Wood Group Production Technology Limited

Annual report and financial statements

for the year ended 31 December 2007

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Wood Group Production Technology Limited

Annual report and financial statements

for the year ended 31 December 2007

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Wood Group Production Technology Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Business review and principal activities
The company's principal activity was the provision and service of downhole instrumentation for use in the oil industry The trade and assets of the company were sold in December 2005

The results for the company show a pre tax profit of £143,000 (2006 £103,000) for the year and turnover of £nil (2006 £nil) The company has cash of £118,000 at 31 December 2007 (2006 £156,000)

Future outlook
The directors anticipate a similar level of activity in 2008

Principle risks and uncertainties
The principal risks and uncertainties relating to the company are managed at a Group level and are discussed in the Group's Annual Report and Accounts

Key performance indicators ("KPI's")
The directors of John Wood Group PLC manage the Group's operations on a divisional basis For this reason the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of the business The development and position of John Wood Group PLC, which includes the company, is discussed in the Group's Annual Report and Accounts

Results, dividends and transfers to reserves
The profit for the financial year amounted to £97,000 (2006 £147,000) The directors do not recommend payment of a dividend The retained profit for the year will be added to reserves

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

I Johnson
M Dear

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 2007 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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware Relevant information is defined as "information needed by the company's auditors in connection with preparing their report"

Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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 2007 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
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen

27 June 2008

Wood Group Production Technology Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007	2006
		£'000	£'000
Operating expenses	2	(11)	
Operating loss		(11)	
Interest receivable and similar income		154	107
Interest payable and similar charges	4		(4)
Profit on ordinary activities before taxation	5	143	103
Tax on profit on ordinary activities	6	(46)	44
Profit for the financial year	11	97	147

All items dealt with in arriving at the profit for the year stated above relate to continuing operations

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 profit for the financial year stated above and their historical cost equivalents

Wood Group Production Technology Limited

Balance sheet as at 31 December 2007

	Note	2007	2007	2006	2006
		£'000	£'000	£'000	£'000
Current assets					
Debtors	7	**2,842**		2,711	
Cash at bank and in hand		**118**		156	
			2,960		2,867
Creditors: amounts falling due within one year	8		**(98)**		(110)
Net current assets			**2,862**		2,757
Total assets less current liabilities			**2,862**		2,757
Creditors: amounts due outwith one year	9		**(114)**		(112)
Net assets			**2,748**		2,645
Capital and reserves					
Called up share capital	10		**3,000**		3,000
Profit and loss account deficit	11		**(252)**		(355)
Equity shareholders' funds	12		**2,748**		2,645

The financial statements on pages 5 to 13 were approved by the board of directors on 25 June 2008 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 2007

1 Principal accounting policies

Basis of preparation
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

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

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

1 Principal accounting policies (continued)

Pension costs (continued)

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 , the deficit in the scheme calculated in accordance with IAS 19 'Employee Benefits' was £5 7m (2006 deficit £12 7m) The deficit calculated in accordance with IAS 19 has been disclosed as the deficit under FRS 17 has not been calculated

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

Share based payments
John Wood Group PLC currently has two types of share based payment schemes, namely Executive Share Option Schemes ('ESOS') and the Long Term Retention Plan ('LTRP') The charge in the profit and loss account for these schemes is £6,000 (2006 nil)

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

ESOS and LTRP

Share options granted under Executive Share Option Schemes ('ESOS') are granted at market value A charge is booked to the income statement as an employee benefit expense for the fair value of share options expected to be exercised, accrued over the vesting period The corresponding credit is taken to retained earnings The fair value is calculated using an option pricing model

Share options granted under the Long Term Retention Plan ('LTRP') are granted at par value The charge to the income statement for LTRP shares is also calculated using an option pricing model and, as with ESOS grants, the fair value of the share options expected to be exercised is accrued over the vesting period The corresponding credit is taken to retained earnings

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 Operating expenses

	2007	2006
	£'000	£'000
Administrative expenses	11	

3 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

4 Interest payable and similar charges

	2007	2006
	£'000	£'000
Bank overdraft interest payable		4

5 Profit on ordinary activities before taxation

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	3	

6 Tax on profit on ordinary activities

	2007	2006
	£'000	£'000
Current tax		
UK corporation tax at 30% (2006 30%)	**46**	31
Under provision in respect of prior years		(75)
	46	(44)

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

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	**143**	103
UK corporation tax at standard rate 30% (2006 30%)	**43**	31
Permanent differences	**3**	
Adjustments to current tax charge for prior periods		(75)
Total current tax charge	**46**	(44)

7 Debtors

	2007	2006
	£'000	£'000
Amounts owed by group undertakings	**2,819**	2,635
Corporation tax receivable	**15**	68
Other debtors	**8**	8
	2,842	2,711

The amounts owed by group undertakings are unsecured and have no fixed dates of repayment Interest is receivable based on the Bank of England base rate

8 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank overdraft		3
Amounts due to group undertakings	1	8
Group relief payable	97	99
	98	110

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

9 Creditors: amounts falling due outwith one year

	2007	2006
	£'000	£'000
Other creditors – share symmetry	114	112

10 Called up share capital

	2007	2006
	£'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

11 Profit and loss account deficit

	£'000
At 1 January 2007	(355)
Retained profit for the financial year	97
Credit in respect of employee share awards	6
At 31 December 2007	**(252)**

12 Reconciliation of movements in shareholders' funds

	2007	2006
	£'000	£'000
Opening shareholders' funds	2,645	2,498
Profit for the financial year	97	147
Credit in respect of employee share awards	6	
Closing shareholders' funds	2,748	2,645

13 Leasing commitments

At 31 December 2007 the company had no annual commitments under non cancellable operating leases

14 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 £nil (2006 £nil) for the defined benefit scheme and £nil (2006 £nil) for the defined contribution plan

15 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

16 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 (note 17)

17 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 2007

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