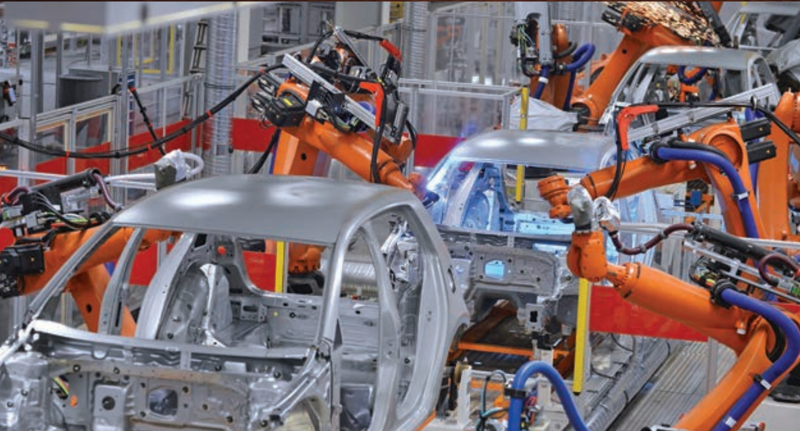
John Wood Group PLC
Half Year Report 2017



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Highlights

Financial Summary

Total Revenue[1]
$2,277m ▼ **11.0%** (2016: $2,559m)

Total EBITA[1]
$127m ▼ **23.5%** (2016: $166m)

EBITA Margin
5.6% ▼ **0.9%** (2016: 6.5%)

Revenue from continuing operations on an equity accounting basis
$1,944m ▼ **10.0%** (2016: $2,161m)

Operating Profit before exceptional items
$72m ▼ **32.1%** (2016: $106m)

Profit for the period
$6m ▼ **86.7%** (2016: $45m)

Basic EPS
1.1 cents ▼ **89.9%** (2016: 10.9 cents)

Adjusted diluted EPS[1]
22.9 cents ▼ **20.2%** (2016: 28.7 cents)

Interim Dividend
11.1 cents per share ▲ **3.0%** (2016: 10.8 cents)

Operational Summary

- Recovery in certain markets despite tough conditions in the oil and gas sector overall
- Asset Life Cycle Solutions West – Robust performance including improved activity in offshore greenfield project engineering and commissioning and modest improvement in US onshore activity
- Asset Life Cycle Solutions East - weaker activity with significant reduction in projects & modifications work, particularly in the North Sea
- Specialist Technical Solutions - Growth in automation and robust activity in technology related work, offset by weaker performance in subsea
- Impact of tougher pricing environment largely offset by enduring sustainable structural cost reductions
- Overhead costs down $44m from H1 2016
- Profit for the period is stated after exceptional costs of $48m, including $25m in respect of the acquisition of Amec Foster Wheeler
- Strong financial position. Net debt of $490m and Net debt : EBITDA of 1.2x
- Interim dividend up 3% in line with our progressive policy
- Amec Foster Wheeler to complete in Q4:
  - Accelerates Wood Group's strategy
  - Will deliver significant cost synergies of at least $170m[2]
  - Competition & Markets Authority ("CMA") approved UK remedy in principle with no upfront buyer requirement

Notes:

1. See detailed footnotes following the Financial Review. Total Revenue and Total EBITA are presented based on proportionally consolidated numbers, which is the basis used by management to run the business and includes the contribution from joint ventures. A reconciliation to statutory numbers is provided in note 2 to the interim financial statements.
2. As disclosed in the Wood Group prospectus dated 23 May 2017 estimated pre-tax cost synergies expected to arise from the Combination are at least £165m (in US$, approximately $200m) per annum, by the end of the third year following Completion. The realisation of these cost synergies is estimated to give rise to one-off costs of approximately £190m (US$231m) incurred in the first three years post-Completion. Should the proposed UK remedy be accepted by the CMA and implemented, it is anticipated that approximately £25m ($30m) per annum of the pre-tax cost synergies would not be achieved. Furthermore, approximately £25m ($30m) of the one-off costs to realise the cost synergies would not be incurred.

Business review

"First half performance was down on 2016 reflecting the different market conditions across our business. Robust performance in ALCS West and growth in STS was offset by a weaker performance in ALCS East where the North Sea market is particularly challenging. Our full year outlook is unchanged and we anticipate a stronger second half performance. In June shareholders overwhelmingly approved our offer for Amec Foster Wheeler which will accelerate our strategy to create a global leader in project, engineering and technical services across a broad range of industrial sectors, the largest of which will be oil and gas. We remain on track to complete the transaction in the fourth quarter."

Robin Watson, Chief Executive

H1 Financial Summary

Total Revenue[1]

$2,277m ▼ 11.0% (2016: $2,559m)

Total EBITA[1]

$127m ▼ 23.5% (2016: $166m)

EBITA Margin

5.6% ▼ 0.9% (2016: 6.5%)

Operating Profit before exceptional items

$72m ▼ 32.1% (2016: $106m)

Profit for the period

$6m ▼ 86.7% (2016: $45m)

Adjusted diluted EPS[2]

22.9c ▼ 20.2% (2016: 28.7c)

Interim Dividend

11.1c ▲ 3.0% (2016: 10.8c)

Note: The commentary on trading performance is presented based on proportionally consolidated numbers, which is the basis used by management to run the business. Total Revenue and Total EBITA include the contribution from joint ventures.

Trading performance

In December 2016, we highlighted challenges in our core oil & gas market that we felt were likely to persist in 2017. We expected to see indications of recovery in certain markets – US onshore including shale, offshore upstream engineering and automation. We also noted the commercial close out of a number of projects in 2016.

Overall, these themes have played out largely as expected in the first half although the macro environment has been more volatile. As a result we have seen an increasing focus on efficiency by operators and some evidence of further deferrals in customer spending, which has decreased for a third successive year.

In the first half total revenue fell by 11% and total EBITA was down 23%. Robust performance in the West including, improved activity in offshore greenfield project engineering and commissioning and modest improvement in US onshore activity, was more than offset by weaker activity in the East, where we have seen a significant reduction in projects & modifications work, particularly in the North Sea. In Specialist Technical Solutions, growth in automation and robust activity in technology related work was offset by weaker performance in subsea. Our continued focus on utilisation and the enduring benefit of our actions in the last 30 months around reorganisation and back office efficiency are delivering sustainable structural cost reductions. Overheads were $44m lower than H1 2016. We remain focused on managing utilisation in light of prevailing market conditions. Underlying headcount, excluding acquisitions, is down 34% since the start of 2015. We have seen a modest increase in headcount since the start of the year.

Profit for the period was impacted by exceptional costs of $47.6m. This included $25.2m in respect of costs relating to the acquisition of Amec Foster Wheeler, comprising advisory fees of $19.7m and underwriting fees in respect of new debt facilities of $5.5m. We also made a provision for $15.9m in relation to an ongoing subcontractor dispute on the Dorad contract which was substantially completed prior to the formation of EthosEnergy.

In May we acquired CEC in the US for an initial consideration of $49.8m, further enhancing our automation process & control capabilities in the automotive, aerospace, logistics, water, and pharmaceuticals sectors. We have continued to progress our strategic options for EthosEnergy and have commenced a disposal process.

Our internal investigation into Wood Group's historical engagement of Unaoil is substantially progressed and we will be proceeding to share our findings with the Crown Office on a voluntary basis. As previously disclosed, this investigation has confirmed that a Wood Group joint venture made payments to Unaoil. The investigation has not confirmed that the payments made were used by Unaoil in ways that would amount to bribery, corruption or money laundering offences or that there was any involvement in or knowledge of bribery, corruption or money laundering offences on the part of Wood Group companies, the joint venture or their personnel.

The Group is in a strong financial position. Net debt was $490m and Net debt : EBITDA is 1.2x. We have seen a slight improvement in Days Sales Outstanding as administrative and billing issues with certain of our customers were resolved during the first half and we expect further improvement to lead to a better working capital position in the second half.

We have declared an interim dividend of 11.1 cents per share which will be paid on 28 September 2017 to shareholders on the register on 1 September 2017. This is an increase of 3% in line with our progressive dividend policy.

Outlook

Our view on the full year has not changed from the half year trading update. The themes identified in December 2016 have played out largely as expected in the first half and although the market continues to present challenges, we do anticipate a stronger second half performance in 2017.

Further growth in US onshore operations in ALCS Western Region and increased activity in Asia Pacific and the Middle East in ALCS Eastern Region are expected to contribute to a stronger second half. In STS, growth is anticipated in automation where we continue to work on the Tengiz expansion project. Whilst pricing on new work remains very competitive, group margins should benefit from further cost saving and business efficiency initiatives.

Update on Amec Foster Wheeler Acquisition

The proposed acquisition of Amec Foster Wheeler was overwhelmingly approved by both sets of shareholders on 15th June. The transformational deal accelerates our strategy, providing us with the opportunity to create a global leader in project, engineering and technical services delivery across a broader range of industrial markets including environment and infrastructure and power and process. The broader end market exposure of the combined group is expected to result in reduced earnings volatility through oil and gas cycles. Oil and gas will remain a key focus. The addition of Amec Foster Wheeler's differentiated strength in project management and delivery and engineering, procurement and construction will result in a larger, stronger oil and gas business with a better balance of exposure across upstream midstream and downstream. The transaction is expected to deliver cost synergies of at least $170m per annum by the end of the third year following completion and give rise to incremental revenue synergies. Competition authority approvals are well progressed and we are now in receipt of the majority of competition approvals. Recently the CMA approved in principle, the proposed remedy in the UK.

As expected, there will be minimal modification to our operating structure. A fourth business unit, Environment & Infrastructure, will be added and the enlarged business will continue to be supported by Wood Group's four areas of functional support. The integration team has been drawn from both companies and is heavily engaged on integration activities under Steve Wayman's leadership. The Executive Leadership team (ELT) of the combined group has been agreed and we are progressing on the organisational structure below ELT level.

We look forward to completion of the Amec Foster Wheeler transaction in the fourth quarter of 2017 and believe the combined group will be well positioned for growth and to benefit from longer term trends in the global energy and industrial sectors, with less exposure to earnings volatility through oil and gas cycles.

Asset Life Cycle Solutions - Western Region

First half revenues were broadly in line with 2016. In Projects & Modifications, increased offshore greenfield activity is partly offsetting lower onshore engineering activity, with Operations & Maintenance work remaining robust overall. EBITA margins reflect the enduring benefit of structural cost reductions achieved in the last two years and the release of amounts previously provided in respect of prior year acquisitions.

Projects and Modifications accounted for around 30% of revenue and was down on 2016. Increased offshore greenfield engineering activity has been more than offset by a reduction in onshore engineering work. In March, we announced our detailed engineering and procurement scope for Samsung Heavy Industries on BP's Mad Dog 2 project and the topsides and jacket detailed engineering scope on Noble Leviathan. We secured engineering, procurement and construction work in Alaska and the topsides detailed engineering contract on the Husky White Rose project in Eastern Canada. We remain active on other projects including Statoil Peregrino 2, BP South Pass and our SAGD well pad engineering programme for Suncor. In onshore Projects & Modifications, activity has fallen following the substantial completion of a number of projects in 2016 including Flint Hills and the ETC Dakota access pipeline. We remain active on a number of brownfield refinery modification scopes.

Operations and Maintenance work accounted for around 70% of revenue and was up on H1 2016. We saw increased activity in Newfoundland on the Hibernia Platform and on our Hebron hook up and commissioning scope which is expected to roll off in the second half of 2017. In US shale, increased drilling activity has led to a modest improvement in demand for our construction and infrastructure activities and performance is up on H1 2016. Activity increases have been basin specific and our current focus remains on the Permian and Niobrara basins. We continue to secure contract awards in downstream and non oil and gas markets.

As examples, we have recently been awarded a 5 year maintenance contract for a refinery in Texas and in March we secured one of our largest onshore civil works and infrastructure construction projects with Sofidel in Ohio. Our US onshore activity remains the largest contributor to earnings in Operations and Maintenance.

Outlook

We currently anticipate full year performance to benefit from further progress on our existing greenfield Projects and Modifications scopes and further growth in our US onshore Operations and Maintenance activities. Margins will also benefit from further cost savings initiatives undertaken towards the end of the first half.

Asset Life Cycle Solutions Western region

Total Revenue

$1,025m ▼ 2.5% (2016: $1,051m)

Total EBITA

$81m ▲ 3.8% (2016: $78m)

EBITA Margin

7.9% ▲ 0.5% (2016: 7.4%)

People[3]

11,000 ▼ 6.0% (2016: 11,700)

Asset Life Cycle Solutions - Eastern Region

Performance in the first half is down on H1 2016. Revenue fell 22% principally due to a significant reduction in projects and modifications activity. EBITA is down 49% reflecting the impact of previously renegotiated pricing and lower activity in the North Sea.

Projects and Modifications accounted for over 30% of revenues. We have seen a significant reduction in modifications and upgrade work of over 35% with the most material reductions in the North Sea and in Kazakhstan. The detailed and follow on engineering work on Ivar Aasen also completed in 2016. Work under our General Engineering Services Plus contract in Saudi Arabia is being released at a slower rate than expected, although we expect some recovery in the second half. In May we extended our scope of work under a 5 year contract with Sakhalin Energy Investment Company to include drilling upgrade services in addition to engineering, construction support and modifications work.

Operations and Maintenance accounted for around 70% of Eastern Hemisphere revenues. We are seeing lower activity in the North Sea although our duty holder scope operating the CATS pipeline and terminal for Antin Infrastructure and our operating partner scope for Ancala on their midstream assets are both progressing. We also renewed our $50m contract with Premier Oil for operations and maintenance services on the Balmoral Floating Production Facility and have recently been awarded the hook up and commissioning scope for Maersk's Culzean field. Performance in the Middle East and Asia Pacific is robust. Our contract with Exxon in Iraq is progressing well. In Asia Pacific, activity levels on our Exxon contract in Papua New Guinea are increasing and we remain active on other projects including our contract with Melbourne Water.

We also commenced work on our five year managed services scope from Hess Malaysia for their offshore facilities in the North Malay basin. Our industrial services business continues to perform well and was awarded a two year contract with BAE to provide insulation installation services on Royal Navy submarines. This complements our ongoing contract to provide painting, cleaning and insulation services to the Royal Navy's Queen Elizabeth class aircraft carriers. Turbine joint ventures are performing in line with 2016 overall. Weaker performance in EthosEnergy was offset by activity elsewhere. We have continued to progress our strategic options for EthosEnergy and have commenced a disposal process.

Outlook

We are confident of a stronger performance in the second half. Although the UK North Sea market is not anticipated to significantly improve from current levels, work on secured contracts including Premier, Ancala and Dana is expected to ramp up and we are focused on business efficiency improvements. Elsewhere, we expect increased activity under existing contracts including Saudi Aramco, Exxon in PNG and Malaysia, contributing to a stronger second half. We also see potential for further opportunities in the Middle East and Caspian markets.

Asset Life Cycle Solutions Eastern Region

Total Revenue

$980m — ▼ **21.7%** (2016: $1,251m)

Total EBITA

$36m — ▼ **49.3%** (2016: $71m)

EBITA Margin

3.7% — ▼ **2.0%** (2016: 5.7%)

People[3]

15,600 — ▼ **10.9%** (2016: 17,500)

Specialist Technical Solutions

First half results in Specialist Technical Solutions reflect good growth in automation and robust activity in technology related work, offset by weaker performance in subsea. EBITA margin was down 2.8% despite good progress on cost reduction initiatives. This is in part due to the positive impact of commercial close out on legacy projects in 2016 not repeating in 2017.

Automation accounted for over half of revenue and is up on 2016. Our main automation contracts with TCO on the Tengiz expansion project and ExxonMobil on the polyethylene plant in Texas are progressing well. In May, we acquired CEC in Detroit which adds over 220 people and enhances our industrial process & control capabilities in the automotive, aerospace, logistics, water and pharmaceuticals sectors.

In subsea, activity is down and has been limited to smaller scope, brownfield or early stage work. Current projects include the flowline FEED for Snorre, engineering and project management on Mad Dog 2 and follow on engineering support contract for the subsea pipeline on Woodside's Greater Western Flank project. Our technology related business including asset integrity solutions and clean energy performed relatively robustly.

Outlook

In automation, activity on existing projects and the contribution from CEC will result in good growth in the second half of 2017. Whilst we expect the subsea market to remain subdued for larger capex projects we believe we are well positioned for opex related opportunities in H2. We also expect performance in our clean energy and asset integrity offerings to remain robust.

Specialist Technical Solutions

Total Revenue	$271m	▲ 5.4% (2016: $257m)
Total EBITA	$27m	▼ 18.2% (2016: $33m)
EBITA Margin	10.0%	▼ 2.8% (2016: 12.8%)
People[3]	3,100	▲ 3.3% (2016: 3,000)

Financial review

Trading performance

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

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full Year Dec 2016 $m
Total Revenue	**2,276.6**	2,559.2	4,934.0
Total EBITA	**127.2**	166.4	363.4
EBITA margin %	***5.6%***	*6.5%*	*7.4%*
Amortisation - software and system development	(25.6)	(29.0)	(54.4)
Amortisation - intangible assets from acquisitions	(25.1)	(24.8)	(49.9)
EBIT	**76.5**	112.6	259.1
Net finance expense	(12.3)	(11.9)	(25.8)
Profit before tax and exceptional items	**64.2**	100.7	233.3
Taxation before exceptional items	(14.4)	(26.3)	(59.1)
Profit before exceptional items	**49.8**	74.4	174.2
Exceptional items, net of tax	(44.3)	(29.8)	(139.8)
Profit for the period	**5.5**	44.6	34.4
Basic EPS (cents)	**1.1c**	10.9c	7.5c
Adjusted diluted EPS (cents)[2]	**22.9c**	28.7c	64.1c

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

Reconciliation to operating profit

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full Year Dec 2016 $m
Total EBITA	**127.2**	166.4	363.4
Amortisation	**(50.7)**	(53.8)	(104.3)
EBIT	**76.5**	112.6	259.1
Tax and interest charges on joint ventures included within operating profit but not EBITA	**(4.2)**	(6.4)	(15.4)
Operating profit before exceptional items per accounts	**72.3**	106.2	243.7

'Like for like' trading

The financial performance of the Group, adjusting for acquisitions and on a constant currency basis, is shown below. The 2016 results have been restated to include the results of acquisitions made in 2016 (SVT and Ingenious) as if they had been acquired on 1 January 2016 and also to apply the average exchange rates used to translate the 2017 results. The 2017 results have been adjusted to exclude the revenue and profits earned by CEC since acquisition.

Unaudited	Interim Jun 2017 Total Revenue $m	Interim Jun 2017 Total EBITA $m	Interim Jun 2016 Total Revenue $m	Interim Jun 2016 Total EBITA $m
ALCS East	**980.0**	**35.8**	1,190.0	68.4
ALCS West	**1,025.3**	**80.9**	1,052.0	77.7
STS	**258.9**	**24.3**	250.9	32.2
Central costs	**-**	**(16.5)**	-	(15.5)
Like for like	**2,264.2**	**124.5**	2,492.9	162.8
Acquisitions	**12.4**	**2.7**	(4.2)	(0.2)
Constant currency	**-**	**-**	70.5	3.8
Total Revenue and EBITA as reported	**2,276.6**	**127.2**	2,559.2	166.4

Amortisation

The amortisation charge for the half year of $50.7m (2016: $53.8m) includes $25.1m (2016: $24.8m) of amortisation relating to intangible assets arising from acquisitions. $19.2m of the charge relates to businesses acquired by ALCS West including Elkhorn, Mitchells, Kelchner and Infinity. Amortisation in respect of software and development costs was $25.6m (2016: $29.0m) and this largely relates to engineering software and ERP system development. We currently anticipate that the amortisation charge for the full year (excluding the impact, if any, of the Amec Foster Wheeler acquisition) will be around $100.0m (2016: $104.3m), of which approximately $47.0m (2016: $49.9m) will relate to intangibles arising from acquisitions. Included in the amortisation charge for the half year above is $0.9m (2015: $1.0m) in respect of joint ventures.

Net finance expense

Net finance expense is analysed below.

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full year Dec 2016 $m
Interest on debt, arrangement fees and non-utilisation charges	**6.2**	6.4	13.9
Interest on US private placement debt	**7.1**	7.1	14.1
Total finance expense before exceptional items	**13.3**	13.5	28.0
Finance income	**(1.0)**	(1.6)	(2.2)
Net finance expense	**12.3**	11.9	25.8

Interest cover[4] is 10.3 times (June 2016: 14.0 times). Included in the above are net finance charges of $1.1m (2016: $1.2m) in respect of joint ventures.

Underwriting fees of $5.5m in respect of the proposed acquisition of Amec Foster Wheeler are excluded from the above analysis.

We currently anticipate the full year net interest expense, excluding exceptional interest charges and the impact of the Amec Foster Wheeler acquisition, to be around $25m.

Taxation

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

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full year Dec 2016 $m
Profit from continuing operations before tax (pre-exceptional items)	**64.2**	100.7	233.3
Tax charge (pre-exceptional items)	**14.4**	26.3	59.1
Effective tax rate on continuing operations (pre-exceptional items)	**22.4%**	26.1%	25.3%

The tax charge above includes $3.1m in relation to joint ventures (June 2016: $5.2m).

The reduction in the expected effective tax rate from 26.1% in June 2016 to 22.4% in June 2017 is due to a one-off benefit relating to the release of uncertain tax provisions. Excluding the one-off benefit the effective tax rate would have been around 27%.

Exceptional items

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full year Dec 2016 $m
Acquisition costs	**19.7**	-	-
Arbitration settlement provision	**15.9**	-	-
Restructuring charges	**6.5**	36.2	65.9
EthosEnergy impairment	**-**	-	89.0
	42.1	36.2	154.9
Bank fees in relation to proposed Amec Foster Wheeler acquisition	**5.5**	-	-
Total exceptional expense before tax	**47.6**	36.2	154.9
Tax on exceptional items	**(3.3)**	(6.4)	(15.1)
Total exceptional expense net of tax	**44.3**	29.8	139.8

Acquisition costs of $19.7m have been incurred in the period in relation to the proposed acquisition of Amec Foster Wheeler. These costs include broker and legal fees as well as other advisor and regulatory fees. In addition, $5.5m of underwriting fees have been incurred in respect of an increased borrowing facility which will be required to fund the acquisition.

A charge of $15.9m has been recorded in the period in relation to a legacy contract carried out by our Gas Turbine Services business prior to the formation of EthosEnergy. Arbitration hearings have been held in relation to a dispute between the Group and a former subcontractor and this amount represents our best estimate of the likely settlement including related legal costs. The outcome of the arbitration hearing is likely to be known in the first quarter of 2018.

Redundancy costs of $6.5m have been recorded in the period as the Group continues to reorganise its businesses in light of prevailing market conditions.

Earnings per share

Adjusted diluted EPS for the six months to 30 June 2017 was 22.9 cents per share (2016: 28.7 cents). The average number of fully diluted shares used in the EPS calculation for the period was 384.2m (June 2016: 382.9m).

Adjusted diluted EPS adds back all amortisation. If only the amortisation related to intangible assets arising on acquisition is adjusted and no adjustment is made for that relating to software and development costs, the figure for June 2017 would be 17.7 cents per share (June 2016: 23.1 cents).

Dividend

An interim dividend of 11.1 cents per share (2016: 10.8 cents) has been declared which will be paid on 28 September 2017 to shareholders on the register on 1 September 2017. This represents an increase of 3% in line with our progressive dividend policy taking into account cash flows and earnings.

Cash flow and net debt

The cash flow and net debt position below has been prepared using equity accounting for joint ventures, and as such does not proportionally consolidate the assets and liabilities of joint ventures. The gross and net debt figures including joint ventures are given below.

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full year Dec 2016 $m
Opening net debt (excluding JV's)	**(322.6)**	(293.9)	(293.9)
Cash generated from operations pre working capital (excluding JV's)	**116.9**	149.3	325.5
Working capital movements (excluding JV's)	**(50.0)**	(25.7)	(80.4)
Cash generated from operations	**66.9**	123.6	245.1
Acquisitions	**(85.0)**	(18.9)	(36.2)
Capex and intangibles	**(46.7)**	(54.6)	(86.8)
Tax paid	**(18.0)**	(42.7)	(55.6)
Interest, dividends and other	**(75.7)**	(64.6)	(95.2)
Increase in net debt	**(158.5)**	(57.2)	(28.7)
Closing net debt (excluding JV's)	**(481.1)**	(351.1)	(322.6)
JV net debt	**(8.9)**	(0.3)	(8.8)
Closing net debt (including JV's)	**(490.0)**	(351.4)	(331.4)

Cash generated from operations pre-working capital fell by $32.4m to $116.9m largely due to lower profits in the period. Cash generated from operations post-working capital reduced by $56.7m to $66.9m as a result of lower profits and an increase in working capital.

Overall the increase in working capital of $50.0m is a result of a broadly flat receivables position and lower payables and accruals. Our DSO performance improved towards the end of the first half as administrative and billing issues with certain of our customers were resolved. Despite a continued difficult environment we expect to see continued improvement in cash collection in the second half. The lower payables and accruals are due to the reduction in activity and the timing of certain payments in first half such as annual bonus and insurance payments.

Cash conversion, calculated as cash generated from operations as a percentage of EBITDA, was 49%. Adjusted for cash exceptional costs of $9.5m this would be 56%.

Acquisition payments include $49.8m relating to the acquisition of CEC, $31.3m relating to payments made in respect of companies acquired in prior periods and $3.9m to acquire minority shareholdings.

Payments for capex and intangible assets reduced to $46.7m (2016: $54.6m) and largely relate to our continued investment in core ERP systems across the Group and investment in project management and engineering design software.

Summary Balance Sheet

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

	Interim Jun 2017 $m	Interim Jun 2016 $m	Full year Dec 2016 $m
Non-current assets	**2,532.7**	2,615.5	2,450.0
Current assets	**1,507.1**	1,650.9	1,579.5
Current liabilities	**(1,012.8)**	(1,128.1)	(1,070.7)
Net current assets	**494.3**	522.8	508.8
Non-current liabilities	**(827.8)**	(801.0)	(750.6)
Net assets	**2,199.2**	2,337.3	2,208.2
Equity attributable to owners of the parent	**2,185.2**	2,323.7	2,195.2
Non-controlling interests	**14.0**	13.6	13.0
Total equity	**2,199.2**	2,337.3	2,208.2

Capital efficiency

Net debt (including our share of JV net debt) to rolling EBITDA at 30 June 2017 was 1.2 times (June 2016: 0.7 times). The Board would generally expect net debt to EBITDA on this basis to be in a range of around 0.5 to 1.5 times.

The Group's Return on Capital Employed ("ROCE")[5] reduced from 11.7% at 30 June 2016 to 9.6% largely due to lower EBITA in the period.

Acquisitions

In May 2017, the Group acquired CEC Controls Company, Inc. ('CEC'), a management-owned designer and builder of industrial & process control systems primarily in the automotive manufacturing industry, for an initial consideration of $49.8m (net of cash acquired and including working capital) with a further total fixed deferred consideration of $14.9m payable in cash over the next three years. Established in 1966, CEC Controls is headquartered near Detroit, USA and employs more than 220 personnel across its 12 North American offices and office in Romania.

In the period provisions relating to deferred consideration on prior year acquisitions of $7.9m were released.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group in the second half of 2017 that could lead to a significant loss of reputation or could impact on the performance of the Group, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in the Group's 2016 Annual Report. The key risks are in the following categories:

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

The mitigating factors are designed to reduce, but cannot be relied upon to eliminate, the risk areas identified. For further details on the management of risk and the principal risks and uncertainties see pages 26 to 28 of the Group's 2016 Annual Report.

Footnotes

1. Total Revenue and Total EBITA are presented based on proportionally consolidated numbers, which is the basis used by management to run the business and includes the contribution from joint ventures. Total EBITA represents operating profit including JVs on a proportional basis of $34.4m (2016: $76.4m) before the deduction of amortisation of $50.7m (2016: $53.8m) and exceptional costs of $42.1m (2016: $36.2m) and is provided as it is a key unit of measurement used by the Group in the management of its business.
2. Adjusted diluted earnings per share ("AEPS") is calculated by dividing earnings before exceptional items and amortisation, net of tax, by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Group's employee share ownership trusts and adjusted to assume conversion of all potentially dilutive ordinary shares.
3. Number of people includes both employees and contractors at 30 June 2017 and includes our proportional share of headcount in joint ventures.
4. Interest cover is EBITA divided by net finance expense (excluding exceptional finance costs).
5. Return of Capital Employed ("ROCE") is EBITA divided by average capital employed.

Group income statement
for the six month period to 30 June 2017

		Unaudited Interim June 2017			Unaudited Interim June 2016			Audited Full Year December 2016		
	Note	**Pre-exceptional items $m**	**Exceptional items (note 3) $m**	**Total $m**	Pre-exceptional items $m	Exceptional items (note 3) $m	Total $m	Pre-exceptional items $m	Exceptional items (note 3) $m	Total $m
Revenue	**2**	**1,944.2**	**-**	**1,944.2**	2,161.3	-	2,161.3	4,120.6	-	4,120.6
Cost of sales		**(1,695.6)**	**-**	**(1,695.6)**	(1,843.2)	-	(1,843.2)	(3,498.2)	-	(3,498.2)
Gross profit		**248.6**	**-**	**248.6**	318.1	-	318.1	622.4	-	622.4
Administrative expenses		**(182.3)**	**(42.1)**	**(224.4)**	(225.5)	(36.2)	(261.7)	(411.4)	(68.3)	(479.7)
Impairment of investment in joint ventures		**-**	**-**	**-**	-	-	-	-	(56.7)	(56.7)
Share of post-tax profit from joint ventures		**6.0**	**-**	**6.0**	13.6	-	13.6	32.7	(29.3)	3.4
Operating profit	**2**	**72.3**	**(42.1)**	**30.2**	106.2	(36.2)	70.0	243.7	(154.3)	89.4
Finance income		**1.0**	**-**	**1.0**	1.2	-	1.2	2.2	-	2.2
Finance expense		**(12.2)**	**(5.5)**	**(17.7)**	(11.9)	-	(11.9)	(25.6)	-	(25.6)
Profit before tax		**61.1**	**(47.6)**	**13.5**	95.5	(36.2)	59.3	220.3	(154.3)	66.0
Taxation	**7**	**(11.3)**	**3.3**	**(8.0)**	(21.1)	6.4	(14.7)	(46.1)	14.5	(31.6)
Profit for the period		**49.8**	**(44.3)**	**5.5**	74.4	(29.8)	44.6	174.2	(139.8)	34.4
Profit attributable to:										
Owners of the parent		**48.5**	**(44.3)**	**4.2**	70.1	(29.8)	40.3	167.6	(139.8)	27.8
Non-controlling interests		**1.3**	**-**	**1.3**	4.3	-	4.3	6.6	-	6.6
		49.8	**(44.3)**	**5.5**	74.4	(29.8)	44.6	174.2	(139.8)	34.4
Earnings per share (expressed in cents per share)										
Basic	**6**	**13.0**	**(11.9)**	**1.1**	18.9	(8.0)	10.9	45.2	(37.7)	7.5
Diluted	**6**	**12.6**	**(11.5)**	**1.1**	18.3	(7.8)	10.5	43.8	(36.5)	7.3

The notes on pages 15 to 21 are an integral part of the interim financial statements.

The results for the period are wholly derived from continuing operations.

Group statement of comprehensive income
for the six month period to 30 June 2017

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Profit for the period	**5.5**	44.6	34.4
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurement losses on retirement benefit obligations	**-**	-	(14.2)
Movement in deferred tax relating to retirement benefit obligations	**-**	-	2.8
Total items that will not be reclassified to profit or loss	**-**	-	(11.4)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**0.3**	(0.8)	-
Exchange movements on retranslation of foreign currency net assets	**71.6**	(52.5)	(138.8)
Exchange movements on retranslation of non-controlling interests	**0.1**	(0.4)	(0.3)
Total items that may be reclassified subsequently to profit or loss	**72.0**	(53.7)	(139.1)
Other comprehensive income/(expense) for the period, net of tax	**72.0**	(53.7)	(150.5)
Total comprehensive income/(expense) for the period	**77.5**	(9.1)	(116.1)
Total comprehensive income/(expense) for the period is attributable to:			
Owners of the parent	**76.1**	(13.0)	(122.4)
Non-controlling interests	**1.4**	3.9	6.3
	77.5	(9.1)	(116.1)

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

The notes on pages 15 to 21 are an integral part of the interim financial statements.

Group balance sheet
as at 30 June 2017

	Note	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Assets				
Non-current assets				
Goodwill and other intangible assets		**1,976.2**	1,968.6	1,894.5
Property plant and equipment		**163.3**	192.8	171.1
Investment in joint ventures		**213.3**	300.6	205.9
Long term receivables		**89.7**	80.4	87.2
Retirement benefit scheme surplus		**-**	5.3	-
Deferred tax assets		**90.2**	67.8	91.3
		2,532.7	2,615.5	2,450.0
Current assets				
Inventories		**11.0**	10.5	7.0
Trade and other receivables		**986.3**	1,068.4	978.3
Income tax receivable		**18.1**	19.6	14.7
Cash and cash equivalents	**11**	**491.7**	552.4	579.5
		1,507.1	1,650.9	1,579.5
Liabilities				
Current liabilities				
Borrowings	**11**	**373.8**	403.0	433.6
Trade and other payables		**604.8**	688.2	589.0
Income tax liabilities		**34.2**	36.9	48.1
		1,012.8	1,128.1	1,070.7
Net current assets		**494.3**	522.8	508.8
Non-current liabilities				
Borrowings	**11**	**625.5**	527.0	495.0
Deferred tax liabilities		**4.4**	5.1	4.7
Retirement benefit scheme deficit	**8**	**6.3**	-	7.0
Other non-current liabilities		**138.0**	185.5	173.3
Provisions		**53.6**	83.4	70.6
		827.8	801.0	750.6
Net assets		**2,199.2**	2,337.3	2,208.2
Equity attributable to owners of the parent				
Share capital		**24.0**	23.9	23.9
Share premium		**63.9**	63.9	63.9
Retained earnings		**2,016.0**	2,141.0	2,098.0
Other reserves		**81.3**	94.9	9.4
		2,185.2	2,323.7	2,195.2
Non-controlling interests		**14.0**	13.6	13.0
Total equity		**2,199.2**	2,337.3	2,208.2

The notes on pages 15 to 21 are an integral part of the interim financial statements.

Group statement of changes in equity
for the six month period to 30 June 2017

	Note	Share capital $m	Share premium $m	Retained earnings $m	Other reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2016		23.8	63.9	2,162.4	148.2	**2,398.3**	22.7	**2,421.0**
Profit for the period		-	-	40.3	-	**40.3**	4.3	**44.6**
Other comprehensive income/(expense):								
Cash flow hedges		-	-	-	(0.8)	**(0.8)**	-	**(0.8)**
Net exchange movements on retranslation of foreign currency net assets		-	-	-	(52.5)	**(52.5)**	(0.4)	**(52.9)**
Total comprehensive income for the period		-	-	40.3	(53.3)	**(13.0)**	3.9	**(9.1)**
Transactions with owners:								
Dividends paid	**4**	-	-	(75.9)	-	**(75.9)**	(6.4)	**(82.3)**
Credit relating to share based charges	**12**	-	-	6.1	-	**6.1**	-	**6.1**
Shares allocated to employee share trusts		0.1	-	(0.1)	-	**-**	-	**-**
Shares disposed of by employee share trusts		-	-	1.8	-	**1.8**	-	**1.8**
Exchange movements in respect of shares held by employee share trusts		-	-	12.3	-	**12.3**	-	**12.3**
Transactions with non-controlling interests		-	-	(5.9)	-	**(5.9)**	(6.6)	**(12.5)**
At 30 June 2016		23.9	63.9	2,141.0	94.9	**2,323.7**	13.6	**2,337.3**
At 1 January 2017		23.9	63.9	2,098.0	9.4	**2,195.2**	13.0	**2,208.2**
Profit for the period		-	-	4.2	-	**4.2**	1.3	**5.5**
Other comprehensive income/(expense):								
Cash flow hedges		-	-	-	0.3	**0.3**	-	**0.3**
Net exchange movements on retranslation of foreign currency net assets		-	-	-	71.6	**71.6**	0.1	**71.7**
Total comprehensive income for the period		**-**	**-**	**4.2**	**71.9**	**76.1**	**1.4**	**77.5**
Transactions with owners:								
Dividends paid	**4**	-	-	(83.9)	-	**(83.9)**	-	**(83.9)**
Credit relating to share based charges	**12**	-	-	5.0	-	**5.0**	-	**5.0**
Shares allocated to employee share trusts		0.1	-	(0.1)	-	**-**	-	**-**
Shares disposed of by employee share trusts		-	-	2.2	-	**2.2**	-	**2.2**
Exchange movements in respect of shares held by employee share trusts		-	-	(5.3)	-	**(5.3)**	-	**(5.3)**
Transactions with non-controlling interests		-	-	(4.1)	-	**(4.1)**	(0.4)	**(4.5)**
At 30 June 2017		**24.0**	**63.9**	**2,016.0**	**81.3**	**2,185.2**	**14.0**	**2,199.2**

The figures presented in the above tables are unaudited.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.

The notes on pages 15 to 21 are an integral part of the interim financial statements.

Group cash flow statement
for the six month period to 30 June 2017

	Note	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year Dec 2016 $m
Cash generated from operations	**10**	**66.9**	123.6	245.1
Tax paid		**(18.0)**	(42.7)	(55.6)
Net cash from operating activities		**48.9**	80.9	189.5
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash and borrowings acquired)	**5**	**(81.1)**	(7.1)	(17.4)
Acquisition of non-controlling interests		**(3.9)**	(11.8)	(18.8)
Purchase of property plant and equipment		**(11.7)**	(17.4)	(29.0)
Proceeds from sale of property plant and equipment		**2.5**	13.5	24.4
Purchase of intangible assets		**(35.0)**	(37.2)	(57.8)
Interest received		**0.4**	2.1	2.4
Repayment of loans from joint ventures		**20.8**	10.8	24.0
Net cash used in investing activities		**(108.0)**	(47.1)	(72.2)
Cash flows from financing activities				
Proceeds from/(repayment of) proceeds from bank loans and overdrafts		**67.5**	(239.3)	(241.6)
Disposal of shares by employee share trusts		**2.2**	1.8	7.5
Interest paid		**(15.8)**	(11.3)	(23.4)
Dividends paid to shareholders	**4**	**(83.9)**	(75.9)	(116.0)
Dividends paid to non-controlling interests		**-**	(6.4)	(6.7)
Net cash used in financing activities		**(30.0)**	(331.1)	(380.2)
Net decrease in cash and cash equivalents		**(89.1)**	(297.3)	(262.9)
Effect of exchange rate changes on cash and cash equivalents		**1.3**	(1.6)	(8.9)
Opening cash and cash equivalents		**579.5**	851.3	851.3
Closing cash and cash equivalents		**491.7**	552.4	579.5

The notes on pages 15 to 21 are an integral part of the interim financial statements.

Notes to the interim financial statements
for the six month period to 30 June 2017

1 Basis of preparation

The interim report and consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim report and financial statements should be read in conjunction with the Group's 2016 Annual Report and Accounts which have been prepared in accordance with IFRSs as adopted by the European Union. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board.

The interim report and consolidated financial statements have been prepared on the basis of the accounting policies set out in the Group's 2016 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2017. The interim report and consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial statements were approved by the Board of Directors on 21 August 2017. The results for the six months to 30 June 2017 and the comparative results for six months to 30 June 2016 are unaudited. The comparative figures for the year ended 31 December 2016 do not constitute the statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

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

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

Functional currency

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

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

	June 2017	June 2016
Average rate £1 = $	**1.2590**	1.4290
Closing rate £1 = $	**1.2990**	1.3368

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations

Some new amendments apply for the first time in 2017. These amendments do not have a material impact on the Group's financial statements.

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

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018, but the Group has not adopted them early:

- IFRS 15 'Revenue from contracts with customers' is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the likely impact of IFRS 15. At this stage of the process we have identified some specific areas such as revenue recognition on lump sum contracts, where our existing accounting policies will require to be amended. We are not yet in a position to quantify the impact of any changes, however our current assessment is that the adoption of the standard will not have a significant impact on our reported results.
- IFRS 9 'Financial 'instruments' is effective for accounting periods on or after 1 January 2018. The Group does not expect the adoption of this standard to have a material impact on the financial statements.
- IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019. The Group is in the process of assessing the likely impact of this standard on the financial statements.

Notes to the interim financial statements
for the six month period to 30 June 2017

2 Segmental reporting

Following the changes made to the Group's structure in the second half of 2016, the Group now operates through three segments, Asset Life Cycle Solutions East ('ALCS East'), Asset Life Cycle Solutions West ('ALCS West') and Specialist Technical Solutions ('STS'). The 2016 figures in the table below have been restated to reflect the change in structure. Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting, however for management reporting the Group continues to use proportional consolidation, hence the inclusion of the proportional presentation in this note.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the period included the following:

Reportable operating segments

	Revenue			EBITDA [1]			EBITA [1]			Operating profit		
	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year 2016 $m	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year 2016 $m	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year 2016 $m	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year 2016 $m
ALCS East	**980.0**	1,251.3	2,331.3	**46.6**	83.3	166.7	**35.8**	71.4	143.4	**23.8**	35.7	(9.5)
ALCS West	**1,025.3**	1,050.8	2,115.2	**91.3**	92.9	203.1	**80.9**	78.1	176.3	**43.0**	40.2	100.8
STS	**271.3**	257.1	487.5	**29.7**	35.0	82.1	**27.0**	33.4	79.2	**20.4**	22.4	58.1
Central costs [2]	**-**	-	-	**(15.3)**	(14.7)	(32.2)	**(16.5)**	(16.5)	(35.5)	**(52.8)**	(21.9)	(45.2)
Total	**2,276.6**	2,559.2	4,934.0	**152.3**	196.5	419.7	**127.2**	166.4	363.4	**34.4**	76.4	104.2
Remove share of joint ventures	**(332.4)**	(397.9)	(813.4)	**(16.1)**	(26.3)	(60.3)	**(11.1)**	(21.0)	(50.1)	**(10.2)**	(20.0)	(18.2)
Total excluding joint ventures	**1,944.2**	2,161.3	4,120.6	**136.2**	170.2	359.4	**116.1**	145.4	313.3	**24.2**	56.4	86.0
Share of post-tax profit from joint ventures										**6.0**	13.6	3.4
Operating profit										**30.2**	70.0	89.4
Finance income										**1.0**	1.2	2.2
Finance expense										**(17.7)**	(11.9)	(25.6)
Profit before taxation										**13.5**	59.3	66.0
Tax										**(8.0)**	(14.7)	(31.6)
Profit for the period										**5.5**	44.6	34.4

Notes

1. A reconciliation of operating profit to EBITA is provided in the table below. EBITDA represents EBITA before depreciation of property, plant and equipment of $25.1m (June 2016: $30.1m). EBITA and EBITDA are provided as they are the units of measurement used by the Group in the management of its business.
2. Central costs include the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material.

Notes to the interim financial statements
for the six month period to 30 June 2017

2 Segmental reporting (continued)

Reconciliation of Operating profit to EBITA

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Operating profit per income statement	**30.2**	70.0	89.4
Share of joint venture interest	**1.1**	1.2	2.4
Share of joint venture tax	**3.1**	5.2	12.4
Operating profit (excluding joint venture interest and tax)	**34.4**	76.4	104.2
Exceptional items	**42.1**	36.2	154.9
Amortisation (including joint venture amortisation)	**50.7**	53.8	104.3
EBITA	**127.2**	166.4	363.4

Segment assets	**Unaudited Interim June 2017 $m**	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
ALCS East	**1,059.2**	1,221.5	1,008.7
ALCS West	**1,864.4**	1,904.7	1,878.8
STS	**378.4**	326.9	281.7
Unallocated	**737.8**	813.3	860.3
	4,039.8	4,266.4	4,029.5

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

3 Exceptional items

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Acquisition costs	**19.7**	-	-
Arbitration settlement provision	**15.9**	-	-
Restructuring charges	**6.5**	36.2	65.9
Impairment of investment in EthosEnergy joint venture	**-**	-	56.7
Impairment recorded by EthosEnergy	**-**	-	29.9
Impairment of Group receivables in relation to EthosEnergy	**-**	-	2.4
	42.1	36.2	154.9
Bank fees in relation to proposed acquisition of Amec Foster Wheeler	**5.5**	-	-
	47.6	36.2	154.9
Taxation	**(3.3)**	(6.4)	(15.1)
Exceptional items, net of tax	**44.3**	29.8	139.8

Acquisition costs of $19.7m have been incurred in the period in relation to the proposed acquisition of Amec Foster Wheeler. These costs include broker and legal fees as well as other advisor and regulatory fees. In addition, $5.5m of bank fees have been incurred in respect of an increased borrowing facility which will be required to fund the acquisition.

A charge of $15.9m has been recorded in the period in relation to the Dorad contract which was carried out by our Gas Turbine Services business prior to the formation of EthosEnergy. Arbitration hearings have been held in relation to a dispute between the Group and a former subcontractor and this amount represents our best estimate of the likely settlement including related legal costs. The outcome of the arbitration hearing is likely to be known in the first quarter of 2018.

Redundancy costs of $6.5m have been recorded in the period as the Group continues to reorganise its businesses in light of prevailing market conditions.

Full details of the 2016 exceptional items are included in the 2016 Annual Report and Accounts.

Notes to the interim financial statements
for the six month period to 30 June 2017

4 Dividends

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Dividends on ordinary shares			
Final paid	**83.9**	75.9	75.9
Interim paid	**-**	-	40.1
Total dividends	**83.9**	75.9	116.0

After the balance sheet date, the directors declared an interim dividend of 11.1 cents per share (2016: 10.8 cents) which will be paid on 28 September 2017. The interim financial statements do not reflect the interim dividend, which will result in an estimated reduction of $41.5m in equity attributable to owners of the parent. This will be shown as an appropriation of retained earnings in the financial statements for the year ended 31 December 2017.

5 Acquisitions

In May 2017, the Group acquired 100% of the share capital of CEC Controls Inc ('CEC'), a designer and builder of industrial and process control systems for the automotive manufacturing industry based in Detroit, USA for an initial cash consideration of $49.8m (net of cash acquired and including a payment for working capital) with a further total fixed deferred consideration of $14.9m payable over the next three years. Net assets acquired amounted to $17.5m and intangible assets of $49.3m have been provisionally recognised on the acquisition.

CEC will be in a position to access the Group's wider client base and use the Group's resources to further grow and develop its business. The acquisition expands the Group's existing service lines and provides entry into new markets. These factors contribute to the goodwill recognised on the acquisition.

Acquisition costs incurred are included in administrative expenses in the income statement.

From the date of acquisition to 30th June 2017, CEC contributed $12.4m to Group revenues and $2.7m to EBITA.

Contingent consideration payments amounting to $31.3m were made during the period in relation to acquisitions completed in previous years. Estimated contingent consideration liabilities at 30 June 2017 amounted to $70.9m (June 2016: $102.0m) and are payable over the next three years. The amount of contingent consideration payable is dependent on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. $7.9m of the contingent consideration balance at 31 December 2016 was released to the income statement in the six months to 30 June 2017.

Notes to the interim financial statements
for the six month period to 30 June 2017

6 Earnings per share

	Unaudited Interim June 2017			Unaudited Interim June 2016			Audited Full Year December 2016		
	Earnings attributable to equity shareholders ($m)	**Number of shares (millions)**	**Earnings per share (cents)**	Earnings attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)	Earnings attributable to equity shareholders ($m)	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	**48.5**	**372.7**	**13.0**	70.1	371.3	18.9	167.6	370.9	45.2
Exceptional items, net of tax	**(44.3)**	**-**	**(11.9)**	(29.8)	-	(8.0)	(139.8)	-	(37.7)
Basic	**4.2**	**372.7**	**1.1**	40.3	371.3	10.9	27.8	370.9	7.5
Effect of dilutive ordinary shares	**-**	**11.5**	**-**	-	11.6	(0.4)	-	12.0	(0.2)
Diluted	**4.2**	**384.2**	**1.1**	40.3	382.9	10.5	27.8	382.9	7.3
Exceptional items, net of tax	**44.3**	**-**	**11.5**	29.8	-	7.8	139.8	-	36.5
Diluted pre-exceptional items	**48.5**	**384.2**	**12.6**	70.1	382.9	18.3	167.6	382.9	43.8
Amortisation, net of tax	**39.3**	**-**	**10.3**	39.8	-	10.4	77.9	-	20.3
Adjusted diluted	**87.8**	**384.2**	**22.9**	109.9	382.9	28.7	245.5	382.9	64.1
Adjusted basic	**87.8**	**372.7**	**23.6**	109.9	371.3	29.6	245.5	370.9	66.2

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

7 Taxation

The taxation charge, recognising the profits from joint ventures on a proportional basis, for the six months ended 30 June 2017 is 22.4% (June 2016: 26.1%) which is the anticipated effective rate on profit before taxation and exceptional items for the year ending 31 December 2017. The table below shows how these rates reconcile to the amounts presented in the income statement.

	Unaudited Interim June 2017			Unaudited Interim June 2016			Audited Full Year December 2016		
	Profit before tax	**Tax charge**	**Rate**	Profit before tax	Tax charge	Rate	Profit before tax	Tax charge	Rate
	$m	**$m**	**%**	$m	$m	%	$m	$m	%
Amounts reported in the income statement	**13.5**	**8.0**	**59.3**	59.3	14.7	24.8	66.0	31.6	47.9
Adjust for joint ventures and exceptional items	**50.7**	**6.4**		41.4	11.6		167.3	27.5	
Adjusted effective rate	**64.2**	**14.4**	**22.4**	100.7	26.3	26.1	233.3	59.1	25.3

8 Retirement benefit obligations

The Group closed its defined benefit scheme to future accrual in 2014. No interim revaluation of the pension liability has been carried out at 30 June 2017 and accordingly there is no actuarial gain/loss in the Group statement of comprehensive income. The figures for gains and losses for the full year together with the surplus or deficit at 31 December 2017 will be presented in the 2017 Annual Report and Accounts.

Notes to the interim financial statements
for the six month period to 30 June 2017

9 Related party transactions

The following transactions were carried out with the Group's joint ventures in the six months to 30 June. These transactions comprise sales and purchase of goods and services in the ordinary course of business. The receivables include loans to certain joint venture companies and amounts receivable in relation to the formation of the EthosEnergy joint venture.

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Sales of goods and services to joint ventures	**2.6**	20.9	29.6
Purchase of goods and services from joint ventures	**3.8**	7.4	8.5
Receivables from joint ventures	**86.5**	122.2	119.5
Payables to joint ventures	**8.2**	10.4	13.3

The Group currently pays an annual fee to Dunelm Energy, a company in which Ian Marchant, the Group Chairman, has an interest, for secretarial and administration services and the provision of office space. £7,500 was charged in the period to 30th June.

10 Cash generated from operations

	Unaudited Interim June 2017 $m	Unaudited Interim June 2016 $m	Audited Full Year December 2016 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit	**30.2**	70.0	89.4
Less share of post-tax profit from joint ventures	**(6.0)**	(13.6)	(3.4)
	24.2	56.4	86.0
Adjustments (excluding share of joint ventures)			
Depreciation	**20.1**	24.9	46.1
Gain on disposal of property plant and equipment	**-**	(3.0)	(4.7)
Amortisation of intangible assets	**49.8**	52.8	102.3
Share based charges	**5.0**	6.1	10.7
Decrease in provisions	**(31.7)**	(28.4)	(43.8)
Dividends from joint ventures	**10.2**	8.5	25.4
Exceptional items – non-cash impact	**32.6**	26.1	99.9
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
(Increase)/decrease in inventories	**(3.8)**	(2.2)	0.9
Decrease in receivables	**0.8**	53.8	98.3
Decrease in payables	**(47.0)**	(77.3)	(179.6)
Exchange movements	**6.7**	5.9	3.6
Cash generated from operations	**66.9**	123.6	245.1

11 Reconciliation of cash flow to movement in net debt

	At 1 January 2017 $m	Cash flow $m	Exchange movements $m	**At 30 June 2017 $m**
Cash and cash equivalents	579.5	(89.1)	1.3	**491.7**
Restricted cash	26.5	-	-	**26.5**
Short term borrowings	(433.6)	60.5	(0.7)	**(373.8)**
Long term borrowings	(495.0)	(128.0)	(2.5)	**(625.5)**
Net debt	(322.6)	(156.6)	(1.9)	**(481.1)**

Net debt of $8.9m (2016: $0.3m) was held by joint ventures at 30 June.

The restricted cash of $26.5m (2016:$26.5m) is cash that is subject to an attachment order. The Group cannot access this cash until it receives a release letter from the Courts and as a result the cash balance is presented in receivables. Management believe it is appropriate to include the restricted cash balance in the Group's net debt figure.

Notes to the interim financial statements
for the six month period to 30 June 2017

12 Share based charges

Share based charges for the period of $5.0m (2016: $6.1m) relate to options granted under the Group's executive share option schemes and awards under the Long Term Plan. The charge is included in administrative expenses in the income statement.

13 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and cash flow interest rate risk), credit risk and liquidity risk. The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2016 Annual Report and Accounts.

There have been no material changes in the risk management function or in any risk management policies since the year end.

Fair value of non-derivative financial assets and financial liabilities

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

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

14 Capital commitments

At 30 June 2017 the Group had entered into contracts for future capital expenditure amounting to $5.7m. The capital expenditure relates to property plant and equipment and has not been provided in the financial statements.

15 Contingent liabilities

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

From time to time, the Group is notified of claims in respect of work carried out. Where management believes we are in a strong position to defend these claims no provision is made.

The Group is aware of challenges to historic employment practices which may have an impact on the Group including the application of National Insurance Contributions to workers in the UK Continental Shelf and time and labour claims in the US. In addition, recent court cases have challenged the UK's historic interpretation of EU legislation relating to holiday pay and this may have an impact on all companies who have employees in the UK, including Wood Group. At this point, we do not believe that it is probable that a liability, if any, will arise from any of these claims and therefore no provision has been made.

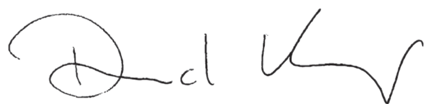
The Serious Fraud Office ('SFO') announced on 19 July 2016 that it is conducting a criminal investigation into the activities of Unaoil, a Monaco-based company, and its officers, employees and agents in connection with suspected offences of bribery, corruption and money laundering, and the SFO made a general request for information in relation to its investigation into the activities of Unaoil. Since that announcement, the SFO has announced that it has also opened investigations, related to its ongoing investigation into the activities of Unaoil, in relation to various other parties (and their officers, employees and agents) for suspected offences of bribery, corruption and/or money laundering. Wood Group is conducting an internal investigation into the Group's historical engagement of Unaoil, reviewing information available to Wood Group in this context. This internal investigation is substantially progressed and has confirmed that a Wood Group joint venture engaged Unaoil and that the joint venture made payments to Unaoil under agency agreements. The internal investigation has not, to date, confirmed that the payments made by the joint venture to Unaoil were used by Unaoil in ways that would amount to bribery, corruption or money laundering offences, or that there was any involvement in or knowledge of bribery, corruption or money laundering offences on the part of Wood Group companies, the joint venture or their personnel. Wood Group has informed the Crown Office and Procurator Fiscal Service, the relevant authority in Scotland, that it is undertaking an internal investigation and will be proceeding to share its findings with the Crown Office on a voluntary basis. Based on the information available to date it is not possible to estimate reliably what the impact on the Group, if any, may be.

Statement of directors' responsibilities
for the six month period to 30 June 2017

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

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

The directors of John Wood Group PLC are listed in the Group's 2016 Annual Report and Accounts. There have been no Board changes since the signing of the 2016 accounts.



R Watson
Chief Executive

D Kemp
Chief Financial Officer

21 August 2017

Independent review report to John Wood Group PLC
for the six month period to 30 June 2017

Report on the consolidated interim financial statements

Our conclusion
We have reviewed John Wood Group PLC's consolidated interim financial statements (the "interim financial statements") in the half year report of John Wood Group PLC for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the group balance sheet as at 30 June 2017;
- the group income statement and group statement of comprehensive income for the period then ended;
- the group cash flow statement for the period then ended;
- the group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The half year report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
21 August 2017

a. The maintenance and integrity of the John Wood Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

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

Information for shareholders

Payment of dividends

The Company declares its dividends in US dollars. As a result of the shareholders being mainly UK based, dividends will be paid in sterling, but if you would like to receive your dividend in dollars please contact the Registrars at the address below. All shareholders will receive dividends in sterling unless requested. If you are a UK based shareholder, the Company encourages you to have your dividends paid through the BACS (Banker's Automated Clearing Services) system. The benefit of the BACS payment method is that the Registrars post the tax vouchers directly to the shareholders, whilst the dividend is credited on the payment date to the shareholder's Bank or Building Society account. Shareholders who have not yet arranged for their dividends to be paid direct to their Bank or Building Society account and wish to benefit from this service should contact the Registrars at the address below. Sterling dividends will be translated at the closing mid-point spot rate on 1 September 2017 as published in the Financial Times on 2 September 2017.

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Financial calendar

	6 months ended 30 June 2017	Year ending 31 December 2017
Results announced	22 August 2017	March 2018
Ex-dividend date	31 August 2017	April 2018
Dividend record date	1 September 2017	April 2018
Dividend payment date	28 September 2017	May 2018
Annual General Meeting		May 2018

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

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