average Revalued Earnings (CARE) basis.

Full details of pension assets and liabilities are provided in note 29, page 100 to the Group financial statements.

Acquisitions and disposals

In December 2010, the Group entered into an agreement to acquire PSN for a total enterprise value of \$955m. The acquisition is subject to UK merger control clearance and is expected to be completed in the second quarter of 2011.

In April 2010, the Group completed the purchase of a majority shareholding in Al-Hejailan Consultants (AHC). AHC provides engineering and project management services to Saudi Arabia's oil & gas and chemical industries.

In September 2010, the Group acquired a majority shareholding in SgurrEnergy Ltd (SgurrEnergy), which provides a range of consultancy, engineering and measurement services to the developers and funders of wind farms and other renewable energy projects.

The acquisitions carried out during the year provide the Group with access to new markets and strengthen the Group's capabilities in certain areas. The acquired companies are now able to access the Group's wider client base and use the Group's existing relationships to further grow and develop their business. These factors contributed to the goodwill recognised by the Group on acquisitions during the year.

We announced on 14 February 2011 that we have entered into an agreement to sell our Well Support division to GE for a cash consideration of \$2.8bn. Following the disposal the Board of directors intend that Wood Group will return cash of not less than \$1.7bn to shareholders. The disposal is conditional, amongst other things, upon obtaining anti-trust clearances, and approval of the shareholders of Wood Group at a General Meeting. The disposal is targeted for completion by the end of quarter two 2011.

Footnotes

1. EBITA represents operating profit of \$288.2m (2009: \$298.5m) for 2010 before adjusting for exceptional items of \$27.6m (2009: \$35.8m), and amortisation of \$29.0m (2009: \$24.1m). This financial term is provided as it is a key unit of measurement used by the Group in the management of its business.
2. Shares held by the Group's employee share trusts are excluded from the number of shares in calculating earnings per ordinary share. EPS is based on the diluted number of shares, taking account of share options where the effect of these is dilutive. EPS is calculated on profit for the year excluding the post tax impact of amortisation and exceptional items.
3. Return on Capital Employed (ROCE) is EBITA divided by average equity plus average net debt and excludes the GTS business to be disposed.
4. Safety cases are measured by TRCF. TRCF is Total Recordable Case Frequency (LWC+RWC+MTC) per million man hours.
LWC Lost Work Case
RWC Restricted Work Case
MTC Medical Treatment Case
5. Number of employees and contractors at 31 December 2010.
6. Dividend cover is EPS divided by the total dividend per ordinary share for the period.
7. Gearing is net debt divided by total shareholders' equity.
8. Operating Capital Employed to Revenue (OCER) is operating capital employed (property, plant and equipment, intangible assets (excluding intangibles recognised on acquisition), inventories and trade and other receivables less trade and other payables) divided by revenue.
9. Interest cover is EBITA divided by net finance costs.

Operational review

Principal risks and uncertainties

There are a number of risks and uncertainties which may have an impact on the performance of the Group. The key risks are explained below, along with the approach to managing the risk or uncertainty. In addition to the specific mitigating factors noted below there are some Group-wide risk management processes in place which address a wide cross section of risks. These include Quarterly Review Meetings (QRMs) between senior managers and certain of the executive directors, including the Chief Executive and Group Finance Director.

The mitigation set out below is designed to reduce, but cannot be relied upon to eliminate, the risk areas identified in the following tables.

Market risks	Risk area and potential impact	Mitigation
	<p>Risk area Operating in cyclical oil & gas and power markets</p> <p>Potential impact A cyclical downturn or a prolonged global recession could lead to uncertainty in our customers' spending plans and decline in the demand for our services and products</p>	<ul style="list-style-type: none"> • We operate in both the oil & gas and power & industrial markets, reducing our exposure to one particular market • We seek to maintain a broad customer base and geographic spread • We seek to maintain a good balance in our revenue between customers' capital expenditure (capex) and operating expenditure (opex) • We seek to achieve market leading positions based on differentiated services and products, and have developed longer-term relationships with customers • We manage exposure to engineering markets by seeking to maintain a split of oil & gas activities between the upstream, subsea and pipeline, downstream, process & industrial and clean energy sectors • We adjust operating strategies appropriately to reflect market conditions • Our business strategies are relatively flexible and have relatively low capital intensity
Strategic and operational risks	<p>Risk area Health, Safety and Environmental (HSE) performance</p> <p>Potential impact Failure to deliver HSE excellence could lead to harm to our people, damage to the environment and could lead to customers no longer selecting the Group as a preferred supplier of services and products</p>	<ul style="list-style-type: none"> • The Group Board monitors HSE performance, with Group Directors responsible for HSE • HSE commitment is communicated around the Group via our Vision for HSE Excellence, HSE systems and guidelines, the annual Group HSE plan, newsletters and the intranet • Leading and lagging safety indicators are used across the Group to measure performance and guide management action plans • Certain of our operations are subject to third party and customer audits <p>For further details – see pages 27-28</p>
	<p>Risk area Investment in new service areas and geographic markets</p> <p>Potential impact Investment (capital or operating) in new products & services, territories or acquisitions may fail to generate an adequate return</p>	<ul style="list-style-type: none"> • We carry out investment reviews of the future areas of focus for the Group • We adjust investment and pricing strategies appropriately to reflect market conditions • We carry out return assessments and due diligence reviews prior to investment
	<p>Risk area Acquisitions not delivering an adequate return</p> <p>Potential impact Failure to meet the Group's acceptable EBITA and ROCE rates of return, loss of key customers or personnel</p>	<ul style="list-style-type: none"> • We carry out structured due diligence prior to acquisition • Dedicated transition teams are established • We develop integration plans for acquisitions • The Group Board undertakes an annual review of the performance of acquisitions made in the preceding three years to assess performance and identify lessons learned • We adopt earn-out structures for acquisitions and key personnel incentive and retention plans, wherever practical

Strategic and operational risks	Risk area and potential impact		Mitigation	
	Risk area Attraction and retention of key management Potential impact Failure to attract and retain key management could lead to a lack of necessary expertise or continuity to execute our strategy		<ul style="list-style-type: none"> The quality of our people helps to secure interesting work, and this, in turn, helps to attract and retain talent We give management considerable autonomy, within a Group delegated authority structure, while maintaining short reporting lines We use market based compensation, including both short and longer-term incentive packages and offer 	<ul style="list-style-type: none"> career development and training opportunities We continue to expand our geographic footprint to provide access to skilled labour resources We strive to attract, develop and retain the best people <p>For further details – see page 26</p>
	Risk area Compliance with our ethical standards Potential impact Damage to reputation and regulatory impact		<ul style="list-style-type: none"> We have a Business Ethics Committee in place, chaired by the Group Finance Director and involving senior operational and functional management from across the Group Our Business Ethics Policy and guidelines are communicated to staff. Training and self-certification is undertaken by key personnel 	<ul style="list-style-type: none"> (including Board members) Ethics helplines are available for employees to raise any concerns in confidence We take action against any breaches of our ethical standards <p>For further details – see page 29</p>
	Risk area Quality of services and products Potential impact Failure to provide services and products of the required quality could lead to a requirement for work to be repeated, loss of work through damage to our reputation with customers or liability claims		<ul style="list-style-type: none"> Businesses maintain quality systems appropriate to their area of activity. These may include third party accreditation and training, and competence development programmes 	<ul style="list-style-type: none"> We have a range of initiatives to help our people develop and enhance their technical expertise New product designs undergo prescribed validation and verification testing
Financial and compliance risks	Risk area Access to capital Potential impact Inability to obtain funding to take advantage of shareholder value creating opportunities		<ul style="list-style-type: none"> We maintain a flexible and efficient balance sheet, with gearing, as at 31 December 2010, of only 1% We have longer-term banking facilities, providing significant headroom 	<p>For further details – see pages 18-21</p>
	Risk area Contracting strategy and execution Potential impact Inappropriate pricing, contract terms, or failure to comply with those terms, could lead to losses, unacceptable risks, reputational damage, warranty claims or financial penalties		<ul style="list-style-type: none"> A significant proportion of our contracts are reimbursable We have a policy covering contract terms and derogation from these terms is subject to a range of approvals 	<ul style="list-style-type: none"> For EPC contracts we rigorously review scope, pricing, subcontractor management and contract risks We carry out ongoing commercial reviews of contract terms
	Risk area Operating in a range of different legal, political and fiscal regimes Potential impact Changes in the legal and political environment may result in financial loss or the loss of control over operations, while fiscal changes could impact net profit		<ul style="list-style-type: none"> We monitor and limit the capital allocation to certain countries and maintain a broad geographic spread The Board receives presentations on specific countries in which the Group maintains a significant interest 	<ul style="list-style-type: none"> We have a policy covering contract terms and derogation from these terms is subject to a range of approvals
	Risk area Adequacy of insurance cover Potential impact Requirement to fund uninsured losses		<ul style="list-style-type: none"> Prudent levels of insurance cover are maintained across a range of insurers We review exposures to areas where it is not possible to obtain, or we have 	<p>elected not to obtain, insurance and consider alternative ways to reduce our risk</p>
	Risk area Integrity of financial controls Potential impact Damage to reputation, financial loss or inaccurate financial information used to manage the business		<ul style="list-style-type: none"> A financial control framework is in place, which includes preparation and review of monthly financial information, a delegation of authority matrix and an annual financial controls self-assessment 	<ul style="list-style-type: none"> We have a structured system of reporting performance to the Board, including monthly and quarterly reports We have an internal audit department that performs reviews of financial controls across the Group

Corporate social responsibility

Being responsible

Corporate social responsibility (CSR) is fundamental to our business.

Human Resources (HR) and Health, Safety and Environment (HSE) teams work to develop and implement Group policy, monitor performance and share best practice. We also have compliance counsel responsible for business ethics and an investor relations team.

For more on our CSR policies, please visit www.woodgroup.com/responsibility.



26

Our People

We will treat all our people fairly, responsibly and with dignity, respecting their individual differences and helping them to achieve their potential.



27

Health and Safety

As an integral part of our business we will maintain a healthy workplace and aim to prevent accidents.



28

Environment

We will aim to minimise the adverse environmental impact of our activities, work with our customers to minimise their impact, demonstrate our commitment with actions rather than words and remain focused on further improvement.



29

Ethics

We expect our people to uphold our high ethical standards wherever our business takes them.



30

Shareholders

We seek to ensure that shareholders, analysts and financial media are well informed of our strategy, results and financial outlook through clear and timely communication.



31

Community

Caring for our communities is important to us and we encourage all our people to engage in community projects at a local level.

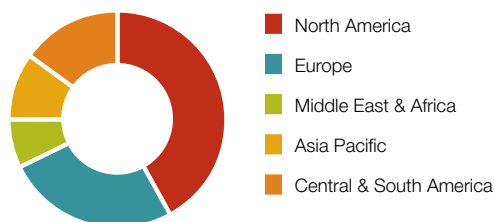
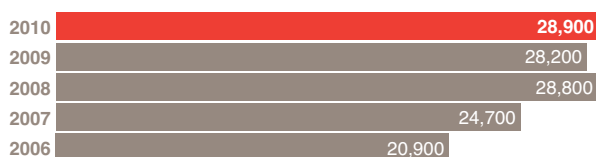
Corporate social responsibility

Our people

We are committed to attracting, retaining and developing the highest calibre people. We treat all our people fairly, responsibly and with respect, and help them to achieve their potential.

Our priorities for 2011

- Deepening the pool of trained and experienced personnel
- Broadening the recruitment capability worldwide
- Expanding management training programmes

Regional Headcount**Headcount****Growth from within**

The number of people working for the Group increased by 700 (2%) to 28,900 at 31 December 2010. This reflects growth in most areas, offset by some reductions in GTS.

Attracting and retaining quality people

We aim to offer competitive rewards, with a significant incentive element for those responsible for the performance and direction of the Group or its businesses. In 2010 we were again recognised by the Corporate Research Foundation as one of Britain's Top Employers, based on a broad assessment of rewards, development, working conditions and culture. Our annual voluntary turnover fell to 7% from 9% in 2009. We attach great importance to employee communication and engagement, and continue to look to improve our channels for dialogue. Our Chief Executive, other directors and the Group Communications team regularly use our intranet to keep people up to date with developments. In 2011, we plan to implement further improvements to the intranet.

Employee communication

In our 2010 employee communications survey, more than 89% of respondents were 'satisfied' or 'very satisfied' with communications across the Group. The findings of the survey were published internally and we will be working in 2011 to continue to improve communication.

Training and developing quality people

We provided more training in 2010, to develop management, technical and financial skills across the Group. Our Management Development Programme continued to help senior managers build on their skills, using team-building projects to develop solutions to real business challenges. We expanded our Managing People Effectively course for developing managers, and continue our Understanding Business Finance programme to improve financial awareness and understanding among our senior managers. In addition to Group-led programmes, there are a range of other courses provided locally to focus on personal development, specific job-related skills, and vocational and professional qualifications.

Our structured engineering graduate programme attracted over 2,000 applicants in 2010. We look for ambitious individuals who are motivated and enthusiastic about their discipline and who have a strong academic background. In 2010 we recruited 104 (2009: 68) people from different countries and backgrounds into our graduate development and apprenticeships programmes to join the over 550 already engaged in such programmes within Wood Group worldwide.

**Training and development**

Mustang encourages employees to take the initiative in developing their careers. During a Career Navigation Workshop, they look at their skills, passions and interests as well as industry trends and market conditions to determine how these fit with the strategic vision of the company.

Corporate social responsibility

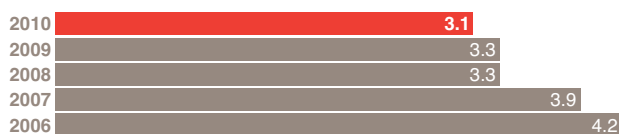
Health and safety

Achieving and sustaining a safe and healthy workplace is central to our business. We are committed to achieving the highest standards of safety in everything we do, and continuous improvement is a key measure of our success.

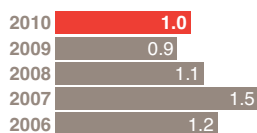
Our priorities for 2011

- We will focus on specific aspects of safety related to human factors and reliability of our operations
- We will keep promoting the benefit of a healthy balanced lifestyle and will raise awareness on occupational health risks

TRCF



LWCF



TRCF is the frequency of all reportable injuries, including medical treatment cases. LWCF is the frequency of all injuries resulting in lost time away from work. Both frequencies are measured per million man hours worked.

Safety Performance

In 2010 we reduced our total recordable case frequency (TRCF) by 6%, consistent with our trend over recent years. Although our lost work case frequency (LWCF) increased by 11%, actions have been taken by senior management to correct this including safety stand-downs, identification of root causes of incidents and implementation of behavioural programmes.

Initiatives

The Frontline Focus campaign continued to ensure that our core health and safety initiatives are effectively implemented where such potential risks are greatest – at the frontline of our operations. Our Behavioural Standard and Safety Culture programmes continued to raise the awareness of the impact of human factors such as leadership, behaviours and competencies on the delivery of safety performance across the Group. We also implemented integrity management principles in our highest risk areas of operations. Initiatives unique to individual businesses included the continuing HANDSAFE campaign run by GTS in the USA, UK, Dubai and Thailand.

Recognising success

Our performance was recognised by a number of our clients including Chevron, who awarded WG Brazil a Gold Level HSE performance award and Woodside in Australia who awarded J P Kenny Pty the Oil and Gas Encouragement Award, part of the Government of Western Australia 2010 Innovator of the year programme. In Trinidad, Neal & Massy Wood Group was awarded the Chairman's Award by BP for Safety and Operational Integrity.

Regulators and industry bodies also recognised our health and safety performance. In the UK, we received the Challenge Award for Environment from the Offshore Contractors Association. In the USA, Mustang Engineering received the Clean Air Champion Award for their commitment to support voluntary measures that reduce air pollution and improve air quality by the Houston & Galveston Area Council. Wood Group Kenny was awarded the IFAP Gold Safe Way Achiever Award for 2010 for the fifth consecutive year. As a result of this success, Wood Group Kenny has also been awarded a Platinum Recognition award acknowledging their consistent performance.

Health

Promoting awareness

We have implemented programmes promoting and enhancing the health and well-being of our employees, their families and the communities in which we work. In addition to health fairs held across the different parts of our organisation, we also provide guidance, tools and support to develop health programmes tailored and managed by our local businesses. Examples in 2010 included the Health Surveillance Programme introduced in Aberdeen to monitor employees' health and more rigorously control their exposure to health risks.



Global health challenge

Fifty-five Wood Group teams from around the world took part in the 2010 Global Corporate Challenge. This encourages people to be more active by measuring how much they walk, cycle or swim each day, and is the largest health challenge of its kind in the world.

Corporate social responsibility

Environment

We will aim to minimise the adverse environmental impact of our activities, work with our customers to minimise their impact, demonstrate our commitment with actions rather than words and remain focused on further improvement.

Our priorities for 2011

- Improving awareness of the environmental impact of operations
- Rolling out carbon footprinting across the Group
- Engaging all personnel in environmental initiatives



Minimising our energy use

Building on our 2009 Carbon Footprint Pilot programme, in 2010 we applied UK Carbon Trust methodology to measure our footprint across several of our businesses. Our main CO₂ emissions come from energy use in our buildings, and business travel by employees: we are committed to improving performance in both these areas.

In 2010 we challenged each of our businesses to launch an energy efficiency campaign geared to its own needs and opportunities. Campaigns were designed to engage employees individually, as well as applying more efficient technology and introducing broad initiatives such as rescheduling office cleaning to allow lights to be turned off earlier.

Mustang in the USA adopted the Government-sponsored NuRide programme for car sharing. The NuRide members reduced their miles driven by 125,000 in 2010, reducing their emissions by 56 metric tons of CO₂ equivalents. In the UK, Production Facilities increased their recycling by 10% with food waste composting a contributing factor towards this. Rolls Wood Group used simulators to show employees how to drive more efficiently, providing economic as well as environmental advantages.

Using resources more efficiently

Across the Group we recycle paper, mobile phones, IT equipment and printer cartridges. We encourage double-sided copying and printing and have reduced the number of personal printers in our offices. In a number of locations we also distributed personalised mugs and reusable water bottles and introduced more desk-side recycling bins.

Environment week

We staged our first global Environment Week to coincide with the UN's World Environment Day on 5 June 2010. Employees organised a wide range of events to raise awareness, share best practice and encourage behavioural change at both work and home. Activities included cleaning beaches in Australia, learning about fuel-efficient driving in Aberdeen and a worldwide competition inviting employees' children to design postcards illustrating their ideas about the environment.

Cutting customers' impacts

Our expertise in reducing emissions, improving energy efficiency, carbon capture and storage, and renewable energy can help our customers to develop cleaner energy solutions. We have now completed over 40 downstream clean fuel projects, keeping over 5.9m³ of SO₂ out of the atmosphere each day, and are working on several projects for converting municipal waste to fuel. Numerous firms use our E!CEMS™ software to help them monitor and reduce emissions from their operations.



Environmental Awareness Week

During Environmental Awareness Week volunteers from Wood Group and 100 local schoolchildren joined forces with Aberdeen City Council Countryside Ranger Service to plant 1,500 trees. This was part of an initiative by the City Council to plant 210,000 trees by the end of 2011.

Corporate social responsibility

Ethics

Integrity and honesty are at the heart of our business. We expect our people to uphold our high ethical standards wherever our business takes them – earning the trust and respect of colleagues, customers, partners and suppliers.

Our priorities for 2011

- Continuing development of our business ethics training programme
- Ensuring compliance with new UK Bribery Act legislation
- Induction training for new personnel

Our Business Ethics Policy

The Group has a culture that encourages ethical conduct and a commitment to compliance with the law. The Group Finance Director chairs the Business Ethics Committee, which comprises senior management representatives from across the Group, and is tasked with monitoring the operation of the Business Ethics Policy and working on ways to best promote compliance across the Group.

Our Business Ethics Policy is available in nine languages and is widely communicated to our people. The policy is available on the Group's website and third party agents, and other representatives are sent copies and asked to indicate their continued compliance.

A new online web-based Business Ethics training programme was rolled out in 2010, with over 3,500 employees completing two separate training modules. This training is mandatory for certain Group employees, who also confirm their continued commitment to compliance with the Business Ethics Policy by completing an annual electronic certification.

Support for concerned employees

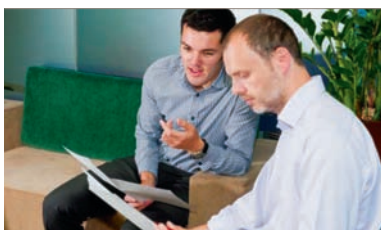
The Wood Group Ethics Helpline – telephone helplines and an email address where concerns can be raised confidentially – are used to encourage the reporting of suspected violations of the Business Ethics Policy as well as operating as a forum for employees to ask questions. A register of ethics matters is maintained by the Group's Compliance Counsel and the Board receives regular reports and updates on business ethics as well as on the implementation of the policy.

Ensuring policy compliance

During 2010, a number of internal investigations were undertaken into allegations of unethical behaviour. Appropriate disciplinary action was taken based on the facts and circumstances and this included ten terminations for behaviour or actions that violated the Business Ethics Policy. We will continue to take prompt action to deal with any known violations.

Forthcoming legislation

The UK Bribery Act 2010 is expected to come into force mid-2011, capturing both bribery within the private sector and bribes paid to government or public officials to secure unfair or improper business advantages. We do not anticipate any material change to our Business Ethics Policy or processes as a result of the new Act. We will continue to provide training and guidance to ensure that the actions and behaviours of our people and companies, as well as intermediaries providing services on behalf of or for the benefit of the Group comply with all relevant legislation.



Business Ethics Roadshow

Training sessions were conducted in person in key locations during 2010 and there will be an ongoing personal training programme in 2011. For example, in November we conducted a Business Ethics Roadshow in Australia, Brunei and Indonesia – with training sessions for 190 Wood Group personnel in Darwin, Melbourne, Perth, Brunei and Jakarta.

Corporate social responsibility

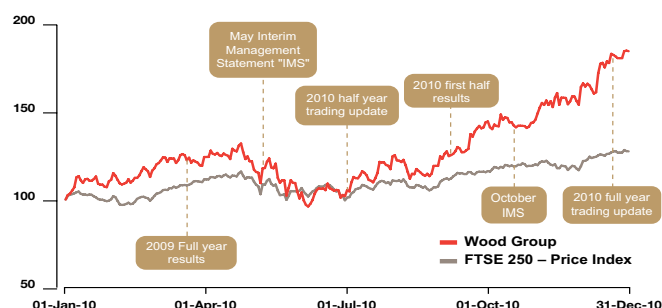
Shareholders

We seek to ensure that shareholders, analysts and financial media are well informed of our strategy, results and business outlook through clear and timely communication.

Our priorities for 2011

- Maintaining regular and frequent updates for investors, including improved online communication
- Consult with shareholders and implement an effective return of cash mechanism for shareholders as a whole

TSR Wood Group and FTSE 250, over the last 12 months, rebased to 100



The Company has been notified, in accordance with s793 of the Companies Act 2006 and DTR 5.1.2R, of the following interests representing 3% or more of the issued ordinary share capital of the Company as of 18 February 2011.

Name of Shareholder	Number of issued shares held	% of issued shares
Blackrock	74,394,078	14.0%
Trustees of I.C. Wood's Children's Settlements	59,941,473	11.3%
Schroder Investments	26,065,805	4.9%
Wood Group Employee Share Schemes	20,649,748	3.9%
Threadneedle Asset Management Limited	20,483,335	3.9%

Sir Ian Wood has interests amounting to more than 3% of the share capital as disclosed on page 54

Our Investor Relations team is focused on maintaining open and effective communication with shareholders and analysts.

Understanding investor priorities

We recognise the importance of listening to investors and understanding their priorities, as well as keeping them informed. We seek investor feedback throughout the year, both informally through the investor relations team and through investor roadshows and one-to-one sessions involving the Chief Executive and Group Finance Director. In addition, the Group's brokers make an annual presentation to the Board, providing insight into shareholder needs and perceptions.

During 2010 we staged two investor roadshows. We held over 150 group and one-to-one meetings with investors through the course of the year, including attendance at a number of investor conferences. The senior independent director is available throughout the year to meet with shareholders on request.

The AGM provides another valuable opportunity for face-to-face contact with the Board, allowing shareholders to raise any questions they may have. The next AGM will be on 11 May 2011 in Aberdeen.

We will continue to publish six formal updates during the course of the year – final and interim results, two interim management statements and two trading updates – to provide a regular update on the Group's performance and outlook, and we will discuss these updates with the investor community.

Accessing further information

The Investors section of our website at www.woodgroup.com/investors provides additional information, including webcasts of shareholder presentations and a facility for electing to receive email alerts when new information is published.



Redeveloped website

During 2010 the website has been completely redeveloped to provide additional information and make it easier to use. For investors, this includes details of corporate governance arrangements, links to technical papers published by our people, copies of investor presentations and an interactive version of the Annual Report.

Corporate social responsibility

Community

We embrace and support the diverse communities and cultures in which we work. Caring for our local communities is important to us and we encourage all our people to engage in community projects.

Our priorities for 2011

- Expanding global coverage of donations to employee causes
- Providing assistance to help young people access further education

Supporting our people's concerns for their communities

We encourage employees to participate directly in community and charitable initiatives, and our contributions are guided by their passions and concerns.

For some 20 years our Employee Community Fund (ECF) has encouraged UK employees to support a charity or community project – donating up to £250 each year to causes nominated by individual employees. To enable us to ensure that money is being targeted to the causes that are important to our employees, we introduced the ECF-£1K in 2010. This gives up to £1,000 to employees who are able to demonstrate an active commitment to the cause that they are supporting.

Our UK charity committee – drawn from across the Group – reviews requests for support. Our key areas for support are health, young people, the elderly, education, arts and the environment. We also respond to requests for help – in 2010, for example, we gave £3,000 to an Aberdeen-based appeal for victims of the floods in Pakistan, and supported the victims of the Haiti earthquake through humanitarian aid charities in the UK and USA. We also maintain longer-term commitments to several charities.

A selection of 2010 projects

In the USA we continued our support of the Alley Theatre schools project to engage school students with the arts; we sponsored the UK tour of the Houston Symphony Orchestra; and Mustang raised over \$13,000 completing the Alzheimer's Association Memory Walk in Houston. In Trinidad & Tobago our School Partnership Programme continued, and our social development programmes specifically designed to support young men and women to better themselves were very successful in helping them get back into education and tackling illiteracy issues.

In the UK our community programme includes sponsorship of the North East Scotland final of the national K'NEX Challenge, designed to introduce primary school children to engineering. We are a long-term supporter of the annual Aberdeen International Youth Festival, one of the world's premier youth arts festivals; and last year added support for Aberdeen University's Word Festival celebrating the written word. Our charitable support also included sponsorship of a fundraising dinner for Epilepsy Scotland and the Juvenile Diabetes Research Foundation's Walk to Cure Diabetes.

Activities in Australia included providing volunteers for a residential care home, and building and planting a vegetable garden at a childcare centre run by Mission Australia, one of our long-term charity partners. In Nigeria we are sponsoring a literacy programme with Bonny Vocation Centre to aid people from Bonny Island to find suitable employment.



Race for the Cure

120 Wood Group employees raised over \$8,500 for breast cancer research by taking part in the Komen Race for the Cure in Houston.

Corporate social responsibility

Making a difference

We aim to increase awareness and promote our goal to minimise our impact on the environment and improve communities around the world for future generations.



K'NEX Challenge

We sponsor the North East Scotland final of the K'NEX Challenge to encourage the next generation of young engineers. More than 4,000 children aged 8 to 10 from 85 schools took part in the 2010 challenge.



Reforestation

In Colombia, employees took part in a reforestation exercise to plant 130 trees in a 300m² area to help remind employees to take care of their natural resources.





MS150

A team of around 80 Wood Group riders and volunteers took part in the MS150. The event is a bike ride over two days which covers 180 miles from Houston to Austin, Texas. The team raised over \$41,000 for the National MS (Multiple Sclerosis) Society.



Toy Drive

In Equatorial Guinea, over 300 children benefited from a Toy Drive where they received presents and enjoyed snacks, sandwiches and milk with Wood Group Equatorial Guinea employees.



Aberdeen beach cleanup

The beach clean was organised as part of the UK charity Marine Conservation Society's 'Adopt a Beach' programme. The aim was to clean up from the north end of Aberdeen Beach and to survey the quantity and types of litter found.



✦ Australia, Getting lives back on track

We helped Mission Australia to build and plant a vegetable garden at their Parmelia Child Care Centre. Mission Australia helps disadvantaged Australians improve their circumstances.



↑ China

We are committed to providing training across the Group to help people develop their skills at all levels.



Energy Supporting Energy

Governance

36	Board of directors and biographies
38	Report of the directors
39	Corporate governance
45	Directors' remuneration report

Governance

Governance

Board of directors and biographies

Executive Directors

**Sir Ian Wood**

Chairman (age 68)

Appointed: 1961

Chairman since 1982 and Chief Executive from 1982 to 2006. Chairman of J W Holdings Limited, one of Scotland's larger fishing groups, a past member of PILOT, the joint UK government and industry oil & gas leadership group, past Co-Chair of the UK Oil & Gas Industry Leadership Team and Chancellor of Robert Gordon University, Aberdeen.

Committee membership: Chairman of the Nominations Committee.

**Allister G Langlands**

Chief Executive (age 52)

Appointed: 1991

Chief Executive since January 2007 and formerly Deputy Chief Executive from 1999. Served as Group Finance Director from 1991 to 2000 and prior to joining Wood Group was a partner with Coopers & Lybrand Deloitte (now PricewaterhouseCoopers LLP).

Committee membership: None

**Alan G Semple**

Group Finance Director (age 51)

Appointed: 2000

Group Finance Director since 2000. Served as Finance Director for the Well Support business from 1997 to 2000 and prior to joining Wood Group was Finance Director of GRT Bus Group PLC, now part of FirstGroup plc, a transportation company. From 1987 to 1994 was Finance Director of Seaforth Maritime Group Limited, an energy services company.

Committee membership: None

**Mike Straughen**

Group Director, Engineering (age 61)

Appointed: 2007

Previously with AMEC plc for 25 years, latterly as Group Managing Director responsible for UK activities across all sectors, including Global Oil & Gas. Previously a member of PILOT, from 2002 to 2008, and Chairman of the Energy Industry Council from 2002 to 2007.

Committee membership: None

**Les Thomas**

Group Director, Production Facilities (age 53)

Appointed: 2004

Previously President of Marathon Oil UK and Europe responsible for Marathon's operations in the UK, Ireland and Norway.

Committee membership: None

**Jim Renfroe**

Group Director, Well Support (age 57)

Appointed: 2008

Joined the Board on 25 February 2008. Previously with Halliburton for 33 years in a number of senior roles, latterly as Senior Vice-President, Strategy.

Committee membership: None

**Mark H Papworth**

Group Director, Gas Turbine Services (age 46)

Appointed: 2006

Joined Wood Group in February 2005 as Chief Operating Officer of Gas Turbine Services. Previously Chief Operating Officer and Executive Vice President with Rolls-Royce Energy.

Committee membership: None

Non-Executive Directors



Dr. Christopher Masters

Senior Independent Director (age 63)

Appointed: 2002

Non-executive Director since 2002, Chairman of the Audit Committee and the Senior Independent Director on the Board. Currently a non-executive Director of the Alliance Trust PLC and The Crown Agents. Chairman of the Festival City Theatres Trust. Also a Fellow of the Royal Society of Edinburgh. Previously served as Executive Chairman of Aggreko plc.

Committee membership: Chairman of the Audit Committee, member of the Nominations Committee.



Michel Contie (age 63)

Appointed: 2010

Formerly with TOTAL for 35 years in a variety of senior positions covering Northern Europe, South America and the Middle East, latterly as a member of the TOTAL E&P Management Committee. He has been president of UKOOA (UK Offshore Operators Association) and currently sits on the Management Committee of the International Oil and Gas Producers' Association.

Committee membership: Member of the Remuneration and Nominations Committees.



Ian D Marchant (age 50)

Appointed: 2006

Chief Executive of Scottish and Southern Energy PLC, Chairman of the 2020 Climate Change Delivery Group in Scotland and non-executive Director of Maggie's Cancer Centres. Also a member of Ofgem's Environmental Advisory Group and the Energy Research Partnership.

Committee membership: Member of the Audit and Nominations Committees.



John C Morgan (age 66)

Appointed: 1998

Formerly non-executive Chairman of Venture Production Company PLC. Joined the Board after 30 years of international experience with BP in a range of management roles, including President of BP Exploration Alaska.

Committee membership: Chairman of the Remuneration Committee, member of the Audit and Nominations Committees.



D John Ogren (age 67)

Appointed: 2001

A Director of Core Laboratories N.V., and non-executive Chairman of Deepflex. Served as President of Production Operators, Inc from 1994 until 1999 and from 1992 until 1994 as Senior Vice President of E.I. Du Pont De Nemours and Company. From 1989 until 1992 was Senior Vice President of Conoco, Inc.

Committee membership: Member of the Remuneration and Nominations Committees.



Neil H Smith (age 46)

Appointed: 2004

President & Chief Executive Officer of InterGen, a global power generation company. Previously held numerous positions within InterGen, including President & Chief Operating Officer. A member of the Dean's Council at Harvard University's John F. Kennedy School of Government.

Committee membership: Member of the Remuneration and Nominations Committees.



David K Woodward (age 64)

Appointed: 2007

Currently Senior Management Advisor of the Oil and Gas Unit of Mubadala, a leading business development and investment company based in Abu Dhabi. Previously with BP for 36 years, latterly as President of BP Azerbaijan. In 2006 he was awarded the CMG for services to the international oil industry.

Committee membership: Member of the Audit and Nominations Committees.

Governance

Report of the directors

The directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2010.

Results and dividends

The Group income statement for the year is set out on page 58. In respect of the year ended 31 December 2010 an interim dividend of 3.4 cents per share was paid on 23 September 2010 and the directors have proposed a final dividend of 7.6 cents per share to be paid on 16 May 2011. The full year dividend will, therefore, be 11.0 cents per share.

Creditor payment policy

The Group's current policy concerning payment to its trade creditors by UK subsidiaries is to agree the terms up front, include the relevant terms in contracts, and abide by the terms of the contract.

Overseas subsidiaries are encouraged to apply local best practices.

Donations

During the year the Group made charitable donations amounting to \$603,000 (2009: \$903,000). This sum relates to cash donations and does not recognise donations of time or other resources which have been made during 2010.

No donations of a political nature were made.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

Other information

Other information relevant to and forming part of the Report of the directors is to be found in the following sections of the annual report:

Information	Location in Annual Report
Directors' details	Board of directors (pages 36 to 37)
Future developments	Operational review (pages 8 to 23)
Principal activities and business review	Operational review (pages 8 to 23)
Principal risks and uncertainties	Principal risks and uncertainties (pages 22 to 23)
Acquisitions and other developments	Note 27 to the financial statements (page 97)
Details of principal subsidiaries and joint ventures	Note 35 to the financial statements (page 104)
Corporate governance	Corporate governance (pages 39 to 44)
Going concern	Corporate governance (page 44)
Statement of directors' responsibilities	Corporate governance (page 44)
Employment policies and employee communications	Corporate social responsibility (page 26)
Ethical conduct of our business	Corporate social responsibility (page 29)
Health, safety and the environment	Corporate social responsibility (pages 27 to 28)
Substantial shareholders	Corporate social responsibility (page 30)
Share Capital	Note 21 to the financial statements (page 92)
Directors' interests in options over ordinary shares	Remuneration report (page 54)
Directors' interests in ordinary shares	Remuneration report (page 54)

By order of the board



Robbie M B Brown
Company Secretary
18 February 2011

Registered Office:
John Wood House,
Greenwell Road,
Aberdeen AB12 3AX.

Company Registration Number: 36219

Governance

Corporate governance

Statement of Compliance

The Board remains fully committed to maintaining high standards of corporate governance and believes that this is key to overall performance and integrity. The following section explains how the Company has applied the main principles outlined in the revised Combined Code on Corporate Governance published in June 2008 (the Code). A copy of the Code is available at www.frc.org.uk. The directors consider that the company has fully complied with the provisions of the Code during the year ended 31 December 2010. The Board also believes that good corporate governance extends beyond regulatory compliance and consistently monitors developments in best practice, including guidance published by investor groups.

In June 2010, the FRC published a new code, the UK Corporate Governance Code (the Governance Code), which will apply to the company from 1 January 2011. The Governance Code realigns best practice guidance with the themes of Leadership; Effectiveness; Accountability; Remuneration; and Relations with Shareholders and the Board will report on the Company's compliance with the Governance Code in the 2011 Annual Report.

Board of Directors and who is on each committee

	Audit Committee	Remuneration Committee	Nominations Committee
Executive Directors			
Sir Ian Wood	–	–	✓
A G Langlands	–	–	–
A G Semple	–	–	–
M Straughen	–	–	–
L J Thomas	–	–	–
J B Renfroe	–	–	–
M H Papworth	–	–	–
Non-executive Directors			
Dr C Masters	✓	–	✓
M Contie	–	✓	✓
I D Marchant	✓	–	✓
J C Morgan	✓	✓	✓
D J Ogren	–	✓	✓
N H Smith	–	✓	✓
D K Woodward	✓	–	✓

What is the role of the Board?

The Board has a schedule of matters specifically reserved for its consideration and approval. These include responsibility for Group strategy, the annual budget, significant acquisitions and the overall system of internal control. Executive management is responsible for the implementation of Board decisions in these areas and all other aspects of managing the business.

What is the composition of the Board?

From 24 February, when M Contie joined the Board as a non-executive director, the Board comprised 14 directors, made up of seven executive and seven non-executive directors.

As previously announced, it is proposed that R Keiller will join the Board following the completion of the PSN acquisition, which is expected to take place prior to the Annual General Meeting (AGM). Further, in anticipation of the sale of the Well Support division, J B Renfroe will resign from the Board at or prior to the Meeting. D J Ogren will resign at the 2011 AGM and it is our intention to seek shareholder approval to appoint a new non-executive director.

A clear separation of the roles of the Chairman and the Chief Executive has been agreed by the Board, in compliance with the Combined Code. The Chairman is responsible for the leadership and effectiveness of the Board. He chairs the Board meetings, ensures the agendas are appropriate and is responsible for facilitating that all directors actively contribute to the determination of the Group's strategy. The Chief Executive is responsible for the day-to-day management of the Group and implementation of the Group strategy, develops proposals for Board approval, and ensures that a regular dialogue with shareholders is maintained. Executive Board Members report directly to the Chief Executive.

Dr C Masters, who was the senior independent director and Chairman of the Audit Committee throughout the year, will step down from those roles at the Annual General Meeting, at which time I D Marchant will assume those roles. The senior independent director is available to shareholders on request.

Are the Board members independent?

After careful consideration, the Board considers all of its non-executive directors to be independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Brief biographies of the directors appear on pages 36 and 37.

Governance

Corporate governance continued

The Code requires the Board to state its reasons for considering a non-executive director to be independent if he has served for more than nine years. J C Morgan has served as a non-executive director for more than nine years, D J Ogren reached nine years service during 2010 and Dr C Masters will reach nine years service on 18 March 2011.

J C Morgan and Dr C Masters will be considered for re-election at the 2011 AGM. As previously announced, D J Ogren will retire at the 2011 AGM.

The Board believes that independence should not be determined simply by length of tenure. Rather, the Board considers it important for the individual concerned to possess the personal characteristics necessary to demonstrate independent thought and therefore act in the best interests of the Group and its shareholders. In particular, an individual should openly challenge the views of the other directors and senior management. It is also beneficial that each director has an in-depth experience of the relevant sector and a detailed knowledge of the Group's strategy.

The Board has carefully reviewed the length of service of J C Morgan, D J Ogren and Dr C Masters, without them being present, and is of the view that each of them should be considered independent. In each case, they have significant experience and knowledge of the energy sector and long-term perspective on the Group's activities and strategy and continue to be valuable to the Group, contributing significantly to the Board's deliberations. In addition, the company is not their primary source of income and they do not participate in any of its bonus, option or incentive schemes. The Board believes that there is no indication of length of service having any adverse impact on their judgement or independence.

Are Board members standing for re-election?

All Directors, other than J B Renfroe and D J Ogren, will seek re-election at the 2011 Annual General Meeting. Assuming completion of the PSN acquisition, R Keiller will also stand for election.

How does the Board discharge its responsibilities?

There were seven Board meetings during 2010. Four of the meetings were scheduled as two-day sessions and were held in either Aberdeen or Houston.

Safety is always the first item on the agenda at Board meetings. The Board received detailed presentations from senior management within the Group's businesses during the year, each including updates on health and safety performance. Other presentations included reports on the Group's internal control and risk management systems.

In addition to Board meetings the Board receives a monthly report which gives a summary of safety, financial and operational matters and a more detailed quarterly report including reports on safety, operations, human resources, investor relations and detailed financial information, including financial projections.

The directors have access, via a secure intranet site, to presentations from the Group's brokers which contain investors' feedback, copies of relevant regulations, analyst research and appropriate administrative information.

The executive directors, excluding the Chairman, attended 10 Group Board Executive meetings throughout the year which include reports and discussions on HSE, operational issues, finance, legal, investor relations and human resources matters. In addition, divisional directors conduct quarterly review meetings with senior managers of all of the businesses within their division. These meetings are also normally attended by the Group Chief Executive and the Group Finance Director.

What training do the Board members receive?

The training needs of directors are periodically discussed at Board meetings and briefings arranged on issues relating to corporate governance. Arrangements are in place for newly appointed directors to undertake an induction process designed to develop their knowledge and understanding of the Group's business. This includes briefing sessions during regular Board meetings, visits to Group operating sites and discussion of relevant business issues. Upon their appointment, directors are advised of their legal and other duties and their obligations as directors of a listed company under the Companies Act 2006.

All directors are encouraged to attend relevant external seminars.

There is a procedure for any director to take independent professional advice at the Group's expense and all directors have access to the services of the Company Secretary, who is responsible for ensuring that the Board's procedures are followed.

How is the Board's performance evaluated?

The Board completed a formal evaluation of its own performance and of its committees, individual directors, and of the Chairman for the year. This involved directors completing detailed questionnaires, the results of which were analysed by the Company Secretary and presented for discussion both at a full Board meeting and separate meetings between each director and the Chairman. The non-executive directors, led by the senior independent director, are responsible for the performance evaluation of the Chairman, taking into account the views of the executive directors.

How are conflicts of interest dealt with?

The Board requires directors to declare any appointments or other situations which would amount to a possible conflict of interest. The Board has procedures in place to deal with, and if necessary, approve any such conflicts. No such conflicts of interest were declared in 2010.

Committees of the Board

The Board has delegated some of its responsibilities to committees – the Audit Committee, the Remuneration Committee and the Nominations Committee. A summary of the work of the Audit Committee and the Nominations Committee is set out below and the report of the Remuneration Committee is included in the Directors' Remuneration Report on pages 45-54.

The Committees' terms of reference are available on the Group's website.

Attendance by directors at the meetings of the Board and its committees is summarised here.

The dates of future Board meetings have now been agreed until the end of 2013.

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Number of meetings held in 2010	7	4	2	1
Executive Directors				
Sir Ian Wood	7	–	–	1
A G Langlands	7	–	–	–
A G Semple	7	–	–	–
M Straughen	7	–	–	–
L J Thomas	7	–	–	–
J B Renfroe	7	–	–	–
M H Papworth	7	–	–	–
Non-executive Directors				
M Contie	7	–	2	1
I D Marchant	7	4	–	1
Dr C Masters	7	4	–	1
J C Morgan	7	4	2	1
D J Ogren	7	–	2	1
N H Smith	7	–	1	1
D K Woodward	7	4	–	1

Nominations Committee

The Nominations Committee is responsible for recommending candidates to the Board and ensuring succession plans are in place. The Nominations Committee aims to promote high standards of corporate governance by ensuring that the balance of skills, knowledge and experience of the Board both now and in the future promotes long-term value for shareholders.



Sir Ian Wood
Chairman, Nominations Committee

Who is on the Nominations Committee?

The Nominations Committee comprised the Chairman and all of the independent non-executive directors as follows:

- Sir Ian Wood (Chairman)
- M Contie
- I D Marchant
- Dr C Masters
- J C Morgan
- D J Ogren
- N H Smith
- D K Woodward

How does the Committee discharge its responsibilities?

The Committee meets at least once a year, and has written terms of reference setting out its roles and responsibilities.

Main responsibilities:

- reviewing Board structure, size and composition
- making recommendations to the Board with regard to any changes
- identifying and nominating candidates for the approval of the Board
- filling Board vacancies
- ensuring succession plans are in place

The Committee met once during 2010.

Governance

Corporate governance continued

Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the Group's internal financial controls, monitoring the integrity of the Group's financial statements and internal and external audit functions. The Audit Committee aims to promote high standards of corporate governance by ensuring robust and effective financial and audit controls.



Dr Christopher Masters
Chairman, Audit Committee

Who is on the Audit Committee?

The Audit Committee comprises four independent non-executive directors: Dr C Masters (Chairman), I D Marchant, J C Morgan and D K Woodward. In line with the requirements of the Code, the Board considers that I D Marchant has recent and relevant financial experience.

The Committee meets at least three times a year, and has written terms of reference setting out its roles and responsibilities, including:

- reviewing the effectiveness of the Group's financial controls
- monitoring the integrity of the Group's financial statements and its interim and preliminary announcements
- monitoring and assessing the effectiveness of the Group's internal audit function
- reviewing the terms of engagement and independence of the external auditors
- assessing the audit process and the effectiveness of the external auditors to supply non audit services, in accordance with Group policy
- reporting to the Board, identifying any matters in respect of which it considers that action or other improvement is needed and making recommendations as to the steps to be taken

How does the Committee discharge its responsibilities?

The Committee met four times in 2010. Attendance at Committee meetings is at the invitation of the Chairman of the Committee; and the Group Finance Director, Group Financial Controller, Head of Internal Audit and the external auditors are generally invited to attend. The Head of Internal Audit and the external auditors have the right of direct access to the Chairman of the Committee at all times and to meet the Committee without management present.

During 2010 the Committee:

- reviewed the Annual Report for 2009 and the Interim Report for 2010
- reviewed the effectiveness of the Group's internal financial controls
- discussed with management and the external auditors significant issues and areas of financial risk, accounting principles, practices and judgements
- considered with the external auditors the significant matters arising from the annual external audit
- reviewed reports prepared by the internal audit function together with management's response and the actions taken
- focused on complex or unusual transactions and judgemental areas

Re-appointment of external auditors

PricewaterhouseCoopers LLP (PwC) have been the Group's external auditors since the Group became a publicly listed company in 2002. The ongoing effectiveness of the external auditors is considered by the Audit Committee on an annual basis as described below. Notwithstanding the length of their tenure, to date the Committee has been satisfied with the effectiveness of the external auditors and have not considered it necessary to require PwC to tender for the external audit work. The re-appointment of the external auditors is submitted for approval by the shareholders annually at the Annual General Meeting.

To assess the effectiveness of the external auditors, the Committee has reviewed the standing, experience and tenure of the external audit lead partner, the arrangements for ensuring the independence and objectivity of the external auditors, the nature and level of services provided, including the robustness of the external auditors handling of key judgmental areas and the quality of the external auditors' interaction with, and reporting to, the Committee.

There are no contractual obligations that restrict the Group's choice of external auditors.

External auditor independence and non-audit services

The Committee has overall responsibility for ensuring that the external auditors' independence and objectivity is not compromised.

One of the key risks to external auditor independence is the provision of non audit services by the external auditor. The Committee considers and approves fees in respect of non audit services provided by the external auditors in accordance with the Group's policy in this area, which is set out in the Audit Committee's terms of reference. The cost of non audit services provided in 2010 is reported in note 3 to the financial statements. In the opinion of the Committee, the provision of these non-audit services did not impair PwC's independence.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that has been in place for the year under review and up to the date of approval of this annual report. The process is regularly reviewed by the Board and is in accordance with the revised guidance on internal controls published in October 2005 by the Turnbull Review Group: "Internal Control – Revised Guidance for Directors on the Combined Code". The Group, for the purposes of applying the Turnbull Review Group guidance referred to above, comprises John Wood Group PLC, its subsidiaries and joint ventures.

Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements of the ongoing procedures which the directors have established to review the effectiveness of the system of internal control on an annual basis are listed to the right.

As a result of these ongoing procedures the Board's assessment was that the internal control environment was operating effectively.

Ongoing procedures

Overall control environment – The Group has a clear organisational structure for the control and monitoring of its businesses, including defined lines of responsibility and delegation of authority. The Group has issued policies which define the standards of business conduct and include Accounting Policies, Contract Risk Management and Review; Health, Safety and Environment; and Business Ethics. Consistent with the Business Ethics Policy, advice lines have been established to enable staff and third parties to raise ethical concerns in confidence.

For further details please refer to the **Ethics section of Corporate Social Responsibility** on page 29.

Risk identification and management – The Board formally reviews the Group's exposure to key business risks at least once a year including the controls in place and management action plans. In addition the Board receives regular updates from management on specific risks and actions. Each division's management team is responsible for the process of identification and evaluation of significant operational, financial and compliance risks and for the design and operation of effective internal controls.

For further details please refer to **Principal risks and uncertainties** on pages 22 and 23.

Monitoring of the internal control systems – The Board has agreed certain reporting procedures to monitor key risk areas on an ongoing basis, including health and safety, legal and financial matters. The Audit Committee has been delegated the responsibility to review the effectiveness of the internal financial control systems implemented by management. It is assisted by the internal auditors and, where appropriate, the external auditors. The Chairman of the Audit Committee regularly reports to the Board on their discussions.

Information and communication – The Group has a comprehensive system for reporting performance to the Board. This includes monthly and quarterly reports. The quarterly reports include a detailed financial review against budgets, and, twice a year, revised forecasts. The executive directors also receive detailed monthly financial reports and meet on a monthly basis to discuss financial performance and other operational matters. In addition, each division holds Quarterly Review Meetings (QRMs) involving discussions with senior managers and certain of the executive directors. The Chief Executive and the Group Finance Director normally attend the QRMs.

Governance

Corporate governance continued

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operational Review on pages 8 to 23. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 to 21. In addition, note 17 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with the cash inflows generated from its existing activities as set out in note 26 to the financial statements. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Having made the appropriate enquiries including a review of cash flow projections and key sensitivities, the directors consider, in accordance with the Code, that the business is a going concern. Adequate resources exist for the Group to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group and the parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRSs as adopted by the European Union, and with regard to the parent company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on page 36 and 37, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the directors' report on page 38 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report." Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Governance

Directors' remuneration report

This is the Board's report to shareholders on directors' remuneration and covers both executive directors and non-executive directors. It has been prepared by the Remuneration Committee and has been approved by the Board. This report is subject to the approval of shareholders at the Annual General Meeting (AGM).



John Morgan
Chairman, Remuneration Committee

Contents

Letter from the Chairman of the Remuneration Committee

Part 1	Executive directors' remuneration
a)	Remuneration Committee
b)	Remuneration policy
c)	Remuneration arrangements for executive directors
i)	Basic salary and benefits
ii)	Annual bonus
iii)	Long-term incentives
iv)	Pensions*
d)	Service contracts
Part 2	Non-executive directors' remuneration
a)	Remuneration policy
b)	Annual fee structure
c)	Remuneration of non-executive directors in 2010*
Part 3	Additional statutory and other disclosures
a)	Summary of executive directors' emoluments in 2010*
b)	Total Shareholder Return (TSR) performance graph
c)	Long-term incentives*
i)	Long-Term Incentive Scheme (LTIS)
ii)	Long-Term Incentive Plan (LTIP)
iii)	Long-Term Retention Plan (LTRP)
iv)	Executive Share Option Schemes (ESOS)
d)	Share options table*
e)	Directors' interests

* Audited

Unless otherwise noted, the disclosures in the Directors' remuneration report are un-audited.

Letter from the Chairman of the Remuneration Committee

Dear Shareholder

The Remuneration Committee continues to believe that the structure for executive pay within the Group is sound. The balance of base salary, annual bonus and long-term incentive, underpinned by a clear and rigorous process for setting both personal and business objectives, an appropriate level of deferral and internal and external transparency should, we believe, continue to give our shareholders confidence in the process.

Last year we reported that base salaries for the Executive Directors would again be held at 2008 levels for 2010. After two years with no base salary adjustment the Committee has agreed to a 3% increase in Executive Director base salaries for 2011.

Annual bonuses for Executive Directors have been capped at 100% of salary with half the payment deferred for 2 years. The weighting of objectives is 70% financial performance and 30% personal objectives including HSE. The bonus awards in respect of 2010 performance range from 52.7% of salary to 93.7%. This spread reflects the financial performance relative to budget in the different business areas and the differences in personal objective achievement by the individual Executive Directors.

We have carried out an evaluation of bonus levels in similar companies and believe that the 2010 arrangement was at the low end of the competitive spectrum. The Committee has agreed that from 2011 the maximum annual bonus award (including the deferred element) for the Executive Directors will increase to 125% of salary. For certain other senior executives the maximum level will rise to up to 100%.

The first three year cycle of the LTIP concluded at end 2010. The LTIP is intended to focus and incentivise the Executive Directors and an extended team of some 35 key senior managers and at the same time to function in support of retention. For Executive Directors the targets are based 75% on growth in adjusted earnings per share and 25% on TSR performance relative to an industry peer group. The targets for the first cycle were set at end 2007, before the economic downturn. As we reported last year, it was clear from early in 2009 that the EPS targets could not be achieved in the changed environment and we decided that these targets should not be adjusted. However I am pleased to report

Governance

Directors' remuneration report continued

that TSR performance relative to the peer group has earned a payment for this cycle.

At this stage the potential Group level award for cycle 2 appears to be significantly higher, although the outcome is obviously dependent on 2011 performance. The Committee believes that a significant award in cycle 2 would be beneficial with respect to retention over a period that will hopefully see continuing market recovery.

The Group has announced the proposed acquisition of PSN and sale of the Well Support division. Following the completion of these two transactions in 2011, we will set the targets for LTIP cycle 4 (2011-13) and disclose these in our 2011 Remuneration Report.

The Remuneration Committee has agreed to a special incentive to J Renfro of up to \$4.7m in recognition of the contribution he has made towards the recently announced sale of the Well Support division and his continuing motivation and leadership of the senior Well Support team. He will also, under this arrangement, forego his entitlement under the 2009-11 and 2010-12 cycles of the LTIP. This incentive will be payable following completion of the sale.



John Morgan
Chairman, Remuneration Committee

Part 1 Executive directors' remuneration

1a) Remuneration Committee

The Committee advises the Board on executive remuneration and sets the remuneration packages of each of the executive directors. The Committee has a written charter and is comprised solely of independent non-executive directors. During the year, the members were:

- J C Morgan (Chairman)
- M Contie
- D J Ogren
- N H Smith

The Committee charter is publicly available on the Group's website.

At the invitation of the Chairman of the Committee, the Chairman and Chief Executive attended meetings in 2010, except when their own remuneration was being discussed, to provide advice on setting remuneration for other executive directors. In addition, the Group Head of Human Resources, provided advice and was Secretary to the Committee.

The aim of the Committee is to establish an overall remuneration structure which will:

- attract, retain and motivate key executives
- reflect the size and complexity of the Group's business
- consider executives' individual responsibilities and geographical location
- clearly align remuneration with the Group's long-term strategy and maximising shareholder value
- consider executive remuneration within the broader setting of pay conditions elsewhere within Wood Group

The Committee aims to reflect best practice wherever possible and, in setting remuneration policy, gives full consideration to the relevant provisions of the Combined Code and the Directors' Remuneration Report Regulations 2002.

During the year ended 31 December 2010, the Committee met twice to discuss the key remuneration issues arising and the operation of the remuneration policy. The following table sets out what the Committee covered at each of the meetings over the course of the year.

What was on the Remuneration Committee Agenda for 2010?

Meeting	Regular Standing items	Other agenda items
24 Feb 2010	<ul style="list-style-type: none"> • Confirmation of executive directors' salaries for 2010 • Confirmation of executive directors' annual bonuses for 2009 • Review and approval of DRR 2009 • Review of March 2010 grant of LTRP and ESOS • Review of LTIP performance targets for cycles 2 & 3 	<ul style="list-style-type: none"> • Change to LTIP Group performance measures for Senior Executives from Group EBITA/ROCE to AEPS and TSR, consistent with Group Directors. • Approval of LTIP participants and no change to existing TSR Peer Group or maximum award level for cycle 3. • Discussion of UK and US income tax changes and their impact on executive remuneration. • Approval of changes to LTIP early leaver provisions and treatment of exchange rates.
7 Dec 2010	<ul style="list-style-type: none"> • Setting of executive directors' salaries for 2011 • Estimate of Senior Management Incentive Plan (SMIP) bonuses for 2010 • Review of availability of LTRP and stock options for 2011 • Review of draft DRR 2010 	<ul style="list-style-type: none"> • Review of LTIP performance targets for cycles 2 & 3 • Discussion of changes to structure of SMIP for Group Directors and Senior Executives with effect from 1 January 2011.

1b) Remuneration policy

Each year, the Committee reviews the remuneration policy for executive directors and other key senior executive managers, taking into account both the external market and the company's strategic objectives over the short and the medium term. The Committee reviews the level of rewards that are offered by other companies, including those within comparable sectors and geography as well as those of comparable size and complexity in other sectors. Given that the Group operates in specialised and international markets, regard is also given to remuneration of peers within the same industry sector.

As noted above, one of the Committee's key objectives is to align the remuneration of executive directors with the long-term strategy of the Group and with maximising shareholder value. In order to do this, remuneration packages comprise fixed and variable performance related elements.

The Committee monitors the participation of senior executives in the Group's short-term and long-term incentive arrangements and reviews the levels of compensation for internal equity and external competitiveness.

	Component	Purpose	Performance period	Methodology in determining award
Fixed	Basic salary	Attraction and retention	Not applicable	Individual responsibilities and geographical location
	Benefits and pension	Attraction and retention	Not applicable	Established market practice in relevant geographical areas
Variable	Annual bonus	To provide incentives to deliver performance targets and encourage retention	One year, a portion of which is deferred for two years	Achievement of financial performance targets and personal objectives
	Long-term incentive schemes	To provide incentive to achieve long-term value for shareholders and encourage retention	Three years, a portion of which is deferred for a further two years	Achievement of long-term financial performance against predetermined targets and TSR

1c) Remuneration arrangements for executive directors

The current remuneration arrangements for executive directors are summarised in the table below:

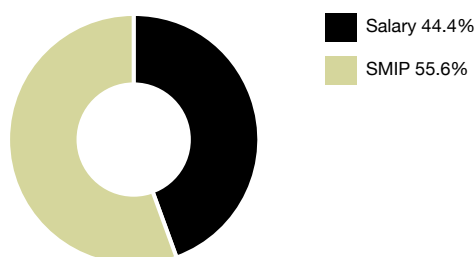
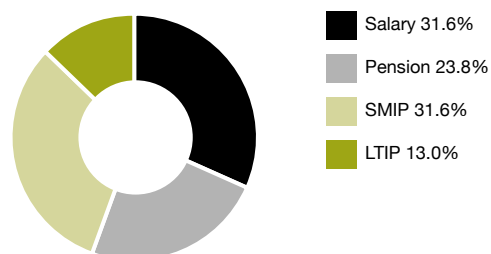
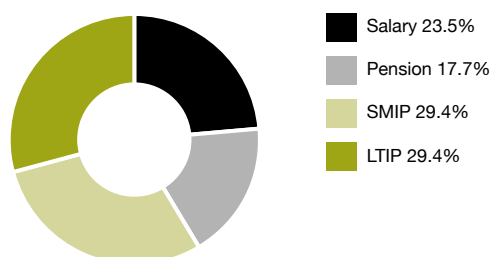
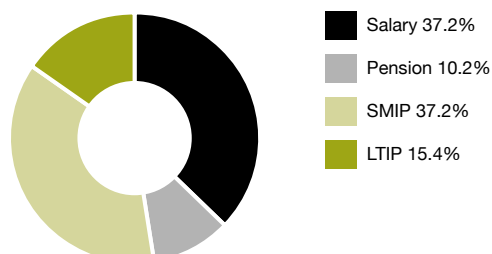
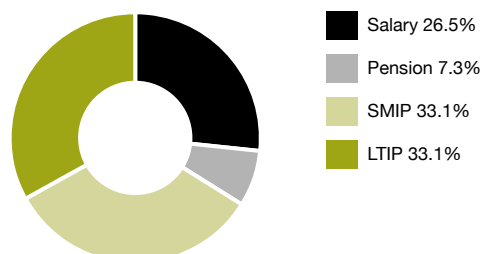
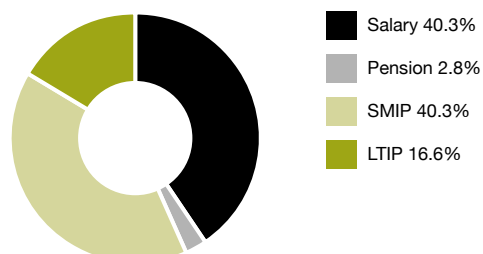
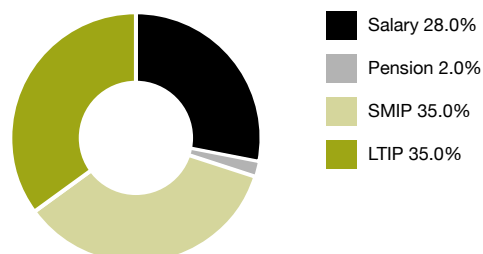
2011 UK executive directors					
£'000	Sir Ian Wood Chairman	A G Langlands Chief Executive	M H Papworth	M Straughen	L J Thomas
Basic salary from 1 Jan 2011	258	494	314	314	314
On target bonus (% of salary)	100%	100%	100%	100%	100%
Maximum bonus (% of salary)	125%	125%	125%	125%	125%
% of bonus earned deferred for two years	50%	50%	50%	50%	50%
Maximum LTIP award (% of salary)	0%	125%	125%	125%	125%
LTIP award (% of salary) end of three-year cycle	0%	100%	100%	100%	100%
LTIP award (% of salary) deferred for further two years	0%	25%	25%	25%	25%
Pension arrangement	No benefits provided since 2007 as beyond normal retirement age	Defined benefit pension scheme	Defined benefit pension scheme	Cash allowance	Defined benefit pension scheme
Benefits	A car allowance, private medical / dental insurance, cash payments in lieu of pension benefits over defined benefit scheme pension cap				

2011 US-based executive directors		
\$'000	A G Sample	J B Renfroe
Basic salary from 1 Jan 2011	592	515
On target bonus (% of salary)	100%	100%
Maximum bonus (% of salary)	125%	125%
% of bonus earned deferred for two years	50%	50%
Maximum LTIP award (% of salary)	125%	125%
LTIP award (% of salary) end of three-year cycle	100%	100%
LTIP award (% of salary) deferred for further two years	25%	25%
Pension arrangement	Defined benefit pension scheme	Defined contribution pension scheme
Benefits	A company car / allowance and contributory health and welfare cover	

Governance

Directors' remuneration report continued

Remuneration arrangements for executive directors from 1 January 2011

SIR IAN WOOD**"On-target" Performance %****"Maximum" Performance %****A G LANGLANDS****"On-target" Performance %****"Maximum" Performance %****A G SEMPLE****"On-target" Performance %****"Maximum" Performance %****OTHER EXECUTIVE DIRECTORS****"On-target" Performance %****"Maximum" Performance %****Notes**

1) Pension is the transfer value of the increase in pension entitlement (excluding inflation) as disclosed on page 50.

2) SMIP on-target performance assumes achievement of all personal objectives and budgeted financial performance.

3) LTIP on-target performance is based on the achievement of threshold levels of AEPS and TSR and assumes no change in share price between grant and award.

• Basic salary and benefits

Salary levels are reviewed and approved annually by the Committee and in 2010 remained unchanged at the 2009 and 2008 levels. The Committee has approved a salary increase of 3% effective from 1 January 2011.

• Annual bonus

Executive directors are eligible for annual bonuses to encourage improved performance, with targets established by the Committee to align executive directors' interests with shareholders. The Committee have approved the increase of maximum bonus potential from 100% to 125% from 1 January 2011.

Measure	Proportion	Objective				
Financial performance	70%	The Group's financial performance is measured against annual budgets, comprising both an EBITA and a capital efficiency measure	EBITA			
			Achievement	Threshold 85%	Budget 100%	Maximum 115%
			Payment – % of salary	0%	35%	49%
			OCER (see page 21)			
			Achievement	110%	100%	90%
			Payment – % of salary	0%	15%	21%
			Total payment – % of salary	0%	50%	70%
Personal objectives	30%	Performance is measured annually against agreed personal objectives aimed at achievement of the Group's business goals	Typical personal objectives include:			
			Business development		Process improvements	
			Cost control		Strategy	
			Health, Safety and Environmental targets		Working capital control	
			People development			

During 2010 overall individual bonus payments, including the deferred element, ranged from 52.7% to 93.7% of basic salary.

• Long-term incentives

Long-term incentives play an important role in the retention and motivation of executive directors and senior executives, consistent with our goal of maximising shareholder value. In this respect the Group has put in place a number of long-term incentive schemes. Details of the schemes follow in section 3c, but the table below summarises the schemes:

Long-term incentive	Description
LTIS	Introduced in 2005 for executive directors and around 35 senior executives, the LTIS provided incentives for performance over a three-year period to 31 December 2007. The final awards under this scheme vested in March 2010.
LTIP	Introduced in 2007 for executive directors and around 35 senior executives, this is a replacement for the LTIS above and is designed to provide incentives for three-year rolling performance cycles commencing 1 January 2008.
LTRP	Introduced in 2003, the LTRP is designed to align rewards to financial performance and results in the awarding of Wood Group par value options to participants. Since the introduction of the LTIS and LTIP this scheme has primarily been aimed at a group of around 390 employees in the layer below those participating in the LTIP.
ESOS	Established in 2002, the ESOS provide for the grant of options to executive directors, senior executives and other employees. There are currently around 580 participants across the Group. No awards have been made to executive directors since 2005.

Sir Ian Wood does not participate in any of the long-term incentive schemes.

• Pensions (audited)

Pension benefits to UK executive directors

The benefits and terms for the UK-based executive directors who are active members of the John Wood Group PLC Retirement Benefit Scheme (JWG RBS), which is a defined benefit pension scheme, are shown in the following table. Benefits within the JWG RBS are provided on a Career Average Revalued Earnings (CARE) basis. In April 2010 Salary Sacrifice was introduced and this has been approved by HMRC.

	Retirement age	Employee contributions	Life assurance	Accrual rate	Death in service benefits
A G Langlands	60	Non-Contributory	4 x basic salary	1/40th	Two-thirds
M H Papworth	65	7.5% of pensionable salary, subject to pension cap	4 x basic salary	1/60th	One-half
L J Thomas	65	7.5% of pensionable salary, subject to pension cap	4 x basic salary	1/60th	One-half

Governance

Directors' remuneration report continued

A scheme specific pensionable earnings cap of £127,800 was set in April 2010 (2009: £126,000) escalating at Retail Price Index (RPI) plus 1.25% per annum.

Pension increases are set at the rate of increase in RPI capped at 5% per annum for service from 6 April 1997 to 30 June 2005, and the rate of increase in RPI, capped at 2.5% per annum for service from 1 July 2005.

Death in service benefits entitle the surviving spouse or dependants to a pension based on a percentage of that which would have been received at normal retirement date based on basic salary at the date of death.

Benefits provided to A G Langlands in excess of the pension cap are provided by way of an unfunded, unapproved arrangement. Final pensionable salary for A G Langlands is capped from 6 April 2010 at £445,748 per annum increasing at RPI plus 1.25%.

M H Papworth and L J Thomas receive a cash contribution in lieu of pension benefits above the pension cap equal to 10% of the difference between base salary and the level of pension cap. M Straughen receives a cash payment of 10% of base salary in lieu of pension provision.

The UK directors below had the following accrued entitlements under the JWG RBS at 31 December 2010. For A G Langlands the figures include entitlements under an unfunded, unapproved arrangement.

£'000	Age at 31 December 2010	Accumulated total accrued annual pension at 31 December 2009	Increase in accrued annual pension (including inflation)	Increase in accrued pension (excluding inflation)	Accumulated total accrued annual pension at 31 December 2010
A G Langlands	52	204	25	16	229
M H Papworth	45	10	2	2	12
L J Thomas	53	12	2	2	14

£'000	Transfer value of increase in pension entitlement (excluding inflation)	Transfer value of accrued benefit at 31 December 2009	Increase in transfer value of pension entitlement less member contributions	Member contributions	Transfer value of accrued benefit at 31 December 2010
A G Langlands	372	4,376	828	0	5,204
M H Papworth	16	107	21	2	130
L J Thomas	20	162	28	2	192

Pension benefits to US-based executive directors

US-based executive directors are entitled to participate in the Wood Group 401k plan which is a defined contribution scheme. In addition they are entitled to participate in a Non-Qualified Deferred Compensation Plan which provides a company contribution based upon the level of employee deferrals.

A G Semple is provided with a pension arrangement of a defined benefit nature, providing an equivalent level of benefits to that provided in the JWG RBS. If he dies in pensionable service, his surviving spouse or dependants are entitled to a pension of half of the pension that would have been received at normal retirement date based on the final pensionable salary at the date of death. Final pensionable salary is capped from 6 April 2010 at \$574,495 per annum, increasing at RPI plus 1.25%.

J B Renfroe's benefits are provided in defined contribution form. During the year the Group's contribution on his behalf to a 401k plan amounted to \$12,250 (2009: \$12,250)

A G Semple and J B Renfroe are provided with life assurance cover of approximately four times basic salary.

A G Semple had the following accrued entitlements:

\$'000	Age at 31 December 2010	Accumulated total accrued annual pension at 31 December 2009	Increase in accrued annual pension (including inflation)	Increase in accrued pension (excluding inflation)	Accumulated total accrued annual pension at 31 December 2010
A G Semple	51	128	16	9	144

\$'000	Transfer value of increase in pension entitlement (excluding inflation)	Transfer value of accrued benefit at 31 December 2009	Increase in transfer value of pension entitlement less member contributions	Member contributions	Transfer value of accrued benefit at 31 December 2010
A G Semple	163	2,485	562	43	3,091

1d) Service contracts

	Contract date	Notice Period
Sir Ian Wood	1 May 2002	12 months
A G Langlands	1 May 2002	12 months
A G Semple	1 May 2002	12 months
M H Papworth	16 January 2006	12 months
J B Renfroe	28 January 2008	6 months
M Straughen	23 April 2007	6 months
L J Thomas	19 May 2004	12 months

It is the Committee's view that these contractual notice periods continue to be appropriate. None of the service contracts provides for pre-

determined amounts of compensation in the event of early termination. On termination of service contracts by the Group, in certain circumstances executive directors are entitled to the payment of their salary and benefits in kind provided that they will be subject to a general duty to mitigate their loss. Equity awards on termination are treated in accordance with the plan rules. Within contractual constraints, the Committee will endeavour to ensure that executive directors do not receive such payments if they believe that their performance has had a detrimental effect on shareholder value.

Executive directors are not permitted to accept external directorships or other significant appointments without the Chief Executive's prior consent and, in the case of the Chief Executive, the Chairman's consent.

Part 2 Non-executive directors' remuneration

2a) Remuneration policy

Non-executive directors are paid directors' fees, which reflect the commitment expected of them, and are reimbursed all necessary and reasonable expenses in the performance of their duties. Additional fees are paid in respect of attendance at each Remuneration Committee, Audit Committee and for one paid meeting of the Nominations Committee per annum. Non-executive directors do not participate in the Group's annual bonus, share option, LTRP, LTIS, LTIP or pension plans. The non-executive directors have each entered into letters of engagement addressing remuneration, services to be provided, conflicts of interest and confidentiality. Subject to the requirement for retirement by rotation under the Articles of Association, the letters of engagement do not have fixed terms and are terminable with up to 90 days' written notice.

2b) Annual fee structure

Annual director's fee	£40,000
Committee attendance fee per meeting	£1,000
Nominations committee attendance fee per annum	£1,000

Non-executive directors can elect to be paid in either pounds sterling or in US dollars at the applicable exchange rate at the time of payment. There are no changes to the structure or level of non-executive directors' fees for 2010.

2c) Remuneration of non-executive directors in 2010 (audited)

£'000	Annual director's fee	Committee attendance	2010 Total	2009 Total
Dr C Masters	40	5	45	44
*M Contie	34	3	37	-
I D Marchant	40	5	45	44
J C Morgan	40	7	47	47
D J Ogren	40	3	43	44
N H Smith	40	2	42	44
D K Woodward	40	5	45	44

* M Contie commenced 24 February 2010.

Part 3 Additional statutory and other disclosures

3a) Summary of executive directors' emoluments in 2010 (audited)

UK executive directors' emoluments:

£'000	Basic salary (1)		Annual bonus (2)				Benefits (3), (4)		Total	
	2010	2009	Cash bonus		Deferred bonus		2010	2009	2010	2009
			2010	2009	2010	2009				
Sir Ian Wood	250	250	105	76	105	76	14	14	474	416
A G Langlands	480	480	202	144	202	144	14	14	898	782
M H Papworth	305	305	80	77	80	77	31	31	496	490
M Straughen	305	305	131	81	131	81	43	43	610	510
L J Thomas	305	305	102	117	102	117	31	31	540	570

US-based executive directors' emoluments:

\$'000	Basic salary		Annual bonus				Benefits		Total	
	2010	2009	Cash bonus		Deferred bonus		2010	2009	2010	2009
			2010	2009	2010	2009				
A G Semple	575	575	248	181	248	181	30	25	1,101	962
J B Renfroe (5)	500	481	234	168	234	234	25	25	993	842

(1) Since 6 April 2002, the only element of remuneration that is pensionable is basic salary.

(2) The bonus figures relate to amounts earned in respect of the year ended 31 December 2010. The cash bonuses will be paid by 31 March 2011. The deferred bonuses will be paid after a two year deferral period and are subject to forfeiture under certain circumstances.

(3) Benefits paid to M H Papworth and L J Thomas included cash payments in lieu of pension benefits above the scheme specific cap.

(4) Benefits paid to M Straughen include a cash allowance in lieu of pension benefits.

(5) J B Renfroe, consistent with cost reduction measures introduced in Well Support, requested a reduction in basic salary from \$500,000 to \$475,000 from 1 May 2009. This was reinstated from 1 January 2010.

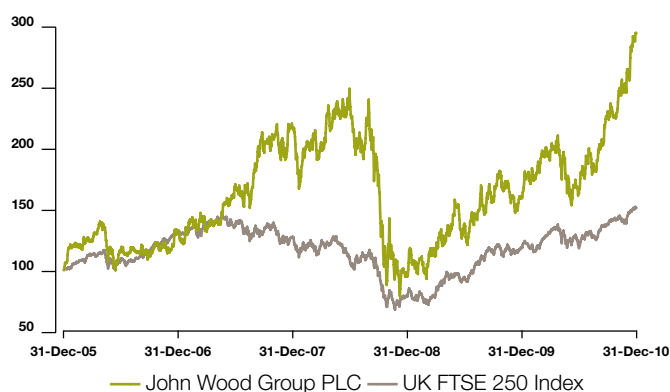
Governance

Directors' remuneration report continued

3b) TSR performance graph

As the Company is listed in the UK FTSE 250 index, by way of providing a reasonable TSR comparison, the graph below compares the TSR on a holding of shares in John Wood Group PLC with the TSR on a holding of shares in the companies in the UK FTSE 250 index for the last five financial years.

TSR Wood Group and FTSE 250, over the last five years, rebased to 100

**3c) Long-term incentives (audited)**

All shares and options issued under the following long-term incentives operate, in aggregate, within the ABI dilution limits in terms of the issue of new shares.

(i) LTIS

The Committee introduced the LTIS for executive directors (excluding the Chairman) and around 35 key senior executives in 2005. The final shares granted under the LTIS in March 2008 vested and were exercised in March 2010.

	Shares awarded March 2008
A G Langlands	392,694
A G Semple	281,913
M H Papworth	359,818
L J Thomas	296,804

(ii) LTIP

The LTIP scheme was approved by the shareholders at the 2007 AGM and is based on three-year rolling performance cycles.

- The first cycle began on 1 January 2008 and ended on 31 December 2010 "the 2008-10 cycle"
- The second cycle began on 1 January 2009 and ends on 31 December 2011 "the 2009-11 cycle"
- The third cycle began on 1 January 2010 and ends on 31 December 2012 "the 2010-12 cycle".
- The fourth cycle commenced on 1 January 2011 and ends on 31 December 2013. "The 2011-13 cycle".

It is anticipated that a new performance cycle will begin on 1 January 2012.

Participation

Participation in the LTIP scheme is limited to executive directors and those other key senior executives who, in the opinion of the Committee, are able to materially influence the achievement of the Group's long-term business goals. The Group executive directors and around 35 key senior executives participate.

Awards

Awards are a combination of shares and restricted shares. The inclusion of a provision that 20% of any award earned over the performance cycle must be deferred for a further two years, in forfeitable restricted shares, is intended to provide encouragement for key executive talent to remain with the Group in the long-term. The first, second, third and fourth cycles for executive directors are based at a maximum of 125% of base salary and the market value of a Wood Group ordinary share and exchange rate at the beginning of the performance cycle. For subsequent performance cycles the Committee has the discretion to increase the maximum level of an award, if this is deemed necessary to maintain a competitive remuneration package, up to a level of 150% of base salary.

Performance measures

The performance measures have been chosen in light of their appropriateness to the strategic objectives of the Group, and targets are set against these measures at the commencement of each performance cycle. During the course of a performance cycle, the Committee has the discretion to adjust the achievement levels, but only so that the new levels are considered as demanding as those first set.

The measurement criteria for executive directors are

- **TSR – 25% of performance incentive**
- **Adjusted Diluted Earnings per Share (AEPS) – 75% of performance incentive**

The TSR of the Group for the first three cycles is compared to a peer group comprising Aker Kvaerner, AMEC, Baker Hughes, Cameron International, Fluor, FMC, Foster Wheeler, Halliburton, Jacobs Engineering, KBR, National Oilwell Varco, Petrofac, Saipem, SBM Offshore, Schlumberger, Sulzer, Technip, Weatherford International, The Weir Group and Worley Parsons. The Committee has the discretion to choose and amend the peer group and during 2008 two companies previously included were removed from the peer group following their delisting. In all cycles no awards will be made for less than the 'threshold' performance, or 50th percentile. On reaching the 'threshold', one-third of the TSR-related element will become payable and on reaching the 'maximum' performance, or 75th percentile, 100% of the TSR element will become payable. For achievement level between 'threshold' and 'maximum' performance the allocation will be on a straight line basis.

Directors are measured on the absolute increase in AEPS year-on-year. The AEPS targets for 2008-10 were set at 44.8 cents at the 'threshold', when one-third of the AEPS element became payable, and 58.6 cents at the 'maximum', when 100% of the AEPS element became payable. Given the global economic climate since the 2008-10 targets were set, the Committee considered revising the targets for the 2008-10 cycle, however elected not to do so.

The 2008-10 Cycle

Although the Group failed to achieve the AEPS threshold targets for the 2008-10 cycle it was ranked 7th out of 21 peer companies for TSR purposes resulting in a partial award for all participants.

LTIP 2008-10 Cycle	Total shares awarded	Shares awarded in March 2011	Shares deferred for award until March 2013
A G Langlands	33,372	26,697	6,675
A G Semple	20,083	16,066	4,017
M H Papworth	21,205	16,964	4,241
J B Renfroe	17,463	13,971	3,492
M Straughen	21,205	16,964	4,241
L J Thomas	21,205	16,964	4,241

The 2009-11 Cycle

The AEPS targets were set at 40.3 cents at the 'threshold', when one-third of the AEPS element becomes payable, and 44.1 cents at the 'maximum', when 100% of the AEPS element becomes payable.

The 2010-12 Cycle

The AEPS targets were set at 43.8 cents at the 'threshold', when one-third of the AEPS element becomes payable, and 49.4 cents at the 'maximum', when 100% of the AEPS element becomes payable.

The 2011-13 Cycle

Targets for the 2011-13 cycle remain under consideration and will be finalised following the conclusion of the acquisition of PSN and the sale of the Well Support division and will be included in the 2011 report.

No awards will be made under the scheme unless the Committee is satisfied that the underlying competitive performance of the company justifies this.

The Remuneration Committee has agreed to a special incentive to J Renfroe of up to \$4.7m in recognition of the contribution he has made towards the recently announced sale of the Well Support division and his continuing motivation and leadership of the senior Well Support team. He will also, under this arrangement, forego his entitlement under the 2009-11 and 2010-12 cycles of the LTIP. This incentive will be payable following completion of the sale.

(iii) LTRP

The LTRP schemes and the proposed parameters of their operation were approved by shareholders at the 2003 AGM. There are currently around 390 participants across the Group.

The basis of the LTRP schemes is that an overall bonus pool is calculated annually based on growth in the Group's AEPS in the prior year. There is no bonus pool if the prior year AEPS growth was under the threshold of RPI plus 3%, with the maximum bonus pool paid, at an equivalent value to 5% of EBTA (earnings before tax, amortisation and non-recurring items) if the AEPS meets or exceeds RPI plus 10% in the prior year. In setting limits the Committee is of the view that they should be challenging but achievable.

To increase the retention value and to align with shareholder interests the annual awards from this notional bonus pool will be made wholly in shares under the LTRP schemes, which vest four years after award and will lapse under certain circumstances.

The level of share awards from the notional bonus pool to an individual will be calculated based on the market value of the shares at the time of grant. The method of granting these share awards will be by way of par value options, which will be exercisable between the fourth and fifth anniversary of grant. In the absence of exceptional circumstances, the LTRP scheme rules set one times annual salary as a maximum individual award from the notional bonus pool, although it is the Committee's intention that individual awards would not normally be more than 50% of annual salary.

No grants were made to the executive directors under the LTRP schemes in 2010.

(iv) ESOS

The Group adopted the John Wood Group PLC (No 1) 2002 Executive Share Option Scheme and the John Wood Group PLC (No 2) 2002 Executive Share Option Scheme (the Share Option Schemes) after approval by the shareholders on the listing of the Group in June 2002.

Options granted under the Share Option Schemes are exercisable between four and ten years from the grant date and options granted to executive directors are subject to the achievement of performance criteria.

The operation of the Share Option Schemes are subject to ongoing review by the Committee with regard to eligibility, level of allocation and frequency of issue, taking into account the practice of comparable companies.

No grants have been made to executive directors under the Share Option Schemes since May 2005.

Governance

Directors' remuneration report continued

3d) Share options table (audited)

	Date of grant	Earliest exercise date	Expiry date	Exercise price (per share)	Market value at date of exercise (per share)	Number as at 1 January 2010	Granted in 2010	Exercised in 2010	Number as at 31 December 2010
A G Langlands									
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						40,000	–	–	40,000
A G Semple									
Executive	02/04/2004	02/04/2008	02/04/2014	128½p		175,000	–	–	175,000
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						215,000	–	–	215,000
M H Papworth									
LTRP	12/04/2006	12/04/2010	12/04/2011	3½p	373.30p	50,000	–	50,000	–
LTRP	30/03/2007	30/03/2011	30/03/2012	3½p		100,000	–	–	100,000
LTRP	25/03/2008	25/03/2012	25/03/2013	3½p		100,000	–	–	100,000
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						290,000	–	50,000	240,000
J B Renfroe									
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						40,000	–	–	40,000
M Straughen									
LTRP	25/03/2008	25/03/2012	25/03/2013	3½p		50,000	–	–	50,000
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						90,000	–	–	90,000
L J Thomas									
Executive	02/04/2004	02/04/2008	02/04/2014	128½p		100,000	–	–	100,000
LTRP	18/04/2005	18/04/2009	18/04/2010	3½p	382.20p	50,000	–	50,000	–
Executive	19/05/2005	19/05/2009	19/05/2015	145p		100,000	–	–	100,000
LTRP	14/04/2009	14/04/2013	14/04/2014	3½p		40,000	–	–	40,000
						290,000	–	50,000	240,000

The market price of the Company's shares at 31 December 2010 was 559p and the range of mid market prices from 1 January to 31 December 2010 was 293p to 559p.

3e) Directors' interests

Details of the directors who held office during the year and up to the date of this report are set out on pages 36 and 37.

Details of directors' interests in the ordinary shares of the Company at 31 December 2010 were:

Beneficial interest	1 January 2010	31 December 2010
Sir Ian Wood	28,194,585	27,861,163
A G Langlands ⁽¹⁾	2,572,539	500,000
A G Semple	1,164,743	1,044,743
M H Papworth ⁽¹⁾	478,096	–
J B Renfroe	10,000	10,000
M Straughen	23,055	23,055
L J Thomas ⁽¹⁾	586,649	109,845
Dr C Masters	30,000	30,000
M Contie	–	5,959
I D Marchant	10,000	10,000
J C Morgan	41,050	41,050
D J Ogren	80,000	80,000
N H Smith	–	–
D K Woodward	27,000	27,000
Non-beneficial Interest		
Sir Ian Wood	62,901,656	63,235,078

At the date of this report the interests of the directors in the shares of the Company remain as stated.

During the year, Sir Ian Wood transferred 333,422 shares from his personal holding to the Wood Family Trust, a charity in which he has a non-beneficial interest as a Trustee.

Directors' interests in options over ordinary shares at 31 December 2010 are set out in section 3d of this report.

None of the directors has a material interest in any contract, other than a service contract, with the Company or any of its subsidiary undertakings, other than disclosed in note 33 to the financial statements.

There is no requirement for directors to hold an interest in the company.

(1) Shares held by Directors' connected persons are included at 1 January 2010 but not included at 31 December 2010. Holdings including connected persons at 31 December 2010 were:

A G Langlands	2,079,845
M H Papworth	248,278
L J Thomas	289,845

Financial statements

Financial statements

Group financial statements

56	Independent auditor's report
58	Consolidated income statement
59	Consolidated statement of comprehensive income
60	Consolidated balance sheet
61	Consolidated statement of changes in equity
62	Consolidated cash flow statement
63	Notes to the financial statements

Company financial statements

106	Independent auditor's report
108	Company balance sheet
109	Notes to the company financial statements

Additional information

119	Five year summary
120	Shareholder information

Independent auditor's report

to the members of John Wood Group PLC

We have audited the Group financial statements of John Wood Group PLC for the year ended 31 December 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Independent auditor's report

to the members of John Wood Group PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of John Wood Group PLC for the year ended 31 December 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Mark Higginson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
18 February 2011

Consolidated income statement

for the year to 31 December 2010

	Note	2010 \$m	2009 \$m
Revenue	1	5,063.1	4,927.1
Cost of sales		(4,001.1)	(3,870.1)
Gross profit		1,062.0	1,057.0
Administrative expenses		(746.2)	(722.7)
Exceptional items	4	(27.6)	(35.8)
Operating profit	1	288.2	298.5
Finance income	2	2.3	2.5
Finance expense	2	(35.9)	(36.2)
Profit before taxation	3	254.6	264.8
Taxation	5	(88.8)	(100.6)
Profit for the year		165.8	164.2
Profit attributable to:			
Owners of the parent		166.0	163.2
Non-controlling interests	25	(0.2)	1.0
		165.8	164.2
Earnings per share (expressed in cents per share)			
Basic	7	32.4	32.1
Diluted	7	31.3	31.2

The notes on pages 63 to 104 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

for the year to 31 December 2010

	Note	2010 \$m	2009 \$m
Profit for the year		165.8	164.2
Other comprehensive income			
Actuarial gains/(losses) on retirement benefit liabilities	29	1.0	(8.4)
Movement in deferred tax relating to retirement benefit liabilities		(0.3)	2.4
Cash flow hedges	24	3.3	2.4
Net exchange movements on retranslation of foreign currency net assets	24	3.1	12.6
Total comprehensive income for the year		172.9	173.2
Total comprehensive income for the year is attributable to:			
Owners of the parent		172.8	172.0
Non-controlling interests	25	0.1	1.2
		172.9	173.2

The notes on pages 63 to 104 are an integral part of these consolidated financial statements

Consolidated balance sheet

as at 31 December 2010

	Note	2010 \$m	2009 \$m
Assets			
Non-current assets			
Goodwill and other intangible assets	8	677.5	679.3
Property plant and equipment	9	238.2	254.2
Long-term receivables	12	43.4	8.0
Derivative financial instruments	17	0.1	-
Deferred tax assets	19	100.2	62.3
		1,059.4	1,003.8
Current assets			
Inventories	11	663.8	618.9
Trade and other receivables	12	1,050.8	987.4
Income tax receivable		25.2	29.8
Derivative financial instruments	17	1.2	6.0
Cash and cash equivalents	13	180.1	208.6
		1,921.1	1,850.7
Liabilities			
Current liabilities			
Borrowings	15	30.1	19.0
Derivative financial instruments	17	0.3	3.3
Trade and other payables	14	1,139.5	1,061.8
Income tax liabilities		60.8	53.0
		1,230.7	1,137.1
Net current assets		690.4	713.6
Non-current liabilities			
Borrowings	15	165.1	277.5
Derivative financial instruments	17	2.7	3.3
Deferred tax liabilities	19	2.3	7.9
Retirement benefit liabilities	29	33.3	34.3
Other non-current liabilities	16	82.0	59.7
Provisions	18	47.2	53.7
		332.6	436.4
Net assets		1,417.2	1,281.0
Equity attributable to owners of the parent			
Share capital	21	26.3	26.3
Share premium	22	315.8	315.8
Retained earnings	23	1,007.6	877.6
Other reserves	24	56.6	50.5
		1,406.3	1,270.2
Non-controlling interests	25	10.9	10.8
Total equity		1,417.2	1,281.0

The financial statements on pages 58 to 104 were approved by the board of directors on 18 February 2011.

Allister G Langlands, Director

Alan G Semple, Director

The notes on pages 63 to 104 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year to 31 December 2010

		Share Capital	Share Premium	Retained Earnings	Other Reserves	Equity attributable to owners of the parent	Non- controlling interests	Total Equity
	Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At 1 January 2009		26.2	311.8	760.2	35.7	1,133.9	13.1	1,147.0
Profit for the year		–	–	163.2	–	163.2	1.0	164.2
Other comprehensive income:								
Actuarial losses on retirement benefit liabilities	29	–	–	(8.4)	–	(8.4)	–	(8.4)
Movement in deferred tax relating to retirement benefit liabilities		–	–	2.4	–	2.4	–	2.4
Cash flow hedges		–	–	–	2.4	2.4	–	2.4
Net exchange movements on retranslation of foreign currency net assets		–	–	–	12.4	12.4	0.2	12.6
Total comprehensive income for the year		–	–	157.2	14.8	172.0	1.2	173.2
Transactions with owners:								
Dividends paid		–	–	(50.3)	–	(50.3)	(0.4)	(50.7)
Non-controlling interests acquired	25	–	–	–	–	–	2.7	2.7
Non-controlling interests disposed	25	–	–	–	–	–	(5.8)	(5.8)
Credit relating to share based charges		–	–	11.2	–	11.2	–	11.2
Tax credit relating to share option schemes		–	–	7.0	–	7.0	–	7.0
Allocation of shares to employee share trusts		0.1	4.0	(4.1)	–	–	–	–
Shares purchased by employee share trusts		–	–	(1.3)	–	(1.3)	–	(1.3)
Shares disposed of by employee share trusts		–	–	4.3	–	4.3	–	4.3
Exchange movements in respect of shares held by employee share trusts		–	–	(6.6)	–	(6.6)	–	(6.6)
At 31 December 2009		26.3	315.8	877.6	50.5	1,270.2	10.8	1,281.0
Profit for the year		–	–	166.0	–	166.0	(0.2)	165.8
Other comprehensive income:								
Actuarial gains on retirement benefit liabilities	29	–	–	1.0	–	1.0	–	1.0
Movement in deferred tax relating to retirement benefit liabilities		–	–	(0.3)	–	(0.3)	–	(0.3)
Cash flow hedges		–	–	–	3.3	3.3	–	3.3
Net exchange movements on retranslation of foreign currency net assets		–	–	–	2.8	2.8	0.3	3.1
Total comprehensive income for the year		–	–	166.7	6.1	172.8	0.1	172.9
Transactions with owners:								
Dividends paid		–	–	(53.1)	–	(53.1)	(1.1)	(54.2)
Non-controlling interests acquired	25	–	–	–	–	–	0.3	0.3
Investment by non-controlling interests	25	–	–	–	–	–	0.8	0.8
Credit relating to share based charges		–	–	16.7	–	16.7	–	16.7
Tax credit relating to share option schemes		–	–	12.5	–	12.5	–	12.5
Shares purchased by employee share trusts	23	–	–	(20.8)	–	(20.8)	–	(20.8)
Shares disposed of by employee share trusts	23	–	–	6.3	–	6.3	–	6.3
Exchange movements in respect of shares held by employee share trusts		–	–	1.7	–	1.7	–	1.7
At 31 December 2010		26.3	315.8	1,007.6	56.6	1,406.3	10.9	1,417.2

The notes on pages 63 to 104 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year to 31 December 2010

	Note	2010 \$m	2009 \$m
Cash generated from operations	26	394.5	545.5
Tax paid		(99.3)	(113.9)
Net cash from operating activities		295.2	431.6
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash and borrowings acquired)	27	(20.9)	(101.0)
Deferred consideration payments	27	(47.7)	(9.1)
Proceeds from disposal of businesses (net of cash and borrowings disposed)		–	10.7
Purchase of property plant and equipment		(54.4)	(54.0)
Proceeds from sale of property plant and equipment		5.6	6.6
Purchase of intangible assets		(15.6)	(14.4)
Proceeds from disposal of other intangible assets		–	0.6
Investment by non-controlling interests	25	0.8	–
Net cash used in investing activities		(132.2)	(160.6)
Cash flows from financing activities			
Repayment of bank loans		(97.3)	(155.0)
Purchase of shares in employee share trusts		(22.1)	–
Disposal of shares in employee share trusts		6.3	4.3
Interest received		2.3	2.5
Interest paid		(28.6)	(32.7)
Dividends paid to shareholders	6	(53.1)	(50.3)
Dividends paid to non-controlling interests	25	(1.1)	(0.4)
Net cash used in financing activities		(193.6)	(231.6)
Net (decrease)/increase in cash and cash equivalents		(30.6)	39.4
Effect of exchange rate changes on cash and cash equivalents		2.1	(6.9)
Opening cash and cash equivalents		208.6	176.1
Closing cash and cash equivalents	13	180.1	208.6

The notes on pages 63 to 104 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through the income statement.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of disposal as appropriate. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The Group's interests in joint ventures are accounted for using proportional consolidation. Under this method the Group includes its share of each joint venture's income, expenses, assets, liabilities and cash flows on a line-by-line basis in the consolidated financial statements. Transactions between Group subsidiaries are eliminated and transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

(a) Impairment of goodwill

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU (Cash Generating Unit) and reflect the latest Group budgets. The budgets are based on various assumptions relating to the Group's businesses including oil price, gas price, rig count, resource utilisation, foreign exchange rates, contract awards and contract margins.

(b) Revenue recognition

Revenue on lump sum contracts for services, construction contracts and fixed-price long-term service agreements is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. Use of the percentage of completion method requires the use of estimates in assessing the stage of completion reached.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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:

	2010	2009
Average rate £1 = \$	1.5459	1.5679
Closing rate £1 = \$	1.5657	1.6149

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Foreign currencies

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

In each individual entity, transactions in overseas currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Where more than one exchange rate is available, the appropriate rate at which assets can be readily realised and liabilities can be extinguished is used. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Where an entity's functional currency is in a hyperinflationary economy, the income statement and balance sheet of that entity will be translated into US dollars using the exchange rate at the reporting date where the impact of the change in exchange rate due to hyperinflation is material to the Group.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date.

The directors consider it appropriate to record sterling denominated equity share capital in the accounts of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue from services is recognised as the services are rendered, including where they are based on contractual rates per man hour in respect of multi-year service contracts. Incentive performance revenue is recognised upon completion of agreed objectives. Revenue from product sales is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is normally upon delivery of products and customer acceptance, if any. Where revenue relates to a multi-element contract, then each element of the contract is accounted for separately. Revenue is stated net of sales taxes (such as VAT) and discounts.

Revenue on lump-sum contracts for services, construction contracts and fixed price long-term service agreements is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be estimated reliably. Expected losses are recognised in full as soon as losses are probable. The net amount of costs incurred to date plus recognised profits less the sum of recognised losses and progress billings is disclosed as trade receivables/trade payables.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items include gains and losses on disposal of investments, write downs or impairments of assets including goodwill, restructuring costs or provisions, litigation settlements, acquisition costs and one-off gains and losses arising from currency devaluations.

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees in respect of the Group's borrowing facilities are amortised over the period to which the facility relates. Interest relating to the discounting of deferred consideration liabilities is recorded as finance expense.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders.

Goodwill

The Group uses the purchase method of accounting to account for acquisitions. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Acquisition costs relating to business combinations prior to 31 December 2009 were treated as part of the cost of acquisition and capitalised as goodwill. In accordance with IFRS 3 (revised) acquisition costs relating to business combinations completed on or after 1 January 2010 are expensed in the income statement.

Other intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, other intangible assets such as customer contracts are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives, as follows:

Computer software	3 – 5 years
Other intangible assets	1 – 10 years

Property plant and equipment

Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction. Transfers from PP&E to current assets are undertaken at the lower of cost and net realisable value.

Depreciation is calculated using the straight line method over the following estimated useful lives of the assets:

Freehold and long leasehold buildings	25 – 50 years
Short leasehold buildings	period of lease
Plant and equipment	3 – 10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments.

Impairment

The Group performs impairment reviews in respect of PP&E and other intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to the appropriate cash generating unit (CGU). The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Inventories

Inventories, which include materials, work in progress and finished goods and goods for resale, are stated at the lower of cost and net realisable value. Product-based companies determine cost by weighted average cost methods using standard costing to gather material, labour and overhead costs. These costs are adjusted, where appropriate, to correlate closely the standard costs to the actual costs incurred based on variance analysis. Service-based companies' inventories consist of spare parts and other consumables. Serialised parts are costed using the specific identification method and other materials are generally costed using the first in, first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Allowance is made for obsolete and slow-moving items, based upon annual usage.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less and bank overdrafts where there is a right of set-off. Bank overdrafts are included within borrowings in current liabilities where there is no right of set-off.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is determined by reference to previous experience of recoverability for receivables in each market in which the Group operates.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Deferred consideration

Where it is probable that deferred consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Changes in the estimated liability in respect of acquisitions completed before 31 December 2009 are reflected in goodwill. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, by the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedge); or (3) hedges of net investments in foreign operations (net investment hedge).

Where hedging is to be undertaken, the Group documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as its risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Group performs effectiveness testing on a quarterly basis.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in administrative expenses in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in administrative expenses in the income statement. Amounts accumulated in equity are recycled through the income statement in periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the currency translation reserve in equity; the gain or loss relating to the ineffective portion is recognised immediately in administrative expenses in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(d) Derivatives that are not designated as hedges

Certain derivatives, whilst providing effective economic hedges, are not designated as hedges. Changes in the fair value of any derivative instruments that are not designated for hedge accounting are recognised immediately in administrative expenses in the income statement.

Fair value estimation

The fair value of interest rate swaps is calculated as the present value of their estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date. The fair value of currency options is determined using market rates at the balance sheet date. The fair values of all derivative financial instruments are obtained from valuations provided by financial institutions. The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Fair value measurements are classified using the following hierarchy:-

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (market price) or indirectly (derived from prices) (Level 2); and
- (c) inputs for the assets or liabilities that are not based on observable market data (Level 3).

The Group's fair values of derivative financial instruments are measured using Level 2 techniques.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Operating leases

As lessee

Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the period of lease.

As lessor

Operating lease rental income arising from leased assets is recognised in the income statement on a straight line basis over the period of the lease.

Retirement benefit liabilities

The Group operates a defined benefit scheme and a number of defined contribution schemes. The liability recognised in respect of the defined benefit scheme represents the present value of the defined benefit obligations less the fair value of the scheme assets. The assets of this scheme are held in separate trustee-administered funds.

The defined benefit scheme's assets are measured using market values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in finance income/expense. Actuarial gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit scheme's net assets or net liabilities are recognised in full and presented on the face of the balance sheet.

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

Provisions

Provision is made for the estimated liability on all products and services still under warranty, including claims already received, based on past experience. Other provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Share-based charges relating to employee share schemes

The Group has a number of employee share schemes:

- (i) Share options granted under Executive Share Option Schemes (ESOS) are granted at market value. A charge is booked to the income statement as an employee benefit expense for the fair value of share options expected to be exercised, accrued over the vesting period. The corresponding credit is taken to retained earnings. The fair value is calculated using an option pricing model.
- (ii) Share options granted under the Long-Term Retention Plan (LTRP) are granted at par value. The charge to the income statement for LTRP shares is also calculated using an option pricing model and, as with ESOS grants, the fair value of the share options expected to be exercised is accrued over the vesting period. The corresponding credit is also taken to retained earnings.
- (iii) The Group has a Long-Term Incentive Plan (LTIP) for executive directors and certain senior executives. Participants are awarded shares dependent on the achievement of performance targets. The charge to the income statement for shares awarded under the LTIP is based on the fair value of those shares at the grant date, spread over the vesting period. The corresponding credit is taken to retained earnings. For those awards that have a market-related performance measure, the fair value of the market-related element is calculated using a Monte Carlo simulation model.

Proceeds received on the exercise of share options are credited to share capital and share premium.

Share capital

John Wood Group PLC has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

The Group is deemed to have control of the assets, liabilities, income and costs of its employee share trusts, therefore they have been consolidated in the financial statements of the Group. Shares acquired by and disposed of by the employee share trusts are recorded at cost. The cost of shares held by the employee share trusts is deducted from equity.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker (CODM). As a result, the Group's operating segments are its three operating divisions, namely Engineering & Production Facilities, Well Support and Gas Turbine Services. The Group reports central costs and its Gas Turbine Services business to be disposed separately within its management reports. The CODM measures the operating performance of these segments using EBITA (earnings before interest, tax and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the CODM who is responsible for allocating resources and assessing performance of the operating segments.

Engineering & Production Facilities offers a wide range of engineering services to the upstream, subsea and pipelines, downstream and industrial, and clean energy sectors. These include conceptual studies, engineering, project and construction management (EPCM) and control system upgrades. It also offers life of field support to producing assets through brownfield engineering and modifications, production enhancement, operations management (including UK dutyholder services), training, maintenance management and abandonment services.

Well Support provides solutions, products and services to enhance production rates and efficiency from oil and gas reservoirs.

Gas Turbine Services is an independent provider of services and solutions for clients in the power, oil and gas and renewable energy markets. Aftermarket maintenance activities include facility operations and maintenance, repair and overhaul of gas, wind and steam turbines, pumps, compressors and other high-speed rotating equipment. The Power Solutions business includes power plant engineering, procurement and construction and construction management services to the owners of power generation facilities.

Notes to the financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Disclosure of impact of new and future accounting standards

(a) New and amended standards and interpretations adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2010:

- IFRS 3 (revised) 'Business Combinations' and consequential amendments to IAS 27 'Consolidated and separate financial statements', IAS 28 'Investments in associates' and IAS 31 'Interests in joint ventures'. Under IFRS 3 (revised) changes in estimates of deferred consideration are now reflected through the income statement.

The following standards and interpretations which have been adopted and are relevant to the Group have had no material impact on these financial statements:

- IFRS 2 (amendments) 'Group cash settled share based payment transactions'.
- IAS 1 (amendment) 'Presentation of financial statements'.
- IAS 36 (amendment) 'Impairment of assets'.
- IFRS 5 (amendment) 'Non-current assets held for sale and discontinued operations'.
- IFRIC 16 'Hedges of a net investment in a foreign operation'.

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

The following amendments to standards and interpretations are mandatory as of 1 January 2010 but are currently not relevant to the Group and have no impact on the Group's financial statements:

- IFRIC 17 'Distribution of non-cash assets to owners'.
- IFRIC 18 'Transfers of assets from customers'.
- IFRIC 9 (amendment) 'Reassessment of embedded derivatives' and IAS 39 (amendment) 'Financial instruments: recognition and measurement'.

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

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting period beginning on or after 1 January 2011 or later periods, but the Group has not early adopted them:

- IFRS 9 'Financial instruments'
- IAS 24 (revised) 'Related party disclosures'
- 'Classification of rights issues' IAS 32 (amendment)
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'
- 'Prepayments of a minimum funding requirement' IFRIC 14 (amendments)

It is not anticipated that the application of these standards and amendments will have any material impact on the Group's financial statements.

Notes to the financial statements

for the year to 31 December 2010

1 Segmental reporting

The segment information provided to the CODM for the reportable operating segments for the year ended 31 December 2010 includes the following:

Reportable Operating Segments	Revenue		EBITDA ⁽¹⁾		EBITA ⁽¹⁾		Operating profit	
	Year ended 31 Dec		Year ended 31 Dec		Year ended 31 Dec		Year ended 31 Dec	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Engineering & Production Facilities	3,280.2	3,241.9	242.4	280.3	223.4	266.0	194.6	229.7
Well Support	947.1	813.7	165.9	106.7	128.1	75.1	128.1	60.6
Gas Turbine Services	804.9	825.6	60.0	80.6	46.1	65.7	18.8	56.8
Central costs ⁽²⁾	–	–	(48.1)	(45.5)	(50.8)	(48.0)	(51.3)	(48.2)
	5,032.2	4,881.2	420.2	422.1	346.8	358.8	290.2	298.9
Gas Turbine Services – to be disposed ⁽³⁾	30.9	45.9	(1.6)	–	(2.0)	(0.4)	(2.0)	(0.4)
Total	5,063.1	4,927.1	418.6	422.1	344.8	358.4	288.2	298.5
Finance income							2.3	2.5
Finance expense							(35.9)	(36.2)
Profit before taxation							254.6	264.8
Taxation							(88.8)	(100.6)
Profit for the year							165.8	164.2

Notes

- EBITDA represents operating profit of \$288.2m (2009: \$298.5m) before depreciation of property plant and equipment of \$66.3m (2009: \$59.1m), rental inventory depreciation of \$7.5m (2009: \$4.6m), amortisation of \$29.0m (2009: \$24.1m) and exceptional items of \$27.6m (2009: \$35.8m). EBITA represents EBITDA less depreciation. EBITA and EBITDA are provided as they are units of measurement used by the Group in the management of its business.
- Central costs include the costs of certain management personnel in both the UK and the USA, along with an element of Group infrastructure costs.
- The Gas Turbine Services business to be disposed is an Aero engine overhaul company which the Group has decided to divest.
- Revenue arising from sales between segments is not material.

Segment assets and liabilities

	Engineering & Production Facilities \$m	Well Support \$m	Gas Turbine Services \$m	Gas Turbine Services – to be disposed \$m	Unallocated \$m	Total \$m
At 31 December 2010						
Segment assets	1,345.7	636.1	857.1	23.0	118.6	2,980.5
Segment liabilities	727.3	210.9	212.3	5.0	407.8	1,563.3
At 31 December 2009						
Segment assets	1,239.9	570.4	891.0	27.1	126.1	2,854.5
Segment liabilities	741.1	204.2	178.4	8.7	441.1	1,573.5

Unallocated assets and liabilities include income tax, deferred tax and cash and borrowings where this relates to the financing of the Group's operations.

Notes to the financial statements

for the year to 31 December 2010

1 Segmental Reporting (continued)

Other segment items

2010	Engineering & Production Facilities \$m	Well Support \$m	Gas Turbine Services \$m	Gas Turbine Services – to be disposed \$m	Unallocated \$m	Total \$m
Capital expenditure						
– Property plant and equipment	18.6	22.4	10.9	0.9	2.3	55.1
– Rental inventory	–	9.0	–	–	–	9.0
– Intangible assets	10.6	–	4.4	–	0.6	15.6
Non-cash expense						
– Depreciation of property plant and equipment	19.0	30.3	13.9	0.4	2.7	66.3
– Depreciation of rental inventory	–	7.5	–	–	–	7.5
– Amortisation of other intangible assets	22.6	–	5.9	–	0.5	29.0
– Exceptional items (non-cash element)	6.2	–	13.4	–	–	19.6
2009	\$m	\$m	\$m	\$m	\$m	\$m
Capital expenditure						
– Property plant and equipment	19.7	14.4	12.0	0.9	3.4	50.4
– Rental inventory	–	7.1	–	–	–	7.1
– Intangible assets	6.6	0.1	7.4	–	0.3	14.4
Non-cash expense						
– Depreciation of property plant and equipment	14.3	27.0	14.9	0.3	2.6	59.1
– Depreciation of rental inventory	–	4.6	–	–	–	4.6
– Amortisation of other intangible assets	18.7	0.1	5.1	–	0.2	24.1
– Exceptional items (non-cash element)	17.6	14.4	3.0	–	–	35.0

Geographical segments

	Segment assets		Revenue	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
UK	604.1	559.4	1,377.0	1,402.1
USA	1,079.4	1,029.7	1,716.0	1,818.1
Rest of the World	1,297.0	1,265.4	1,970.1	1,706.9
	2,980.5	2,854.5	5,063.1	4,927.1

Revenue by geographical segment is based on the geographical location of the customer.

	2010	2009
	\$m	\$m
Revenue by category is as follows:		
Sale of goods	569.2	574.6
Rendering of services	4,493.9	4,352.5
	5,063.1	4,927.1

Notes to the financial statements

for the year to 31 December 2010

2 Finance expense/(income)

	2010 \$m	2009 \$m
Interest payable on bank borrowings	25.2	28.8
Bank facility fees expensed	8.4	3.4
Interest relating to discounting of deferred consideration	1.7	3.1
Other interest expense - retirement benefit liabilities (note 29)	0.1	0.9
Bank facility fee relating to acquisitions	0.5	–
Finance expense	35.9	36.2
Interest receivable on short-term deposits	(2.3)	(2.5)
Finance income	(2.3)	(2.5)
Finance expense – net	33.6	33.7

3 Profit before taxation

	2010 \$m	2009 \$m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 28)	1,985.7	1,991.7
Cost of inventories recognised as an expense	390.7	351.1
Impairment of inventories	21.8	7.7
Depreciation of property plant and equipment	66.3	59.1
Amortisation of other intangible assets	29.0	24.1
Loss on disposal of property plant and equipment	3.4	2.5
Other operating lease rentals payable:		
- Plant and machinery	16.7	14.0
- Property	69.8	66.6
Foreign exchange losses	3.2	4.6
Loss/(gain) on fair value of unhedged derivative financial instruments	0.5	(2.0)

Impairment of inventories is included in cost of sales in the income statement. Depreciation of property plant and equipment is included in cost of sales and administrative expenses in the income statement. Amortisation of other intangible assets is included in administrative expenses in the income statement.

Services provided by the Group's auditor and network firms

During the year the Group obtained the following services from its auditor and network firms at costs as detailed below:

	2010 \$m	2009 \$m
Audit services		
- Fees payable for audit of parent company and consolidated accounts	0.9	0.9
- Audit of Group companies pursuant to legislation	1.6	1.5
Non-audit services		
Fees payable to the Group's auditor and its network firms for other services		
- Tax services	0.2	0.2
- Other services	1.4	–
	4.1	2.6

Other services in 2010 relates to due diligence and other transactional work in respect of the proposed PSN acquisition (see note 27) and the disposal of the Well Support division (see note 34).

Notes to the financial statements

for the year to 31 December 2010

4 Exceptional items

	2010 \$m	2009 \$m
Impairment and restructuring charge	21.0	16.7
Acquisition costs	6.6	–
Loss on disposal of investment	–	10.8
Exchange rate devaluation	–	8.3
Total exceptional items	27.6	35.8

An impairment and restructuring charge of \$21.0m was booked in the Gas Turbine Services division in respect of rationalisation of businesses and facilities, severance costs and impairment of intangible assets and property plant and equipment. The majority of the charge relates to the closure of a repair facility in Connecticut, USA, with the balance relating to the impact of a significant restructuring of the division with a reduction of more than 10% of indirect headcount. The charge includes \$3.6m of goodwill impairment and \$3.5m of property plant and equipment impairment. A tax credit of \$6.2m has been booked in respect of these charges.

Acquisition costs of \$6.6m were expensed during the year. These mainly relate to the proposed acquisition of PSN (see note 27).

In 2009, the Group recorded \$35.8m of exceptional items in relation to its Venezuelan operations. \$10.8m related to the disposal of its interest in Vepica; \$16.7m was an impairment and restructuring charge in relation to the closure of its Venezuelan businesses and the termination of a contract with PDVSA; and \$8.3m related to the devaluation of the Venezuelan Bolivar Fuerte.

5 Taxation

	2010 \$m	2009 \$m
Current tax		
– Current year	115.3	86.0
– Adjustment in respect of prior years	6.0	0.4
	121.3	86.4
Deferred tax		
Relating to origination and reversal of temporary differences	(32.5)	14.2
Total tax charge	88.8	100.6
	2010 \$m	2009 \$m
Tax on items credited to equity		
Deferred tax movement on retirement benefit liabilities	0.3	(2.4)
Deferred tax relating to share option schemes	(8.6)	(7.0)
Current tax relating to share option schemes	(3.9)	–
Total credited to equity	(12.2)	(9.4)

Notes to the financial statements

for the year to 31 December 2010

5 Taxation (continued)

Tax is calculated at the rates prevailing in the respective jurisdictions in which the Group operates. The expected rate is the weighted average rate taking into account the Group's profits in these jurisdictions. The expected rate has decreased in 2010 due to the change in profitability of the Group's subsidiaries in their respective jurisdictions. The tax charge for the year is higher (2009: higher) than the expected tax charge due to the following factors:

	2010 \$m	2009 \$m
Profit before taxation	254.6	264.8
Profit before tax at expected rate of 29.8% (2009: 33.1%)	75.9	87.6
Effects of:		
Adjustments in respect of prior years	7.7	1.0
Non-recognition of losses and other attributes	7.3	4.5
Other permanent differences	(2.1)	7.5
Total tax charge	88.8	100.6

6 Dividends

	2010 \$m	2009 \$m
Dividends on equity shares		
Second interim dividend paid - year ended 31 December 2009: 6.9 cents (2009: 6.2 cents) per share	35.7	34.4
Interim dividend paid - year ended 31 December 2010: 3.4 cents (2009: 3.1 cents) per share	17.4	15.9
	53.1	50.3

The directors are proposing a final dividend in respect of the financial year ended 31 December 2010 of 7.6 cents per share. The final dividend will be paid on 16 May 2011 to shareholders who are on the register of members on 15 April 2011. The financial statements do not reflect the final dividend, the payment of which will result in an estimated \$39.1m reduction in shareholders' funds.

Notes to the financial statements

for the year to 31 December 2010

7 Earnings per share

	2010			2009		
	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	166.0	512.6	32.4	163.2	508.0	32.1
Effect of dilutive ordinary shares	–	17.0	(1.1)	–	15.6	(0.9)
Diluted	166.0	529.6	31.3	163.2	523.6	31.2
Exceptional items, net of tax	21.4	–	4.0	35.8	–	6.8
Amortisation, net of tax	23.0	–	4.4	19.8	–	3.8
Adjusted diluted	210.4	529.6	39.7	218.8	523.6	41.8
Adjusted basic	210.4	512.6	41.0	218.8	508.0	43.1

The calculation of basic earnings per share for the year ended 31 December 2010 is based on the earnings attributable to equity shareholders divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has two types of dilutive ordinary shares – share options granted to employees under Executive Share Option Schemes and the Long-Term Retention Plan; and shares issuable under the Group's Long-Term Incentive Plan. Adjusted basic and adjusted diluted earnings per share is disclosed to show the results excluding the impact of exceptional items and amortisation, net of tax.

Notes to the financial statements

for the year to 31 December 2010

8 Goodwill and other intangible assets

	Goodwill \$m	Computer software \$m	Other \$m	Total \$m
Cost				
At 1 January 2010	616.6	56.7	101.6	774.9
Exchange movements	2.3	0.3	1.7	4.3
Additions	–	11.8	3.8	15.6
Acquisitions	22.7	–	3.0	25.7
Adjustment to deferred consideration estimates	(15.1)	–	–	(15.1)
Disposals	–	(0.7)	–	(0.7)
Reclassification from property plant and equipment	–	1.6	–	1.6
Reclassification from current assets	–	0.4	0.4	0.8
At 31 December 2010	626.5	70.1	110.5	807.1
Aggregate amortisation and impairment				
At 1 January 2010	6.1	39.1	50.4	95.6
Exchange movements	–	0.2	1.4	1.6
Amortisation charge for the year	–	14.5	14.5	29.0
Impairment	3.6	–	–	3.6
Disposals	–	(0.5)	–	(0.5)
Reclassification from current assets	–	0.3	–	0.3
At 31 December 2010	9.7	53.6	66.3	129.6
Net book value at 31 December 2010	616.8	16.5	44.2	677.5
Cost				
At 1 January 2009	569.0	46.2	82.4	697.6
Exchange movements	27.6	3.1	6.3	37.0
Additions	–	8.6	5.8	14.4
Acquisitions	75.2	–	7.8	83.0
Adjustment to deferred consideration estimates	(43.7)	–	–	(43.7)
Disposals	–	(0.5)	(0.7)	(1.2)
Disposal of businesses	(11.5)	(0.7)	–	(12.2)
At 31 December 2009	616.6	56.7	101.6	774.9
Aggregate amortisation and impairment				
At 1 January 2009	3.6	28.2	33.6	65.4
Exchange movements	–	2.3	2.5	4.8
Amortisation charge for the year	–	9.6	14.5	24.1
Impairment	3.2	–	–	3.2
Disposals	–	(0.4)	(0.2)	(0.6)
Disposal of businesses	(0.7)	(0.6)	–	(1.3)
At 31 December 2009	6.1	39.1	50.4	95.6
Net book value at 31 December 2009	610.5	17.6	51.2	679.3

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out on a CGU basis using the 2011-12 budgets. Cash flows for 2013-15 are assumed to grow at a rate of 5% per annum and subsequent cash flows have been assumed to grow at 3% per annum for a further 15 years reflecting expected long-term growth rates in the countries in which the Group operates. Details of other key assumptions used are included in critical accounting judgements and estimates in the accounting policies. In total, a 20 year period has been used for the impairment tests reflecting the expected long-term growth in the market. The cash flows have been discounted using a pre-tax discount rate of 10%.

Notes to the financial statements

for the year to 31 December 2010

8 Goodwill and other intangible assets (continued)

The value in use has been compared to the net book value of goodwill for each CGU to assess whether an impairment write down is required. \$3.6m of goodwill has been impaired during the year. See note 4 for further details.

A sensitivity analysis has been performed in order to assess the impact of reasonable possible changes in the key assumptions due to the current economic environment. This analysis did not identify any further CGUs requiring to be impaired. The carrying amounts of goodwill by division at 31 December 2010 are: Engineering & Production Facilities \$468.5m (2009: \$455.1m), Gas Turbine Services \$116.5m (2009: \$123.6m) and Well Support \$31.8m (2009: \$31.8m). The carrying amounts of goodwill attributable to the principal CGUs within the Engineering & Production Facilities division are Mustang \$170.9m, IMV \$116.3m, Production Facilities Americas \$85.8m and Wood Group Kenny \$53.0m. The carrying amounts of goodwill attributable to the principal CGUs within the Gas Turbine Services division are Equipment and Power Solutions \$37.7m and Field Service \$45.1m.

The 'other' heading in the above table includes development costs, licences and customer contracts and relationships arising on acquisitions. Development costs with a net book value of \$11.7m (2009: \$12.2m) are internally generated intangible assets.

9 Property plant and equipment

	Land and buildings – Long leasehold and freehold \$m	Land and buildings – Short leasehold \$m	Plant and equipment \$m	Total \$m
Cost				
At 1 January 2010	66.1	28.2	467.2	561.5
Exchange movements	0.7	0.5	1.8	3.0
Additions	6.1	1.4	47.6	55.1
Acquisitions	–	–	0.7	0.7
Disposals	(4.5)	(0.7)	(32.5)	(37.7)
Reclassification to intangible assets	–	–	(1.6)	(1.6)
Reclassification to current assets	–	–	(0.7)	(0.7)
At 31 December 2010	68.4	29.4	482.5	580.3
Accumulated depreciation and impairment				
At 1 January 2010	26.1	15.7	265.5	307.3
Exchange movements	(0.3)	0.4	1.9	2.0
Charge for the year	2.1	2.7	61.5	66.3
Impairment	3.5	–	–	3.5
Disposals	(3.4)	(0.7)	(24.7)	(28.8)
Reclassification to current assets	–	–	(8.2)	(8.2)
At 31 December 2010	28.0	18.1	296.0	342.1
Net book value at 31 December 2010	40.4	11.3	186.5	238.2

Plant and equipment includes assets held for lease to customers under operating leases of \$42.3m (2009: \$41.0m). Additions during the year amounted to \$7.7m (2009: \$3.5m) and depreciation totalled \$12.6m (2009: \$11.4m). The gross cost of these assets at 31 December 2010 is \$66.5m (2009: \$65.3m) and aggregate depreciation is \$24.2m (2009: \$24.3m). Property plant and equipment includes assets in the course of construction of \$9.6m (2009: \$4.9m).

Notes to the financial statements

for the year to 31 December 2010

9 Property plant and equipment (continued)

	Land and buildings – Long leasehold and freehold \$m	Land and buildings – Short leasehold \$m	Plant and equipment \$m	Total \$m
Cost				
At 1 January 2009	62.8	24.9	494.1	581.8
Exchange movements	1.9	2.3	10.9	15.1
Additions	8.4	2.7	39.3	50.4
Acquisitions	0.8	0.1	23.0	23.9
Disposals	(1.2)	(1.8)	(21.8)	(24.8)
Disposal of businesses	(6.6)	–	(0.2)	(6.8)
Reclassification to current assets	–	–	(78.1)	(78.1)
At 31 December 2009	66.1	28.2	467.2	561.5
Accumulated depreciation and impairment				
At 1 January 2009	26.6	13.1	279.1	318.8
Exchange movements	0.3	1.0	7.1	8.4
Charge for the year	4.0	1.8	53.3	59.1
Impairment	–	–	1.8	1.8
Disposals	(0.9)	(0.2)	(16.2)	(17.3)
Disposal of businesses	(3.9)	–	–	(3.9)
Reclassification to current assets	–	–	(59.6)	(59.6)
At 31 December 2009	26.1	15.7	265.5	307.3
Net book value at 31 December 2009	40.0	12.5	201.7	254.2

The reclassification to current assets in 2009 related mainly to the transfer of plant and equipment to other receivables on termination of the water injection contract in Venezuela.

Notes to the financial statements

for the year to 31 December 2010

10 Joint ventures

In relation to the Group's interests in joint ventures, its share of assets, liabilities, income and expenses is shown below.

	2010 \$m	2009 \$m
Non-current assets	40.4	39.8
Current assets	233.1	233.7
Current liabilities	(120.8)	(122.9)
Non-current liabilities	(4.9)	(5.9)
Net assets	147.8	144.7
Income	417.5	375.3
Expenses	(374.9)	(333.3)
Profit before tax	42.6	42.0
Tax	(8.1)	(10.6)
Share of post tax results from joint ventures	34.5	31.4

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures. The names and principal activities of the most significant joint ventures are disclosed in note 35.

11 Inventories

	2010 \$m	2009 \$m
Materials	66.5	56.3
Work in progress	122.4	141.3
Finished goods and goods for resale	474.9	421.3
	663.8	618.9

12 Trade and other receivables

	2010 \$m	2009 \$m
Trade receivables	891.3	857.5
Less: provision for impairment of trade receivables	(56.5)	(50.2)
Trade receivables – net	834.8	807.3
Amounts recoverable on contracts	21.9	15.6
Prepayments and accrued income	91.1	78.9
Other receivables	103.0	85.6
Trade and other receivables – current	1,050.8	987.4
Long-term receivables	43.4	8.0
Total receivables	1,094.2	995.4

Notes to the financial statements

for the year to 31 December 2010

12 Trade and other receivables (continued)

The Group's trade receivables balance is analysed by division below:

	Trade Receivables – Gross \$m	Provision for impairment \$m	Trade Receivables – Net \$m	Receivable days
31 December 2010				
Engineering & Production Facilities	570.7	(24.2)	546.5	51
Well Support	169.7	(27.1)	142.6	50
Gas Turbine Services	150.9	(5.2)	145.7	37
Total Group	891.3	(56.5)	834.8	49

31 December 2009

Engineering & Production Facilities	518.4	(20.9)	497.5	53
Well Support	142.3	(24.1)	118.2	49
Gas Turbine Services	196.8	(5.2)	191.6	57
Total Group	857.5	(50.2)	807.3	53

Receivable days are calculated by allocating the closing trade receivables balance to current and prior period revenue including sales taxes. A receivable days calculation of 49 indicates that closing trade receivables represent the most recent 49 days of revenue. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the original receivables.

The ageing of the provision for impairment of trade receivables is as follows:

	2010 \$m	2009 \$m
Up to 3 months	26.1	22.4
Over 3 months	30.4	27.8
	56.5	50.2

Notes to the financial statements

for the year to 31 December 2010

12 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables by division is as follows:

	Engineering & Production Facilities \$m	Well Support \$m	Gas Turbine Services \$m	Total \$m
2010				
At 1 January	20.9	24.1	5.2	50.2
Exchange movements	(0.3)	(0.1)	–	(0.4)
Charge to income statement	3.6	3.1	–	6.7
At 31 December	24.2	27.1	5.2	56.5
2009				
At 1 January	18.6	32.0	11.8	62.4
Exchange movements	(0.1)	(7.5)	(0.6)	(8.2)
Acquisitions	1.0	–	0.3	1.3
Disposal of businesses	(0.3)	–	–	(0.3)
Charge/(credit) to income statement	1.7	(0.4)	(6.3)	(5.0)
At 31 December	20.9	24.1	5.2	50.2

The charge/(credit) to the income statement is included in administrative expenses.

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of \$891.3m above (2009: \$857.5m) are receivables of \$176.5m (2009: \$163.4m) which were past due but not impaired. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these trade receivables is as follows:

	2010 \$m	2009 \$m
Up to 3 months	147.8	137.2
Over 3 months	28.7	26.2
	176.5	163.4

13 Cash and cash equivalents

	2010 \$m	2009 \$m
Cash at bank and in hand	163.2	174.3
Short-term bank deposits	16.9	34.3
	180.1	208.6

The effective interest rate on short-term deposits was 1.3% (2009: 1.0%) and these deposits have an average maturity of 20 days (2009: 32 days). At 31 December 2010, the Group held \$14.8m of cash that was not accessible within three months or less.

At 31 December 2010 the Group held \$10.1m of cash (2009: \$10.8m) as security for standby letters of credit issued by the Group's insurance captive in relation to its reinsurance liabilities.

Notes to the financial statements

for the year to 31 December 2010

14 Trade and other payables

	2010 \$m	2009 \$m
Trade payables	357.7	277.9
Other tax and social security payable	84.6	74.4
Accruals and deferred income	642.0	611.7
Deferred consideration	10.7	48.7
Other payables	44.5	49.1
	1,139.5	1,061.8

15 Borrowings

	2010 \$m	2009 \$m
Bank loans and overdrafts due within one year or on demand		
Unsecured	30.1	19.0
Non-current bank loans		
Unsecured	165.1	277.5

Bank loans are denominated in a number of currencies and bear interest based on LIBOR or foreign equivalents appropriate to the country in which the borrowing is incurred.

The effective interest rates on the Group's borrowings at the balance sheet date were as follows:

	2010 %	2009 %
US Dollar	3.50	6.18
Sterling	4.25	5.47
Euro	4.14	4.05
Canadian Dollar	4.49	4.46

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2010 \$m	2009 \$m
US Dollar	17.0	86.5
Sterling	60.1	93.1
Euro	58.9	63.0
Canadian Dollar	56.4	49.9
Other	2.8	4.0
	195.2	296.5

The Group is required to issue trade finance instruments to certain customers. These include tender bonds, performance bonds, retention bonds and advance payment bonds. The Group has also issued standby letters of credit as security for local bank facilities. At 31 December 2010 the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to \$665.2m (2009: \$327.2m). At 31 December 2010, these facilities were 61% utilised (2009: 58%).

Notes to the financial statements

for the year to 31 December 2010

15 Borrowings (continued)

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December.

	2010 \$m	2009 \$m
Expiring within one year	113.9	106.5
Expiring between one and two years	635.1	674.3
	749.0	780.8

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2011. In December 2010, the Group arranged an \$800m loan facility to fund the proposed acquisition of PSN. This facility will be required if the acquisition proceeds in 2011. This facility is not included in the table above. In February 2011, the Group renewed its \$800m bilateral facilities to March 2013 with an option to extend for a further year.

16 Other non-current liabilities

	2010 \$m	2009 \$m
Deferred consideration	33.2	48.9
Other payables	48.8	10.8
	82.0	59.7

Deferred consideration represents amounts payable on acquisitions made by the Group and is expected to be paid over the next four years. Details of the reduction in deferred consideration during the year are provided in note 27.

17 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

Notes to the financial statements

for the year to 31 December 2010

17 Financial instruments (continued)

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has a number of subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. The Group hedges part of its net investment in non US dollar subsidiaries by using foreign currency bank loans. Other strategies, including the payment of dividends, are used to minimise the amount of net assets exposed to foreign currency revaluation.

Some of the sales of the Group's businesses are to customers in overseas locations. Where possible, the Group's policy is to eliminate all significant currency exposures on sales at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement.

The Group carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

The Group's main foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets.

If the average sterling/US dollar rate had been 10% higher or lower during 2010, post-tax profit for the year would have been \$6.9m higher or lower (2009: \$8.3m). If the closing sterling/US dollar rate was 10% higher or lower at 31 December 2010, exchange differences in equity would have been \$18.3m (2009: \$15.1m) higher or lower respectively. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in the desired currencies at floating rates of interest and then uses interest rate swaps into fixed rates to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's long-term policy is to maintain approximately 50% of its borrowings at fixed rates of interest. At 31 December 2010, 57% (2009: 77%) of the Group's borrowings were at fixed rates after taking account of interest rate swaps.

The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of 'A' or better, where possible. If average interest rates had been 1% higher or lower during 2010, post-tax profit for the year would have been \$1.2m higher or lower respectively (2009: \$1.4m). 1% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

Notes to the financial statements

for the year to 31 December 2010

17 Financial instruments (continued)

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. The Group's operations comprise three divisions – Engineering & Production Facilities, Well Support and Gas Turbine Services – each made up of a number of businesses. Responsibility for managing credit risks lies within the businesses with support being provided by Group and divisional management where appropriate.

A customer evaluation is typically obtained from an appropriate credit rating agency. Where required, appropriate trade finance instruments such as letters of credit, bonds, guarantees and credit insurance will be used to manage credit risk.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained. The Group has a broad customer base and management believe that no further credit risk provision is required in excess of the provision for impairment of trade receivables.

Management review trade receivables across the Group based on receivable days calculations to assess performance. There is significant management focus on receivables that are overdue. A table showing trade receivables and receivable days by division is provided in note 12. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The Group also has credit risk in relation to cash held on deposit. The Group's policy is to deposit cash at institutions with a credit rating of 'A' or better where possible. 100% of cash held on deposit at 31 December 2010 (2009: 100%) was held with such institutions.

(c) Liquidity risk

With regard to liquidity, the Group's main priority is to ensure continuity of funding. At 31 December 2010, 94% (2009: 99%) of the Group's borrowing facilities (excluding joint ventures) were due to mature in more than one year. Based on the current outlook the Group has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Group seeks to maintain an optimal capital structure. The Group monitors its capital structure on the basis of its gearing ratio, interest cover and the ratio of net debt to EBITDA.

Gearing is calculated by dividing net debt by shareholders' funds. Gearing at 31 December 2010 was 1% (2009: 7%).

Interest cover is calculated by dividing EBITA by net interest expense. Interest cover for the year to 31 December 2010 was 10.3 times (2009: 10.6 times).

The ratio of net debt to EBITDA at 31 December 2010 was 0.04 times (2009: 0.21 times).

Notes to the financial statements

for the year to 31 December 2010

17 Financial instruments (continued)

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Long-term borrowings are not discounted as the loans are for periods of three months or less.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
At 31 December 2010				
Borrowings	30.1	165.1	–	–
Derivative financial instruments	0.3	0.6	2.1	–
Trade and other payables	1,139.5	–	–	–
Other non-current liabilities	–	27.3	54.7	–

At 31 December 2009

Borrowings	19.0	1.8	275.7	–
Derivative financial instruments	3.3	1.5	1.8	–
Trade and other payables	1,061.8	–	–	–
Other non-current liabilities	–	15.3	44.4	–

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
At 31 December 2010				
Forward foreign exchange contracts				
Outflow	339.6	7.8	–	–
Inflow	341.1	8.0	–	–
Interest rate swaps				
Outflow	2.3	1.8	0.5	–
Inflow	0.8	0.5	0.1	–

At 31 December 2009

Forward foreign exchange contracts				
Outflow	322.5	9.1	1.5	–
Inflow	324.0	9.0	1.5	–
Interest rate swaps				
Outflow	8.0	3.0	3.2	–
Inflow	1.1	0.6	0.7	–
Currency options				
Outflow	–	–	–	–
Inflow	3.9	–	–	–

Notes to the financial statements

for the year to 31 December 2010

17 Financial instruments (continued)

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. Long-term borrowings are loans for periods of three months or less and, as a result, book value and fair value are considered to be the same.

	2010		2009	
	Book Value \$m	Fair Value \$m	Book Value \$m	Fair Value \$m
Fair value of long-term borrowings				
Long-term borrowings (note 15)	165.1	165.1	277.5	277.5

Fair value of other financial assets and financial liabilities

Primary financial instruments held or issued to finance the Group's operations:

Trade and other receivables (note 12)	1,050.8	1,050.8	987.4	987.4
Cash at bank and in hand (note 13)	163.2	163.2	174.3	174.3
Short-term bank deposits (note 13)	16.9	16.9	34.3	34.3
Trade and other payables (note 14)	1,054.9	1,054.9	987.4	987.4
Short-term borrowings (note 15)	30.1	30.1	19.0	19.0
Other non-current liabilities (note 16)	82.0	82.0	59.7	59.7

Derivative financial instruments

The fair value of the Group's derivative financial instruments at the balance sheet date were as follows:

	2010		2009	
	Assets \$m	Liabilities \$m	Assets \$m	Liabilities \$m
Interest rate swaps – cash flow hedges	–	2.7	–	6.0
Forward foreign exchange contracts	1.3	0.3	2.1	0.6
Currency options	–	–	3.9	–
Total	1.3	3.0	6.0	6.6
Less non-current portion:				
Interest rate swaps – cash flow hedges	–	2.7	–	3.3
Forward foreign exchange contracts	0.1	–	–	–
Current portion	1.2	0.3	6.0	3.3

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. The Group's derivative financial instruments have been classified using the fair value hierarchy set out in the fair value estimation accounting policy. The measurement of the Group's derivative financial instruments above used Level 2 techniques (see page 67). There was no ineffectiveness recorded in the income statement from fair value hedges, cash flow hedges or net investment in foreign entity hedges in the current or preceding period.

Notes to the financial statements

for the year to 31 December 2010

17 Financial instruments (continued)

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

(a) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2010 was \$339.6m (2009: \$322.5m).

(b) Interest rate swaps

The notional principal amount of the Group's outstanding interest rate swap contracts at 31 December 2010 was \$111.2m (2009: \$227.3m).

At 31 December 2010 the fixed interest rates, including margin, varied from 4.1% to 7.3% (2009: 4.1% to 7.3%) and the floating rates ranged from 3.0% to 3.5%, also including margin (2009: 2.5% to 2.9%). The Group's interest rate swaps are for periods of up to five years and they expire between 2012 and 2013.

The fair value gains and losses relating to the interest rate swaps which are deferred in equity at 31 December 2010 will reverse in the income statement over the term of the swaps.

(c) Hedge of net investment in foreign entities

The table below shows the Group's foreign currency borrowings which it has designated as a hedge of subsidiary company net assets. The fair value of the borrowings at 31 December 2010 was \$164.0m (2009: \$196.0m). Foreign exchange gains of \$4.6m (2009: losses \$22.9m) on translation of the borrowings into US dollars have been offset against equivalent gains on retranslation of net assets in the currency translation reserve.

Foreign currency amount	2010		Foreign currency amount	2009	
	\$m	% of foreign currency net assets hedged		\$m	% of foreign currency net assets hedged
£35.0m	54.8	20%	£55.0m	88.8	37%
C\$50.0m	50.3	42%	C\$47.0m	44.8	45%
€43.9m	58.9	52%	€43.5m	62.4	56%
	164.0			196.0	

Notes to the financial statements

for the year to 31 December 2010

18 Provisions

	Warranty provisions \$m	Other \$m	Total \$m
At 1 January 2010	29.8	23.9	53.7
Exchange movements	(0.3)	(0.1)	(0.4)
Charge/(credit) to income statement	7.2	(2.7)	4.5
Payments during the year	(10.0)	(0.6)	(10.6)
At 31 December 2010	26.7	20.5	47.2

Warranty provisions

These provisions are recognised in respect of guarantees provided in the normal course of business relating to contract performance. They are based on previous claims history and it is expected that most of these costs will be incurred over the next two years.

Other provisions

At 31 December 2010, other provisions of \$20.5m (2009: \$23.9m) have been recognised. This amount includes provisions for future losses on onerous contracts, a provision for non-recoverable indirect taxes and a provision for remedial work at one of our facilities. It is expected that the majority of the costs in relation to these provisions will be incurred over the next two years.

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. Deferred tax in relation to UK companies is provided at 27% (2009: 28%).

The movement on the deferred tax account is shown below:

	2010 \$m	2009 \$m
At 1 January	(54.4)	(48.8)
Exchange movements	(1.0)	(3.1)
(Credit)/charge to income statement	(32.5)	14.2
Acquisitions	–	1.0
Disposal of businesses	–	(1.6)
Deferred tax relating to retirement benefit liabilities	0.3	(2.4)
Deferred tax relating to share option schemes	(8.6)	(7.0)
Reclassification to current tax	(1.7)	(6.7)
At 31 December	(97.9)	(54.4)

Deferred tax is presented in the financial statements as follows:

Deferred tax assets	(100.2)	(62.3)
Deferred tax liabilities	2.3	7.9
	(97.9)	(54.4)

Notes to the financial statements

for the year to 31 December 2010

19 Deferred tax (continued)

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As these earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

The Group has unrecognised tax losses of \$56.2m (2009: \$55.3m) to carry forward against future taxable income.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances are analysed below:

	Accelerated tax depreciation \$m	Pension \$m	Share-based charges \$m	Short-term timing differences \$m	Total \$m
Deferred tax assets	30.5	(9.0)	(24.5)	(97.2)	(100.2)
Deferred tax liabilities	–	–	–	2.3	2.3
Net deferred tax liability/(asset)	30.5	(9.0)	(24.5)	(94.9)	(97.9)

20 Share-based charges

The Group currently has three share schemes that give rise to share based charges. These are the Executive Share Option Scheme (ESOS), the Long-Term Retention Plan (LTRP) and the Long-Term Incentive Plan (LTIP). Details of each of the schemes are given in the Directors' Remuneration Report and in note 21.

The charge in the Group income statement in 2010 for these schemes amounted to \$16.7m (2009: \$11.2m)

The assumptions made in arriving at the charge for each scheme are detailed below:

ESOS and LTRP

At 31 December 2010 there were 1,138 employees (2009: 1,084) participating in these schemes. For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and there will be a lapse rate of between 15% and 20%. The share price volatility used in the calculation of 35%-40% is based on the actual volatility of the Group's shares since IPO as well as that of comparable companies. The risk-free rate of return of 1.6%-5.2% is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant. A dividend yield of 1.0%-2.0% has been used in the calculations.

The fair value of options granted under the ESOS during the year was £1.16 (2009: £0.65 to £0.87). The fair value of options granted under the LTRP during the year ranged from £2.79 to £3.57 (2009: £2.00 to £2.56). The weighted average remaining contractual life of share options at 31 December 2010 is 5.5 years (2009: 5.3 years).

LTIP

The share-based charge for the LTIP was calculated using a fair value of £4.12 for the first cycle, £1.81 for the second cycle and £3.01 for the third cycle. The charge for market-related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk-free rate of return, dividend yield and the expected lifetime of the award.

Notes to the financial statements

for the year to 31 December 2010

21 Share capital

Issued and fully paid	shares	2010	shares	2009
		\$m		\$m
Ordinary shares of 3½ pence each				
At 1 January	530,266,720	26.3	527,836,720	26.2
Allocation of new shares to employee share trusts	–		2,430,000	0.1
At 31 December	530,266,720	26.3	530,266,720	26.3

John Wood Group PLC is a public limited company, incorporated and domiciled in Scotland.

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2010	2009		
2000	–	138,750	17½p	2005-2010
2001	30,000	30,000	93½p	2006-2011
2001	307,000	612,100	83½p	2006-2011
2002	117,000	174,000	83½p	2007-2012
2003	519,179	769,215	158p	2007-2013
2004	1,223,084	2,211,287	128½p	2008-2014
2005	505,689	1,073,189	145p	2009-2015
2006	424,000	852,918	265½p	2010-2016
2007	994,000	1,106,190	268½p	2011-2017
2008	1,255,896	1,356,418	381½p	2012-2018
2008	175,729	200,937	354½p	2012-2018
2009	3,784,767	4,048,545	222p	2013-2019
2009	100,000	110,000	283½p	2013-2019
2010	3,789,958	–	377½p	2014-2020
	13,226,302	12,683,549		

Details of the Group's Executive Share Option Schemes are set out in the Directors' Remuneration Report. Share options are granted at an exercise price equal to the average mid-market price of the shares on the three days prior to the date of grant.

Notes to the financial statements

for the year to 31 December 2010

21 Share capital (continued)

3,125,952 options (2009: 5,008,541) were exercisable at 31 December 2010. 3,923,500 options were granted during the year, 2,715,578 options were exercised during the year and 665,169 options lapsed during the year. The weighted average share price for ESOS options exercised during the year was £4.03 (2009: £2.96).

Options granted to directors under the executive share option scheme are subject to performance criteria as set out in the Directors' Remuneration Report. There are no performance criteria under this scheme for options granted to employees.

Long-Term Retention Plan

The following options granted under the Group's LTRP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option		Exercise price (per share)	Exercise period
	2010	2009		
2005	–	66,502	3½p	2009-2010
2006	114,177	1,204,360	3½p	2010-2011
2007	1,450,647	1,571,189	3½p	2011-2012
2008	1,563,236	1,695,309	3½p	2012-2013
2009	3,368,090	3,632,819	3½p	2013-2014
2010	1,576,875	–	3½p	2014-2015
	8,073,025	8,170,179		

Options are granted under the Group's LTRP at par value (3½ pence per share). The basis of the scheme is that an overall bonus pool is calculated annually based on performance criteria that consider the growth in the Group's adjusted earnings per share in the prior year. There are no performance criteria attached to the exercise of options under the LTRP. 114,177 options (2009: 66,502) were exercisable at 31 December 2010. 1,658,000 LTRP options were granted during the year, 1,258,693 LTRP options were exercised during the year and 496,461 LTRP options lapsed during the year. The weighted average share price for LTRP options exercised during the year was £3.87 (2009: £2.96). Further details on the LTRP are provided in the Directors' Remuneration Report.

Long-Term Incentive Plan

The Group's Long-Term Incentive Plan (LTIP) has been in place since 2008. Under this Scheme, the executive directors (but not the Chairman) and certain other senior executives are awarded shares dependent upon the achievement of performance targets established by the Remuneration Committee. The performance measures for the LTIP are EBITA, return on capital employed, total shareholder return and adjusted diluted earnings per share. The LTIP awards are in the form of shares and restricted shares. 20% of any award earned over the three-year performance cycle are deferred for a further two years in the form of forfeitable restricted shares. At 31 December 2010, 5,582,738 shares were potentially issuable under these schemes. Further details of the LTIP are provided in the Directors' Remuneration Report.

22 Share premium

	2010 \$m	2009 \$m
At 1 January	315.8	311.8
Allocation of shares to employee share trusts	–	4.0
At 31 December	315.8	315.8

Notes to the financial statements

for the year to 31 December 2010

23 Retained earnings

	2010 \$m	2009 \$m
At 1 January	877.6	760.2
Profit for the year attributable to owners of the parent	166.0	163.2
Dividends paid	(53.1)	(50.3)
Credit relating to share based charges	16.7	11.2
Actuarial gain/(loss) on retirement benefit liabilities	1.0	(8.4)
Movement in deferred tax relating to retirement benefit liabilities	(0.3)	2.4
Shares allocated to employee share trusts	–	(4.1)
Shares purchased by employee share trusts	(20.8)	(1.3)
Shares disposed of by employee share trusts	6.3	4.3
Tax credit relating to share option schemes	12.5	7.0
Exchange movements in respect of shares held by employee share trusts	1.7	(6.6)
At 31 December	1,007.6	877.6

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investment in own shares represents the cost of 16,543,702 (2009: 20,626,241) of the company's ordinary shares totalling \$74.5m (2009: \$61.7m). No options have been granted over shares held by the employee share trusts (2009: nil).

Shares acquired by the employee share trusts are purchased in the open market using funds provided by John Wood Group PLC to meet obligations under the Employee Share Option Schemes, the LTRP and the LTIP. During 2010, 4,000,000 shares were purchased on the open market at a cost of \$20.8m. Shares costing \$1.3m were purchased on 31 December 2009 but the cash payment for these shares was not made until 5 January 2010. 3,974,270 shares were issued during the year to satisfy the exercise of share options at a value of \$6.3m. In addition, 4,108,269 shares were issued during the year to satisfy share awards under the Long-Term Incentive Scheme which was replaced by the Long-Term Incentive Plan in 2008. Exchange adjustments of \$1.7m arose during the year relating to the retranslation of the investment in own shares from sterling to US dollars. The costs of funding and administering the trusts are charged to the income statement in the period to which they relate. The market value of the shares at 31 December 2010 was \$144.8m (2009: \$102.9m) based on the closing share price of £5.59 (2009: £3.09). The employee share trusts have waived their rights to receipt of dividends.

Notes to the financial statements

for the year to 31 December 2010

24 Other reserves

	Capital reduction reserve \$m	Currency translation reserve \$m	Hedging reserve \$m	Total \$m
At 1 January 2009	88.1	(43.6)	(8.8)	35.7
Exchange movements on retranslation of foreign currency net assets	–	9.2	–	9.2
Exchange movements recycled to income statement on disposal of businesses	–	3.2	–	3.2
Cash flow hedges	–	–	2.4	2.4
At 31 December 2009	88.1	(31.2)	(6.4)	50.5
Exchange movements on retranslation of foreign currency net assets	–	2.8	–	2.8
Cash flow hedges	–	–	3.3	3.3
At 31 December 2010	88.1	(28.4)	(3.1)	56.6

A capital redemption reserve was created on the conversion of convertible redeemable preference shares immediately prior to the Initial Public Offering in June 2002. The capital redemption reserve was converted to a capital reduction reserve in December 2002 and is part of distributable reserves.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004.

The hedging reserve relates to the accounting for derivative financial instruments under IAS 39. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

25 Non-controlling interests

	2010 \$m	2009 \$m
At 1 January	10.8	13.1
Exchange movements	0.3	0.2
Acquisitions	0.3	2.7
Investment by non-controlling interests	0.8	–
Share of profit for the year	(0.2)	1.0
Dividends paid	(1.1)	(0.4)
Disposal of businesses	–	(5.8)
At 31 December	10.9	10.8

Notes to the financial statements

for the year to 31 December 2010

26 Cash generated from operations

	2010 \$m	2009 \$m
Reconciliation of operating profit to cash generated from operations:		
Operating profit	288.2	298.5
Adjustments for:		
Depreciation	66.3	59.1
Loss on disposal of property plant and equipment	3.4	2.5
Amortisation of other intangible assets	29.0	24.1
Share based charges	16.7	11.2
(Decrease)/increase in provisions	(6.2)	5.7
Exceptional items – non cash impact	19.6	35.0
Changes in working capital (excluding effect of acquisition and disposal of subsidiaries)		
(Increase)/decrease in inventories	(53.9)	9.2
(Increase)/decrease in receivables	(33.8)	154.9
Increase/(decrease) in payables	68.3	(45.8)
Exchange movements	(3.1)	(8.9)
Cash generated from operations	394.5	545.5

Analysis of net debt

	At 1 January 2010 \$m	Cash flow \$m	Exchange movements \$m	At 31 December 2010 \$m
Cash and cash equivalents	208.6	(30.6)	2.1	180.1
Short-term borrowings	(19.0)	(10.5)	(0.6)	(30.1)
Long-term borrowings	(277.5)	107.8	4.6	(165.1)
Net debt	(87.9)	66.7	6.1	(15.1)

Notes to the financial statements

for the year to 31 December 2010

27 Acquisitions and disposals

Acquisitions

The assets and liabilities acquired in respect of the acquisitions during the year were as follows:

	Book value and fair value \$m
Property plant and equipment	0.7
Other intangible assets	3.0
Trade and other receivables	7.7
Cash	0.1
Trade and other payables	(6.7)
Net assets acquired	4.8
Goodwill	22.7
Non-controlling interests	(0.3)
Consideration	27.2
Consideration satisfied by:	
Cash	20.3
Deferred consideration	6.9
	27.2

The Group has used acquisition accounting for the purchases and, in accordance with the Group's accounting policies, the goodwill arising on consolidation of \$22.7m has been capitalised. The table above includes amounts relating to the acquisitions of Al-Hejailan Consultants (AHC) and SgurrEnergy made during the year. The Group acquired 55% of the share capital of AHC and 51% of the share capital of SgurrEnergy. The acquisitions are not considered to be material to the Group on an individual basis and therefore have been aggregated in the table above.

The acquisitions during the year provide the Group with access to new markets and strengthen the Group's capabilities in certain areas. The acquired companies will be in a position to access the Group's wider client base and use the Group's existing relationships to further grow and develop their businesses. These factors contribute to the goodwill recognised by the Group on the acquisitions.

Notes to the financial statements

for the year to 31 December 2010

27 Acquisitions and disposals (continued)

Deferred consideration payments of \$47.7m were made during the year in respect of acquisitions made in prior periods. Payments during the year and changes to previous estimates of deferred consideration have resulted in a reduction of goodwill of \$15.1m. Costs of \$0.7m were incurred during the year in respect of acquisitions made in 2009.

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

	\$m
Cash consideration	20.3
Cash acquired	(0.1)
	20.2
Costs incurred in relation to acquisitions in prior period	0.7
Cash outflow	20.9

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

	\$m
Revenue	5,072.4
Profit for the year	166.2

From the date of acquisition to 31 December 2010, the acquisitions contributed \$9.4m to revenue and (\$0.4m) to profit for the year.

In December 2010, the Group entered into an agreement to acquire Production Services Network Limited (PSN) for a total enterprise value of \$955m. The acquisition is subject to approval by the UK merger control authorities. The consideration will be paid in a mixture of sterling and US dollars based on the exchange rate at the date of the announcement. It is impracticable to provide details of the fair value of the assets acquired and the calculation of goodwill at this stage as the transaction has not been completed. The purchase price allocation and acquisition amounts will be disclosed in the 2011 Annual Report subject to the acquisition proceeding.

Notes to the financial statements

for the year to 31 December 2010

28 Employees and directors

Employee benefits expense	2010	2009
	\$m	\$m
Wages and salaries	1,798.8	1,805.2
Social security costs	129.9	138.8
Pension costs – defined benefit schemes (note 29)	6.5	4.1
Pension costs – defined contribution schemes (note 29)	50.5	43.6
	1,985.7	1,991.7
Average monthly number of employees (including executive directors)	2010	2009
	No.	No.
By geographical area:		
Europe	5,880	5,670
North America	9,460	9,660
Rest of the World	8,516	7,944
	23,856	23,274
Key management compensation	2010	2009
	\$m	\$m
Salaries and short-term employee benefits	18.4	18.5
Amounts receivable under long-term incentive schemes	9.9	6.7
Post employment benefits	1.0	1.0
Share based charges	7.4	3.7
	36.7	29.9

The key management figures given above include executive directors.

Notes to the financial statements

for the year to 31 December 2010

28 Employees and directors (continued)

	2010	2009
Directors	\$m	\$m
Aggregate emoluments	5.8	5.6
Aggregate amounts receivable under long-term incentive schemes	1.4	1.1
Aggregate gains made on the exercise of share options	0.6	0.9
	7.8	7.6

One director (2009: one) has retirement benefits accruing under a defined contribution pension scheme. Retirement benefits are accruing to six (2009: six) directors under the company's defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

29 Retirement benefit liabilities

One of the Group's pension schemes in the UK, the John Wood Group PLC Retirement Benefits Scheme, is a defined benefit scheme, which is contracted out of the State Scheme. The assets of the scheme are held separately from those of the Group, being invested with independent investment companies in trustee administered funds.

The most recent actuarial valuation of the scheme was carried out at 5 April 2007 by a professionally qualified actuary.

The principal assumptions made by the actuaries at the balance sheet date were:

	2010	2009
	%	%
Rate of increase in pensionable salaries	5.30	5.40
Rate of increase in pensions in payment and deferred pensions	3.30	3.40
Discount rate	5.40	5.80
Expected return on scheme assets	7.24	7.06

The expected return on scheme assets is based on market expectation at the beginning of the period for returns over the entire life of the benefit obligation.

The mortality assumptions used by the actuary take account of standard actuarial tables compiled from UK-wide statistics relating to occupational pension schemes. At 31 December 2010 the actuary has used the PXA00 mortality table with 'long cohort' projections and a 1% underpin in the rate of future improvements in mortality.

The amounts recognised in the balance sheet are determined as follows:

	2010	2009
	\$m	\$m
Present value of funded obligations	(188.3)	(174.4)
Fair value of scheme assets	155.0	140.1
Net liabilities	(33.3)	(34.3)

Notes to the financial statements

for the year to 31 December 2010

29 Retirement benefit liabilities (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2010 %	2009 %
Equity securities	84.4	86.0
Corporate bonds	9.5	7.0
Gilts	5.1	6.4
Cash	1.0	0.6

The amounts recognised in the income statement are as follows:

	2010 \$m	2009 \$m
Current service cost included within employee benefits expense	6.5	4.1
Interest cost	10.0	8.8
Expected return on scheme assets	(9.9)	(7.9)
Total included within finance expense	0.1	0.9

The employee benefits expense is included within administrative expenses in the income statement.

Changes in the present value of the defined benefit liability are as follows:

	2010 \$m	2009 \$m
Present value of funded obligations at 1 January	174.4	124.7
Current service cost	6.5	4.1
Interest cost	10.0	8.8
Actuarial losses	6.5	24.0
Scheme participants' contributions	0.7	2.4
Benefits paid	(4.8)	(6.0)
Exchange movements	(5.0)	16.4
Present value of funded obligations at 31 December	188.3	174.4

Changes in the fair value of scheme assets are as follows:

	2010 \$m	2009 \$m
Fair value of scheme assets at 1 January	140.1	101.6
Expected return on scheme assets	9.9	7.9
Contributions	6.3	7.7
Benefits paid	(4.8)	(6.0)
Actuarial gains	7.5	15.6
Exchange movements	(4.0)	13.3
Fair value of scheme assets at 31 December	155.0	140.1

Notes to the financial statements

for the year to 31 December 2010

29 Retirement benefit liabilities (continued)

Analysis of the movement in the balance sheet liability:

	2010 \$m	2009 \$m
At 1 January	34.3	23.1
Current service cost	6.5	4.1
Finance expense	0.1	0.9
Contributions	(5.6)	(5.3)
Net actuarial (gains)/ losses recognised in the year	(1.0)	8.4
Exchange movements	(1.0)	3.1
At 31 December	33.3	34.3

Cumulative actuarial losses recognised in equity:

	2010 \$m	2009 \$m
At 1 January	51.5	43.1
Net actuarial (gains)/losses recognised in the year	(1.0)	8.4
At 31 December	50.5	51.5

The actual return on scheme assets was \$17.4m (2009: \$23.5m).

History of experience gains and losses:

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets :					
Gain/(loss) (\$m)	7.5	15.6	(44.3)	10.5	2.9
Percentage of scheme assets	5%	11%	44%	6%	2%
Experience (losses)/gains on scheme liabilities:					
(Loss)/gain (\$m)	(6.5)	(24.0)	25.6	(7.9)	5.6
Percentage of the present value of the scheme liabilities	4%	14%	21%	4%	3%
Present value of scheme liabilities (\$m)	188.3	174.4	124.7	187.5	165.3
Fair value of scheme assets (\$m)	155.0	140.1	101.6	176.2	140.4
Deficit (\$m)	33.3	34.3	23.1	11.3	24.9

The contributions expected to be paid during the financial year ending 31 December 2011 amount to \$7.2m.

Pension costs for defined contribution schemes are as follows:

	2010 \$m	2009 \$m
Defined contribution schemes	50.5	43.6

Contributions outstanding at 31 December 2010 in respect of defined contribution schemes amounted to \$19.4m (2009: \$17.1m).

Notes to the financial statements

for the year to 31 December 2010

30 Operating lease commitments – minimum lease payments

	Property \$m	2010 Vehicles, plant and equipment \$m	Property \$m	2009 Vehicles, plant and equipment \$m
Amounts payable under non-cancellable operating leases due:				
Within one year	63.1	12.0	64.6	11.0
Later than one year and less than five years	159.6	14.8	154.6	13.8
After five years	69.1	0.6	42.4	1.8
	291.8	27.4	261.6	26.6

The Group leases various offices and facilities under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases plant and machinery under non-cancellable operating lease agreements.

31 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.

In February 2010, the Group, and several other parties, were notified of a legal claim from a customer in respect of work carried out in 2008. A meeting was held with the customer in January 2011 but no progress was made towards any resolution. Management believe that the Group is in a strong position to defend the claim, and do not believe that it is probable that any material liability will arise as a result.

32 Capital and other financial commitments

	2010 \$m	2009 \$m
Contracts placed for future capital expenditure not provided in the financial statements	13.5	4.3

The capital expenditure above relates to property plant and equipment. \$9.2m of the above amount relates to commitments made by one of the Group's joint venture companies.

33 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services in the ordinary course of business.

	2010 \$m	2009 \$m
Sale of goods and services to joint ventures	102.2	103.4
Purchase of goods and services from joint ventures	49.3	29.4
Receivables from joint ventures	43.0	40.7
Payables to joint ventures	5.7	7.7

In addition to the above, the Group charged JW Holdings Limited, a company in which Sir Ian Wood has an interest, an amount of \$0.1m (2009: \$0.1m) for management services provided under normal commercial terms.

Key management compensation is disclosed in note 28.

Notes to the financial statements

for the year to 31 December 2010

34 Events after the balance sheet date

On 13 February 2011, the Group entered into an agreement to dispose of its Well Support business to GE for a total consideration of \$2,800m. Well Support contributed \$947.1m of revenue and \$128.1m of operating profit to the Group's results for the year ended 31 December 2010. Full details of the disposal will be provided in the 2011 Annual Report. The Group plans to return cash to shareholders from the proceeds of sale.

35 Principal subsidiaries and joint ventures

The Group's principal subsidiaries and joint ventures at 31 December 2010 are listed below.

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %	Principal activity
Engineering & Production Facilities:			
Mustang Engineering Holdings, Inc	USA	100	Conceptual studies, engineering, project and construction management and control system upgrades.
Alliance Wood Group Engineering L.P.	USA	100	
J P Kenny Engineering Limited	UK	100	
IMV Projects Inc	Canada	100	
Marine Computation Services Group Limited	Ireland	100	
Wood Group Engineering (North Sea) Limited	UK	100	Brownfield engineering and modifications, production enhancement, operations management, maintenance management and abandonment services.
SIGMA 3 (North Sea) Limited	UK	33.3*	
Wood Group Production Services, Inc	USA	100	
Wood Group Colombia S.A.	Colombia	100	
Wood Group Equatorial Guinea Limited	Cyprus	100	
Deepwater Specialists Inc	USA	100	
Wood Group E&PF Australia Pty Limited	Australia	100	
Producers Assistance Corporation	USA	100	
Well Support:			
Wood Group ESP, Inc.	USA	100	Electric submersible pumps
Wood Group Products & Services SA	Argentina	100	
Wood Group ESP (Middle East) Ltd	Cyprus	100	
Wood Group Pressure Control, L.P.	USA	100	Valves and wellhead equipment
Wood Group Pressure Control Limited	UK	100	
Wood Group Logging Services Inc.	USA	100	Logging services
Gas Turbine Services:			
Rolls Wood Group (Repair & Overhauls) Limited	UK	50*	Gas turbine repair and overhaul
TransCanada Turbines Limited	Canada	50*	
Wood Group Field Services, Inc.	USA	100	
Wood Group Gas Turbine Services Limited	UK	100	
Wood Group Pratt & Whitney Industrial Turbine Services, LLC	USA	49*	Power plant engineering, procurement and construction
Wood Group Power Solutions, Inc.	USA	100	
Wood Group Advanced Parts Manufacture AG	Switzerland	100	
Shanahan Engineering Ltd	Ireland	100	
Wood Group Power Plant Services Inc	USA	100	
Wood Group Power Inc	USA	100	Gas turbine maintenance

The proportion of voting power held equates to the ownership interest, other than for joint ventures (marked *) which are jointly controlled.

Company financial statements

Company financial statements

106	Independent auditor's report
108	Company balance sheet
109	Notes to the company financial statements

Additional information

119	Five year summary
120	Shareholder information

Independent auditor's report

to the members of John Wood Group PLC

We have audited the parent company financial statements of John Wood Group PLC for the year ended 31 December 2010 which comprise the Company Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Independent auditor's report

to the members of John Wood Group PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of John Wood Group PLC for the year ended 31 December 2010.

Mark Higginson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
18 February 2011

Company balance sheet

as at 31 December 2010

	Note	2010 \$m	2010 \$m	2009 \$m	2009 \$m
Fixed assets					
Investments	1		524.4		434.3
Current assets					
Debtors	2	1,498.3		1,486.6	
Derivative financial instruments	6	0.5		3.9	
Cash at bank and in hand	3	5.5	1,504.3	13.9	1,504.4
Creditors: amounts falling due within one year					
Creditors	4	(863.5)		(733.0)	
Derivative financial instruments	6	–	(863.5)	(2.7)	(735.7)
Net current assets			640.8		768.7
Total assets less current liabilities			1,165.2		1,203.0
Creditors: amounts falling due after one year					
Borrowings	5	(164.9)		(275.7)	
Derivative financial instruments	6	(2.6)	(167.5)	(3.3)	(279.0)
			997.7		924.0
Capital and reserves					
Share capital	7		26.3		26.3
Share premium	8		315.8		315.8
Capital reduction reserve	9		88.1		88.1
Retained earnings	10		559.7		489.4
Other reserves	11		7.8		4.4
Equity shareholders' funds			997.7		924.0

The financial statements on pages 108 to 118 were approved by the board of directors on 18 February 2011.

Allister G Langlands, Director

Alan G Semple, Director

Notes to the company financial statements

for the year to 31 December 2010

Accounting Policies

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies which have been consistently applied, is set out below.

Reporting currency

The Company's transactions are primarily US dollar denominated and the principal functional currency is the US dollar.

The following sterling to US dollar exchange rates have been used in the preparation of these accounts:

	2010	2009
Average rate £1 = \$	1.5459	1.5679
Closing rate £1 = \$	1.5657	1.6149

Investments

Investments in subsidiary undertakings and joint ventures are included in the balance sheet of the Company at cost less any provision for impairment.

Impairment

The Company performs impairment reviews in respect of fixed asset investments whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's net realisable value and its value in use, is less than its carrying amount.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of the transaction or, where forward contracts have been arranged, at the contractual rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet dates or at a contractual rate if applicable and any exchange differences are taken to the profit and loss account.

The directors consider it appropriate to record sterling denominated equity share capital in the accounts of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Financial instruments

The accounting policy for financial instruments is consistent with the Group accounting policy as presented in the notes to the Group financial statements with the exception of the policy on net investment hedges which does not apply to the Company. The Company's financial risk management policy is consistent with the Group's financial risk management policy outlined in note 17 to the Group financial statements.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting period. Actual results could differ from those estimates.

Employee share trusts

The Company is deemed to have control of the assets, liabilities, income and costs of its employee share trusts. They have therefore been included in the financial statements of the Company. Under UITF 38 the cost of shares held by the employee share trusts is deducted from shareholders' funds.

Notes to the company financial statements

for the year to 31 December 2010

Accounting Policies (continued)

Share based charges

The Company has a number of share schemes as detailed in the Group accounting policies and notes 20 and 21 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 20 to the Group financial statements. In respect of the Company, the charge is shown as an increase in the Company's investments, as the employees to which the charge relates are employed by subsidiary companies.

Taxation

The current tax charge is based on the taxable profit for the year. Taxable profits differ from the profit reported in the profit and loss account due to timing differences and other items that require adjustment as set out in legislation. The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The deferred tax position is calculated using the rates enacted or substantively enacted at the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors' and creditors' amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Dividend income is credited to the profit and loss account when the dividend has been approved by the board of directors of the subsidiary company making the payment.

Disclosure of impact of new and future accounting standards

There have been no new standards or amendments to existing standards published during 2010 that have impacted these accounts.

Notes to the company financial statements

for the year to 31 December 2010

1 Investments

	Subsidiaries
	\$m
Cost	
At 1 January 2010	501.1
Exchange movements	(2.7)
Additions	92.8
At 31 December 2010	591.2
Amounts provided	
At 1 January 2010 and 31 December 2010	66.8
Net book value	
At 31 December 2010	524.4
At 31 December 2009	434.3

2 Debtors

	2010	2009
	\$m	\$m
Amounts owed by group undertakings	1,490.4	1,469.4
Prepayments and accrued income	2.4	7.4
Group relief receivable	5.5	9.8
	1,498.3	1,486.6

As at 31 December 2010, amounts owed by group undertakings of \$10.9m (2009: \$11.6m) were impaired. These amounts relate to balances due from non-trading group companies from whom there is no expectation of payment. The ageing of these amounts is as follows:

	2010	2009
	\$m	\$m
Over 3 months	10.9	11.6

The movement on the provision for impairment is as follows:

	2010	2009
	\$m	\$m
At 1 January	11.6	10.3
Credit to profit and loss account	(0.3)	–
Exchange movements	(0.4)	1.3
At 31 December	10.9	11.6

The creation and release of provision for impaired balances is charged to the profit and loss account. The company had no outstanding balances that were past due but not impaired at either 31 December 2010 or 31 December 2009. The other classes within debtors do not contain impaired assets.

Notes to the company financial statements

for the year to 31 December 2010

3 Cash at bank and in hand

	2010	2009
	\$m	\$m
Cash at bank and in hand	5.5	13.9

4 Creditors

	2010	2009
	\$m	\$m
Bank loans and overdrafts	97.3	110.7
Amounts due to group undertakings	747.8	607.9
Amounts due to joint ventures	9.5	9.5
Other creditors	0.5	1.0
Corporation tax payable	0.2	0.2
Accruals and deferred income	8.2	3.7
	863.5	733.0

5 Creditors – amounts falling due after more than one year

	2010	2009
	\$m	\$m
Bank loans	164.9	275.7

Bank loans are denominated in a number of currencies and bear interest based on LIBOR or foreign equivalents appropriate to the country in which the borrowing is incurred.

The effective interest rates on the Company's borrowings at the balance sheet date were as follows:

	2010	2009
	%	%
US Dollar	–	6.81
Sterling	4.25	5.47
Euro	4.14	4.05
Canadian Dollar	4.55	4.55

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2010	2009
	\$m	\$m
US Dollar	–	75.0
Sterling	54.8	88.8
Euro	58.9	63.0
Canadian Dollar	50.3	47.7
Other	0.9	1.2
	164.9	275.7

Notes to the company financial statements

for the year to 31 December 2010

6 Financial instruments

Financial risk factors

The Company's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Company's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies which are approved by the Board of Directors. Group Treasury identify, evaluate and where appropriate hedge financial risks. The Group Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess cash.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. The Company hedges part of its net investment in non US dollar subsidiaries by using foreign currency bank loans.

Where possible the Company's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the profit and loss account.

(ii) Interest rate risk

The Company finances its operations through a mixture of retained profits and bank borrowings. The company borrows in the desired currencies at floating rates of interest and then uses interest rate swaps as cash flow hedges to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2010, approximately 64% (2009: 82%) of the Company's borrowings were at fixed rates after taking account of interest rate swaps.

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of 'A' or better, where possible.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with an 'A' rating or better where possible. There was no cash held on deposit at 31 December 2010.

Notes to the company financial statements

for the year to 31 December 2010

6 Financial instruments (continued)

(c) Liquidity risk

With regard to liquidity, the Group's policy is to ensure continuity of funding. At 31 December 2010, 100% (2009: 100%) of the Company's borrowing facilities were due to mature in more than one year. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Company's capital risk is determined by that of the Group.

The table below analyses the Company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
At 31 December 2010				
Bank loans	–	164.9	–	–
Derivative financial instruments	–	0.5	2.1	–
Creditors	863.5	–	–	–
At 31 December 2009				
Bank loans	–	–	275.7	–
Derivative financial instruments	2.7	1.5	1.8	–
Creditors	733.0	–	–	–

Notes to the company financial statements

for the year to 31 December 2010

6 Financial instruments (continued)

The table below analyses the Company's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m
At 31 December 2010				
Forward foreign exchange contracts				
Outflow	203.5	–	–	–
Inflow	202.7	–	–	–
Interest rate swaps				
Outflow	2.3	1.8	0.5	–
Inflow	0.8	0.5	0.1	–
At 31 December 2009				
Forward foreign exchange contracts				
Outflow	178.1	–	–	–
Inflow	178.2	–	–	–
Interest rate swaps				
Outflow	8.0	3.0	3.2	–
Inflow	1.1	0.6	0.7	–
Currency options				
Outflow	–	–	–	–
Inflow	3.9	–	–	–

All interest rate swaps are categorised as cash flow hedges.

Notes to the company financial statements

for the year to 31 December 2010

6 Financial instruments (continued)

Derivative financial instruments

The book value and net fair value of the Company's derivative financial instruments at the balance sheet date were as follows:

	2010		2009	
	Debtor \$m	Creditor \$m	Debtor \$m	Creditor \$m
Interest rate swaps – cash flow hedges	–	2.6	–	6.0
Forward foreign exchange contracts	0.5	–	–	–
Currency options	–	–	3.9	–
Total	0.5	2.6	3.9	6.0

Trading derivatives are classified as debtors or creditors.

There was no ineffectiveness recorded in the profit and loss account arising from fair value hedges or cash flow hedges in either period.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

(a) Forward foreign exchange contracts

The notional principal amounts of the Company's outstanding forward foreign exchange contracts at 31 December 2010 was \$203.5m (2009: \$178.1m).

(b) Interest rate swaps

The notional principal amount of the Company's outstanding interest rate swap contracts at 31 December 2010 was \$106.2m (2009: \$222.3m).

At 31 December 2010 the fixed interest rates varied from 4.4% to 7.3% (2009: 4.3% to 7.3%) and the floating rate was 3.0% to 3.5% including margin (2009: 2.5% to 2.9%). The interest rate swaps are for periods of five years expiring between 2010 and 2013.

The fair value gains and losses relating to the interest rate swaps and which are deferred in equity at 31 December will reverse in the profit and loss account over the term of the swaps.

Notes to the company financial statements

for the year to 31 December 2010

7 Share capital

	2010 \$m	2009 \$m
Issued and fully paid		
530,266,720 ordinary shares of 3¼p each (2009: 530,266,720)	26.3	26.3

The additional information required in relation to share capital is given in note 21 to the Group financial statements.

8 Share premium

	2010 \$m	2009 \$m
At 1 January	315.8	311.8
Allocation of shares to employee share trusts	–	4.0
At 31 December	315.8	315.8

9 Capital reduction reserve

	2010 \$m	2009 \$m
At 1 January and 31 December	88.1	88.1

A capital redemption reserve was created on the conversion of convertible redeemable preference shares immediately prior to the Initial Public Offering in June 2002. The capital redemption reserve was converted to a capital reduction reserve in December 2002 and is part of distributable reserves.

Notes to the company financial statements

for the year to 31 December 2010

10 Retained earnings

	2010 \$m	2009 \$m
At 1 January	489.4	373.9
Retained profit for the year	66.4	112.0
Shares purchased by employee share trusts	(20.8)	(1.3)
Shares allocated to employee share trusts	–	(4.1)
Shares disposed of by employee share trusts	6.3	4.3
Foreign exchange in respect of shares held by employee share trusts	1.7	(6.6)
Credit relating to share based charges	16.7	11.2
At 31 December	559.7	489.4

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investments in own shares represents the cost of 16,543,702 (2009: 20,626,241) of the Company's ordinary shares totalling \$74.5m (2009: \$61.7m).

11 Other reserves

	2010 \$m	2009 \$m
At 1 January	4.4	2.0
Fair value gains	3.4	2.4
At 31 December	7.8	4.4

12 Reconciliation of movements in shareholders' funds

	2010 \$m	2009 \$m
Profit for the financial year	119.5	162.3
Dividends	(53.1)	(50.3)
	66.4	112.0
Credit relating to share based charges	16.7	11.2
Fair value gains	3.4	2.4
Shares purchased by employee share trusts	(20.8)	(1.3)
Shares disposed of by employee share trusts	6.3	4.3
Foreign exchange in respect of shares held in employee share trusts	1.7	(6.6)
	73.7	122.0
Shareholders' funds at 1 January	924.0	802.0
Shareholders' funds at 31 December	997.7	924.0

The profit for the financial year for the Company was \$119.5m (2009: \$162.3m). The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company.

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration is provided in the Directors' Remuneration Report. The profit for the financial year is stated after charging audit fees of \$48,000 (2009: \$50,000). Details of dividends paid and proposed are provided in note 6 to the Group financial statements. Further details of share based charges are provided in note 20 to the Group financial statements. The gain on the fair value of unhedged derivative financial instruments credited to the profit and loss account during the year was \$0.5m (2009: loss \$0.8m).

Five year summary

	2010 \$m	2009 \$m	2008 \$m	2007 \$m	2006 \$m
Revenue	5,063.1	4,927.1	5,243.1	4,432.7	3,468.8
EBITA	344.8	358.4	441.0	318.4	215.1
Amortisation	(29.0)	(24.1)	(25.2)	(10.6)	(7.6)
Non-recurring items	(27.6)	(35.8)	0.0	(22.6)	0.0
Net finance expense	(33.6)	(33.7)	(31.7)	(25.3)	(23.9)
Profit before taxation	254.6	264.8	384.1	259.9	183.6
Taxation	(88.8)	(100.6)	(128.7)	(91.0)	(62.4)
Profit for the year	165.8	164.2	255.4	168.9	121.2
Attributable to:					
Owners of the parent	166.0	163.2	251.6	165.0	120.5
Non-controlling interests	(0.2)	1.0	3.8	3.9	0.7
	165.8	164.2	255.4	168.9	121.2
Shareholders' equity	1,406.3	1,270.2	1,133.9	974.6	802.3
Net debt	15.1	87.9	248.8	277.9	257.9
Gearing ratio	1.1%	6.9%	21.9%	28.5%	32.1%
Interest cover	10.3	10.6	13.9	12.6	9.0
Diluted Earnings per share (cents)	31.3	31.2	48.1	31.7	23.4
Adjusted diluted earnings per share (cents)	39.7	41.8	52.1	36.9	24.5
Dividend per share (cents)	11.0	10.0	9.0	7.0	5.0

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 US 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. UK 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 15 April 2011 as published in the *Financial Times* on 16 April 2011.

Officers and advisers

Secretary and Registered Office

R M Brown
John Wood Group PLC
John Wood House
Greenwell Road
ABERDEEN
AB12 3AX

Tel: 01224 851000

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0871 384 2649

Stockbrokers

JPMorgan Cazenove
Credit Suisse

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Company Solicitors

Slaughter and May

Financial calendar

Results announced	21 February 2011
Ex-dividend date	13 April 2011
Dividend record date	15 April 2011
Annual General Meeting	11 May 2011
Dividend payment date	16 May 2011

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

Printed by Pureprint Group who are certified to the ISO 14001 Environmental Management standard and FSC® Chain of Custody standard.

This report is printed on paper stocks which are manufactured under strict environmental management systems, the international ISO 14001 standard, minimising negative impacts on the environment. The cover stock and pages 35-120 are printed on Greencoat 100 Offset, which is made from 100% recovered fibre, and pages 1-34 are printed on Regency Satin, which is made from 10% recovered fibre, diverting waste from landfill. Both paper stocks are certified in accordance with the FSC® (Forest Stewardship Council).

The carbon impacts of this paper has been measured and balanced through the World Land Trust, an ecological charity.



WORLD
LAND
TRUST™

www.carbonbalancedpaper.com

Designed and produced by aka:design www.akadesignltd.co.uk



John Wood Group PLC

John Wood House
Greenwell Road
East Tullos
Aberdeen
AB12 3AX
UK

Tel +44 1224 851 000

17420 Katy Freeway
Suite 300
Houston
TX 77094
USA

Tel +1 281 828 3500

www.woodgroup.com