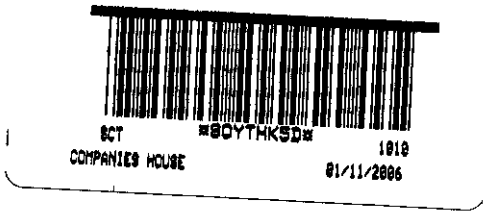
Wood Group Production Technology Limited

Annual report and financial statements

for the year ended 31 December 2005

Registered Number. 106951



Wood Group Production Technology Limited

Annual report and financial statements

for the year ended 31 December 2005

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Wood Group Production Technology Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005

Principal activities
The company's principal activity during the year was the provision and service of downhole instrumentation for use in the oil industry

Review of business and future developments
The profit and loss account for the year is set out on page 5 The company's main activities relate to the provision and service of permanent downhole instrumentation On 8 December 2005 the trade and assets of the company were sold

Results and dividends
The profit for the financial year amounted to £762,000 (2004 £331,000) The directors do not propose that any dividend be paid on the ordinary shares (2004 nil) and the profit for the financial year has been transferred to reserves

Directors
The directors of the company during the year are listed below

A G Langlands (resigned 1 January 2006)
G G Park (appointed 1 January 2006)
I Johnson

Directors' interests
No director had an interest in the shares of the company during the year or as at 31 December 2005

The interests in the shares of John Wood Group PI C, the ultimate parent company, of those directors who are also directors of that company are disclosed in the ultimate parent company's directors' report

The interests of the remaining director in the shares of John Wood Group PLC are set out below

Ordinary shares of 3⅓p each

	Options at 1 1 05	Granted during year	Exercised during year	**Options at 31 12.05**	**Shares at 31 12.05**	Shares at 31 12 04
I Johnson	166,545			**166,545**		

Wood Group Production Technology Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually has been passed Accordingly, PricewaterhouseCoopers LLP continue in office as auditors, having expressed their willingness to do so

By order of the board

Company Secretary

Wood Group Production Technology Limited

Independent auditors' report to the members of Wood Group Production Technology Limited

We have audited the financial statements of Wood Group Production Technology Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not in giving this opinion 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Wood Group Production Technology Limited

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended, and

- have been properly prepared in accordance with the Companies Act 1985

Pricewaterhouse Coopers LLP 26/10/06

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen

Wood Group Production Technology Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005	2004
		£'000	£ 000
Turnover	2	**9,173**	4,689
Cost of sales		**(6,597)**	(3,756)
Gross profit		**2,576**	933
Net operating expenses	3	**(1,012)**	(634)
Operating profit		**1,564**	299
Loss on disposal of business	6	**(352)**	
Profit on ordinary activities before interest		**1,212**	299
Interest receivable and similar income		**17**	32
Interest payable and similar charges	7	**(27)**	(5)
Profit on ordinary activities before taxation	8	**1,202**	326
Tax on profit on ordinary activities	9	**(440)**	5
Retained profit for the financial year	16	**762**	331

All items dealt with in arriving at the profit for the year above relate to discontinued operations due to the sale of the trade and assets of the company on 8 December 2005

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

Wood Group Production Technology Limited

Balance sheet as at 31 December 2005

	Note	2005	2005	2004	2004
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10				27
Current assets					
Stock	11			1 042	
Debtors	12	4,267		1 182	
Cash at bank and in hand		198		985	
			4,465		3,209
Creditors: amounts falling due within one year	13		(1,862)		(1,430)
Net current assets			2,603		1 779
Total assets less current liabilities			2,603		1 806
Creditors: amounts due outwith one year	14		(105)		(72)
Net assets			2,498		1 734
Capital and reserves					
Called up share capital	15		3,000		3 000
Profit and loss account deficit	16		(502)		(1,266)
Equity shareholders' funds	17		2,498		1,734

The financial statements on pages 5 to 16 were approved by the board of directors on 26 October 2006 and were signed on its behalf by

Director

Director

Wood Group Production Technology Limited

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

These financial statements are prepared under the historical cost convention and in accordance the Companies Act 1985 and with applicable Accounting Standards in the United Kingdom A summary of the accounting policies, which have been applied consistently, is set out below

Change in Accounting Policies
The Company has adopted FRS 21 "Events after the Balance Sheet Date" and FRS 25 "Financial Instruments Disclosure and Presentation" in these financial statements The adoption of these new standards has had no impact on the current year or comparative figures presented

Tangible fixed assets
Tangible fixed assets are stated at cost less aggregate depreciation Depreciation is calculated at rates estimated to write off by equal annual instalments the relevant assets over their expected useful lives as follows

Leasehold improvements	length of lease
Plant and equipment	3 - 5 years

Impairment
The company performs impairment reviews in respect of tangible fixed assets 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

Stocks and work in progress
Stocks are stated at the lower of cost and net realisable value Net realisable value is based on estimated selling price less anticipated costs of disposals Provision is made for all foreseeable losses and in the case of stocks, due allowance is made for obsolete and slow moving items

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date there is a commitment to dispose of the replacement assets

- On the basis of all available evidence deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non discounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 Principal accounting policies (continued)

Turnover
Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied

Research and development expenditure
Research and development expenditure of a general nature is written off as incurred

Operating leases
Rentals under operating leases are charged to the profit and loss account in the period to which they relate

Foreign currencies
Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the date ruling at the balance sheet date, and differences on exchange arising thereon are dealt with through operating profit

Pension costs
The company operates defined contribution money purchase schemes and the levels of contributions to these schemes are established at the commencement of each scheme year The assets of the schemes are held separately from those of the company in an independently administered fund The pension cost represents contributions payable by the company to the fund Contributions to the schemes are charged to the profit and loss account as they fall due

The company has taken advantage of the exemption available under FRS 17 to treat pension contributions made to the defined benefit scheme operated by John Wood Group PLC as if they were contributions to a defined contribution scheme where contributions to the scheme are charged to the profit and loss account as they fall due The company has taken advantage of the exemption because it is not possible to accurately attribute the assets and liabilities of the scheme operated by John Wood Group PLC to the individual entities which contribute to it As at the balance sheet date there was a deficit of £19 4m (2004 £17 6m) in this scheme It is anticipated that the deficit will result in increased pension costs in future years

Cash flows
The company is a wholly owned subsidiary of John Wood Group Pl C and the cash flows of the company are included in the consolidated group cash flow statement of John Wood Group Pl C Consequently the company is exempt under the terms of FRS 1 (Revised 1996) 'Cash Flow Statements" from publishing a cash flow statement

Employee share schemes
John Wood Group PLC has a number of share option schemes Share options granted by John Wood Group Pl C are granted at the current market value and as a result there is no charge arising on the grant of these options John Wood Group Pl C also has a Long Term Retention Plan ('LTRP') For options granted under the LTRP a charge is made to the profit and loss account for the difference between the market value of the options and the exercise price at the grant date, in accordance with the requirements of UITF 17 (revised 2004) 'Employee Share Schemes' The charge is accrued over the vesting period of the options

Employers' National Insurance Contributions are payable on the exercise of unapproved share options issued after 5 April 1999 on the difference between the market value of the ordinary shares at the date of exercise and the exercise price of the underlying options Provision for this liability is made based upon the market value of options at the balance sheet date and spread over the vesting period of the options

2 Turnover

	2005	2004
	£'000	£'000
Analysis of turnover by geographical destination is as follows:		
United Kingdom	1,955	1,188
Rest of World	7,218	3 501
	9,173	4,689

The directors consider that turnover originates exclusively in the United Kingdom

3 Net operating expenses

	2005	2004
	£'000	£'000
Distribution costs	353	458
Administrative expenses	659	176
	1,012	634

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

By activity	2005	2004
Direct production workers	18	10
Management and staff	8	5
	26	15

Staff costs (for the above persons)	2005	2004
	£'000	£'000
Wages and salaries	869	468
Social security costs	81	49
Other pensions costs	78	45
Staff costs	1,028	562

5 Directors' emoluments

No remuneration has been paid to or waived by the directors during the year in respect of the services they provided to the company

6 Loss on disposal of business

	2005	2004
	£'000	£'000
Loss on disposal of business	352	

On 8 December 2005, the company sold the trade and assets of the business

7 Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank overdraft interest payable	27	5

8 Profit on ordinary activities before taxation

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	31	34
Auditors' remuneration	10	9
Foreign exchange loss	13	67
Hire and operating lease payments		
Plant and equipment	122	76
Other		4

9 Tax on profit on ordinary activities

	2005	2004
	£'000	£'000
Current tax		
UK corporation tax at 30% (2004 30%)	348	68
Foreign taxation		20
Over/(under) provision in respect of prior years	(2)	1
Total current tax	346	89
Deferred tax		
Origination and reversal of timing differences	92	(94)
Under provision in respect of prior years	2	
Total deferred tax	94	(94)
Total tax charge/(credit)	440	(5)

The current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	1,202	326
UK corporation tax at standard rate 30% (2004 30%)	361	98
Deferred tax	(94)	94
Permanent differences	81	2
Adjustments to current tax charge for prior periods	(2)	1
Effect of reversal of fixed asset timing difference on which deferred tax asset has not been provided		(106)
Total current tax charge	346	89

10 Tangible assets

	Leasehold improvements	Plant & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2005	66	468	534
Additions	6	115	121
Disposals	(72)	(583)	(655)
At 31 December 2005			
Depreciation			
At 1 January 2005	60	447	507
Charge for the financial year	1	30	31
Disposals	(61)	(477)	(538)
At 31 December 2005			
Net book amount			
At 31 December 2005			
At 31 December 2004	6	21	27

11 Stocks

	2005	2004
	£'000	£ 000
Work in progress		824
Finished goods		218
		1 042

12 Debtors

	2005 £'000	2004 £'000
Trade debtors	97	787
Amounts owed by group undertakings	2,854	129
Prepayments and accrued income	9	136
Withholding tax receivable	9	
Deferred tax		94
Other debtors	1,298	36
	4,267	1,182

The amounts owed by group undertakings are unsecured interest free and have no fixed dates of repayment

	2005 £'000	2004 £'000
The movement in the deferred tax asset comprises		
At 1 January	94	
Charge/(credit) to profit and loss account – current year	(94)	94
At 31 December		94

13 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdraft	956	
Trade creditors	51	649
Amounts due to group undertakings	584	560
UK corporation tax payable	18	18
Group relief payable	148	2
Accruals and deferred income	108	201
	1,862	1,430

The amounts owed to group undertakings are unsecured interest free and have no fixed dates of repayment

14 Creditors: amounts falling due outwith one year

	2005	2004
	£'000	£'000
Other creditors	105	72

15 Called up share capital

	2005	2004
	£'000	£'000
Authorised		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid		
3,000,000 ordinary shares of £1 each	3,000	3,000

16 Profit and loss account deficit

	£'000
At 1 January 2005	(1,266)
Retained profit for the financial year	762
Credit in respect of employee share awards	2
At 31 December 2005	**(502)**

17 Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Opening shareholders' funds	1,734	1,401
Profit for the financial year	762	331
Credit in respect of employee share awards	2	2
Closing shareholders' funds	2,498	1 734

18 Leasing commitments

At 31 December 2005 the company had annual commitments under non cancellable operating leases as follows

	2005 Land and buildings £'000	2005 Other £'000	2004 Land and buildings £'000	2004 Other £'000
Payments falling due in 2006 in respect of operating leases which expire.				
Within one year			22	
Between one and two years				14
			22	14

19 Pensions

The company participates in the group defined benefit pension scheme, details of which are given in Note 1 The pension cost of the company for the year was £68,000 (2004 £35,000) for the defined benefit scheme and £10,000 (2004 £10,000) for the defined contribution plan

20 Contingent liabilities

The company has a contingent liability arising from a guarantee without limit extended to John Wood Group PLC's principal bankers in respect of sums advanced to the company and to certain other members of the John Wood Group PLC group

21 Related party transactions

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 90% or more of the voting rights are controlled within the group and the consolidated financial statements of John Wood Group PLC, its ultimate parent company are publicly available

22 Ultimate parent company

Wood Group Production Technology Limited is a wholly owned subsidiary of WLS Holdings Limited The directors regard John Wood Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party at 31 December 2005

John Wood Group PLC is the only undertaking for which consolidated financial statements, which include the financial statements of Wood Group Production Technology Limited, are prepared Copies of John Wood Group PLC financial statements can be obtained from The Company Secretary, John Wood House, Greenwell Road, Aberdeen, AB12 3AX, Scotland