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Welcome to Amec Foster Wheeler

Amec Foster Wheeler serves major corporations and government bodies in the oil, gas and chemicals, mining, power and process and environment and infrastructure markets.

Customers choose us because we help maximise the value of their assets by reducing the capital cost of construction and the lifetime cost of operation and maintenance. We do this through concept studies and design work, value engineering, consistent project delivery, developing innovative solutions and adopting technology to enhance efficiency.

We are a leading player in our markets and have a strong reputation for delivering and maintaining some of the world's largest and most complex projects.

In March 2017, the board recommended an all share offer for the entire issued and to be issued share capital of the Company by John Wood Group. The board believes that a combination with John Wood Group will accelerate the delivery of the future value inherent in the Company.

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Performance highlights

Amec Foster Wheeler delivered resilient trading results for 2016. Despite continuing weakness in some key markets, we benefited from the diversity of our business, cost saving initiatives and the fall in sterling in the second half.

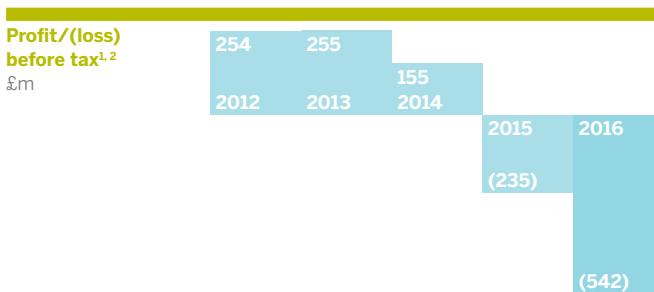
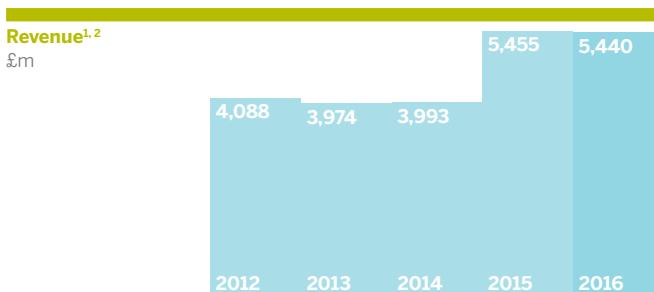
We have made good progress with our wide-ranging review of our strategy, organisational structure and cost base:

- New leaner organisational structure introduced from 1 January 2017, focused on four market-facing business lines
- Business line strategies refreshed, to focus on areas of greatest opportunity
- Sustainable net cost reductions of £100m per year identified, with the full run rate reached by 2019
- Progress made in delivering the non-core disposal programme

13 March 2017 announcement and offer from John Wood Group

The board has recommended an all share offer for the entire issued and to be issued share capital of the Company from John Wood Group, at an exchange ratio of 0.75 John Wood Group shares for each Amec Foster Wheeler share. Further details are available at www.amecfw.com/investors/offer-by-wood-group-plc

- The offer from John Wood Group meant that the Company ceased preparation for a rights issue of approximately £500m designed to strengthen the balance sheet. We also announced our intention to suspend future dividends until the Company is generating sustainable free cash flow



Adjusted measures used by the Group, such as adjusted profit before tax and adjusted diluted EPS, are explained and reconciled to the equivalent IFRS measures in the section entitled Performance measures on pages 188 to 190.

Notes

1 Continuing operations.

2 Figures for 2012 have been restated to reflect the reclassification in 2013 of the UK conventional power business as a discontinued operation and the adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

3 Adjusted profit before tax represents profit before tax before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the Group's share of tax on the results of joint ventures.

4 Adjusted diluted earnings per share represents profit for the year before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the tax effect of those items, divided by the diluted number of ordinary shares.

What we do

Our customers' operations rely on their assets, ranging from oil platforms to power plants and mines. We help them maximise the value of these assets throughout their lifecycle.

We offer similar services in each of our markets and many of our capabilities are transferable across markets.

We deliver our services around the world through approximately 35,000 highly skilled people, including engineers, project managers, consultants and scientists. As a people-based business, our operating model is low risk and asset light (see pages 6 to 7).

Consulting and front end

Consulting with our customers to determine what they require from their assets.

Execution/design and construction

Conceptualising and designing their capital projects.

Hook-up and commissioning

Overseeing the installation and commissioning of these assets.

Asset support

Providing services and consultancy to operate, maintain and enhance assets.

Decommissioning and remediation

Helping customers to decommission assets at the end of their economic use.



Well positioned across the life cycle of our customers' assets

Project viability review

Greenfield projects

Brownfield projects

O&M support

Late life management

Environmental services

Our structure aligns our organisation with our customers.

Our business lines

Since 1 January 2017, we have organised our operations into four global market-facing business lines. This structure aligns our organisation with our customers, helping us to meet their needs more effectively and efficiently.



Oil, Gas & Chemicals

The Oil, Gas & Chemicals value chain has three segments: upstream, which involves exploration and production; midstream, which includes transportation and natural gas processing; and downstream, which is mainly the refining and petrochemical industries.

We operate in every part of the project delivery phase of this value chain, except early cycle exploration and drilling.

The majority of our upstream activity is currently in conventional oil and gas fields, in particular offshore oil facilities, providing feasibility studies, front-end engineering design, detailed engineering, project management, hook up and commissioning, and asset support services.

In midstream, we support assets focused on storage and transport for both onshore and offshore facilities, as well as gas monetisation projects. For downstream customers, we focus on refinery projects and chemicals.

We serve a broad range of customers, including international oil companies, national oil companies and independent operators in Europe, the Americas, the Middle East, Africa, the Caspian, Southeast Asia and China.



Mining

We provide mining consultancy (including ore resource estimation, mine planning and feasibility studies), design, and project and construction management services to a range of mining companies, primarily in the Americas and Africa.

The Mining business is intentionally diversified and we have developed technical capabilities in a range of commodities, which differentiate us from our competitors. We have a strong position in the recent growth commodities of potash, gold and lithium, among others.

The breadth of our capabilities allows us to respond to growing demand for a particular commodity and to mitigate the impact of market volatility and changing customer focus.

Terra Nova Technologies is a project group within the Mining business that designs and builds material handling solutions, such as high speed conveyor belts and crushing plants, for new and existing mines.



Power & Process

In renewables, our focus is on delivering customer projects, primarily for local utilities. We provide a full-service engineering, procurement and construction solution for wind, solar, biomass and biofuels projects. US solar is our primary market in Power.

Within the conventional power market, we work with utilities to upgrade and modify their existing assets, often in relation to environmental or regulatory compliance requirements, by providing consulting and engineering services, as well as project delivery solutions.

We also have an extensive track record of serving a broad range of industrial customers, such as the pulp and paper industry, with their process, steam and power needs. We provide them with consulting and engineering services, as well as project delivery solutions.



Environment & Infrastructure

Our Environment & Infrastructure business focuses on environmental consulting, engineering design and programme and construction management.

We offer complete solutions to public and private-sector customers worldwide. Our customers benefit from experts with a broad understanding of local conditions, coupled with easy access to world-renowned technical expertise.

By positioning ourselves as a trusted partner at the beginning of a project – often the early site development and permitting stage – we can deliver comprehensive solutions across the lifecycle of our customers' assets.

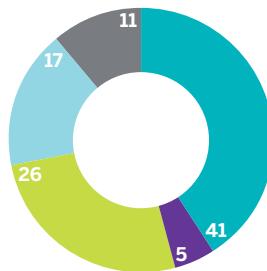
Our Environment & Infrastructure business consists of the following sectors: water; transportation; civil infrastructure; government; and industrial and pharmaceutical.

Customers include the US Federal Government, which is the largest procurer of environmental services in the world.

Amec Foster Wheeler at a glance continued

Split of revenue

%
● Oil, Gas & Chemicals
● Mining
● Power & Process
● Environment & Infrastructure
● GPG and Investment Services



Total revenue 2016

£5.4bn

Where we operate

Amec Foster Wheeler operates in more than 55 countries and is headquartered in London, UK.

Office locations



Employees 2016

35k

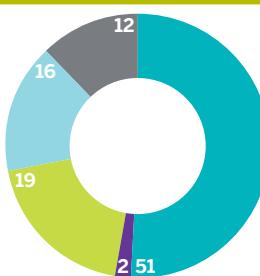
The customers we serve

We work for a wide range of customers, from blue-chip companies to national and local governments. Our major customers include:

BP	K&S Potash Canada
ConocoPhillips	KOC
Dominion	Kuwait National Petroleum Co
Duke Energy	National Grid
Enel Green Power	Petra Diamonds
Engie	Repsol Sinopec
Enterprise Products Operating LLC	Sempra
ExxonMobil	Southern Company
Georgia Pacific	US Army Corps of Engineers
Hyundai	ZADCO

Order book

%	
● Oil, Gas & Chemicals	51
● Mining	2
● Power & Process	19
● Environment & Infrastructure	16
● GPG and Investment Services	12



Order book

£5.8bn

Disposal programme

Over the past 12 months, the board has decided to dispose of a number of non-core businesses and assets, including:

- Our Global Power Group (GPG), which offers a full range of steam generator equipment, clean air technologies, aftermarket products and services to the power, industrial, and waste-to-energy sectors

The sale of GPG, originally announced in March 2016, has taken longer than expected. In November 2016, we decided to split GPG and pursue a plan to sell the parts to different parties. The disposal of the major part, the circulating fluidised bed (CFB) boiler business, to Sumitomo Heavy Industries, Ltd. for £137m, is expected to close in June 2017. We anticipate selling further parts of GPG before the end of 2017. The aftermarket sales business is being retained as part of Power & Process.

- Our Australian-based specialist consultancy, Aquentia Consulting, which provides cost, risk, project management and asset optimisation services to a broad range of customers, mainly in the property and infrastructure space. The sale of Aquentia to Jacobs Group (Australia) Pty Ltd for £21m closed in early 2017
- Our equity interests in three infrastructure assets. These are PetroPower, a waste-to-energy project in Chile; Amec Foster Wheeler Power, which operates two wind farms in Italy; and the Incheon Bridge in South Korea. Subject to final completion, these are expected to realise proceeds totalling £88m
- Our nuclear business, which supports the full lifecycle of nuclear energy and has experience of a wide range of nuclear technology. Its customers include major utilities, governments, national regulators, reactor suppliers and other significant stakeholders. The sale process is continuing and we are on target to sell the business in the third quarter of 2017

We work for a wide range of customers, from blue-chip companies to national and local governments.

Our business model

We follow a three-stage process for winning and delivering work. This draws on our distinct competitive advantages, to enable us to compete effectively and create value.

Identify

The first stage in our process is to identify prospective projects.

1

Business Development (BD) is embedded in each of our four business lines to locate it as close as possible to our customers. Each BD team ensures we have a fundamental understanding of our markets and our customers' needs. This enables the BD teams to create strategic plans aligned to our strategy and the business lines' overall market strategy.

In addition to the prospects we identify, we also learn about projects through invitations to tender. We assess all prospects based on our positioning and capabilities, commercial considerations and their alignment with our strategy. BD then pursues suitable prospects. This stage includes early identification of our execution strategy, the resources required and our capacity to deliver. Our assurance process makes sure we only pursue the most appropriate targets.

The strength of our long-term customer relationships is a crucial advantage for us, helping us to understand their needs, learn about upcoming projects and win repeat business. Relationships with global key accounts are overseen by key account managers within the relevant business line's BD team to ensure they have appropriate visibility and we take a consistent approach. Our brand and reputation for delivery are also crucial, helping us to attract new customers.

In addition, our Environment & Infrastructure (E&I) business line is an important enabler for us. Its involvement in the earliest stages of proposed projects, for example during permitting and environmental impact analysis, helps us to identify opportunities ahead of our competitors. We therefore embed E&I resources into the other three business lines.



Acquire

The second stage is to acquire the projects we want to win.

2

The BD teams coordinate the preparation of our proposals, along with the technical, project delivery and commercial teams. This includes aligning our strengths to customer needs to differentiate our proposal against competitors. To benefit from the breadth of our business, we collaborate across business lines, capabilities and geographies to offer customers the best and most competitive solution, sharing expertise and key resource from around the Company. We draw on our ability to create innovative solutions for our customers and, where required, look to develop innovative commercial models.

A gated review process ensures we test our proposals at critical points and only progress those that continue to meet our criteria. During the Acquire stage we review our execution strategy and ensure we have identified the project risks and put plans in place to mitigate them. This plays a vital role in ensuring that we win projects with the greatest possible opportunity

for success, maximising the value we generate from our resources and addressing risks that are part of contracting in our industry.

We use a detailed workflow system which addresses the risks associated with tenders (for both lump sum and reimbursable contracts) in areas such as technical challenges, financial and pricing terms, and joint venture and partner risks, as well as a full range of governance issues, such as human rights, safety and environmental risks.

All very large contracts, and those where any exception has been flagged in the approval system, are raised through the governance framework to a final decision at the Tender Review Committee, which is attended by the Chief Executive Officer and Chief Financial Officer.

Once all aspects of the bid have been reviewed and approved, we submit the bid, negotiate with the customer and secure the work.



Deliver

The third stage is to deliver excellence to our customers. This means consistently delivering projects and services that meet our customers' expectations, safely, on time and to budget.

3

Having won the project, we finalise our execution plan and mobilise the people who will deliver it. Delivering a project requires us to put together teams of people who match the precise needs of the project and the customer. Thus, we expect to recruit thousands of people each year, with others leaving us when their projects complete. However, the breadth of our business reduces our need to recruit, since many skills are transferable across our markets. This means we are often able to redeploy people from areas of reducing demand to parts of the business where demand is rising, ensuring we retain their knowledge and experience.

Through the strength of our peoples' delivery, we create the long-term customer relationships and reputation for excellence on which our business depends. Standard processes support consistent delivery across the Company. We incentivise our people to deliver, offering financial recognition through meeting individual objectives, as well as personal recognition and career development. We invest in both technical and leadership training to maintain the pipeline of talented people we need.

During the delivery phase, we monitor customer satisfaction with our work. Global and local account managers are responsible for account planning and co-ordinating the customer relationship. A project director is responsible for the delivery of our work, in line with our contract and the customers' expectations. The director leads and manages the project team, with responsibility for running the project on a day-to-day basis.

Technical functions – Engineering & Technical, Supply Chain & Procurement, Construction & Commissioning and Project Management & Controls – work with the project teams to ensure project work matches the standards we expect. These technical functions are embedded in the business lines, giving them technical expertise and oversight aligned to the needs of each business line, and driving consistency and predictability of outcomes. Common systems help us to deliver work consistently and share work across offices and time zones.

A low risk, capital light model

The breadth of our market and customer exposure gives us access to more opportunities and reduces the impact of lower levels of activity in any one market. This diversity of our business reduces risk. The footprint established by one business line also provides a springboard for our other business lines in that country or region. Our breadth means our work is spread across a large customer base, through more than 10,000 contracts each year. Our top ten customers accounted for 34% of revenue in 2016.

We also have a diversified service offering which partially offsets the cyclical nature of our customers' capital expenditure plans and reduces our dependence on any one part of the energy mix.

Our services can be provided through long-term contracts, giving us the opportunity to provide critical services in partnership with our customers. Many of these contracts have been renewed several times. As a result, our order book is balanced between capex and opex-related work.

The majority of contracts reimburse us for our people's time and materials. We often also receive additional payments by achieving performance targets. In certain circumstances where we are confident of the project requirements, we take on fixed-price work.

We have a capital light model. We are a people-based business and do not own significant amounts of equipment. Our profit margin and trading cash conversion reflect the quality of our project delivery.

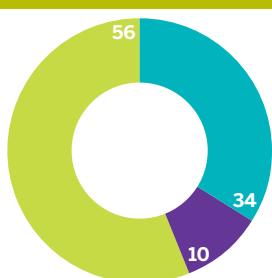
Our competitive advantages

We believe we have a number of important competitive advantages, in particular:

- ▶ The strength of our brand and the reputation of our people, which help us to deliver excellent work and attract new customers
- ▶ Our long-term customer relationships, which help us to position for new projects and win a high proportion of repeat business
- ▶ Our E&I business, which is involved in the earliest stage of projects and helps to identify opportunities for our other business lines
- ▶ Our ability to create innovative solutions and commercial models, which differentiate our propositions
- ▶ The diversity of our business, as a broad market exposure and service offering reduces risk and opens up more opportunities

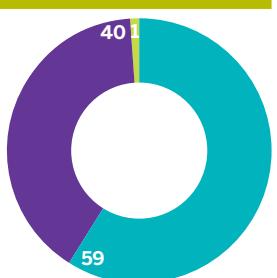
Diversified customer base

%
● Top 10
● 11-20
● Others



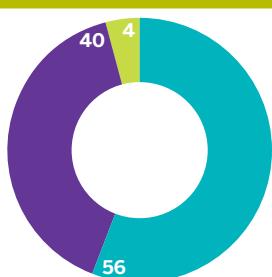
Revenue by contract style

%
● Reimbursable
● Fixed price
● Other



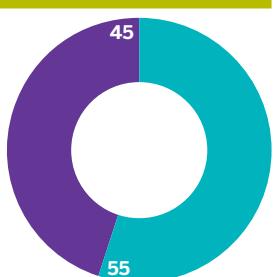
Core services

%
● Project delivery
● Professional services
● Other



Order book at 31 December 2016

%
● Capex
● Opex



Chairman's statement

John Connolly
Chairman



2016 was a year of considerable change for Amec Foster Wheeler and we made very good progress in developing our plans to position the Company for the future. We have also made an encouraging start to implementing these changes.

The year began with Samir Brikho's departure as Chief Executive Officer on 17 January, as I described in my statement in the 2015 annual report. Ian McHoul stepped in to be interim Chief Executive Officer and the board began the search for a permanent replacement. After a thorough selection process, we were delighted to appoint Dr Jonathan (Jon) Lewis, who joined us on 1 June. Jon has 30 years' experience in the oil and gas industry, including 20 years as a senior executive at Halliburton. He has a track record of safe and ethical operations, market insight, strong leadership as well as commercial discipline. These qualities are already proving highly valuable to your Company.

Jon started with a review of the Company's strategy, organisation and cost base, after which he launched a comprehensive transformation programme to fundamentally improve the performance and growth of the Company. More details on this programme can be found in his statement on the following pages. The board believed that a greater focus on operational performance, cost and delivering excellence for customers was a necessary first step to putting Amec Foster Wheeler back on the path to growth.

A critical part of securing the Company's future was to ensure it has the financial strength and flexibility it needs. At the time of acquiring Foster Wheeler in 2014, the Company believed it would generate sufficient cash to significantly reduce its net debt. The downturn in the oil price and the general decline in the sector however contributed to a combination of lower cash and profit generation that resulted in gearing (calculated as the ratio of net debt to EBITDA) of 3.3 at 31 December 2016.

In order to provide the Company with financial and operational flexibility to implement its new strategy and to strengthen the balance sheet, the board was preparing to launch a rights issue of approximately £500m on 21 March 2017, as well as continuing the programme of disposals and has decided to suspend dividend payments (including the final dividend for 2016) until the Company is generating sustainable free cash flow. In light of the offer from John Wood Group referred to below, the preparations for the rights issue were suspended. The Company has increased its leverage ratio covenant within its debt facilities to provide additional headroom. Good progress has been made on the non-core asset disposal programme and the board launched a process to sell the Company's nuclear operations in December 2016 which is expected to conclude in Q3, 2017.

Your Company's performance

The Company delivered a resilient trading performance in the face of tough market conditions, especially in oil and gas and mining. Our trading profit¹ in 2016 was £318m, down 15% from the £374m we achieved in 2015, but in line with our expectations for the year.

In August, the board declared an interim dividend of 7.4p per share, which was paid in January 2017. This was half the 14.8p per share paid for the same period in 2015, which is in line with the board's guidance from the end of 2015. As indicated above, the board has not recommended a final dividend in respect of 2016.

Offer from John Wood Group

In March 2017, the board recommended an all-share offer for the entire issued and to be issued share capital of the Company from John Wood Group. Whilst Amec Foster Wheeler, under the leadership of Jon Lewis, has developed a comprehensive strategy and transformation programme to deliver the appropriate balance sheet to support its standalone prospects, the board believes that a combination with John Wood Group will accelerate the delivery of the future value inherent in the Company and help to realise the full potential of both companies.

The offer will allow our shareholders to benefit from the significant synergies and other strategic benefits which are expected to be realised from the enlarged group.

Your board

Following Jon Lewis' appointment as Chief Executive Officer, Ian McHoul ceased to be interim Chief Executive Officer and remained as Chief Financial Officer.

Neil Carson retired from the board on 31 December 2016, after six years as a non-executive director. In addition, Kent Masters, who was appointed as non-executive director on 13 February 2015, will step down following the conclusion of the AGM. I want to thank both Neil and Kent for their considerable contribution during their time on the board. Colin Day replaced Neil as your Senior Independent Director. Roy Franklin was appointed as Chairman of the Remuneration Committee and also joined the Audit Committee. Bob Card was appointed a non-executive director on 1 March 2017 for an initial term of three years, which will end at the 2020 AGM.

Conclusion

Jon Lewis and his senior team have made substantial progress towards the transformation of the business and I want to thank them and all of our employees for their hard work during a challenging year. The board believes that combining with John Wood Group will accelerate the delivery of the results from the transformation programme and allow shareholders to benefit from the synergies which are expected of the enlarged group.

A handwritten signature in black ink that reads "John P. Connolly".

John Connolly

Chairman

25 April 2017

¹ Non-IFRS measure (see Performance measures on pages 188 to 190)

Chief Executive Officer's statement

Jon Lewis
Chief Executive Officer



Adjusted diluted EPS¹ for 2016

50.4p

Order book

£5.8bn

Amec Foster Wheeler has many strengths, including the quality of its people, its brand and reputation and the truly impressive core consulting and engineering it offers its customers. However, when I joined last June, it was immediately apparent to me that significant change was required. The Company needed to win more business, reduce its debt and cost base, and refresh its strategy. Most importantly of all, we needed to generate sustainable free cash flow again.

We have seen material declines in natural resources markets over recent years and conditions in these markets remain challenging. The oil and gas market is currently oversupplied and customers are curtailing their upstream capital investment, focusing on the most cost-effective resources. Industry forecasts show upstream capex only growing moderately in 2017, with a strong outlook for onshore unconventional plays in the US and a weaker outlook for the rest of the world. Estimates of 2017 capex in mining are equivalent to the spend in 2007.

In these conditions, doing nothing was not an option. We therefore approached our task with a real sense of urgency, launching our Company-wide transformation programme in August 2016.

Strengthening the balance sheet

The purpose of the transformation programme is to strengthen the balance sheet and put Amec Foster Wheeler on a sustainable growth trajectory.

As part of the programme, we are continuing to dispose of our non-core assets. The disposal of the major part of the GPG, the circulating fluidised bed boiler business, is now expected to close in June 2017. We have completed the sale of a number of smaller assets and announced the disposal of our nuclear business. We also have agreements to sell three infrastructure assets.

As the Chairman has outlined in his statement, we were close to launching a rights issue and had decided to suspend the dividend until we are generating sustainable free cash flow when the offer from John Wood Group was announced.

Offer from John Wood Group

The proposed combination with John Wood Group means that a rights issue is no longer necessary and we expect our shareholders to benefit from John Wood Group's progressive dividend payments.

The combination with John Wood Group adds to the standalone prospects of the Company and will allow our shareholders to benefit from significant cost synergies.

Amec Foster Wheeler has many strengths, including its brand and reputation.

¹ Non-IFRS measure (see Performance measures on pages 188 to 190)

Chief Executive Officer's statement continued

Adapting the business model and delivering excellence

While we have faced tough markets, it is also clear that many of our other challenges can be rectified through the improvement of our practices and procedures in order to increase performance. Delivering excellence is a key theme of our work. We need to be consistent around the world and share best practice across the business. We also need to ensure there is accountability, discipline and operational control.

We must be more cost effective, so we never lose work on price alone. This includes making greater use of our Indian engineering operations and sharing work between offices more effectively. We also identified that we need to be more customer-centric, so that rather than going to customers with what we want to sell, we identify the value proposition and pitch for work based on what the customer is looking for. Innovation and technology also have an important part to play, both in enhancing our offering to customers and improving our own efficiency and effectiveness.

The new organisational structure is an important step towards achieving these goals. By focusing on our four markets, we are much more aligned to our customers' needs and better positioned to ensure global consistency in delivering projects and solutions. Business Development, which has been underinvested in the past, is now embedded in our business lines, locating it as close as possible to the customer.

Simplifying our business and moving away from the previous semi-autonomous geographical model will help us to share innovation and best practice around the Company. For example, our highly effective More4Less value engineering approach (developed for the North Sea market) gives customers a real solution for reducing their capex and opex, sometimes by as much as 40%. However, we have not effectively internationalised it. The global business lines model holds the leadership of each line accountable for penetrating all of their markets around the world.

Our new organisation is also considerably leaner, removing multiple levels of management and duplication of functions, so we are more competitive and better able to bid and win work. We have removed around 650 overhead management roles which will leave us with no more than two layers between me and our projects. The introduction of our new operating model is bringing more operational rigour to the business, with a single set of policies, procedures and systems. The Company currently has numerous back office IT systems which add unnecessary complexity to our operations. We are continuing to invest in our Human Resources planning software where the business case for this investment is compelling, as it will streamline our operations and drive best practice. We have decided to put on hold our planned investment in new enterprise resource planning (ERP) software pending the completion of the offer from John Wood Group.

Investment in our functions is another key element of our new structure. We have created four new technical functions which are common across our business lines – Engineering & Technical, Supply Chain & Procurement, Construction & Commissioning and Project Management & Controls. These functions are embedded in the business lines,

Delivering excellence is a key theme of our work.

The global business lines model holds the leadership of each line accountable for penetrating all their markets around the world.

Notwithstanding current market conditions, we see long-term growth potential in each of the four markets we serve.

so they can provide the right support and oversight in each market while driving consistent and predictable outcomes. Business functions such as Finance and HR also now have a direct reporting line into the same functions at Company level. The goal is to drive standardisation and common policies and procedures, and ensure they are embraced across the organisation.

In creating our new structure, we have identified in excess of £100m of cost that we can sustainably remove from our overheads. After investing in more efficient tools, processes and systems, this will result in a benefit of £100m to our bottom line each year. We expect a good proportion of these savings to come through in 2017, with the full run rate achieved by 2019.

Maximising opportunities

Notwithstanding current market conditions, we see long-term growth potential in each of the four markets we serve. We have refreshed our business line strategies to focus on the areas with the greatest opportunity.

An important part of this will be expanding our role on projects, making it routine that we pull through more services than just the original contract scope. We aim to increase our exposure to opex and mature assets and have a globally balanced portfolio of contracts, with a mix of greenfield and opex. Our ability to differentiate ourselves through innovative solutions and sharing best practice, whilst remaining cost competitive, will be key.

Creating partnerships will also help us to share risk and enter new markets. For example, we are talking to manufacturers of specialist equipment with a view to providing a joint offering that combines their technology with our capabilities in installation, operations and maintenance.

The changes we are making to our short-term incentive plans will reward the behaviours we need to deliver our transformation dependent on delivery of financial and non-financial metrics as well as individual targets.

Building Responsibly

The diversity and complexity of our projects across our markets and value chain means that we can encounter degrees of risk relating to modern slavery. In December 2016, we published our first Slavery and Human Traffic statement, as we have a responsibility to ensure that our own employees, together with the workers in our value chain, are not victims of slavery; whether it is human trafficking or forced and bonded labour. The publishing of our statement sets out the baseline from which we can continue to drive awareness and implement a programme of continuous improvement to help tackle this issue.

Building upon our commitment to deliver projects and operations safely in the countries we operate in, I am proud that Amec Foster Wheeler was one of the six founding companies within the engineering and construction sector for the Building Responsibly initiative. The initiative seeks to develop and share best practice, as well as agree on common approaches and standards to respect rights and improve the welfare of workers within their operations. We have included a key performance indicator on page 23 which recognises the importance of this issue for the Company.

People and culture

As a people-based business, attracting, developing and retaining key talent is at the heart of everything we do. We want Amec Foster Wheeler to be known as 'the place to work', where we celebrate talent, innovation, success and diversity, and reward and provide career advancement based on contribution and performance.

I believe that businesses with engaged employees perform better, so it is vitally important that we understand the views of our people. In recent months, we have undertaken several surveys to ascertain their views, helping us to design our new organisational model.

Our plans for the Company can only succeed if we have the right culture. The People section on page 25 describes the culture we are instilling as a central part of our transformation programme, in conjunction with significant improvements to staff communications.

2016 performance

Given the conditions in natural resources end markets, our 2016 trading performance was robust, as we benefited from the breadth of our diverse business – especially the record performance from solar, cost saving actions and the fall in sterling in the second half of the year. We delivered a trading profit¹ of £318m (2015: £374m) on revenues of £5,440m (2015: £5,455m), resulting in a trading margin of 5.8%. This contributed to adjusted diluted earnings per share¹ of 50.4p (2015: 67.7p). Net debt increased from £946m to £1,021m at 31 December 2016. More information on our financial performance can be found in the Financial Review on pages 34 to 45.

We continued to win a wide range of work across our markets. Details of selected contract wins announced in the year and a breakdown of our year-end order book can be found on page 24.

Outlook

We made a solid start to our transformation programme in the second half of 2016.

2017 will be a year when we embed these changes within Amec Foster Wheeler. Standard policies, procedures and systems across the Company will help us to better serve our customers. In addition, we will continue with the non-core asset disposal programme.

We continue to expect another year of oil and gas decline in 2017 and for solar activity to reduce significantly from the record levels seen in 2016. It is also expected that there will be a better performance from environment and infrastructure and a further significant contribution from standalone overhead cost savings.

This year, we will continue to leverage the outstanding technical expertise of our people to best serve our customers and deliver projects safely across all the markets in which we operate. This and the improvements we have made to the business will ensure we continue to make significant progress in 2017.



Jon Lewis
Chief Executive Officer
25 April 2017

¹ Non-IFRS measure (see Performance measures on pages 188 to 190)

Our success in servicing the solar energy market has grown steadily since we first entered the market in 2008. In less than 10 years, we have designed and built nearly 30 solar energy facilities and installed over 1.63 gigawatts direct current (GWdc) of solar energy projects across North America.

Today, we are recognised as a leading solar power contractor in the US by Engineering News Record and one of the top tier solar engineering, procurement and construction companies in North America by Solar Power World.

Our employees installing solar panels on the Arizona Public Service solar project in Yuma, Arizona, US.





Connected

excellence

through the
skills and
expertise of
our people

Our markets

Our competitive environment

We face robust competition from a wide range of companies in each of our markets. However, there is no one competitor operating in all the same markets, with the same geographic footprint and with a similar approach to risk as Amec Foster Wheeler.

Oil, Gas & Chemicals

Spending in the Oil, Gas & Chemicals market, and capex in particular, is heavily influenced by oil and gas prices and their respective outlooks. This has had a significant effect on our markets.

In the last quarter of 2014, oil prices fell from around \$100 per barrel to below \$50, largely because the Organisation of the Petroleum Exporting Countries ended its policy of managing output and decided to focus on maintaining market share, to curtail the growth of shale production in North America.

Upstream spending fell sharply in the aftermath. While global exploration and production spending hit an all-time high of \$780 billion in 2014, investment was cut by \$200 billion in 2015 and by a further \$140 billion in 2016, representing a 44% reduction from 2014. Discretionary spending was swiftly withdrawn from North American unconventional fields and exploration, and cuts have spread to all resources and almost all geographies over the last two years. New investment in conventional greenfield projects virtually ceased. Upstream capex is expected to resume growth in 2017, but at a modest single-digit rate, and to be concentrated mainly in US shale projects. Opex has proven more resilient, declining by a single digit percentage each year between 2014 and 2016, and is expected to hit a low in 2017 before returning to growth.

Constrained exploration and production spending since 2014 has had a material impact on existing production and the timely development of new production to mitigate the natural decline of well productivity. According to the International Energy Agency (IEA), a supply gap of 15.9 million barrels per day will exist in 2025 which will need to be met by new, as yet unapproved, conventional crude oil projects.

The IEA expects that upstream oil and gas spending will grow between 2016 and 2040 to total over \$17 trillion, averaging \$700 billion per year, thus reversing the recent decline. Of the \$17 trillion total investment, North America accounts for 25%, the Middle East 15% and Asia 12%.

Historically, upstream capital costs have moved in-line with oil prices. However, the IEA highlights that over the next few years, capital costs will only grow marginally. According to the IEA, this dislocation is not permanent and, in the long run, once the excess supply of labour and equipment is eliminated, upstream capital costs are expected to revert to moving in tandem with oil prices.

Investment in refining is driven by growth in demand for refined products, which is forecast to reach 0.4% globally, but with regional variations. Other factors include tightening environmental regulations (both for refined products and the refining installations themselves) and feedstock changes. In mature markets, refiners continue to delay major capital investments in favour of smaller and lower-risk refurbishments and upgrades, while capacity additions are concentrated in high-demand growth regions such as Asia and the Middle East.

Capex in refining is expected to return to growth, following two years of decline during which integrated oil companies curtailed both upstream and downstream investments. Longer term, the IEA expects over \$1 trillion to be invested in the refining space between 2015 and 2040, with non-OECD countries accounting for 71% of the investment, and an additional 16 million barrels per day of new refining capacity being built over that timeframe.

Capex in the chemical sector is set to further expand, as companies take advantage of comparatively low oil and gas prices and increasing demand. Frost & Sullivan expects petrochemical demand to be strong in developing nations, with 8% growth annually in India and 6.1% in China until 2020. China, the United States and Saudi Arabia are expected to lead new capacity development, with \$160 billion of announced project capital expenditure up to 2020 in the United States alone. Saudi Arabia will also spearhead investment in the sector, as it seeks to transform its economy and generate more value-added products from each barrel of oil.

Market split

41%



Market split

5%



Mining

In mining, forecasts from the major mining firms suggest that expansionary capex around the world has reached the low point in the cycle for some commodities. Significant investment in the period to 2012 led to oversupply of many commodities, such as iron ore, driving down prices and resulting in a sharp contraction in capex. As a result, announced capex spend in 2017 and 2018 is expected to be similar to actual spend in 2007.

However, the price outlook for some products, such as gold, lithium and copper, is more positive. Our long-standing reputation for front end consulting, our strong technical skills and asset-light model means we can adapt to changing activity levels in different commodities. In the near term, these metals and minerals are likely to make up the majority of our workload. This has the potential to drive growth in our mining revenues beyond 2017, as our customers seek to take selective advantage of a more beneficial pricing environment.

Power & Process

The North American energy market is the key driver in Power & Process. Net demand for electricity is expected to grow at around 1% a year over the next 10 years. By 2040, approximately a quarter of the current installed base of generating capacity will need to be retired. The combination of steadily rising demand and the closing of significant existing capacity means there is robust requirement for power infrastructure spend, which is forecast at more than US\$500bn over the next decade.

Generating capacity additions are expected in solar, wind, thermal upgrades and gas over the forecast period, although levels of activity for each type of generation vary over time. The spend and mix by generation type is sensitive to the availability of subsidies, changes in regulation and other factors,

such as the price of natural gas. For example, at the end of 2015 tax credits for commercial solar installations in the US were extended by a further three years to 2019, after which they will wind down from 30% to reach 10% from 2022 onwards. These credits had been expected to finish at the end of 2016, resulting in projects being brought forward before the extension was agreed and helping us to deliver a record year in 2016. We expect demand will fall in the short term, before recovering later this decade.

The abundant supply of gas, as well as shale oil, in North America is also improving the competitiveness of US-based industry by lowering energy, hydrocarbon feedstock and logistics costs. This is forecast to increase demand for industrial power and steam generation.

Environment & Infrastructure

The environment and infrastructure markets have shown steady growth in recent years and this is forecast to continue.

Environmental consulting spend worldwide is predicted to grow at around 2% a year from 2015 to 2020, double the rate in the preceding five years. In addition, many countries have an urgent need to upgrade their critical infrastructure, particularly in areas such as transport. In North America, for example, transport capex is forecast to grow at 3% per annum in the five years to 2020, with investment in roads making up the vast majority of this spend. Globally, the infrastructure market is expected to grow even more quickly than this, with a forecast growth rate of 4% to 7% a year to 2025.

Market split

26%



Market split

17%



GPG and Investment Services make up the remaining 11% of our markets

Our strategy

Background to our strategy

Following the appointment of Jon Lewis as Chief Executive Officer, we began a wide-ranging review of our strategy, organisational structure and cost base. As a consequence of this review, we have developed a number of corporate-level strategic priorities supported by detailed strategies for each business line. Our strategic priorities at the corporate level are set out on page 17.



These priorities have a number of common themes. First, they will give us greater operational and financial discipline, through a reorganisation into four market-facing business lines, implementing a single set of operational procedures, enhanced management accountability and the benefit of the scale efficiencies that an organisation diversified across markets should provide.

Second, implementing these strategic priorities will improve our customer proposition by enhancing our cost effectiveness and improving the technical capabilities we can offer our customers. The third common theme is a greater focus on cash generation as a consequence of improved operational efficiency and reduced exceptional costs, with a target of generating free cash flow on a sustainable basis.



Our objective in implementing these priorities is to strengthen Amec Foster Wheeler, enabling us to take better advantage of growth opportunities. Implementing our strategy will reinforce our business model (see page 6) by improving our ability to identify, acquire and deliver projects.

Our strategic priorities

1. We will continue our evolution into a customer-centric, multi-sector consulting, engineering and construction company, making resource allocation decisions across the business lines to benefit from the most attractive growth prospects.

The strategy review has highlighted numerous attractive end markets, where we can provide customers with consulting, engineering and construction services. Our new operating model, with a single set of processes for project delivery, will enable us to make consistent resource allocation decisions, enabling us to take better advantage of the most attractive growth opportunities.

There is also an opportunity to increase the scope of services that we provide to our customers, so we capture a greater share of each project, provide more value to the customer and potentially generate further work.

The more detailed business line strategies underpinning this priority are described on pages 18 to 19.

2. We will enhance our value-based engineering offering, helping customers to ensure their projects are economically viable.

We are building on our track record and knowledge to strengthen our value-based engineering offering. By working in partnership with our customers, we will look to create solutions that make our customers' projects more cost effective, so they remain economically viable. By helping our customers to achieve their objectives, we will be better positioned to capture further work.

3. Through our lean operating model and leveraging our Indian operations, we will ensure we are cost competitive and better able to bid and win.

Innovative approaches to reducing the cost of delivering our services to customers, such as More4Less, show that we can align our skills and capabilities with a strong value proposition for customers. We can also enhance our proposition by leveraging engineering in India, where operating costs are lower than in many places in the western hemisphere. We will therefore embed these lower costs and roll out innovations across our end markets. This will reduce the cost to serve our customers, potentially increasing our trading margin and better positioning us to win new business.

4. We will invest in excellence in our technical and business functions, drive standardisation and follow common policies and procedures throughout the Company.

As discussed in the Chief Executive Officer's statement on page 10, we have created four new technical functions and given our business functions direct reporting lines into the same functions at Company level. This will drive standardisation, reduce our operating costs, simplify governance and minimise the variance in project performance, helping us to generate more consistent financial returns.

5. We will invest in information technology to differentiate our project delivery capabilities and to help us enhance the management of our customers' assets.

We plan to create value from our use of technology, starting with two initiatives in Oil, Gas & Chemicals which we will then apply elsewhere across the Company. First, we are building on our existing portfolio of process technologies, including with third-party license owners where we are the exclusive implementation partner. Second, we are developing information, data and data acquisition technologies to identify and deliver step changes in efficiency and productivity across our operations. We will use this to automate and accelerate our design, construction and asset support services to customers. We are also working in partnership with our customers and other innovators from the technology sector to develop new solutions designed to deliver superior outcomes for our customers and their assets. This will help us to continue to differentiate our customer offering and be better positioned to win new projects.

6. We will improve the engagement of our people and focus on attracting, developing and retaining the best talent globally

People are our principal asset and we need to ensure we have the right culture for them to succeed. More information about the culture we are looking to create, our investment in talent and our approach to diversity and inclusion can be found in the People section on page 25.

7. We will enhance our focus on cash generation; eliminating unnecessary expenditure and increasing efficiency and scalability of necessary costs.

Our programme to reduce overhead costs by a net £100m and our focus on running a lean operating model will improve our cost effectiveness. In addition, we are taking measures to minimise cash outflows, including tighter control of working capital.

8. To strengthen the balance sheet, ensuring a stable financial platform to support the business.

With the offer from John Wood Group, the Company announced it had intended to launch a rights issue to raise approximately £500m, and to suspend dividend payments to strengthen the balance sheet. The Company is continuing to make good progress generating proceeds from the non-core asset disposal programme.

Executing on the strategic priorities above – which are designed to improve cash flow – will, over time, further strengthen the balance sheet.

9. We will provide a safe and sustainable environment for our people and the communities in which we work.

Our sustainability strategy and commitments are aligned to the principles of the UN Global Compact. In alignment with these principles and the commitments set out in our Modern Slavery and Human Trafficking statement in response to the UK Modern Slavery Act 2015, we will continue to raise awareness of modern slavery with our employees and value chain and also collaborate with industry on this issue, sharing best practice, policies and procedure. We will continue to embed sustainability into the delivery of our projects to ensure we mitigate operational risks, respect and protect the environment and the communities in which we work. This will protect our reputation and licence to operate, supporting the delivery of stronger business performance.

Our strategy continued

Our business line strategies

As part of our review, strategies have been developed for each business line based on specific opportunities and challenges.



Oil, Gas & Chemicals



As a result of market conditions, our focus is on developing new revenue streams to replace some of our historically strong positions.

For the upstream business, this will involve developing a balance of operating expenditure and capital expenditure projects, increasing exposure to lower-cost barrels and turning strong local operations into strong international ones.

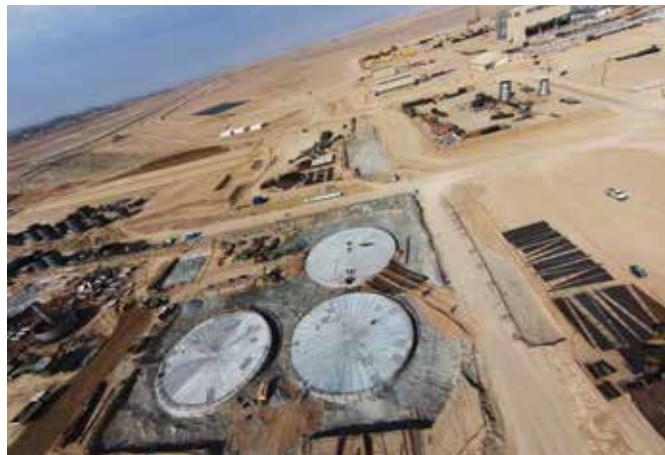
We will build on our strong presence in upstream asset support and commissioning in the UK North Sea by pursuing opportunities in other locations, and by expanding our asset support solutions for the downstream market.

In the downstream business, we will continue to develop our core refining business by strengthening and expanding our consulting, hydrotreating, delayed coking and fluid catalytic cracking positions, along with our extensive experience with complex refurbishments and turnarounds. In addition, we intend to expand our presence in high-growth areas within the chemicals market.

We aim to capture a greater share of our customers' expenditure on projects and carefully grow our exposure to full scope project delivery work. This will require some investment in tools and processes and the hiring of key people, and will often be executed in partnership with local companies.



Mining



We expect market conditions to recover from recent lows and we are therefore preparing the business to take advantage of new project opportunities.

A key aspect of this strategy is to utilise our early stage consulting expertise to win project delivery work. A more coordinated approach between consulting, business development and project delivery teams will help us to be more competitive in bidding and to develop enhanced solutions for customers. We are also looking to expand our customer base to increase the share of work from major global miners.

We will continue to invest in our mobile materials movement solutions, including our patented 'Super Portable' systems, which can lower operating costs in mines by replacing fleets of trucks and their significant support costs.



Power & Process



Our focus is to deliver power generating capital projects for customers, using a variety of technologies.

We currently have a market-leading position in the utility-scale solar installation market in the US. Although we are expecting a near-term reduction in solar project activity, due to the phasing of government tax incentives discussed in the markets section on pages 14 and 15, we will remain focused on gaining market share through continuous improvement of our cost per kilowatt installed pricing.

In addition, we intend to pursue further projects in wind across the Americas and in conventional power plants, delivering projects for utilities and industrial clients, with whom we have strong relationships.



Environment & Infrastructure



Our priority is to increase market share by bringing together the entire skills of Amec Foster Wheeler to deliver customer-specific solutions.

We have identified a number of growth opportunities, including:

- ▶ expanding our share of radiological remediation and waste management programmes
- ▶ expanding our environmental liability and asset management services, especially for large companies, with significant legacy reserves and decommissioning obligations
- ▶ growing our share of the US Department of Defense's international budget
- ▶ taking advantage of growing infrastructure spend in the US and beyond, including by pursuing new customers and expanding through our main geographic hubs
- ▶ enhancing our capability and scale in the UK and Europe, combining our existing positions with our extensive North American expertise and capabilities

We will also continue to offer environmental consulting and engineering services across the Company's other markets, where closer cooperation with Business Development and engineering teams can generate additional project work.

Connected

excellence

through
long-term
customer
relationships



Working on a granite hosted uranium deposit in Namibia which is one of the largest uranium deposits in the world, with the potential to produce 15 million pounds per annum of uranium oxide. The project lies within the Namib Naukluft National Park and therefore has stringent environmental requirements that the project enforces.

Delivering excellence results in repeat business and stronger relationships with our customers. The engineering, procurement and construction management (EPCM) contract for the Husab mining project with SGS Bateman follows the Definitive Feasibility Study we delivered in 2011 and the Engineering Cost Study for the project.

Our responsibility includes the management and systems used by the project joint venture we are part of, while responsibilities for engineering, procurement and construction management are shared with the joint venture partner.

The construction phase of this project completed during 2016, with commissioning and operation due in 2017.



Key performance indicators

Each of the following key performance indicators links to one or more elements of our refreshed corporate strategy, as described on page 17, enabling us to monitor progress with our strategic priorities. The adjusted performance measures such as underlying change in revenue and trading cash flow presented here provide both management and investors with information about the trading performance of the business, as well as risks and outcomes relating to non-financial key performance indicators on safety, employee engagement, environmental incident rates and respect for human rights.



Definition

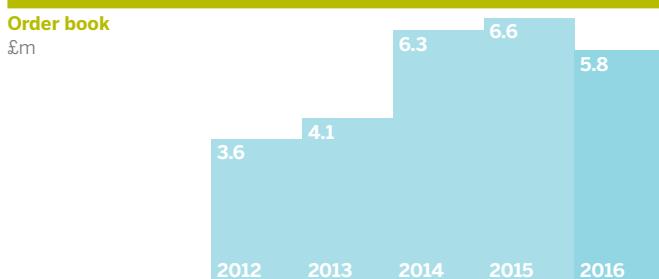
The percentage movement in year-on-year revenue, excluding the effect of currency movements and any acquisitions or disposals.

Strategy

Links to strategic priorities: 1, 2, 3, 4, 5, 6

Commentary

Underlying revenue declined by 8% during 2016, as a strong performance in solar and E&I was offset by continuing weakness in the oil and gas market.



Definition

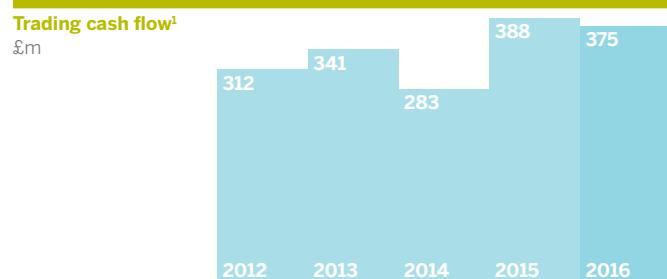
Our share of the total remaining value of secured projects to be executed, up to any break point. Contracts are only included in the order book when they are signed.

Strategy

Links to strategic priorities: 1, 2, 3, 4, 5

Commentary

At the end of 2016 the order book stood at £5.8bn, down 13% from last year. There was a reduction in oil and gas as lower levels of project sanctions continued and we neared completion of major hook-up contracts in the UKCS, and in Americas Clean Energy as we worked through our record backlog of solar projects.



Definition

Cash generated from operations before cash flows arising from exceptional items, asbestos-related payments (net of insurance recoveries), the difference between retirement benefit contributions and the amount recognised in trading profit, legacy settlements and discontinued operations, and currency translation differences on working capital, but including dividends received from joint ventures.

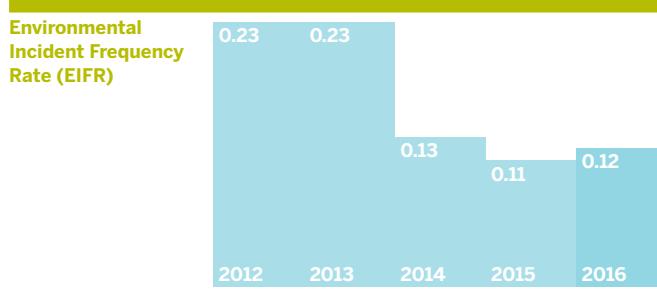
Strategy

Links to strategic priority: 7

Commentary

During 2016 Trading cash flow decreased by £13m compared to 2015. The decrease was primarily due to a reduction of £34m in profit before net financing expense which was partly offset by improvements in working capital of £21m.

2015 and 2016 are the only two full years that include the results of the legacy Foster Wheeler business.



Definition

Our environmental incident frequency rate is the number of environmental incidents per 200,000 hours worked.

Note: Historical data for 2014 and earlier are based on AMEC data only as Foster Wheeler data was not captured prior to the integration of our two companies.

Strategy

Links to strategic priority: 9

Commentary

During 2016, our employees and contractors worked a total of 140 million man hours, during which we recorded 81 environmental incidents which were within the boundaries of our management system and reported as per the requirements of our mandatory procedure, 'Incident Reporting, Recording and Investigation'. Our environmental standards provide consistency across our operations, ensuring we protect and enhance both our reputation and the environment in which we work by minimising our environmental risks.

Modern Slavery (Human Rights)

Engagement with employees and resulting awareness of modern slavery and human trafficking risks within our operations and wider sphere of influence i.e. customers, supply chain and joint venture partners.

► >95% of targeted employees are to complete awareness training during 2017 on the issues and risks around forced and bonded labour and human trafficking in global supply chains.

► Continued collaboration and engagement with the industry led 'Building Responsibly' initiative, facilitated by Business for Social Responsibility (BSR) with support from Humanity United.

Strategy

Links to strategic priority: 9

Commentary

In December 2016, we published our first Slavery and Human Trafficking statement in line with the requirements of Section 54 of the UK Modern Slavery Act 2015. This statement is the basis from which we will continue to drive awareness of modern slavery and seek to improve our processes. Our KPIs for 2017 support the commitments made within the 2016 statement. Recognising the need to increase understanding of the risks amongst key employee groups, we have partnered with TRACE (an independent compliance and due diligence firm) to tailor an eLearning module for our employees. Our continued active involvement with the Building Responsibly initiative in 2017 recognises the need for and value of collaboration within and across sectors to have meaningful impact on this issue. Continued outreach to Non-Governmental Organisations on the issue will also ensure we share and learn best practise.



Definition

Our total recordable incident rate is the number of recordable incidents per 200,000 hours worked which is in accordance with the standard reporting of the Occupational Safety and Health Administration.

Strategy

Links to strategic priorities: 4, 6, 9

Commentary

During 2016 our employees and contractors worked a total of 140 million man hours, during which we recorded 184 recordable injuries. This represents a small improvement on the previous year when we recorded 195 recordable injuries. However, we also recorded 35 lost time injuries (LTI) during 2016 giving us an LTI rate of 0.05 per 200,000 hours worked compared to 0.046 in the previous year. Risk management remains one of our key areas of Health and Safety focus. During the year we trained 2,418 frontline supervision staff on hazard recognition and risk management techniques. There were zero fatal incidents during 2016.

Employee engagement

%

Definition

We define engagement as being the extent to which people are connected and committed to their work, their manager, their work team and their organisations because of their work environment².

Strategy

Links to strategic priorities: 6, 9

Commentary

Our engagement scores rose steadily for several years. However in 2015, we saw these scores trend downwards. We believe that this was largely due to ongoing concern about our performance in tough markets and the obvious implications for job security, compensation and opportunities. Our score in 2016 was calculated using a new methodology³ that does not directly compare to prior scores. However, we believe it improved slightly, despite these concerns remaining.

Notes

1 Adjusted performance measures used by the Group are explained and reconciled to the equivalent IFRS measures on pages 188 to 190.

2 Employee engagement was not tracked in 2012.

3 The previous methodology used an algorithm to calculate an engagement index by applying factors to each type of response. The new approach adds the 'agree' and 'strongly agree' responses to give us an overall % agree. Therefore, we are now using % agree relative to a given question or in aggregate as our measure of engagement.

Key contract wins and order book

We faced some challenging conditions during the year, with many natural resources capital projects being delayed or cancelled. Despite this, we benefited from the breadth of our business to win a wide range of work with major customers across our four markets.

Selected contract wins announced in 2016

Customer	Business line	Description	Country
Grannus	OG&C	Design engineering for ammonia plant	US
Repsol Sinopec	OG&C	3-year (plus extensions) labour supply and engineering support services contracts	UK
BP	OG&C	EPC for new refrigeration plant in BP Grangemouth	UK
Preem	OG&C	EPCM of new vacuum distillation unit at Lysekil refinery	Sweden
SOCAR	OG&C	FEED for Heydar Aliyev Oil Refinery modernisation	Azerbaijan
Pertamina / Saudi Aramco	OG&C	Engineering and project management for Cilacap refinery upgrade	Indonesia
BP	OG&C	3-year framework for concept studies and pre-FEED, Rumaila field	Iraq
Sasol	OG&C	Detailed design and engineering on Phase 1 of PSA development	Mozambique
Evonik	OG&C	Basic engineering and EPCM for methionine facility	Singapore
Thai Oil	OG&C	FEED for Clean Fuel refinery expansion	Thailand
India Oil	OG&C	Supervision of EPC contracts for LNG import terminal, Ennore	India
Pakistan Refinery Ltd	OG&C	Feasibility study for upgrade at Karachi refinery	Pakistan
Sonatrach	OG&C	FEED for three new refineries	Algeria
ConocoPhillips	OG&C	3-year brownfield services contract for BayuUndan	Timor-Leste
KOC	OG&C	FEED for upgrade of GC24 oil gathering centre	Kuwait
Western Potash	Mining	Potash Solution mining pilot plant	Canada
Anagold Madencilik	Mining	EPCM for the Çöpler Gold Mine	Turkey
LG&E / KU	P&P	Coal combustion residuals project for Trimble County	US
Bruce Power	P&P	6-year MSA for nuclear engineering and project management	Canada
Sellafield	P&P	10-year framework agreement on Magnox Swarf storage silo clean-up	UK
UK Ministry of Defence	P&P	5-year contract to supply nuclear safety and technical advice for submarines	UK
ITER	P&P	13-year contract for construction management on nuclear fusion reactor project (as part of Momentum JV)	France
US AF	E&I	7-year prime contractor for environmental services	US
US AF	E&I	7-year prime contractor for military housing programme	US
US ACE	E&I	Aegis Ashore Missile Defense System construction support	Poland

Order book

These and other contract wins contributed to an order book of £5.8bn at 31 December 2016.

The reduction in order book for Oil, Gas & Chemicals was largely due to the general reduction in project sanctions by customers. In Power & Process, contract wins for solar projects peaked in the fourth quarter of 2015, with those projects in execution during 2015.

	2016 ¹ £bn	2015 ² £bn
Oil, Gas & Chemicals	3.0	3.7
Mining	0.1	0.2
Power & Process	1.1	1.3
Environment & Infrastructure	0.9	0.7
Total (excluding GPG and Investment Services)	5.1	5.9

Notes

1 These figures exclude £0.4bn for GPG and £0.3bn for Investment Services, bringing the total order book for 2016 to £5.8bn.

2 These figures exclude £0.3bn for GPG and £0.4bn for Investment Services, bringing the total order book figure for 2015 to £6.6bn.

People are our principal asset. Our business depends upon having a culture that supports successful project delivery for our customers and helps us to attract and retain the best talent. As part of our commitment to being a sustainable business, we look to achieve the highest standards of health and safety, mutual respect and ethical behaviour. More information about our approach to sustainability can be found on page 33.

Culture and engagement

In a business that is about people, having the right culture is critical. The transformation programme we are going through will help us to build a real meritocracy, with a highly engaged culture focused on safety, collaboration, technical excellence, high performance and clear accountability.

Instilling this culture will enable us to deliver excellence to our customers, safely and consistently, wherever we work. It will ensure that our people know what we expect of them and that their performance will be recognised and rewarded. We have established a transformation office headed by a Chief Transformation Officer and a key part of his remit is to ensure we deliver the cultural elements of our transformation programme. This includes reinforcing our commitment to adhering to our Code of Business Conduct and complying with policies and procedures. During the second half of the year, we employed KPMG to benchmark how well our people comply with ethics and anti-bribery compliance. This showed good performance.

Leaders who effectively listen and then act build effective, transparent and trusting relationships with employees. Gathering the views of our people was therefore a major part of shaping our transformation programme. Nearly 3,000 employees responded in detail to our survey asking for their views of our organisation, helping us to understand the strengths we need to make more of and the weaknesses we need to overcome. The results of this research, and several subsequent surveys, helped us to define our new organisational structure.

We have committed to continuing to listen to employee views and to improving communication, recognising that good communication is fundamental to driving employee engagement.

Adapting to market dynamics

The nature of our business means that we need to recruit large numbers of people each year, as we put together teams to match the needs of projects and customers. Similarly, many people leave us as projects finish or their roles change. As noted in the business model on pages 6 and 7, a key advantage for us is that the breadth of our business often allows us to redeploy people to new contracts, reducing costs and the need to hire and release people, and helping us to keep skills and knowledge within the business.

In 2016 we recruited some 8,500 people to our direct workforce, of which 89% were recruited directly by our resourcing teams, who deliver excellent candidates to our business wherever they are needed. Around 9,600 people left the business. This is part of the normal cycle of recruitment and utilisation management on projects. It also includes people who left the business as a result of the transformation programme.

This and changes in our indirectly employed workforce resulted in a total headcount of circa 35,000¹ people at year end compared with circa 39,000¹ at the end of 2015.

Workforce mobility is also key to meeting client expectations and developing our employees. Our in-house mobility team facilitated over 300 cross border moves in 2016.

Investing in talent

We aim to build the capability of our people year on year, as ongoing development is vital to both employee engagement and our reputation with our customers. Recently we refreshed the learning strategy we deliver through our global Academy. This involved:

- ▶ giving all our engineers access to high-quality technical applications training, at no cost to the end-user
- ▶ transitioning to virtual classrooms for delivering technical functional training and leadership skills
- ▶ developing an interactive e-learning programme for people management skills, built specifically for our business using relatable scenarios

The Academy continues to offer popular on-line learning in management and leadership skill development, with circa 10,000 people accessing the site in 2016. In addition, around 4,000 people took our sustainability e-learning course.

During 2016, we rolled out a mid-year development review for all managers and professional employees, following a successful pilot in 2015. The review prompts a conversation between manager and employee around the individual's longer-term goals, resulting in agreed development to achieve these.

We also introduced a Company-wide framework that helps managers identify potential early in employees' careers. Through development discussions and diagnostic tools, we can then provide employees with the experience and learning they need to accelerate their development through the organisation.

In addition to developing our people, we look to attract the next generation of talent into the industry. We therefore engage with schools and universities to stimulate interest in engineering careers and our sectors.

Diversity and inclusion

Organisations with diverse employees can create better solutions for customers, which contributes to long-term business success. The table below shows the gender mix of our directly employed workforce at the end of the year:

	2016		2015	
	Men	Women	Men	Women
Board	7	2	6	2
Group leadership team	12	2	9	1
Executive grades	338	48	369	41
Total workforce	24,327	7,099	27,610	8,247

We assess age, gender and ethnic diversity and use employee surveys to understand harder to measure aspects, such as diversity of thought. We also work with groups such as the Women's Engineering Society and Stonewall, to build greater awareness of our company and attract a more diverse workforce.

¹ Figure includes non-employed workers.



through
sophisticated
technology

**Customers have been
keen to trial and adopt
the technology on their
projects: for example,
as part of hook-up and
commissioning work for
a North Sea Floating,
Production, Storage and
Offloading unit built on
the other side of the world.**

We are using smart headsets, ATEX rated for offshore use, to enable real time interaction with the home office, improving efficiency and speed.

One of the greatest benefits is the enabling of unambiguous and safe communication, reducing the possibility of unclear instructions or muffled radio use; these headsets can ensure that clear and concise information is provided to the relevant parties.



Principal risks and uncertainties

Amec Foster Wheeler operates in more than 55 countries, serving a broad range of markets and customers. As such, the Group is subject to certain general and industry specific risks. Where practicable, the Group seeks to mitigate exposure to all forms of risk through effective risk management and risk transfer practices.

The board has overall responsibility for risk management, for determining the risk appetite in relation to the principal risks, for implementation of the risk management policy and for reviewing the effectiveness of the risk management systems.

Risk management process

A global mandatory procedure detailing the risk management process has been used at project, operating unit, business unit and group levels to identify the key risks that could have a significant impact on Amec Foster Wheeler's ability to achieve its objectives. These are recorded in risk registers and evaluated to determine the likely impact and probability of occurring. The procedure is being updated to reflect the new operating model.

Control actions are developed to mitigate or eliminate risks that are considered unacceptable. Risk owners are identified and given responsibility for ensuring actions are implemented with appropriate review dates.

The risk registers are reviewed and updated at least quarterly with the relevant risk owners.

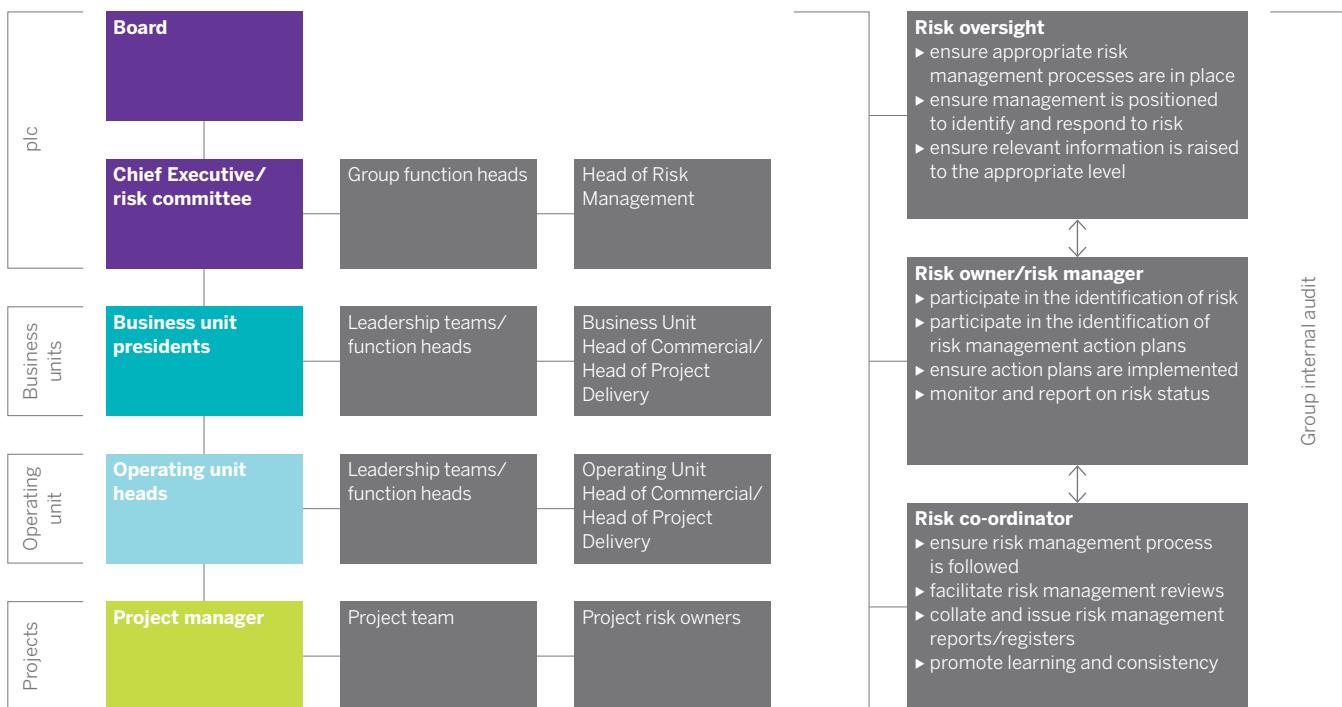
Reporting and monitoring

The risk committee is chaired by the Chief Executive Officer and meets at least twice each year to:

- ▶ review and advise the board on Amec Foster Wheeler's risk appetite in relation to the principal strategic risks, taking account of the current and prospective macro-economic, financial, political, business and sector environments
- ▶ review and approve the risk management strategy, policies, procedures and processes
- ▶ review and report to the board on the effectiveness of the risk management systems
- ▶ review the Amec Foster Wheeler plc risk register and make recommendations as appropriate
- ▶ review any new or emerging risks and any potential impact they may have on risk appetite and the ability of Amec Foster Wheeler to manage such risks
- ▶ review any issues raised by other committees of the board that impact on the risk profile of Amec Foster Wheeler
- ▶ review and consider reports on key risk issues such as new business and geographical locations for operations or projects
- ▶ consider any internal or external risk trends and concentrations

The terms of reference of the risk committee have been amended to reflect the requirements of the 2016 edition of the UK Corporate Governance Code.

Roles and responsibilities



Principal business and strategic risks

The table below shows Amec Foster Wheeler's principal business and strategic risks. Each is specific to the Company and could have a material impact on it. Actions have been taken to mitigate these risks and these are also shown.

Other financial risks that may impact the Company are shown on pages 146 to 150 – note 19 Capital and financial risk management.

Risk	Mitigation
Geopolitical and economic conditions Amec Foster Wheeler expects to derive the majority of its revenues from Europe, the US and Canada and is therefore particularly affected by political and economic conditions in those markets. Changes in general economic conditions may influence customers' decisions on capital investment and/or asset maintenance, which could lead to volatility in the development of Amec Foster Wheeler's order intake. These may also lead to changes in the customer base, competition and in the way customers procure the services we provide. An increase in competition for new contracts may lead to different, less favourable contract terms and conditions. Continuing and escalating unrest and insurgency activity in the Middle East may have a negative impact on existing and future opportunities in the region. The transition to the new presidential administration in the United States may cause uncertainty and unpredictability for a period of time which may impact confidence and spending levels. In addition, following the majority vote in June 2016 for the United Kingdom to leave the European Union, there is uncertainty as to the effects an exit may have on economic or market conditions in the United Kingdom, Europe or globally. Such uncertainty has the potential to lead to decreased or delayed investments in projects in the United Kingdom. The result of the UK general election on 8 June 2017 will also determine the stance Britain takes in its negotiations to leave the EU as well as the future of projects within the National Infrastructure Plan, which could create further uncertainty in UK projects.	Amec Foster Wheeler seeks to maintain a balanced geographic presence and, through acquisitions and organic growth, will continue to increase its exposure to other attractive regions of the world. The risk associated with economic conditions resulting in a downturn and affecting the demand for Amec Foster Wheeler's services has been addressed, as far as practicable, by seeking to maintain a balanced business portfolio in terms of geographies, markets, clients and service offering/business model. In light of continuing global economic uncertainties, steps have been taken to assess and monitor any potential impact on Amec Foster Wheeler's business opportunities and address potential increased supply chain and, more broadly, counterparty risk. In January 2017 we implemented a new operating model, involving the reorganisation of Amec Foster Wheeler into four end markets – Oil, Gas & Chemicals, Environment & Infrastructure, Power & Process and Mining, which will enable us to be more agile and responsive to the customers and the markets we serve. The business development team is focused on realising the synergies across our customers, markets, geographies, service offerings and relationships.
Changes in commodity prices A sustained and significant reduction in oil & gas or commodity prices would have an adverse impact on the level of customer spending in Amec Foster Wheeler's markets and consequently represents a risk to organic growth. The fall in oil prices has had an impact on the investment behaviour of Amec Foster Wheeler's customers in this sector, with pressure on capital expenditure leading to a greater focus on smaller projects and operating expenditure and an increase in competition for new contracts.	This risk is mitigated by maintaining a balanced business portfolio of geographies, markets, clients and service offerings. Improved efficiencies through increased workflow between offices and the effective use of centres of excellence and our India operations also contribute to addressing this risk.
Project delivery Failing to maintain discipline and meet customer expectations on project delivery could result in damage to reputation, loss of repeat business and potentially lead to litigation and/or claims against Amec Foster Wheeler.	The Technical Functions provide assurance, drive project execution and support the development, training and mobilisation of personnel to enhance execution competencies. In addition, the system of globally applied policies and procedures, combined with comprehensive management oversight, the risk management process, project reviews, internal audit, peer reviews and customer feedback, mitigate the risk to successful project delivery.
Lump sum contracts Lump sum contracts carry different risks than reimbursable contracts, with the contractor agreeing the contract price at the start of the contract and accepting the risk of cost overruns in completing the project. Lump sum contracts have accounted for an increasing proportion of the Company's revenue and order book and are expected to continue to grow in the medium term.	This risk is mitigated by having skills and competencies fully aligned with the project scope. It is further mitigated by having a clear, delegated authority structure in place, combined with the formal global mandatory procedures relating to contracting principles and the tender review process. In addition, the Technical Functions perform reviews, provide assurance and drive project execution.
Staff recruitment and retention An inability to attract and retain sufficient high-calibre employees could become a barrier to the continued success and growth of Amec Foster Wheeler. Senior management departures or prolonged absences could also adversely affect our ability to implement our strategy and manage our operations efficiently. The uncertainties about the effects of the recommended all share offer for Amec Foster Wheeler plc by John Wood Group could hinder our ability to attract new employees and retain our existing employees.	This risk is mitigated with a clear HR strategy, which is aligned to the business strategy and focused on attracting, developing and retaining the best people for the Company with succession planning as appropriate. It is underpinned by an employee framework which describes how we manage our people consistently and we have introduced talent and performance management systems to help us identify and nurture talent. In addition, there is a continual review of compensation and benefits to ensure sector and geographic competitiveness and there are localised recruitment teams capable of recruiting large numbers into Amec Foster Wheeler. The additional recruitment and attrition challenges being faced as a result of the planned takeover are being mitigated by retention measures.

Principal risks and uncertainties continued

Risk	Mitigation
Health, safety, security and environment	<p>In order to control risk and prevent harm, Amec Foster Wheeler is focused on achieving the highest standards of health, safety and security management. This is achieved through setting of an effective policy and putting in place clear standards which underpin our health, safety, security and environmental management systems.</p>
<p>These activities may involve operations such as design, construction, commissioning and decommissioning, which have potential to cause serious environmental damage, pollution and habitat destruction.</p>	<p>We have put in place processes to assure that our systems work effectively throughout the organisation and health and safety performance is regularly reviewed against agreed targets to facilitate continual improvement.</p>
Environmental licences	<p>Amec Foster Wheeler employs environmental and engineering specialists to support projects in implementing comprehensive project management planning at all stages of a project. These processes are governed by appropriate quality management systems and are supported by risk identification tools aimed at identifying and managing all aspects of project environmental risk.</p>
Information technology (IT)	<p>Environmental management systems are in place to monitor and mitigate this risk.</p>
<p>Amec Foster Wheeler's build/own/operate facilities and fabrication/manufacturing sites rely on maintaining environmental licences to operate, which includes protecting the environment and achieving legally enforceable operating parameters. Failure to maintain these standards may result in the revocation of all or part of the licence and the suspension of operation, resulting in criminal or civil action and/or financial risk to the business. Failure to maintain assets and/or pollution abatement equipment may result in a failure to meet legally binding objectives and targets for the operation.</p>	<p>Planned preventative maintenance schedules are in place to further mitigate this risk.</p>
Ethical breach	<p>Appropriate controls are in place to mitigate the risk of systems failure and data loss, including systems back-up procedures, data security breach response plans, disaster recovery plans and globally distributed data centres providing a secure and reliable environment for hosting critical applications. There is also appropriate virus protection, malware detection and remediation, network security controls and penetration testing and encryption of mobile devices.</p>
<p>Amec Foster Wheeler is exposed to the risk that the IT systems on which it relies fail, are breached or are exploited by cyber attack with a corresponding impact on the confidentiality, integrity and/or the availability of sensitive data held by the Company.</p>	<p>Amec Foster Wheeler has a number of measures in place to mitigate the risk of a substantive ethical breach and/or non-compliance with laws or regulations, including:</p>
	<ul style="list-style-type: none"> ▶ embedded policies and procedures ▶ Code of Business Conduct ▶ segregation of duties ▶ management oversight ▶ financial and operational controls ▶ independent whistle-blowing mechanism ▶ appointment of Head of Ethics and Compliance and ethics and compliance champions ▶ anti-fraud and other internal audits ▶ legal team advice ▶ training programmes supporting the Code of Business Conduct, anti-bribery and corruption and competition law ▶ gifts and hospitality procedure with annual internal audits ▶ oversight by the HSSEE committee – see pages 70 to 71

Risk	Mitigation
Financial – breach of covenant, counterparty and liquidity	<p>Whilst the Company was, as at the most recent test date of 31 December 2016, in compliance with the unmodified financial covenants in its existing banking facilities there was a possibility that the Company would have breached the leverage ratio covenant under its existing banking facilities at the next test date on 30 June 2017.</p> <p>If a counterparty is unable to repay deposits, fund a loan in a committed loan relationship or fund a position under foreign exchange arrangements then the company faces the risk of capital loss.</p> <p>The Company is subject to liquidity risk from being unable to generate sufficient cash from operations for either growth or to repay debt. If sterling weakens this may impact on our overall liquidity as part of our debt is drawn in currency and our facilities are Sterling denominated.</p>
	<p>The Company had been preparing to launch a rights issue of approximately £500m on 21 March 2017 which would have addressed the risk of a breach of the leverage ratio covenant but as a consequence of the recommended all share offer for the Company by John Wood Group, the preparations for a rights issue have been suspended. To ensure continued compliance with its financial covenants, the Company has approached its banking group and successfully agreed a waiver to increase the leverage covenant in its banking facilities to provide additional headroom through to the reporting period ending 30 June 2018.</p>
	<p>In the event that the acquisition of the Company by John Wood Group does not proceed, the Company will consider recommending preparations for a rights issue. The Company has suspended dividend payments until the Company is generating sustainable free cash flow.</p>
	<p>Amec Foster Wheeler seeks to mitigate the counterparty risk by limiting the amount that can be invested with any one counterparty. Limits are arrived at by ratings and a review of factors such as five year credit default swap prices, economic and national considerations.</p>
	<p>Bank ratings are monitored to ensure security of counterparty for both deposits and lending.</p>
	<p>If Sterling continues to weaken and liquidity comes under pressure we would seek additional funding from the banking group.</p>
Pensions	<p>This risk to Amec Foster Wheeler's pension schemes is mitigated by:</p>
	<ul style="list-style-type: none"> ▶ maintaining a relatively strong funding position over time ▶ taking advice from independent qualified actuaries and other professional advisers ▶ agreeing appropriate investment policies with the trustees ▶ close monitoring of changes in the funding position, with reparatory action agreed with the trustees in the event that a sustained deficit emerges
	<p>See note 14 on pages 138 to 142 for further details on our pension schemes.</p>
Legacy risks	<p>The established legacy team manages these claims with internal and external legal advice. The aim is to seek cost-effective management of litigation and promote commercially sensible settlements where appropriate.</p>
	<p>Amec Foster Wheeler has made provisions for the legacy issues that are believed to be adequate and is not aware of any other current issues relating to disposed businesses which are likely to have a material impact. Specialist teams with the appropriate knowledge are brought in as required.</p>
	<p>In the case of any known contaminated land, strategies have been developed to minimise the risk posed by such contaminated land, including asset management and land remediation projects and they remain under continuing review.</p>
Asbestos liability	<p>There is a dedicated in-house finance and legal resource including a team of specialist asbestos lawyers who manage the claims, assisted by National Co-ordinating Counsel (NCC) and local counsel. A claims strategy has been developed with the NCC and regular reviews are undertaken.</p>
	<p>The team monitors legal developments in these claims and the strategy to deal with them on a regular basis.</p>
	<p>The quantum of these claims is actuarially forecast each year and provisions are held against the ultimate loss projections.</p>

Principal risks and uncertainties continued

Viability statement

The Company was, as at the most recent test date of 31 December 2016, in compliance with the unmodified financial covenants in its existing banking facilities. However, going forward, had the waiver of the financial covenants referred to below not been obtained, it is possible that the Company would have breached the leverage ratio covenant under its existing banking facilities at the next test date on 30 June 2017.

The Company had been preparing to launch a rights issue of approximately £500m on 21 March 2017 which would have addressed the risk of a breach of the leverage ratio covenant but as a consequence of the recommended all share offer for the Company by John Wood Group, the preparations for a rights issue have been suspended. To ensure continued compliance with its financial covenants, the Company has approached its banking group and successfully agreed a waiver to increase the leverage covenant in its banking facilities to provide additional headroom through to the reporting period ending 30 June 2018.

In the event that the acquisition of the Company by John Wood Group does not proceed, the Company will consider recommencing preparations for a rights issue. The Company has suspended dividend payments until the Company is generating sustainable free cash flow.

The directors have selected a three-year period for this viability assessment, in line with the three-year business planning process and this also reflects the average duration of the larger customer contracts entered into by the Company.

In accordance with provision C.2.2 of The UK Corporate Governance Code (April 2016 revision) the directors have performed a robust assessment of the Company's current position and the principal risks detailed on pages 29 to 31 for the next three years.

They have concluded, based on the following assumptions, that they have a reasonable expectation that Amec Foster Wheeler will be able to continue in operation and meet its liabilities as they fall due over this three-year period and that Amec Foster Wheeler will remain compliant with the covenants and undertakings contained within its banking facilities over this same period:

- ▶ in the event that the acquisition of the Company by John Wood Group does not proceed and the Company proceeds with a rights issue, that it is approved by shareholders and completes before 30 June 2018
- ▶ dividend payments are suspended until the Company is generating sustainable free cash flow

In making this assessment the directors have also taken into account the Company's current trading performance and prospects, the stated strategy concerning the disposal of non-core assets and the board's appetite for risk.

The approach adopted for this assessment was a detailed review of the principal risks by a senior management team with representatives from finance, commercial, legal, tax and treasury, strategy, internal audit, compliance and risk to consider which of these risks might threaten the Company's viability. The assessment of these risks included modelling them in severe but plausible scenarios taking account of:

- ▶ varying impacts of specific risks across business lines
- ▶ any potential risk interdependencies
- ▶ the risk mitigation measures currently in place

The analysis of the principal risks has been weighted towards downside risk and a sensitivity analysis has been used to stress test the risk events most likely to negatively impact the Company. Specific scenarios have been tested and include:

- ▶ a further fall in oil prices, increasing pressure on customer spending and impacting prospects for future projects
- ▶ project delivery failure resulting in delayed payments, settlement payments, reputational damage and reduced future work
- ▶ risk of cost overruns on lump sum contracts
- ▶ a substantive ethics breach and/or non-compliance with laws or regulation which could result in reputational damage, fines, litigation and claims for compensation
- ▶ a serious environmental incident causing third party damage and/or injury and reputational damage

Working towards our vision of a Resilient World.



Greenhouse gas emissions

Year ended 30 September	2016 CO ₂ e emissions in tonnes	2015 CO ₂ e emissions in tonnes
Combustion of fuel and operation of facilities	1,148,118	838,073
Electricity, heat, steam and cooling purchased for own use	49,799	59,682
Per employee	33.94	22.83
Per £1m revenue	220.21	164.57

The figures show scope one and two emissions from our global business where we have operational control.

The 12-month period to 30 September (the carbon reporting year), rather than the calendar year, has been used. This ensures actual data can be reported, even for those regions where energy/fuel usage is more difficult to access. By reducing reliance on estimation, a more accurate footprint can be provided in a timely manner.

We have used accepted methods of calculation based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). We have used national conversion factor guidelines (e.g. Environmental Protection Agency, Environment Canada, DEFRA) where appropriate.

Note: the 2015 data reported incorporates three quarters of a year of data for the legacy Foster Wheeler business as the acquisition was not complete until part way through the 2015 carbon reporting year. 1,120,179 tonnes CO₂e emissions from the combustion of fuel and operation of facilities in 2016 relate directly to emissions from two power generation facilities.

Our approach to sustainable business

Our growth aspirations will only be achieved by focusing on our customers and how we deliver our projects safely and sustainably.

Our sustainability strategy was launched in 2015 and sets out the company's vision for a Resilient World, where natural resources are cleaner and more efficient, and we work in partnership with others to respond to changing demands for a stable and secure supply of natural resources. Our strategy centres on the opportunities to work with others to help solve these challenges, as well as manage our risks, to deliver value to Amec Foster Wheeler and its customers. Our strategy focuses on three key areas:

People

Investing for tomorrow by developing a diverse, inclusive and talented workforce which exhibits our values and behaviours to drive sustainability.

Growth in demand drives the competition for skills and expertise within the industry that we need to deliver a resilient world. We will resource for a diverse and inclusive workforce introducing new people (both experienced and new entrants) to the resource pools in order to create a business with genuine diversity of thought.

Innovation

Delivering innovative technologies, solutions and services that add business value for our customers whilst minimising environmental impacts.

We will drive long-term growth for Amec Foster Wheeler by developing and encouraging a growing portfolio of innovative environmental technologies, solutions and services which add value to our customers and our business.

Delivery

Being a trusted partner by embedding a consistent sustainability standard across our projects.

Our customers demand high standards, and sustainability is a fundamental part of this. We will ensure a consistent approach to inherently embedding sustainability into the core of our projects, and implement a value-add sustainability framework to be used for those clients with advanced sustainability objectives.

We want to ensure that sustainability is integrated into the very core of our business and within our decision-making processes. We want to be acknowledged as a leader in sustainable business practice, continually validating our social licence to operate by ensuring employees' behaviours and actions are in line with our values. Further details on our approach and our strategy can be found on our dedicated sustainability site at www.amecfw.com/sustainability.

Additionally we:

- ▶ developed and launched our Resilient World sustainability strategy
- ▶ continue to report our approach to sustainability, our sustainability performance and our services via an interactive sustainability report on our dedicated sustainability website www.amecfw.com/sustainability
- ▶ continue to commit to and embed within our business practices the ten UN Global Compact Principles around human and labour rights, environment and anti-bribery and corruption
- ▶ published our first Modern Slavery and Human Trafficking statement in response to the UK Modern Slavery Act 2015
- ▶ undertook a review of our carbon reduction and management strategy using science based target methodology
- ▶ continue to support SOS Children as our global strategic charity
- ▶ donated £368,000 to charities globally as part of our community investment programme
- ▶ continue to build on our partnership with 100 Resilient Cities (100RC) – pioneered by the Rockefeller Foundation to give urban centres across the world access to ground-breaking tools allowing them to better plan for potentially destructive weather events

Financial review

Ian McHoul
Chief Financial Officer



Reported under IFRS

£m unless stated	2016	2015
Continuing operations		
Revenue	5,440	5,455
Loss before net financing expense	(482)	(205)
Loss before tax	(542)	(235)
Cash flow from operations	170	220
Diluted loss per share	(138.9)p	(66.1)p
Dividend per share	7.4p	29.0p

Adjusted measures

£m unless stated	2016	2015	Change	Underlying change ⁷
Continuing operations				
Revenue	5,440	5,455	In line	-8%
Trading profit ¹	318	374	-15%	-22%
Trading margin ²	5.8%	6.9%	-110bps	
Adjusted profit before tax ³	254	334	-24%	
Trading cash flow ⁴	375	388	-3%	
Cash conversion ⁵	118%	104%		
Adjusted diluted earnings per share ⁶	50.4p	67.7p	-26%	

1 Trading profit represents profit before net financing expense before the amortisation and impairment of intangible assets, asbestos-related costs (net of insurance recoveries) and exceptional items, but including the Group's share of the trading profit of joint ventures.

2 Trading margin represents trading profit expressed as a percentage of revenue.

3 Adjusted profit before tax represents profit before tax before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the Group's share of tax on the results of joint ventures.

4 Trading cash flow represents cash generated from operations before cash flows arising from exceptional items, asbestos-related payments (net of insurance recoveries), the difference between retirement benefit contributions and amounts recognised in trading profit, legacy settlements and discontinued operations, and currency translation differences on working capital, but including dividends received from joint ventures.

5 Cash conversion represents trading cash flow expressed as a percentage of trading profit.

6 Adjusted diluted earnings per share represents profit for the year from continuing operations before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the tax effect of those items, divided by the diluted number of ordinary shares.

7 Underlying change excludes the effect of acquisitions and disposals of businesses and currency exchange rate movements.

Adjusted performance measures used by the Group are explained and reconciled to the equivalent IFRS measures in the section entitled Performance measures on pages 188 to 190.

Basis of preparation

Accounting policies

The Group's consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with IFRS as adopted for use in the EU and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. From the Group's perspective, there are no differences between IFRS as adopted for use in the EU and IFRS as issued by the IASB.

The Group's principal accounting policies during 2016 were unchanged compared with 2015.

Critical accounting estimates and judgements

As outlined in note 1 to the consolidated financial statements, management considers that the most significant areas of judgement and estimation made in preparing the consolidated financial statements arise in relation to the accounting for long-term contracts, business combinations, defined benefit and other retirement benefits, the estimation of liabilities in respect of uncertain tax positions, provisions (including asbestos-related and other liabilities), and in assessing the recoverability of goodwill and other intangible assets and whether businesses identified as non-core meet the definition of held for sale or discontinued operations.

Adjusted performance measures

We report adjusted performance measures because they provide both management and investors with useful additional information about the underlying trading performance of the business.

The adjusted performance measures that we reported exclude the amortisation and impairment of intangible assets, exceptional items, and asbestos-related costs (net of insurance recoveries), and, where relevant, the tax effects of those items.

Continuing operations

Revenue

Revenue for the year at £5,440m was in line with last year (2015: £5,455m).

Revenue increased by £52m in AMEASE, by £42m in the Global Power Group and by £5m in NECIS. These increases were offset by a £130m reduction in revenue generated in the Americas.

Excluding the effect of currency movements, underlying revenue decreased by 8%. Weakness in the oil & gas markets in the Americas and AMEASE was partially offset by growth in clean energy and environment & infrastructure.

Seasonality

The Group's revenue is generally higher in the second half of the year, principally because weather conditions in the northern hemisphere are typically more conducive to project activity.

Administrative expenses

Administrative expenses were £1,072m (2015: £872m), including exceptional items, intangibles amortisation and impairment and asbestos-related costs (net of insurance recoveries) of £784m (2015: £538m).

Administrative expenses before intangibles amortisation and impairment, exceptional items and asbestos-related items reduced by £46m with the benefit of cost savings achieved to date being tempered by adverse currency movements.

Corporate costs, which comprise the costs of operating central corporate functions and certain regional overheads, were £10m lower at £44m (2015: £54m) again reflecting actions taken to streamline the cost base.

Loss before net financing expense

There was a loss before net financing expense of £482m (2015: £205m) with the increase largely due to impairment charges of £526m in 2016 compared to £315m in 2015.

Amortisation and impairment of intangible assets

Intangible assets principally comprise goodwill and identifiable intangible assets that were recognised in relation to acquired businesses. Goodwill is not amortised but is subject to an annual impairment test.

During 2016, impairments of £526m were recognised of which £500m was recorded directly against goodwill and intangible assets and £26m against assets classified as held for sale:

- ▶ £246m – impairment of GPG goodwill and intangible assets. During 2016, there has been a further deterioration in the forecast results of the GPG business with further delays and project cancellations and reduced bookings in the year. This has resulted in a further impairment charge of £246m (year ended 31 December 2015: £308m)
 - ▶ £200m – impairment of the Americas goodwill and intangible assets. During the first half of 2016 there was a significant deterioration in the trading conditions and forecast outturn for the oil and gas business based in Houston. In the light of current trading conditions and uncertainty over future prospects, impairment charges of £200m (2015: £nil) have been recorded against goodwill and the customer relationship asset that was acquired with Foster Wheeler
 - ▶ £20m – impairment charge against the brand and customer relationship assets associated with small acquisitions
 - ▶ £34m – impairment of an ERP system
 - ▶ £26m – impairment of two operations transferred to held for sale in the period, including the transfer of £16m goodwill attributable to the disposal groups
- Intangibles amortisation of £129m was in line with last year (2015: £129m).

Financial review continued

Exceptional and asbestos-related items

Net exceptional and asbestos-related costs totalling £137m (2015: £115m) were recognised in arriving at profit before tax from continuing operations.

During 2016, the integration of the AMEC and Foster Wheeler businesses has continued and there has been an ongoing cost savings programme. Costs of £135m have been incurred in achieving the integration and the cost savings. This includes:

- ▶ £54m of onerous lease and other property costs, which was incurred predominantly in the Americas, as the property portfolio has been reviewed and consolidated
- ▶ Severance and other exit costs were £45m. This largely relates to delayering management and removing overlapping functions, but also includes severance costs related to engineers in the Oil and Gas Americas business following the down turn in trading in that business during the year
- ▶ Professional fees of £31m incurred in relation to establishing the new Group strategy and organisational structure, the establishment of a Global Shared Services Centre and IT integration

There were also internal costs of £5m in relation to integration and restructuring activities.

During the year ended 31 December 2016, the Group recognised net asbestos-related costs of £4m (2015: income of £6m) in profit before tax. There was a credit of £6m relating to a change in the discount rate applied to the net asbestos-related liabilities assumed on the acquisition of Foster Wheeler. This was offset by a charge of £8m in respect of unwinding the discount and costs of managing the liability of £2m. There was no change to the actual liability required following the annual reassessment in 2016.

Trading profit and trading margin

£m unless stated	2016	2015	Change	Underlying change
Revenue	5,440	5,455	In line	-8%
Loss before net financing expense	(482)	(205)		
– Amortisation and impairment of intangibles	655	444		
– Net asbestos-related income	(4)	(13)		
– Exceptional items	131	108		
– Share of trading profit of joint ventures	18	40		
Trading profit ¹	318	374	-15%	-22%
Trading margin ¹	5.8%	6.9%	-110 bps	
Order book	£5.8bn	£6.6bn	-11%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Trading profit fell by 15% to £318m in 2016 (2015: £374m). Trading margin decreased by 110 basis points to 5.8% (2015: 6.9%).

Excluding the effect of currency movements, trading profit was 22% lower than in 2015 with reductions in each of the operating segments.

Within the Americas, trading profit fell by 39% on an underlying basis, as a result of delay or cancellation of contracts in the oil & gas market.

Within NECIS, trading profit decreased by 9% on an underlying basis and trading margin was down 90 basis points compared with 2015. A strong performance from oil and gas in the North Sea was offset by the ending of the NMP contract at Sellafield and losses incurred following difficult trading conditions in the Transmission and Distribution business.

In AMEASE trading profit was down 22%, reflecting favourable contract settlements in 2015 and cost over-runs on a fixed price US government contract in the Pacific.

Net financing expense

The net financing expense was £71m (2015: £58m). Of this, expenses of £10m (2015: £20m) have been presented separately in the income statement relating to the unwinding of the discount on asbestos-related liabilities (net of insurance recoveries) of £8m (2015: £7m) and costs of £2m (2015: £13m) related to amortisation of the fees and other costs associated with the refinancing of Foster Wheeler acquisition facility.

Of the remaining £61m, there was net bank interest payable of £65m (2015: £31m), net foreign exchange gains of £2m (2015: losses of £1m), a net interest expense on pension assets and liabilities of £nil (2015: £2m) and other income classified as financing of £2m (2015: costs of £4m).

A net currency exchange loss of £127m (2015: £3m) was recognised in the translation reserve in respect of foreign currency borrowings and derivatives held in designated net investment hedging relationships.

Share of results of joint ventures

The Group's share of joint ventures' profit for the year was £11m (2015: £28m) with the reduction due to the ending of the NMP contract at Sellafield and the transfer of PetroPower Energia Limitada to held for sale in June 2016, at which time equity accounting ceases.

Loss before tax

Loss before tax was £542m (2015: £235m) after intangibles amortisation and impairment of £655m (2015: £444m), exceptional and asbestos-related items of £137m (2015: £115m) and the Group's share of joint ventures' tax expense of £4m (2015: £10m).

Adjusted profit before tax was 24% lower at £254m (2015: £334m).

Taxation

Our tax policy is to manage our obligations in compliance with all relevant tax laws, disclosure requirements and regulations. We seek to ensure that our approach to tax and the tax payments that we make in all territories in which we have operations are fully consistent with local requirements, taking into account available tax incentives and allowances, and are aligned with the Group's wider business strategy. We seek to develop good, open working relationships with tax authorities and to engage with them proactively, recognising that tax legislation can be complex and may be subject to differing interpretations.

The Group's effective tax rate on continuing operations (including its share of joint ventures' income tax expense but before exceptional items, intangibles amortisation and impairment and asbestos-related items) was in line with last year at 22.3% (2015: 22.0%).

We expect the effective tax rate to remain below 25%.

During 2016, there was a tax credit on exceptional items of £26m (2015: £18m), and a tax credit of £43m on intangibles amortisation and impairment (2015: £27m).

The Group's share of joint ventures' income tax expense was £4m (2015: £10m).

Loss for the year from continuing operations

The loss for the year from continuing operations was £526m (2015: £253m) after intangibles amortisation and impairments of £655m (2015: £444m), the net asbestos-related costs of £4m (2015: income of £6m), net exceptional items of £133m (2015: £121m), and an income tax credit on those items of £69m (2015: £45m).

Adjusted profit for the year from continuing operations was 24% lower at £197m (2015: £261m).

Non-controlling interests

During 2016, there was a profit of £4m attributable to non-controlling interests (2015: loss of £1m).

Earnings per share

The diluted loss per share was 135.6p (2015: 67.2p), comprising a loss per share of 138.9p (2015: 66.1p) from continuing operations and a profit per share of 3.3p (2015: loss of 1.1p) from discontinued operations.

Adjusted diluted EPS from continuing operations was 50.4p (2015: 67.7p), the reduction being due to the decline in the profit for the year from continuing operations.

Dividend

The board has decided to suspend all dividend payments until sustainable free cash flow is being generated, and, as a result is not recommending a final dividend for the year. The interim dividend of 7.4 pence per share was paid on 4 January 2017.

Financial review continued

Results by operating segment

Americas

£m unless stated	2016	2015	Change	Underlying change ¹
Revenue	2,516	2,646	-5%	-15%
(Loss)/profit before net financing expense	(203)	94		
– Intangibles amortisation and impairment	241	46		
– Exceptional items	71	22		
– Share of trading loss of joint ventures	–	(1)		
Trading profit ¹	109	161	-32%	-39%
Trading margin ¹	4.3%	6.1%	-180bps	
Order book	£1.6bn	£2.0bn	-21%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in Americas was £2,516m (2015: £2,646m), a decrease of 5%. Excluding the effect of currency movements, underlying revenue was down 15%. Growth in the Clean Energy and Environment & Infrastructure sectors offset declines in Oil & Gas and Mining.

Trading profit fell by 32% to £109m (2015: £161m). The main impact was in Oil & Gas where key contracts were delayed or cancelled by customers which caused a major decline in utilisation rates in Houston. As a result, trading margin was 4.3%, down by 180 basis points compared with 2015.

Northern Europe and CIS (NECIS)

£m unless stated	2016	2015	Change	Underlying change ¹
Revenue	1,497	1,492	In line	In line
Profit before net financing expense	63	60		
– Intangibles amortisation and impairment	42	41		
– Exceptional items	10	13		
– Share of trading profit of joint ventures	6	20		
Trading profit ¹	121	134	-10%	-9%
Trading margin ¹	8.1%	9.0%	-90bps	
Order book	£2.0bn	£2.4bn	-15%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in NECIS was in line with last year at £1,497m (2015: £1,492m), with a higher level of Oil & Gas activity in the North Sea, driven by major offshore hook ups. Excluding the effect of currency movements, underlying revenue was also in line with 2015.

Trading profit decreased by 10% to £121m (2015: £134m). Trading margin was 8.1%, down 90 basis points compared with 2015 reflecting last year's strong performance on contract close outs and the ending of the NMP contract at Sellafield during 2016, along with losses incurred in the Transmission and Distribution business following difficult market conditions in the second half.

Asia, Middle East, Africa and Southern Europe (AMEASE)

£m unless stated	2016	2015	Change	Underlying change ¹
Revenue	1,102	1,050	+5%	-5%
Profit before net financing expense	5	13		
– Intangibles amortisation and impairment	42	23		
– Exceptional items	10	28		
– Share of trading profit of joint ventures	4	4		
Trading profit ¹	61	68	-10%	-22%
Trading margin ¹	5.5%	6.5%	-100bps	
Order book	£1.8bn	£1.8bn	+3%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in AMEASE was up 5% year on year at £1,102m (2015: £1,050m). Weaker Oil & Gas revenues, with growth in the Middle East impacted by project deferrals, was partially offset by stronger performances from Mining and E&I. Excluding the effect of currency movements, underlying revenue was down 5%.

Trading profit was 10% lower at £61m (2015: £68m), reflecting revenue mix and cost over-runs on a fixed price US government contract in the Pacific. Trading margin was 5.5%, down 100 basis points compared with 2015.

Global Power Group

£m unless stated	2016	2015	Change	Underlying change ¹
Revenue	406	364	+12%	In line
Loss before net financing expense	(234)	(302)		
– Intangibles amortisation and impairment	275	334		
– Exceptional items	8	4		
– Share of trading profit of joint ventures	5	15		
Trading profit ¹	54	51	+6%	-6%
Trading margin ¹	13.3%	14.0%	-70bps	
Order book	£0.4bn	£0.4bn	+2%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenues in GPG increased by 12% to £406m (2015: £364m), primarily driven by currency movements. On an underlying basis, revenue was in line with 2015.

Trading profit increased by 6% to £54m (2015: £51m) and trading margin was 13.3%, down 70 basis points, driven by pricing pressure in weak market conditions and lower resource utilisation.

Investment Services

During the periods under review, Investment Services principally comprised the Group's wind development activities, the Group's insurance captive and a range of other non-core activities. The Group's interest in the Incheon Bridge PPP project in Korea and Amec Foster Wheeler Power SRL were classified as held for sale during the year.

Revenue in Investment Services was £16m (2015: £15m). Investment Services made a loss before net financing expense of £3m (2015: profit of £10m), after deducting impairment charges of £21m (2015: £nil), and an exceptional profit on disposal of businesses of £4m (2015: loss of £2m). Trading profit was £17m (2015: £14m) of which £3m (2015: £2m) was derived from joint ventures.

Discontinued operations

Discontinued operations represent the residual assets and retained obligations of businesses sold in prior years, together with the UK conventional power business that was classified as a discontinued operation during 2013.

Following favourable contract settlements in the UK conventional power business, there was trading profit from discontinued operations of £6m (2015: loss of £6m) and after a tax charge of £1m (2015: credit of £1m) there was a profit for the year of £5m (2015: loss of £5m).

Discontinued operations included a profit after tax on disposals of £7m (2015: £1m) arising from movements in indemnity provisions and costs associated with businesses sold in prior years.

Discontinued operations generated an overall profit for the year of £12m (2015: loss of £4m).

Acquisitions

There were no acquisitions during 2016 or 2015.

Acquisition of Foster Wheeler in 2014

On 13 November 2014, the Group acquired a 95.3% interest in Foster Wheeler AG by way of a public tender offer. Consideration payable for the interest acquired totalled £1,915m, of which £979m was settled in cash, £919m was settled by the issue of approximately 85m of the Company's ordinary shares and £17m was settled by the grant of replacement share options and awards.

During 2015, management completed its assessment of the net identifiable assets of Foster Wheeler as at the acquisition date. This resulted in the recognition of goodwill of £1,726m on the acquisition of Foster Wheeler.

In January 2015, the Group acquired the remaining 4.7% interest in Foster Wheeler AG by way of a 'squeeze-out merger' under Swiss law for consideration of £85m, of which £51m was paid in cash and £34m was settled by the issue of 4.3m of the Company's ordinary shares and ADSs.

Further details of the acquisition of Foster Wheeler are set out in note 25 to the accompanying financial information.

Disposals

In March 2016, the Group announced its intention to reduce net debt via the disposal of non-core assets. During the year the following disposal groups met the definition of assets held for sale as set out in IFRS 5.

Disposal Group	Location
Incheon Bridge Co. Ltd	Korea
PetroPower Energia Limitada	Chile
Amec Foster Wheeler Power SRL	Italy
Aquenta Consulting Pty Limited	Australia
PGP – Core Boiler Business	Global

On 3 August 2016, the Group signed a sale and purchase agreement relating to its interest in The Incheon Bridge Co. Cash proceeds of £30m were received in December 2016, and reported within current payables. The disposal remains subject to regulatory approval but it is expected to complete in 2017.

The disposal of PetroPower Energia Limitada completed in December 2016 with proceeds of £40m.

In January 2017, the Company sold Aquenta Consulting Pty Ltd, a specialist consultancy business based in Australia, to Jacobs Group (Australia) Pty Ltd for £21m.

On 2 March 2017, the Company signed an agreement to sell its core boiler business to Sumitomo Heavy Industries, Ltd for £137m. The sale is conditional on customary regulatory approvals in certain jurisdictions and is expected to complete during the second quarter of 2017.

Also, on 2 March 2017, the Group announced its intention to dispose of its nuclear business. This business did not meet the definition of held for sale as at 31 December 2016.

Financial review continued

Liquidity and capital resources

Trading cash flow

Trading cash flow of £375m was £13m lower than last year (2015: £388m), with a £34m reduction in profit before net financing income partially offset by working capital movements.

Cash conversion was 118% (2015: 104%).

Cash generated from operations

Cash generated from operations was £170m (2015: £220m), a reduction of £50m due to the reduction in trading cash flow and an increase of £62m in the cash outflow on exceptional and legacy items. This includes \$70m paid following the Longview settlement (see note 21) and principally integration-related costs.

Purchases of property, plant and equipment

Purchase of property, plant and equipment and intangible assets (net of disposals) were £24m (2015: £36m).

Acquisitions and disposals

During 2016, there was a cash outflow of £2m in respect of deferred consideration arrangements on prior year acquisitions, £2m funding of joint ventures and payments of £5m in respect of businesses sold in prior years. Disposal proceeds of £70m were received being £40m in respect of the disposal of PetroPower Energia Limitada and £30m advance proceeds in respect of The Incheon Bridge Co. Ltd.

During 2015 there was a cash outflow of £5m in respect of deferred consideration arrangements on prior year acquisitions. There was a cash outflow of £54m from the acquisition of the non-controlling interests in Foster Wheeler and Kromav. This is presented within financing activities in the cash flow statement.

Movement in net debt

The movement in net debt may be analysed as follows:

Year ended 31 December	2016 £m	2015 £m
Trading cash flow	375	388
Write off of finance arrangement fees	–	(12)
Net asbestos-related payments	(21)	(22)
Excess of retirement benefit contributions over amounts recognised in trading profit	(4)	(3)
Cash outflow on exceptional items	(82)	(72)
Legacy settlements and discontinued operations	(88)	(36)
Dividends received from joint ventures	(35)	(42)
Exchange rate movements	25	19
 Cash generated from operations	 170	 220
Income taxes paid (net)	(32)	(79)
Interest paid (net)	(47)	(35)
Capital expenditure (net of disposals)	(24)	(36)
Acquisitions and disposals (net)	61	(51)
Ordinary dividends	(113)	(167)
Net share movements	(2)	10
Dividends received from joint ventures	35	42
Exchange and other movements	(20)	33
 Cash movement in net debt	 28	 (63)
Non-cash movements	(103)	(80)
 Movement in net debt	 (75)	 (143)
Opening net debt	(946)	(803)
 Closing net debt	 (1,021)	 (946)

Net debt comprised:

As at 31 December	2016 £m	2015 £m
Cash and cash equivalents	286	307
Cash deposits	56	33
Cash deposits >3m	22	23
Financial derivatives	27	14
Bank loans (net of facility fees)	(1,375)	(1,264)
Finance lease obligations	(51)	(59)
Net cash classified as held for sale	14	–
 Net debt	 (1,021)	 (946)

Cash balances

We manage our cash balances such that there is no significant concentration of risk in any one bank or other financial institution. We monitor closely the credit quality of the institutions that hold the Group's deposits. Similar consideration is given to the Group's portfolio of derivative financial instruments.

As at 31 December 2016, the Group had cash balances totalling £410m (2015: £363m), of which 78% was held in institutions with a long term credit rating of at least A- (or equivalent) by at least two internationally recognised ratings agencies.

Borrowings

Borrowing facilities

We seek to maintain a balanced capital structure comprising a mix of debt and equity, which is determined by considering the Group's business profile and strategy, financial policies and the availability and cost of funding. The Group's long-term net debt target is to be no more than two times trading profit.

On 1 March 2016 the Group entered into a new credit facility agreement with a syndicate of lenders comprising three tranches: a three-year £650m term loan (Facility A), a five-year £650m term loan (Facility B) and a five-year £400m revolving credit facility. This new facility replaced the Foster Wheeler acquisition facility of \$2,260m.

In December 2016, Facility A was reduced by £39m following a mandatory repayment from the proceeds of disposal of PetroPower Energia Limitada. There was a further reduction of £20m in February 2017 following the disposal of Aquenta Consulting Pty Ltd.

As at 31 December 2016, the Group had committed banking facilities of £1,687m (2015: £1,768m). Including finance leases, there were total facilities of £1,745m (2015: £1,827m).

As at 31 December 2016, the Group had headroom of £300m against these committed facilities (in addition to cash, cash equivalents and bank deposits of £410m):

	Facility £m	Drawings ¹ £m	Headroom £m
Credit facility agreement			
– Facility A	611	619	–
– Facility B	650	667	–
– Revolving credit facility	400	100	300
Project debt	26	26	–
Finance leases	58	58	–
Committed facilities	1,745	1,470	300

¹ Drawings are in excess of the facility as a result of foreign exchange movements.

Interest rate profile

Our policy is to maintain between 30% and 70% of the Group's borrowings at fixed rates of interest. We achieve this by using interest rate swaps and other interest rate derivatives. At 31 December 2016, after taking into account the effect of interest rate swaps and cross currency interest rate swaps, approximately 32% of the Group's borrowings are at a fixed rate of interest (2015: 28%).

As at 31 December 2016, the weighted average effective cost of the Group's outstanding borrowings was 3.6% and the effective interest maturity was 29 months.

Borrowing covenants

We are subject to customary covenants, representations and warranties in relation to our borrowing facilities. Our debt financing facility contains certain financial covenants as defined in the facility agreement including:

- ▶ the ratio of consolidated net total borrowings to adjusted consolidated EBITDA must not exceed 3.75:1 for periods to 1 March 2018 and 3.5:1 from thereafter
- ▶ the ratio of consolidated EBITDA to consolidated net finance costs must not be less than 3.0 times

We were in compliance with the financial covenants for the year ended 31 December 2016.

In April 2017 the lenders under the facility agreement agreed to restate the covenant for the ratio of consolidated net total borrowings to adjusted consolidated EBITDA to 4.5:1 for the period to 30 June 2018.

Currency profile of debt

We aim to maintain the currency of the Group's debt in proportion to the currencies in which the net assets of the Group's businesses are denominated. We achieve the desired currency profile of the Group's debt by borrowing in the relevant currency and also by entering into currency derivative contracts.

As at 31 December 2016, the effect of our hedging activity on the currency profile of the Group's debt was as follows:

	Debt before hedges £m	Effect of hedges £m	Debt after hedges £m
Currency:			
– Sterling	1,067	(428)	639
– US dollar	380	(29)	351
– Euro	25	226	251
– Canadian dollar	–	229	229
	1,472	(2)	1,470

Financial review continued

Other assets and liabilities

Goodwill and other intangibles

As at 31 December 2016, the carrying amount of goodwill was £2,164m (2015: £2,192m), with the reduction during the year resulting from an impairment of £214m recognised against the goodwill attributable to the Global Power Group business and £75m attributable to the Americas. In addition there was £60m of goodwill allocated to disposal groups, which was partially offset by currency movement of £321m. See note 12 for further details.

As at 31 December 2016, the carrying amount of other intangibles was £511m (2015: £833m), which comprised acquired identifiable intangible assets of £473m (2015: £753m) and computer software of £38m (2015: £80m). There were impairment charges of £177m recognised against the customer relationship and brand intangible assets and £34m against software. See note 12 for further details.

Amortisation of £129m was in line with last year (2015: £129m).

Research and development

Our engineering, project management and consultancy businesses seek to develop advanced engineering solutions for our customers targeted towards the achievement of new or improved functions and performance of their assets. Our businesses are involved in front-end and detailed engineering design and implementation and testing activities across a broad range of markets including the Oil & Gas, Mining, and Clean Energy sectors.

GPG also conducts research and development activities in the areas of combustion; solid, fluid and gas dynamics; heat transfer; materials; and solid mechanics. GPG licenses its technology to a limited number of third parties in selected countries or markets.

In the UK, the US and Canada, the Group claims research and development government credits. Research and development expenditure net of amounts recoverable from customers and government credits claimed is not material to the Group's operating results.

Property, plant and equipment

As at 31 December 2016, property, plant and equipment amounted to £71m (2015: £127m), with a reduction of £56m during the year due as the transfer of assets with a net book value of £57m to held for sale and depreciation and impairment of £29m offset by additions of £17m and currency movements of £15m.

We hold the majority of the properties through which the Group operates under operating leases which are for varying periods and on differing terms. The Group has a network of over 350 offices worldwide, which range from regional hubs to smaller offices with more local focus.

Due to the geographical spread of the Group's operations, there is no individual facility the loss of which would have a material adverse impact on the Group's operations. Equally, there are no plans to construct, expand or improve facilities that would, on completion or cancellation, significantly affect the Group's operations.

Post-retirement benefits

The Group operates a number of pension schemes for UK and overseas employees. As at 31 December 2015, the two most significant defined benefit schemes were based in the UK: the AMEC Staff Pension Scheme (an open "career average salary" scheme, which also has an associated Executive top-up scheme) and the Foster Wheeler Pension Plan (a legacy scheme that closed to further accrual in 2010). The next most significant was based in the US: The Foster Wheeler Inc. Salaried Employees Pension Plan which was closed to further accrual in 2003.

Following an employee consultation exercise at the end of 2015 and subsequent Trustee approval in early 2016, the Company closed the AMEC Staff and Executive top-up schemes to further accrual from 1 April 2016 and replaced them with a new defined contribution arrangement.

During 2016, all legacy defined benefit plans in the UK were merged into the AMEC Staff Pension Scheme, which was renamed the Amec Foster Wheeler Pension Plan on 1 April 2016. The merged scheme holds all the pension assets in a separately administered fund and is governed by the employment laws of the UK. The benefits are determined by the member's length of service and salary each year. Once the benefits are in payment, the pension is adjusted each year in accordance with the scheme's rules relative to UK price inflation. The scheme is established under trust law and is governed by a corporate Trustee Board (the "Trustees"), which consists of employers' and employees' representatives and two independent trustees. The Trustees are responsible for the management and administration of the scheme and for the definition of the investment strategy.

As at 31 December 2016, there was a net deficit of £137m on the Group's defined benefit pension plans (2015: surplus of £63m) with the reduction principally due to changes in actuarial assumptions to reflect financial conditions at the year-end. During 2016, the Group contributed £20m (2015: £36m) to defined benefit pension plans and expects to contribute £23m in 2017, including special contributions of £12m.

Further information on the Group's retirement benefit plans is provided in note 14 to the accompanying financial information.

Provisions

Provisions held at 31 December 2016 amounted to £619m (2015: £664m), with the substantial reduction during the year arising principally due to the release and utilisation of brought forward provisions of £99m and £72m respectively. Otherwise, additional provisions of £32m were created and there was an exchange movement of £84m on the opening balances.

Provisions may be summarised as follows:

	2016 £m	2015 £m
As at 31 December		
Asbestos-related litigation	413	378
Legal claims and actions	89	154
Obligations relating to disposed businesses	60	78
Property related provisions	17	19
Other provisions	40	35
	619	664

Details of the provisions held by the Group are set out in note 21 to the accompanying financial information.

Asbestos-related obligations

The Group is subject to claims by individuals who allege that they have suffered personal injury from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain of the Group's subsidiaries during the 1970s or earlier.

We assumed the majority of our asbestos-related liabilities when we acquired Foster Wheeler in November 2014. Whilst some of these claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States. The disclosure below is therefore presented in respect of the US claims of the former Foster Wheeler entities. The estimates and averages presented have been calculated on the basis of the total historical US asbestos claims since the initiation of claims filed against such Foster Wheeler entities.

US Claim Activities	2016	2015	2014
Number of claims:			
Open claims at beginning of year	110,130	118,870	125,240
New claims received	3,800	3,420	3,730
Claims resolved	(32,210)	(12,160)	(10,100)
Open claims at end of year ¹	81,720	110,130	118,870

1 Includes 59,660 non-malignancy claims comprised of claims in inactive court dockets and claims over six years old at 31 December 2016.

Mesothelioma and lung cancer claims are considered malignant claims.

The following table summarizes our approximate US asbestos related net cash impact for indemnity and defence cost payments and collection of insurance proceeds:

(All US \$ in thousands)	2016	2015	2014
Asbestos litigation, defence and case resolution payments	46,000	51,130	52,830
Insurance proceeds	(17,220)	(17,460)	(21,110)
Net asbestos-related payments	28,780	33,670	31,720

We expect to have net cash outflows of \$30.4m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2017. This estimate assumes no additional settlements with insurance companies and no elections by us to fund additional payments. As we continue to collect cash from insurance settlements, the asbestos-related insurance receivable recorded on our consolidated balance sheet will continue to decrease. We have discounted the expected future cash flows with respect to the asbestos-related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk-free market interest rates.

We have worked with our independent asbestos valuation expert to estimate the amount of asbestos-related indemnity and defence costs at each year-end based on a forecast to 31 December 2050. Each year we have recorded our estimated asbestos liability at a level consistent with our expert's reasonable best estimate. The total asbestos-related liabilities are comprised of our estimates for our liability relating to open (outstanding) claims being valued and our liability for future un-asserted claims to 31 December 2050.

For the period to 31 December 2016, total cumulative indemnity costs paid, prior to insurance recoveries, were approximately \$912m and total cumulative defence costs paid were approximately \$474m, or approximately 34% of total defence and indemnity costs. The overall historic average combined indemnity and defence cost per resolved claim through 31 December 2016 has been approximately \$3.1k. The average cost per resolved claim is increasing and we believe it will continue to increase in the future.

Over the last several years, annual claim filings against these Foster Wheeler entities have generally trended down. Claims for non-malignancies have decreased while claims for lung cancer and mesothelioma are approximately in line with our expert's forecast. Together with our independent asbestos valuation expert, we continue to monitor claim filings to determine if any adjustments to our expert's forecast are warranted.

Financial review continued

The estimate of the liabilities and assets related to asbestos claims and recoveries is subject to a number of uncertainties that may result in significant changes in the current estimates. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes. Increases in the number of claims filed or costs to resolve those claims could cause us to increase further the estimates of the costs associated with asbestos claims and could have a material adverse effect on our financial condition, results of operations and cash flows. See Risk factors on pages 177 to 187.

As at 31 December 2016, the Group recognised:

- an asbestos-related provision of £450m (after the effect of discounting of £84m), which included estimates of indemnity amounts and defence costs for open and yet to be asserted claims expected to be incurred in each year in the period to 2050
- insurance recoveries of £116m (after discounting of £3m)

Non-controlling interests

As at 31 December 2016, non-controlling interests in equity amounted to £11m (2015: £9m), with the increase during the year largely being due to share of profit for year attributable to non-controlling interests.

Contractual obligations

As at 31 December 2016, the Group's contractual obligations were as follows:

	Total £m	Less than one year £m	Between one and two years £m	Between two and five years £m	Earliest period in which payment due After more than five years £m
Bank and other loans					
Principal	1,413	106	4	1,299	4
Interest ¹	195	50	54	91	—
Derivative financial instruments ^{1,2}	73	45	—	28	—
Finance leases	58	12	14	23	9
Operating leases	379	95	91	133	60
Post-retirement benefits ³	23	23	—	—	—
Total⁴	2,141	331	163	1,574	73

1 Floating rate interest payments and payments on the floating rate legs of interest rate derivatives are estimated based on market interest rates as at 31 December 2016.

2 Payments on foreign currency derivatives are estimated based on market exchange rates as at 31 December 2016.

3 Post-employment benefit obligations represent contributions to which the Group is committed and are not subject to potential future adjustment to reflect investment performance and other actuarial factors.

4 Future payments relating to the Group's uncertain tax positions are not included because it is not practicable to estimate reliably the timing of these cash outflows.

Distributable reserves

As at 31 December 2016, the Company's distributable reserves stood at £548m (2015: £564m).

	£m
As at 1 January 2016	564
Dividends paid during 2016	(113)
Dividends received from subsidiaries	244
Impairment charges	(64)
Integration costs	(28)
Other costs	(55)
As at 31 December 2016	548

In total, there was a write-down of £571m against the investments in subsidiary undertakings. Of this, £507m was charged against the merger reserve, and so has no impact on distributable profits, and £64m against the profit and loss account reserve.

During 2012, the Company generated a significant profit from a Group restructuring which becomes distributable as qualifying consideration is received by the Company in settlement of the associated loan. There were no repayments of this loan during 2015 or 2014, and a repayment during 2016 was not considered to be qualifying consideration.

Off-balance sheet arrangements

At 31 December 2016, the Group had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Details of the Group's operating lease commitments are set out in note 26 to the consolidated financial statements.

Outlook for 2017

Given conditions in natural resources end markets, our 2016 trading performance was robust, as we benefited from the breadth of our business – especially the record performance from solar – cost saving actions and the fall in sterling in the second half of the year.

We continue to expect another year of decline in oil and gas activity in 2017 and for solar activity to reduce significantly from the record levels seen in 2016. It is also expected that there will be a better performance from environment and infrastructure and a further significant contribution from standalone overhead cost savings.

This year, we will continue to leverage the outstanding technical expertise of our people to best serve our customers and deliver projects safely across all the markets in which we operate. This and the improvements we have made to the business will ensure we continue to make significant progress in 2017.

Going concern

As at 31 December 2016, the Company had net debt of £1,021m. Committed facilities under the principal Debt Facility Arrangement and other smaller facilities were £1,745m of which £300m was undrawn. The Company has taken steps to reduce its debt including the disposal of non-core assets, cost savings measures and suspending dividend payments until the Company is generating sustainable free cash flow. Despite the actions taken to date, there remained a risk that the leverage ratio would exceed the maximum leverage ratio under the Debt Facility Arrangement of 3.75:1 in the measurement period ended 30 June 2017 and in subsequent periods.

Should there be a breach of the leverage covenant, the lenders could demand accelerated repayment and the Company may not have the funds to make these repayments. To ensure continued compliance with its financial covenants, the Company has approached its banking group and successfully agreed a waiver to increase the leverage covenant in its banking facilities to 4.5:1 to provide additional headroom through to the reporting period ending 30 June 2018. The Directors have a reasonable expectation that the Company and the Group will comply with this revised covenant and will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis.

We outline on pages 28 to 32 the principal risks and uncertainties that may affect the Group's results, cash flows and financial position.

Directors' approval statement

The strategic report, as set out on pages 1 to 45, has been reviewed and approved by our board of directors.



Ian McHoul
Chief Financial Officer
25 April 2017

Chairman's governance overview

Good corporate governance underpins effective long-term company performance. Your board is responsible for the Group's governance and is committed to delivering the highest standards for the benefit of all stakeholders.

Dear shareholder

This section of the report examines the work of your board over the past 12 months and the processes we have implemented.

We once again carried out a review of the effectiveness of your board. Best practice is for these reviews to be facilitated by an external specialist every three years, and we had a full external review by Lintstock in 2015. This year Lintstock assisted us with our internal review, which we carried out by questionnaire. Lintstock prepared a report on the findings which was presented at the January 2017 board meeting and which are summarised on page 58.

In April 2016, the UK Financial Reporting Council issued a revised version of the UK Corporate Governance Code* (the Code). Although we are not yet required to comply with this version of the Code, our belief in adopting the highest standards means that we have chosen to report against this framework this year. In the opinion of the directors, your Company has complied with the provisions of the April 2016 edition of the Code, in respect of the year ended 31 December 2016. The governance report examines how we have applied these provisions.

This was the second year that your Company needed to comply with the provisions of the US Sarbanes-Oxley Act of 2002, which governs management's assessment of internal controls over financial reporting. We have again successfully achieved compliance by 31 December 2016. This process added further requirements to the activities of your board's committees.

In my Chairman's report on page 8, I outline the board changes which have occurred since the start of 2016. After a comprehensive search by Korn Ferry, the board appointed Jon Lewis as Chief Executive Officer on 1 June 2016. This followed Samir Brikho stepping down as Chief Executive Officer in January. Ian McHoul, our Chief Financial Officer, was interim CEO until Jon's appointment.

Since my last report, Neil Carson has retired from the board and Colin Day has taken on the role of Senior Independent Director. Roy Franklin has been appointed Chairman of the Remuneration Committee and a member of the Audit Committee. Kent Masters has indicated his intention to retire from the board following the conclusion of the AGM and he will step down as a member of the HSSEE Committee at the same time. Bob Card joined the board on 1 March 2017 and is a member of the Audit and HSSEE Committees. Bob has over 40 years of experience in the oversight, operations and management of infrastructure, power, mining and energy projects and I am delighted that he has joined our board.

In addition to filing an annual report in the UK, we are required to also file our annual report in the US on Form 20-F, which complies with the reporting requirements of the New York Stock Exchange, US securities laws and the rules of the Securities and Exchange Commission applicable to foreign private issuers. We have again produced a combined annual report and annual report on Form 20-F to ensure we provide consistent information to all our investors.

As required by the SEC, a summary outlining the significant differences between the Company's corporate governance practices as a UK listed company and those followed by US companies can be found on pages 208 to 209.

As we have explained in the strategic report, your Company is going through a period of significant change. The board has an important role to play in overseeing this transformation and we will continue to apply the highest standards of governance to assure effective implementation to the benefit of shareholders.



John Connolly

Chairman

25 April 2017

*Printed copies of the UK Corporate Governance Code can be obtained from www.frcpublications.com

Leadership and effectiveness

Our board of directors

Our board members are selected to ensure and maintain an effective balance of skills, experience, independence and knowledge of the areas in which Amec Foster Wheeler operates and in the duties and responsibilities associated with being a director of a listed company.



John Connolly

Chairman of the board, Chairman of the nominations committee and a member of the remuneration committee

A chartered accountant, John spent his career until May 2011 with global professional services firm Deloitte. John joined the firm in 1980, serving in various roles of increasing responsibility. During his time at Deloitte, he held a wide range of senior leadership positions in the United Kingdom and internationally. He was Global Chairman between 2007 and 2011 and Global Managing Director from 2003 to 2007. He was Senior Partner and CEO of the UK Partnership from 1999 until his retirement from the Partnership in 2011.

John is chairman of G4S plc and also of a number of private companies.

Beyond commercial business roles, John is Chairman of the Board of Trustees of Great Ormond Street Hospital Charity and a member of the CBI President's Advisory Council.

Term of office

John was appointed as non-executive Chairman on 1 June 2011 and was considered to be independent on appointment in accordance with the requirements of the Code.

His term of office was extended in March 2015 for a second three-year term to the date of the 2018 AGM.

Jon Lewis

Chief Executive Officer

Prior to joining Amec Foster Wheeler, Jon had been employed in a number of senior roles at Halliburton Company Inc since 1996 – most recently as a Senior Vice President and member of the Halliburton Executive Committee, with responsibility, since 2014, for leading its largest division, Completion & Production. Prior roles included leadership of the Europe/Sub-Saharan Africa Region (the largest operating region outside North America) and the Drilling and Evaluation Division.

He joined Halliburton following nine years in academia, where he was NERC research fellow at the Royal School of Mines at Imperial College in London and Conoco Lecturer in Petroleum Geology at Heriot Watt University, Edinburgh. Jon holds a BSc in Geology from Kingston University and a PhD in Geology/Sedimentology from the University of Reading.

Term of office

Jon was appointed Chief Executive Officer on 1 June 2016 and has no fixed term of office. His service contract is terminable on six and twelve months' notice by him and the Company respectively.

Leadership and effectiveness continued

Our board of directors continued



Ian McHoul

Chief Financial Officer

Ian qualified as a Chartered Accountant with KPMG in 1984. His early career was spent in the brewing industry. Between 1985 and 1995 he held various positions with the Foster's Brewing Group, including General Manager, Strategy. He was Finance & Strategy Director of the Intrepreneur Pub Company Limited from 1995 to 1998 and then served at Scottish & Newcastle plc from 1998 to 2008, first as Finance Director of Scottish Courage and later as Group Finance Director of Scottish & Newcastle plc. Ian holds a BSc in Mathematics from the University of Bristol.

Term of office

Ian was appointed Chief Financial Officer on 8 September 2008 and served as interim CEO from 17 January 2016 to the appointment of Jon Lewis on 1 June 2016. Ian has no fixed term of office. His service contract is terminable on six and twelve months' notice by him and the Company respectively.

External appointments

Ian has been a non-executive director of Britvic plc since March 2014 and was a non-executive director of Premier Foods plc from July 2004 to April 2013.



Linda Adamany

Non-executive Director, Chairman of the health, safety, security, environmental and ethics (HSSEE) committee and a member of the audit, remuneration and nominations committees

Linda has over 40 years' business experience, with 27 in the international energy sector. Between 1980 and 2007, Linda held a number of executive positions at BP plc in the UK and US. During that time, she held various executive roles in refining and marketing, exploration and production and petrochemicals, including Chief Executive of BP Shipping and Group Vice President and Commercial Director, BP Refining & Marketing.

In March 2013, Linda was appointed a non-executive director of Coeur Mining, Inc., a US-based publicly quoted primary silver producer, where she serves as chairman of the audit committee and is a member of the environmental, health, safety and social responsibility committee. In March 2014, Linda was appointed to the board of directors of Leucadia National Corporation, a US-based, NYSE-listed, diversified holding company engaged through its consolidated subsidiaries in a variety of businesses, where she is a member of the audit and the nominating and corporate governance committees. From 2006 to 2012, prior to joining Amec Foster Wheeler, Linda was a non-executive director of National Grid plc and a member of their audit, nominations and safety, environment and health committees. Linda is a qualified accountant (CPA) with a BSc in Business Administration from John Carroll University, Ohio, and has also undertaken post-graduate, non-degree executive programmes at Harvard, Cambridge and Tsinghua universities.

Term of office

Linda was appointed a non-executive director on 1 October 2012. In January 2016, her term of office was extended for a second three-year term to the date of the 2019 AGM.



Bob Card

Non-executive Director, member of the audit and health, safety, security, environmental and ethics (HSSEE) committees

Bob has over 40 years of experience in the oversight, operations and management of infrastructure, power, oil & gas, mining and environmental projects. Between 2012 and 2015, Bob was the President, Chief Executive Officer and a board member of SNC-Lavalin Group, Inc. Between 1975 and 2012 he spent his career at CH2M where he held a variety of executive management positions, including almost 14 years as a member of its board. While at CH2M, he also served as deputy programme manager for the London 2012 Olympics for the Delivery Partner, CLM. He was also the project manager for one of the world's largest and most successful nuclear weapons plant remediation projects for the Rocky Flats site in Colorado.

Bob was the Under Secretary of the U.S. Department of Energy between 2001 and 2004 responsible for all the Department's business in Energy, Environment and Science. He has prior relationships with the Center for Strategic & International Studies (CSIS) and the Brookings Institution. He holds a Master's Degree in Environmental Engineering from Stanford and completed the Executive PMD program at Harvard Business School. He is currently the President of The Card Group, LLC, an executive consultancy.

Term of office

Bob was appointed a non-executive director on 1 March 2017 for an initial term of three years, which will end at the 2020 AGM.

In accordance with the Company's articles of association, Bob will retire from office at the forthcoming AGM and offer himself for election.



Colin Day

Senior Independent Director, Chairman of the audit committee and a member of the remuneration and nominations committees

Colin has more than 25 years of experience of blue chip companies including Aegis Group Plc, ABB Group, De La Rue Group Plc and British Gas. Colin served as Chief Executive Officer of Essentra plc (formerly Filtrona plc) from 1 April 2011 to 31 December 2016 and remained on the board until the conclusion of Essentra's annual general meeting on 20 April 2017. Prior to Essentra, he was Chief Financial Officer of Reckitt Benckiser Group plc from 2000 to 2011. Between 1995 and 2000, he served as Group Finance Director of Aegis Group plc. He spent six years in a number of divisional finance director positions with ABB Group and served as Group Finance Director of ABB Kent Instrumentation and ABB Kent plc from 1988 to 1994. Colin started his career in 1973 as a trainee accountant at Kodak. He is a Fellow of the Association of Chartered Certified Accountants and holds an MBA from Cranfield School of Management, UK.

Colin has been a director of FM Global since January 2014 and was appointed as a non-executive director and chairman of the audit committee of Meggitt plc on 1 October 2015. He was previously a non-executive director of WPP plc from 2005 to June 2015. Colin was appointed to the FRC Audit Advisory Group on 3 July 2014.

Term of office

Colin was appointed a non-executive director on 14 October 2010. His term of office was extended in January 2017 for a third three-year term to the date of the 2020 AGM.



Roy A Franklin

Non-executive Director, Chairman of the Remuneration Committee and member of the audit and nominations committees

Roy has more than 40 years' experience as an executive in the oil & gas industry. He spent 18 years at BP, latterly as Head of M&A, BP Exploration, after which he was Group MD of Clyde Petroleum and then CEO of Paladin Resources until its acquisition by Talisman Energy in 2005. Since then Roy has served on a number of international energy boards in non-executive roles, and until recently, was chairman of Keller Group plc.

Roy is currently deputy chairman of Statoil ASA and a non-executive director of Santos Ltd. He is also currently chairman of privately-owned Cuadrilla Resources Holdings Ltd, and a member of the advisory board of Kerogen Capital LLC. Roy holds BSc in Geology from the University of Southampton.

Term of office

Roy was appointed a non-executive director on 1 January 2016 for an initial term of three years, which will end at the 2019 AGM.



Kent Masters

Non-executive Director and member of the health, safety, security, environmental and ethics committee (HSSEE)

Kent was the Chief Executive Officer of Foster Wheeler AG from 2011 until the completion of the acquisition by AMEC in November 2014. Prior to joining Foster Wheeler, he served as a member of the Executive Board of Linde AG, a world leading gases and engineering company, from 2006 to 2011. At Linde, Kent had responsibility for the Americas, Africa, the South Pacific, the global business unit Healthcare, and the business area Merchant and Packaged Gases. He was employed by BOC Group plc from 1984 until the acquisition of BOC by Linde in 2006. Kent served in roles of increasing responsibility at BOC, including as Chief Executive, Industrial and Special Products, from 2005 to 2006, and as President, Process Gas Solutions-Americas from 2002 to 2005. He also served on the board of directors of BOC from 2005 to 2006. Kent served as the non-executive chairman of African Oxygen Limited from 2005 to 2011.

Kent joined the board of Albemarle in January 2015 following its acquisition of Rockwood Holdings, Inc. where he had served as a director since 2007. Kent is a member of the compensation committee at Albemarle and served on the audit and compensation committees at Rockwood.

Term of office

Kent was appointed a non-executive director on 13 February 2015. He will be retiring from the board at the close of the 2017 AGM having served over two years as a non-executive director.



Stephanie Newby

Non-executive Director, member of the audit and health, safety, security, environmental and ethics (HSSEE) committees

Stephanie is the Chief Executive Officer of Crimson Hexagon, a big data social media analytics company. Prior to Crimson Hexagon she founded Golden Seeds in 2004, an investment company that provides investment capital to early-stage, high-growth companies. Previously, she spent 20 years working in the financial services industry in Sydney, London and New York, with the majority of her career spent with J.P. Morgan, where she headed several global businesses serving as Global Head of Futures and Options, Head of International Private Banking, Chief Operating Officer of Global Equities and Head of eCommerce.

Appointed in 2004, Stephanie was a member of the Foster Wheeler AG board until the completion of the acquisition by AMEC, serving on the audit and governance and nominating committees. She also previously served as a non-executive director and member of the audit and compensation and HR committees of RiskMetrics Group, Inc. Stephanie also holds a BA in English Literature from the University of Sydney.

Term of office

Stephanie was appointed a non-executive director on 13 November 2014 for an initial term of three years, which will end at the 2018 AGM.

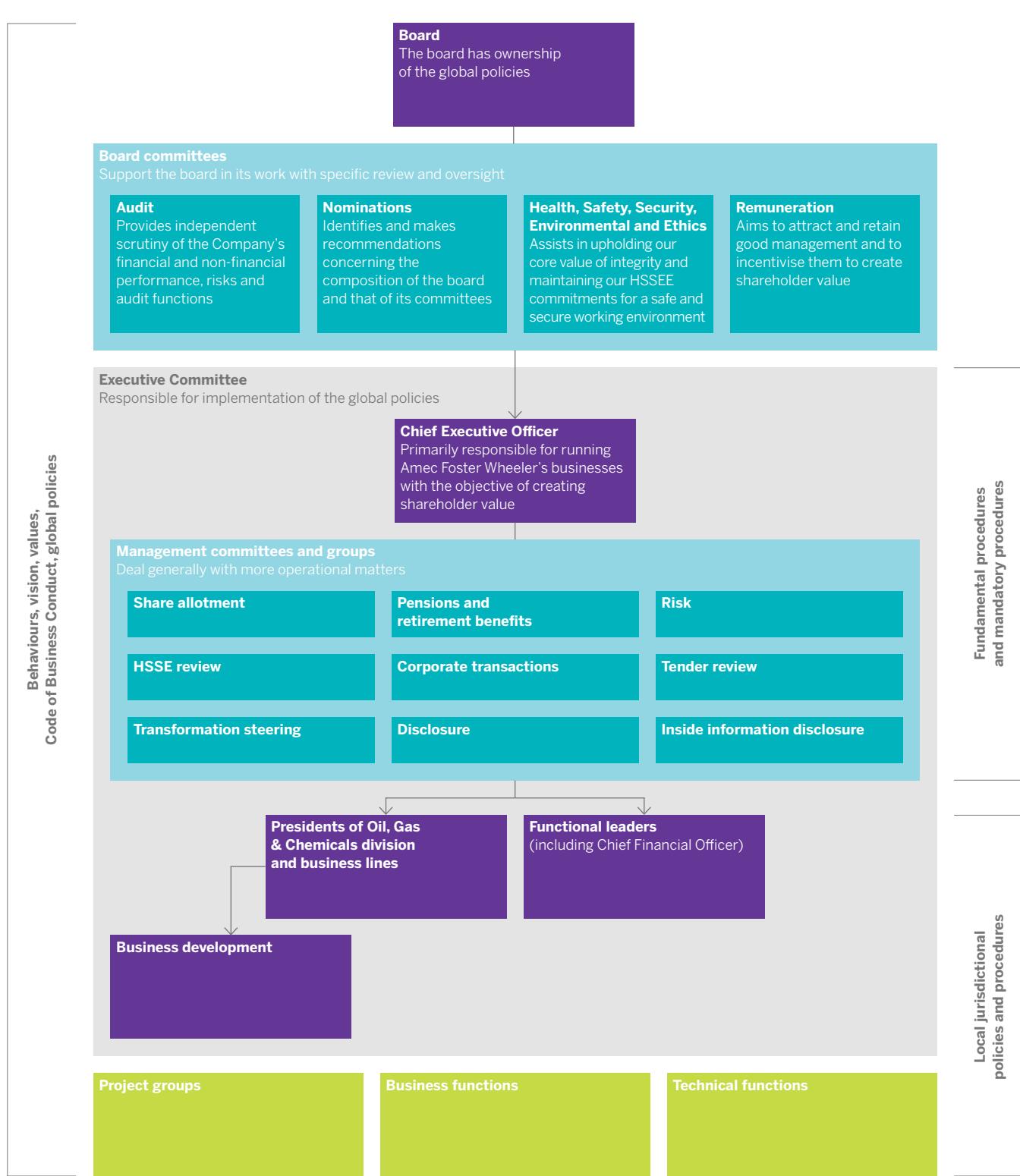
We will continue to seek to build upon and complement the board's existing skills set, including a focus on increased diversity, whether this is through gender, race, nationality, thought or general background.

Independence of non-executive directors

The board considers that, with the exception of Kent Masters, whose previous employment by Foster Wheeler precludes him from meeting the required independence criteria, the non-executive directors are independent and free from any relationships or circumstances that could affect their independent judgement.

Leadership and effectiveness continued

Amec Foster Wheeler governance structure



Board role and responsibilities

The board is collectively responsible for delivering sustainable long-term shareholder value in line with its obligations to, and the expectations of, the Company's stakeholders.

The board is responsible for setting the Company's strategic aims and providing the leadership and resources to achieve its objectives. The board's role is to be distinguished from overall operational management, which is the responsibility of the Chief Executive Officer who, in turn, delegates authorities to the Chief Financial Officer, business line and functional leaders. They have in turn further delegated authorities to their teams.

In order to ensure it retains appropriate overall control of the Group, a number of key matters are not delegated to management and as such the board maintains a schedule of matters reserved for its approval. These include:

- ▶ annual strategic and short-range plans
- ▶ financial and treasury policies
- ▶ risk identification, risk appetite, risk management and internal control systems
- ▶ high-value potentially high-risk projects
- ▶ major acquisitions and disposals
- ▶ Code of Business Conduct and Health, Safety, Security, Environmental and Ethics policies
- ▶ full and half-year accounts
- ▶ dividend policy
- ▶ succession planning for directors and senior executives
- ▶ group-wide policy framework
- ▶ ensuring the effectiveness of governance practices
- ▶ appointment and removal of the Company Secretary

This schedule is reviewed for continued acceptability on an annual basis. In August 2016, the schedule was reviewed and a couple of minor changes were made in relation to due diligence in HSSE matters. No further changes were deemed necessary.

High quality corporate governance helps to underpin long-term company performance and the board is responsible for maintaining strong governance practices and regularly reviewing the Company's governance structure as illustrated on page 50.

The Code of Business Conduct is the cornerstone of the Company's approach to governance and is applicable to all employees, including the Chief Executive Officer, Chief Financial Officer and other senior financial professionals. The Code of Business Conduct is the responsibility of, and is upheld by, the board; it acts as a guide for our day-to-day working life, providing a practical application of Amec Foster Wheeler's values and ensuring all those who work for and under Amec Foster Wheeler's direction understand the behaviour that is expected of them. The Code of Business Conduct, which is available to employees in 14 different languages, complies with relevant UK and US regulations and is available on the Company's website at amecfw.com/ethics.

A global policies document works in conjunction with the Code of Business Conduct providing further detail and elaboration on matters affecting all of Amec Foster Wheeler's businesses. The global policies document describes the key policies for directing and managing the Group's businesses consistently in accordance with our vision and values. These global policies are supported by a set of mandatory procedures, which further explain how the policies are to be applied. Together, the global policies and procedures set the framework within which business, functional and local policies and procedures are set. The board approves the group-wide policy framework. On a day-to-day basis, the board has delegated responsibility for implementation of the global policies and ownership of the procedures to the Executive Committee. The board considers the global policies to be part of the risk-based approach to corporate governance and the maintenance of sound internal controls.

In order to discharge its role, the board is also responsible for maintaining sound risk management and internal control systems. The board has a rigorous and comprehensive risk management approach to protect the Group's assets and the interests of its stakeholders and create an environment for business success. The board regularly reviews the effectiveness and adequacy of the Group's financial, operational, compliance and risk management systems.

The board is supported in its work by four board committees (nominations, audit, HSSEE and remuneration), chaired by either the board Chairman or another non-executive director, and a number of management committees and groups, chaired by executive directors (or other senior individuals), to which specific responsibilities have been delegated. You can find out more about the membership, duties, responsibilities and work of these committees in the dedicated reports that follow. Full written terms of reference for each board committee can also be found online at amecfw.com/aboutus/corporate-governance.

The directors believe that the board leads the Group effectively and that all directors act in accordance with what they consider to be the best interests of the Company, consistent with their statutory duties under the Companies Act 2006 and other legislation.

Leadership and effectiveness continued

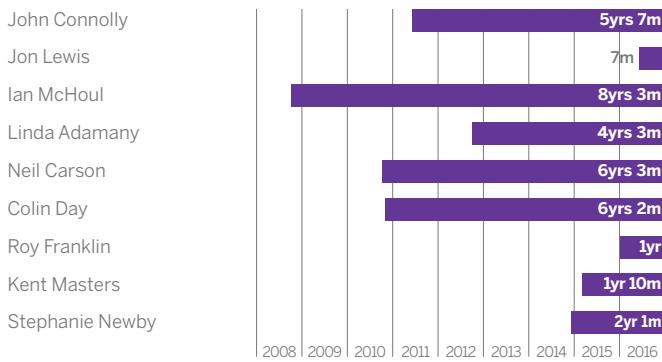
Board composition

As at 31 December 2016, the board comprised the non-executive chairman; two executive directors (the Chief Executive Officer and the Chief Financial Officer); and six non-executive directors.

On 1 January 2016, Roy Franklin was appointed as a non-executive director of the Company. The Company announced on 18 January 2016 that Samir Brikho had stepped down as Chief Executive Officer. Ian McHoul fulfilled the role of interim CEO, alongside his role as Chief Financial Officer, until the appointment of Jon Lewis as Chief Executive Officer on 1 June 2016. On 31 December 2016, Neil Carson stepped down as a non-executive director of the Company.

On 1 March 2017, Bob Card was appointed as a non-executive director of the Company. Kent Masters will be retiring from the board as a non-executive director at the close of the 2017 AGM.

Directors' tenure as at 31 December 2016



Details of the directors, including their biographies, other significant commitments and committee memberships can be found on pages 47 to 49. Details of the directors' service contracts, emoluments and share interests are set out in the remuneration report on pages 72 to 88.

The Company's articles of association require all directors to seek election by shareholders at the AGM following their initial appointment and re-election every three years thereafter. However, in line with the recommendations of the Code, our practice is that all directors submit themselves for re-election on an annual basis. All of the directors wishing to continue serving, and considered eligible by the board, will offer themselves for re-election at the 2017 AGM.

The independence of the non-executive directors is continually monitored and formally assessed as part of the board's annual evaluation process. The board considers that, with the exception of Kent Masters, whose previous employment by Foster Wheeler precludes him from meeting the required independence criteria, the non-executive directors are independent and free from any relationships or circumstances that could affect their independent judgement.

The balance of executive and non-executive directors provides continuity on the board while ensuring no one individual, or group of individuals, dominates the decision-making process.

The varied backgrounds and commercial experience of the non-executive directors, and their independence from management, ensures rigorous debate at meetings and constructive challenge and oversight of the executive directors in relation to the strategic direction and performance of the Group.

Membership of the board

- Non-executive Chairman
- Executive director
- Non-executive director



Experience of the board

- Financial management and corporate finance
- Corporate governance
- International experience
- Experience in business sectors relevant to Amec Foster Wheeler
- HSSE
- Strategy

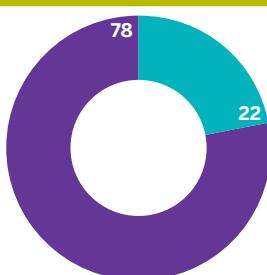
Number of board directors with experience in each topic



As part of the Company's broader diversity initiative, it supports the recommendations of the final report in the Davies Review series. For a short period of time, 22% of our board will be female until Kent Masters retires from the board at the close of the 2017 AGM, after which, 25% of our board will again be female. The board will take into consideration the recommendation of the Hampton-Alexander Review, that FTSE 350 companies should aim to build the representation of women on their boards to 33% by 2020, when considering future candidates for board appointments. Candidates for board appointments are evaluated on merit in light of the requirements of the role, having due regard to the Group-wide commitment to diversity and inclusion. The board recognises the importance of diversity, including but not limited to gender balance across the Group more generally. In recognition of this, Amec Foster Wheeler won the Diversity and Inclusiveness Award at the Oil & Gas UK Awards 2016. In June 2016 we celebrated our first global diversity and inclusion week which focused on 'thinking differently, together' and provided our employees with the opportunity to question and challenge themselves and others, to share their views, and to listen to the ideas and thoughts of others on the importance of diversity and inclusion on a global scale. During the year, we also saw the launch of our second series on women in leadership which was an initiative driven to provide support and empower young women across the business to take ownership of their careers. The gender diversity of the Company and its senior management is shown on page 25.

Gender diversity of the board

- Female
- Male



The Chairman and Chief Executive Officer

The Company does not combine the roles of Chairman and Chief Executive Officer. There is a clear and well-defined division of accountability and responsibility between the roles of the Chairman and Chief Executive Officer and these are set out in writing and have been agreed by the board. The consequence of this clear division of responsibility at the head of the Company is such that no individual has unrestricted powers of decision. The Chairman and Chief Executive Officer are committed to ensuring the development and maintenance of an effective and trusting relationship with the appropriate balance between challenge and support.

The Chairman is primarily responsible for the leadership and effectiveness of the board. He is accountable for promoting effective board relationships and the participation of all board members, so as to encourage a culture of openness and debate and enable the board to fulfil all aspects of its role. The Chairman has undertaken to ensure that the board discharges its duties to promote the success of the Company for the benefit of all stakeholders and to guide Amec Foster Wheeler's business and conduct in accordance with the highest ethical standards.

Each year the Chairman produces a board plan intended to summarise the board's activities in executing its duties during the year. The plan highlights the priorities the board has identified for the year, and those of the Chief Executive Officer, and can be modified to take account of any unscheduled developments. In chairing and setting the agenda for board meetings, the Chairman ensures sufficient time is available for discussion and meaningful challenge in areas such as strategy, performance, value creation and accountability.

Subject to matters reserved for the board, the Chief Executive Officer is responsible for the leadership of Amec Foster Wheeler's businesses with the primary objective of creating shareholder value. Consistent with this objective, overall operational management is delegated to the Chief Executive Officer who, together with the Executive Committee, is responsible for the proposal, development and implementation of the Group's overall strategy, driving execution, growing markets and customers and developing our people. The building and maintenance of an effective executive management team, and the allocation of responsibility therein, are key components of and essential to the performance of the Chief Executive Officer's role.

The Chief Executive Officer also takes the lead role in the promotion of Amec Foster Wheeler, setting the tone in the realisation of the Company's vision and values and encouraging the highest standards of health, safety, security, environmental and ethical performance.

Senior Independent Director

Colin Day has acted as the board's Senior Independent Director since the retirement of Neil Carson on 31 December 2016. Colin was selected for the role on account of his significant knowledge of Amec Foster Wheeler and its operations and his experience as a director of international companies. Both the nominations committee and the board considered that Colin best met the criteria required for the role. The Senior Independent Director is responsible for:

- ▶ providing additional support to and acting as a sounding board for the Chairman on board-related matters
- ▶ acting as an additional channel of communication between the Chairman and the other directors where necessary
- ▶ being available to shareholders for concerns they may have that have not been resolved through the normal channels of the Chairman, Chief Executive Officer or other executive directors, or which are not appropriate to raise through these channels
- ▶ acquiring an objective understanding of the issues and concerns of Amec Foster Wheeler's shareholders through attendance at a sufficient number of meetings with the company's major shareholders and financial analysts
- ▶ at least annually establishing the views of the non-executive directors as to the performance of the Chairman
- ▶ following completion of the above evaluation exercise, providing feedback to the Chairman on his performance
- ▶ overseeing the search for a new Chairman, as required

Leadership and effectiveness continued

Non-executive directors

The non-executive directors are crucial in bringing an external perspective and wide range of skills, experience, expertise and diversity of views to the board's deliberations and the development of strategy. The membership of each of the board committees is structured to ensure the most effective use of each non-executive director's time and to reflect their individual skills and experience. The non-executive directors constructively challenge and scrutinise the performance of management against agreed objectives and provide an invaluable contribution to the work of the board's committees. The board benefits greatly from the contribution and balance they bring and to ensure this continues, the Chairman holds meetings with the non-executive directors, without the executive directors present, immediately following most scheduled board meetings.

The board's policy is that non-executive director appointments are normally for three consecutive three-year terms, subject to assessment by the nominations committee after the end of each term. The committee makes recommendations on reappointments to the board.

To ensure their independence and ability to constructively challenge, the external commitments of each non-executive director, including those of the Chairman, are reviewed prior to appointment. In accordance with the board's policy to ensure that the non-executive directors are not conflicted and are able to commit sufficient time to meet their duties and responsibilities to Amec Foster Wheeler, all additional prospective appointments are also disclosed to the board to determine whether they present a detrimental effect. Each director's undertaking as to their ongoing commitment to the role, together with an assessment of their continued independence, is reviewed as part of their annual performance evaluation.

Amec Foster Wheeler's non-executive directors are not employed by the Company in any capacity. Kent Masters was the former Chief Executive Officer of Foster Wheeler AG and Stephanie Newby was formerly an independent non-executive director of Foster Wheeler AG.

The letters of appointment of the non-executive directors are available for inspection at the Company's registered office by request to the Company Secretary and will be available for inspection at the company's forthcoming AGM.

Board meetings

The board holds a minimum of six regular meetings throughout the year, scheduled in accordance with an annual timetable. Additional board meetings and telephone conference calls are held as required to deal with specific issues. In 2016 there were 7 scheduled meetings and 6 unscheduled meetings.

Directors are expected to attend all scheduled board and relevant committee meetings, unless they are prevented from doing so by unavoidable prior business commitments or other valid reasons. All directors are provided with full papers in advance of each meeting. Where a director is unable to attend a meeting, they are encouraged to discuss any issues arising with the Chairman or Chief Executive Officer as appropriate.

Number of meetings attended

	Scheduled	Unscheduled
John Connolly	7/7	6/6
Samir Brikho (until 18 January 2016)	0/0	1/1
Jon Lewis (from 1 June 2016)	4/4	1/1
Ian McHoul	7/7	6/6
Linda Adamany	7/7	5/6
Neil Carson	5/7	5/6
Colin Day	6/7	5/6
Kent Masters	7/7	6/6
Stephanie Newby	7/7	6/6
Roy Franklin	7/7	5/6

Unscheduled meetings were convened throughout the year to consider such matters as trading updates and director appointments. As these were not scheduled, members were not always able to attend but were provided with full packs of information and were invited to make comments.

At least one scheduled meeting each year takes place away from Amec Foster Wheeler's head office in London. This provides the board with an opportunity to understand more about Amec Foster Wheeler's business and to meet employees based locally. The October 2016 board meeting and board strategy discussions took place in Kuwait, where the board met with local management and also visited a client clean fuels project site.

In addition to the matters reserved for the board, certain items are considered at every scheduled board meeting. The Chief Executive Officer provides a report on business performance, strategy execution and emerging issues and the Chief Financial Officer updates the board on financial results and progress against the short-range plan. Reports are also received on investor relations and market issues, HR and HSSE matters. In addition, the Chairman and the Chief General Counsel and Company Secretary provide an update on legislative, regulatory and governance matters and twice yearly the Chief General Counsel and Company Secretary provides updates on material claims and disputes.

Senior management is regularly invited to present at board meetings and, led by the business line presidents, provides 'deep dive' reviews of each business line. In addition to standing items discussed at each meeting, the board considers a regular schedule of financial and planning matters including the approval of financial results and dividends; special matters including the review and approval of strategy; the determination of major risks and risk appetite and transaction and competitor reviews. The board receives an annual presentation from the Chief People Officer on senior management succession planning and management development. In August 2016, a discussion took place on the strategy for the development of talent and performance and an update on succession planning but a fuller review has been deferred to 2017 due to the new organisation structure and reconfiguration of the senior leadership team. The board has also identified a range of topic reviews that are addressed annually and these include the strategies followed by the corporate functions eg Tax, Treasury and IT, as well as the board effectiveness and composition reviews.

The board also holds a separate additional meeting each year to perform a full strategic review of the Group. On account of the overseas visit being postponed until October 2016, the strategy event was held at the same time in Kuwait. During this meeting, the new organisational structure and strategy was presented and discussed, which is designed to bring us closer to our customers, improve the consistency of project delivery and sustainably reduce our overhead costs, thus offering long term opportunities to offset the current headwinds in areas such as offshore greenfield oil and gas and mineable oil sands.

The Company Secretary is fundamental in ensuring the efficiency and effectiveness of the board and its committees and is responsible for ensuring that the directors have timely access to full, accurate and relevant information and whatever resources they need to undertake their duties. Agendas and supporting papers for board and committee meetings are circulated approximately one week prior to the meeting date to allow sufficient time for review and enable informed debate and challenge at meetings.

Leadership and effectiveness continued

Board meetings continued

Where the directors, particularly non-executive directors, require further insight on an issue, the Company Secretary will facilitate this from the business or relevant members of the senior management team. Members of senior management are regularly invited to attend board meetings to present on specific projects and issues. The Company Secretary also ensures that the correct board procedures are followed from both a legal and a regulatory perspective.

In addition to the advice and services of the Company Secretary, a formal process exists for the directors to obtain independent professional advice, at the Company's expense, where appropriate and necessary to discharge their responsibilities. The Company Secretary is responsible for the organisation and co-ordination of access to such advice. The Company Secretary ensures that a timely and accurate record of all meetings of the board and its committees is taken and circulated. In addition, the chairman of each board committee reports fully to the board following each meeting and minutes are made available to the board.

If a director had a concern about the running of the Company or a proposed action that could not be resolved, this would be recorded in the minutes. In addition, upon resignation, should a director have any such outstanding concerns, they would be invited to provide the Chairman with a written statement for circulation to the board. No such statements were received during 2016.

Conflicts of interest

The board has procedures in place for the disclosure and review of conflicts of interest. No material conflicts of interest arose in 2016. Prior to appointment, prospective directors provide information on any conflicts of interest, and thereafter any potential conflicts of interest are considered at the start of each board meeting. Accordingly, each director is aware of their responsibility to avoid a situation where they have an actual or potential conflict of interest, the requirement to keep the same under review and inform the Chairman and Company Secretary of any change in their situation. An effective procedure is in place for the board to authorise conflict situations in accordance with the Companies Act 2006 and the Company's articles of association, should they arise. In other cases, the conflict is managed by excluding the relevant director from the discussion.

The Company Secretary is responsible for keeping appropriate records, including the scope of any authorisations granted by the board, and ensures the board undertakes regular reviews of conflict authorisations. Such matters are normally recorded in the minutes of the relevant meetings.

Executive directors are not permitted to accept external appointments without the prior approval of the board. The board will review the nature, scope and complexity of any proposed external appointments, to ensure they will not adversely impact a director's ability to devote such time and energy to their role as is necessary to discharge their responsibilities effectively or create any potential conflicts.

Professional development

The Company Secretary assists the Chairman in the co-ordination of director induction upon appointment and ongoing training. A comprehensive induction programme is in place for all new directors which takes into account their previous experience, background and role on the board. The programme is tailored accordingly to:

- ▶ provide an understanding of the duties and responsibilities of a director and their particular role
- ▶ build an understanding of how the board operates within Amec Foster Wheeler's structure
- ▶ further their knowledge and understanding of Amec Foster Wheeler's culture, its business and operations and the markets and countries in which it operates
- ▶ establish a link with Amec Foster Wheeler's management and people
- ▶ establish an understanding of the Company's main relationships

New directors are provided with key board, operational and financial information and relevant legislative and regulatory guidance. The programme is designed so as to prioritise and vary the delivery of materials to optimise its effectiveness and facilitate completion in a timely manner. The programme involves a combination of documentation, accessible via the portal used by the board to communicate and share documents electronically, meetings with other members of the board, senior management and their extended teams, key external parties including the Company's advisers and, where appropriate, major shareholders, and site visits where possible. Where a new director is to serve on a board committee, induction material relevant to the committee is also provided. Progress against the induction programme is reviewed with the director midway throughout the process to ensure a smooth transition into director training and ongoing development.

Ongoing training, relevant to each director's individual development needs, continues after appointment. The Chairman endeavours to review the training and development needs of the directors at least annually. The aim is to ensure the further enhancement of their skills and knowledge of the business, so that they continue to fulfil their role effectively on the board and its committees.

Internally facilitated training is arranged by the Company Secretary on topics and issues relevant to the operation of the board and the responsibilities of the directors. The board receives presentations from management on changes and significant developments in the business. Updates on changes in legislation and communications from the Company Secretary's office on key developments in corporate governance are also provided. In addition, use is made of external auditor and adviser training programmes. During the year the board received presentations from internal and external experts on such matters as anti-bribery and corruption, information systems, the new Market Abuse Regulations, and the Modern Slavery Act. From time to time the directors individually attend seminars and conferences related to their areas of expertise and responsibility.

To further develop the directors' understanding of the Group's businesses and culture, the board undertakes visits to various places of Amec Foster Wheeler business. As previously mentioned, during the year the board visited some of the Group's operations in Kuwait.

Leadership and effectiveness continued

Evaluation

In line with the recommendations of the Code, each year a formal performance evaluation review is undertaken of the board, its committees and the directors individually. In 2016, the performance evaluation was internally facilitated with the support of Lintstock, a third-party service provider. Lintstock have been the provider of the Company's insider list management software since 2011 and have assisted with the board evaluation process since 2014, but other than this, have not undertaken any other work of any kind for the board or the Company.

This year, the review process involved the completion of a tailored questionnaire by each director which was designed to establish their perceptions in a number of areas considered to be key to an effective board.

Lintstock's report on the findings of this survey of board effectiveness was discussed at the board's January 2017 meeting. In summary, the results were very positive and engagement and interaction amongst board members continue to be very strong. The main observations from the evaluation were:

- ▶ the appointment of Roy Franklin in the year as a non-executive director was identified as a valuable addition of oil & gas sector experience, providing greater industry experience which was desired by the board
- ▶ the relationships between the board members and the board and wider senior management were rated highly and the non-executive directors' support and challenge of management was positively rated
- ▶ the management of meetings in terms of setting the annual cycle of work and management of time and input during the meetings was considered to be very good
- ▶ the effectiveness with which the board reviewed past performance and influenced future performance was rated positively, although it was suggested that more time might be spent on strategy considerations and review of large projects
- ▶ the clarity of the articulation of the conclusions reached was positively rated and the importance of monitoring progress noted
- ▶ the board's overall oversight of the risk appetite was rated highly although it was considered that there should be greater alignment in some areas between risk appetite and post-mitigated risks
- ▶ the handling of the transition to a new Chief Executive Officer and the overall process by which a successor was selected and appointed was rated highly

A number of areas for improvement were identified and these will continue to be addressed over the coming year as part of the board plan. These include:

- ▶ continued exposure to senior management to aid assessment of the broader management team
- ▶ focus on the board's priorities including strengthening of the balance sheet
- ▶ delivery of the Company's growth initiatives and cost reduction plans
- ▶ enhancement of the board's experience in the industries and geographies in which the company operates
- ▶ continued focus on the strategic objectives of the Group and their execution

In addition, and as required by the Code, the Senior Independent Director, having taken the views of the non-executive and the executive directors, reviewed the performance of the Chairman. The Senior Independent Director met with the Chairman in April 2017 to review his performance during 2016. The Chief Executive Officer conducts annual performance development reviews with his direct reports.

Nominations committee

The nominations committee is primarily focused on evaluating the board of directors and on examining the skills, characteristics and dynamics that are needed to run an effective board.

Dear shareholder

The Group continues to undergo transformational change and the nominations committee has played a key role over the last 12 months in ensuring your Company has the leadership it needs.

Most significantly, the committee led the search process that resulted in Jon Lewis' appointment as Chief Executive Officer on 1 June 2016. In recommending Jon's appointment to the board, we noted that he had the strategic vision, operational skills and the values that your Company required, and that he was the outstanding candidate for the role.

The committee believes that the board members have a strong blend of skills, experience and length of service, as shown by the chart on page 52. One of the committee's key tasks is to ensure that the board remains appropriately balanced and to nominate new board members who will add valuable knowledge to the board's deliberations. With Neil Carson retiring from the board at the end of 2016 and Kent Masters indicating his intention to retire at the conclusion of the AGM in June 2017, the committee has determined that the board would benefit from recruiting additional non-executive directors with relevant industry experience.

We were therefore pleased to recommend to the board the appointment of Bob Card, who joined the board on 1 March 2017. Bob has over 40 years' experience in the oversight, operations and management of infrastructure, power, mining and energy products, and we are delighted that he has joined us.



John Connolly

Chairman of the nominations committee

25 April 2017

Members

During 2016, the nominations committee comprised the Chairman, Linda Adamany, Colin Day and Roy Franklin. The quorum for the committee is two members. There were six committee meetings held in the year.

Membership and attendance of the nominations committee up to 31 December 2016

	Meeting attendance
John Connolly (Chairman)	6/6
Linda Adamany	4/6
Colin Day	5/6
Roy Franklin	5/6

Meetings of the committee are usually called at short notice to consider matters as they arise. This means that members may not always be available, but they are always fully apprised of matters to be discussed and their views sought and taken into account. Due to prior commitments, Linda Adamany was unable to attend two meetings called at short notice and Colin Day and Roy Franklin were both unable to attend one meeting called at short notice due to prior commitments.

At its meeting on 5 December 2016, the board approved the terms of reference for the committee as remaining fit for purpose and no changes were required. The terms of reference of the committee are available to review on amecfw.com.

There have been no changes to the membership of the committee in 2017.

Key responsibilities

The committee is mindful of the board's desire to maintain an appropriately diverse and balanced membership, in terms of skills, experience, independence and knowledge of the Group, taking into account the benefits of diversity, so as to ensure the delivery of the Group's strategy and performance. The committee regularly reviews the board's structure, size and composition against these criteria and the board selection criteria referred to on page 60.

Together with the board, the committee also considers board succession planning in conjunction with reports from the Chief Executive Officer and Chief People Officer on senior management succession planning, so as to ensure that an appropriate balance of skills is maintained both within the senior management team and on the board.

As part of the internally conducted board effectiveness review undertaken in 2016, the performance of the committee was also evaluated and this was overall rated highly. As an area for further improvement, it was suggested that there be greater focus on succession planning which would improve the ability of the board to evaluate top management.

Leadership and effectiveness continued

Nominations committee continued

Activities of the committee

Following Samir Brikho's departure on 17 January 2016, the Company appointed Ian McHoul as the interim CEO and appointed the executive search firm, Korn Ferry, to assist the Company in its search for a new Chief Executive Officer. Both internal and external candidates were considered.

A role specification had been prepared to assist in distilling a long list of both internal and external candidates. Both internal and external candidates were interviewed by the Chairman and Chief People Officer and the resulting shortlist of candidates was interviewed by all the board members. After careful consideration of both his academic and professional background and the current needs of the Company, the committee recommended the appointment of Jon Lewis to the board, and he joined the board on 1 June 2016. Jon brings with him over 30 years' experience in the oil and gas industry, including 20 years as a senior executive at Haliburton.

Korn Ferry has been appointed as one of the search partners of the Company and a global agreement has been put in place in respect of this appointment.

In early 2016, the committee recommended Linda Adamany be appointed as a non-executive director for a second three-year term of office on the basis of her significant relevant international experience and her knowledge of the activities of the Group. The board approved the recommendation and her second three-year term will end at the conclusion of the 2019 AGM.

In September 2016, Neil Carson announced his intention to retire from the board at the end of 2016 and from his roles of Senior Independent Director and Chairman of the Remuneration Committee. After careful consideration, the committee concluded that Colin Day best met the required criteria to replace Neil as Senior Independent Director and Roy Franklin was appointed as the Chairman of the Remuneration and a member of the Audit Committee, both with effect from 31 December 2016.

In October 2016, the Company appointed the executive search firm, The Zygos Partnership (Zygos) to search for two new non-executive directors, with experience in the Oil, Gas and Chemicals industry, or the Mining sector, or who could bring diversity to the board in the form of geography and/or gender.

Zygos identified a long list of quality candidates within the Oil, Gas and Chemicals industry from which the committee identified a shortlist of candidates. Several of the members of the board interviewed the candidates and after due and careful consideration, due to his significant relevant experience, the committee recommended the appointment of Bob Card to the board with effect from 1 March 2017. Bob was also appointed a member of the Audit and Health, Safety, Security, Environmental and Ethics committees.

Bob Card has over 40 years' experience in the oversight, operations and management of infrastructure, power, mining and energy projects and is the former CEO of SNC-Lavalin Group Inc.

Zygos had previously worked with the Company in respect of its search for a new Chairman in 2011 and in respect of the process that led to Linda Adamany's appointment in 2012 and Roy Franklin's appointment in 2016. Other than this they have not undertaken any other work of any kind for the board or the Company.

In June 2016, the committee reviewed the board selection criteria and confirmed it remained appropriate to be used to identify any gaps in the overall experience and knowledge of the board as a whole and to assist appropriately in the future board selection process.

In early 2017, the committee considered the reappointment of Colin Day as a non-executive director for a second three-year term of office as his first three-year term would end at the 2017 AGM. On the basis of his significant relevant financial experience and his knowledge of running a business as CEO, the committee recommended that he should be reappointed for a second three-year term.

Our Executive committee

Distinct from the executive directors (shown on pages 47 to 49), the Executive Committee comprises the following senior operational and functional management:

Eddie Aaron

President, Power & Process

Appointed to this position in January 2017, Eddie previously held the role of Vice President of Business Acquisitions for the Power & Process Americas business. Eddie joined Amec Foster Wheeler in 2008 as Vice President of Construction. In this role, he was responsible for the construction group's P&L performance and safe execution of EPC (engineering, procurement, construction) projects. Eddie has more than 38 years' experience in the construction industry with an extensive background in scheduling, estimating, cost control, and project management. His EPC project delivery experience spans many energy market sectors including solar, wind, gas, conventional power, and bio process industries. Prior to joining Amec Foster Wheeler, Eddie held a number of leadership roles, including as President of Watkins Engineers & Constructors and Chief Operating Officer of Milton J. Wood Company. Eddie completed the Construction Executive Program at Texas A&M University.

Garry Dryburgh

Chief Transformation Officer

Garry was appointed Chief Transformation Officer on 1 August 2016, immediately prior to which he was President, Middle East & Africa. Previously, he led the integration of Amec Foster Wheeler and prior to that he was Executive Vice President, Asia Pacific for AMEC. Before joining the business in 2006 Garry spent 16 years working internationally for one of the world's largest drilling contractors. Garry has a strong operations, programme and change management background, with extensive experience across our core markets, acquired over the years on six continents. Garry holds an MSc in Project Management, Lancaster University and a BSc in Mechanical Engineering, Robert Gordon University Aberdeen. He is a Fellow of the Institute of Directors, Fellow of Association for Project Management, Member of Institution of Mechanical Engineers, and a registered Chartered Engineer. Garry remains an active member of a Government / Industry Leadership Set Group following his participation in a UK Cabinet Office Top Management Programme in 2009.

Dave Lawson

President, Mining

Appointed to this position in January 2017, Dave previously held the role of President, Global Mining and Metals Markets. He joined Foster Wheeler in May 2013 as President of Minerals & Metals. Prior to that, Dave held various roles within Ausenco, Aker, Kvaerner, Trafalgar House and the Davy McKee group of companies, accumulating over 35 years of executive management experience in the engineering & construction business in the mining & metals, power, oil & gas and environmental industries. He has considerable international experience including long term assignments in the USA, UK, Australia, India, Greece, South Africa, Brazil and Chile. Dave is currently a Director of the British Chamber of Commerce in Chile. He holds a B.Sc (Hons) in Electrical/Electronic Engineering from the University of Aston, Birmingham and a M.Sc. in Project Management from Cranfield University (School of Management), UK.

Rod Carr

Chief Information Officer

Rod was appointed Chief Information Officer on 2 August 2016. Immediately prior to that he was Group Chief Information Officer for Centrica Energy. He joined Centrica in 2010 from Scotia Gas Networks plc, where he was IT Director – a role he also performed at AEP Energy Services between 2002 and 2003. Rod is also a former managing consultant with PA Consulting and was a Consulting Director with Arthur Andersen. Rod is a Fellow of the Chartered Management Institute and a Member of the British Computing Society.

Rupert Green

Chief Corporate Development Officer

Rupert was appointed to this position on 11 January 2017, with responsibility for the Company's strategy, M&A and investor relations functions. Prior to this he served as Head of Investor Relations from 2013. He has almost 20 years' experience of capital markets and M&A. Before joining Amec Foster Wheeler he was a director in the corporate broking team at Deutsche Bank, where he acted as a company adviser across a number of sectors supporting equity issues and corporate transactions, including for AMEC. He started his career as a trainee in a forensic accountancy practice. Rupert holds a Master's degree in geography from Oxford University and is currently a member of the UK Investor Relations Society's policy committee.

Ann Massey

President, Environment & Infrastructure

Appointed to this position in January 2017, Ann previously held the role of Global E&I Market President. Ann has over 30 years' experience in project, programme, operations and business development in the engineering, construction and environmental markets. Prior to joining Amec Foster Wheeler, Ann held various operations and business development leadership roles, including President of the engineering and consulting and construction businesses within MACTEC and as CEO of MACTEC, Inc. Ann holds a B.S. in Geology and an MBA from Tennessee Technological University.

Leadership and effectiveness continued

Our Executive committee continued

Gary Nedelka

President, Global Power Group

Gary was appointed President, Global Power Group on 1 January 2015, having served as Chief Executive Officer of Foster Wheeler's Global Power Group since January 2009. Prior to this, he served as President and Chief Executive Officer of Foster Wheeler North America Corp., an indirect, wholly-owned subsidiary within the Global Power Group. Previously he was President and General Manager of operating companies in China and he held a variety of positions of increasing responsibility in commercial operations and engineering management. He joined Foster Wheeler in 1979 and is a member of the American Society of Mechanical Engineers. Gary holds a BSc in Mechanical Engineering from Clarkson College of Technology.

John Raine

Chief HSSE Officer

John was appointed Chief HSSE Officer on 23 January 2017, prior to which he was Vice President of Quality, Health, Safety, Security and Environment (QHSSE) at Weatherford, based in Houston. He began his career in the British Army, moving after six years to a role in the Prison Service in Peterhead, Scotland, where he worked with some of the country's most serious offenders. A focus on a more family-friendly profession saw him join the Wood Group in Aberdeen in 2007 – a move that marked the beginning of a distinguished career in oil and gas. John soon moved to Weatherford and into HSSE, where his passion for and dedication to HSSE took him to Australia, Malaysia and the United States. John holds a PgDip in Human Resource Management from the Robert Gordon University.

Will Serle

Chief People Officer

Will was appointed Chief People Officer on 1 January 2017. He has held a number of senior HR related positions including Group Human Resources Director since May 2011, and previously Human Resources Operations Director since 2009. Will is also responsible for sustainability at Amec Foster Wheeler. He joined the Company in 2000 as Human Resources Director for the oil & gas business, moving to the Natural Resources role in 2006. Since 2014, he has served on the board of Engineers Against Poverty. Will holds a Master's degree in Human Resources from the Robert Gordon University and is a Fellow of the CIPD.

John Pearson

Division President, Oil, Gas & Chemicals

John was appointed Division President, Oil, Gas & Chemicals on 1 January 2017. Most recently he held the position of Group President, Americas and prior to that Group President Northern Europe & CIS. John joined the company in 1990 and has held a variety of roles in engineering and project management in Aberdeen, Baku and London. John led Amec Foster Wheeler's oil & gas projects and asset support business streams globally, serving first as Head of Global Oil & Gas Projects from 2001 to 2003 and Head of Global Oil & Gas Asset Support from 2004 to 2007. He joined Amec Foster Wheeler from Chevron, where he held a number of engineering roles. He is former co-chair of Oil & Gas UK, and former chair of the Offshore Contractors Association and Pan Industry Efficiency Task Force. John holds a BSc (Hons) in Engineering from Aberdeen University.

Jeff Reilly

President, Business Development

Jeff is currently serving as President, Business Development for Amec Foster Wheeler, where he leads the Company's overall business development activities across all market segments globally. Jeff has over 30 years of industry experience and, prior to joining Amec Foster Wheeler, worked for a variety of international engineering and construction firms, including ABB Lummus Global and Stone & Webster, where he served as Vice President at both Engineering and Construction organisations. Most recently, Jeff spent nine years at ConocoPhillips/Phillips 66, ultimately as the group's Chief Procurement Officer and Global Head of Projects. He has an MBA in Finance and International Business from the University of Houston and a BS in Chemical Engineering from The University of Texas (Austin) where he is an External Advisory Council Member for the Department of Chemical Engineering.

Alison Yapp

Chief General Counsel and Company Secretary

Alison was appointed General Counsel and Company Secretary on 1 December 2012. Immediately prior to joining the Company she was Company Secretary and General Legal Counsel of Hays plc, previous to which she was Company Secretary and Group Legal Adviser of Charter plc. She has almost 25 years' experience as a senior lawyer in industry. She began her career in private practice at Turner Kenneth Brown, advising corporate and commercial clients in M&A before moving in-house to Johnson Matthey plc where she held various senior legal roles. Alison holds an LLB (Hons) from Bristol University and is a qualified solicitor.

Management committees

The board has also created a number of management committees and groups that deal generally with more operational matters.

These are chaired by executive directors or other senior individuals and members are drawn from senior management within the Group. The minutes of each of these meetings are circulated to each board meeting.

Committee	Members	Responsibilities
Corporate transactions committee	Chief Executive Officer (chairman); Chief Financial Officer; Chief General Counsel and Company Secretary; Head of Mergers and Acquisitions.	The corporate transactions committee considers mergers, acquisitions and disposals and approves transactions where the consideration or assumption of liabilities, as appropriate, is £5m or less, and above this level it submits recommendations to the board for approval. In addition it determines transaction guidelines that are in line with Group policies and procedures.
Disclosure committee	Group Financial Controller (chairman); Chief General Counsel and Company Secretary; Head of Risk Management and Insurance; Head of Group Assurance; Director of Tax and Treasury; Director of Communications; Chief Corporate Development Officer.	The disclosure committee assists the audit committee with regard to verifying the information that is required to be disclosed in the Company's material public disclosures and in its periodic reports. This is intended to ensure such disclosures are in compliance with all relevant laws, rules and regulations, including the UK Listing Authority, the London Stock Exchange, the New York Stock Exchange and the US Securities and Exchange Commission.
Inside information disclosure committee	Chief Executive Officer (chairman); Chief Financial Officer; Chief General Counsel and Company Secretary; Chief Corporate Development Officer.	The inside information disclosure committee assists the Company in its obligations to manage the process of the identification and treatment of inside information, including accurate and timely disclosure in accordance with the Company's legal and regulatory responsibilities. The Committee also oversees the management of the Company's insider lists.
HSSE review committee	Chief Executive Officer (chairman); Executive Committee.	The HSSE review committee's key responsibility is to provide effective oversight of the Company's performance and management of HSSE issues across the Group. This includes the evaluation of the effectiveness of the Group's policies and management systems in respect of managing health, safety, security and environmental risk in both current and future operations.
Pensions and retirement benefits committee	Chief Financial Officer (chairman); Chief General Counsel and Company Secretary; Chief People Officer; Head of Group Pensions.	The pensions and retirement benefits committee reviews and recommends the establishment of any new or replacement pension arrangements, any material amendments to existing pension schemes, and the discontinuance, winding up or merger of any existing arrangement. It also agrees with the trustees of those pension arrangements appropriate funding plans to secure the benefits promised.
Risk committee	Chief Executive Officer (chairman); Chief Financial Officer; Chief General Counsel and Company Secretary; Company Commercial Director; Head of Risk Management and Insurance.	The risk committee performs an integral role in the governance of risk within Amec Foster Wheeler by providing advice and assistance to the board enabling it to fulfil its responsibilities in determining the risk appetite of the Group and the effectiveness of the risk management and internal control systems that support it. It also reviews the Amec Foster Wheeler plc risk register and the potential impact of any issues on the risk appetite and the risk profile of the Group. It reports on key risk issues such as new business and geographical locations and also makes recommendations on the insurance programme for the Group.
Share allotment committee	Any two directors or a director and the Chief General Counsel and Company Secretary or the Deputy Company Secretary (the chairman to be appointed from those directors present).	The share allotment committee approves the allotment of new shares or the issue of existing shares held in treasury following the exercise of options under the Savings-Related Share Option Scheme.
Tender review committee	Chief Executive Officer (chairman); Chief Financial Officer; Chief General Counsel and Company Secretary; Head of Risk Management and Insurance; Company Commercial Director.	The tender review committee primarily reviews and approves proposed tender submissions for contracts to be undertaken by the business lines that are outside the delegated authority of the business line presidents. Higher risk contracts with an estimated revenue in excess of US\$750m also require the approval of the board.
Transformation steering committee	Executive Committee (the chairman being either the Chief Executive Officer or the Chief Transformation Officer)	To set the ambition and then maximise the value achieved from the transformation programme in each of the workstreams and across the Company operations and functions. Workstreams range from: strategy, organisational design, operating model, driving competitiveness, business development, through to back office systems and global business services.

Accountability

Risk management and internal control systems

The board has overall responsibility for setting Amec Foster Wheeler's risk appetite, and for maintaining sound risk management and internal control systems. Responsibility for risk management activities and practices, and internal control systems, is undertaken on behalf of the board by the audit committee and risk committee, both of which provide reports to the board on their work. Regular reviews of the effectiveness and adequacy of the Group's financial, operational, compliance and risk management systems are undertaken and considered by the board. These systems can, however, only provide reasonable assurance against material misstatement or loss, as they are designed to manage rather than eliminate the risk of failure to achieve business objectives.

The internal control processes are complemented by an annual control self-assessment exercise carried out by the principal businesses. This covers health, safety and environment, legal, commercial and contractual, financial, information technology and human resources. The results are reviewed by the board, through the audit committee, as part of the ongoing internal control monitoring process.

Amec Foster Wheeler has interests in a number of joint arrangements where controls may not be reviewed as part of the Group's formal corporate governance process because of the joint management responsibilities. Responsibility for such reviews rests with the joint venture and joint operations boards and these are reviewed from time to time as part of Amec Foster Wheeler's normal internal audit process. Details of the Company's related undertakings can be found on pages 212 to 221.

The board and its committees have an ongoing process that is reviewed regularly by the board for identifying, evaluating and managing the principal risks faced by Amec Foster Wheeler, including strategy, major projects to be undertaken, significant acquisitions and disposals, as well as entry into and exit from different markets. This process and the associated internal control systems accord with the September 2014 Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Where appropriate, business decisions are reached following a structured and documented review of potential opportunities and threats, taking steps designed to manage or mitigate any risk exposure.

The threats and opportunities associated with tender submissions are reviewed by commercial review boards at various levels in the Group in line with the delegated authorities. Tenders that are outside the delegated authority of the business lines are also reviewed by the tender review committee and, in addition, tenders for entering into high-risk contracts with an estimated revenue in excess of \$750m are approved by the board. The most significant contractual issues in terms of risk require the approval of the relevant business line lead and the business line Company Commercial Director.

As a result of its ongoing involvement in and overview of risk management and internal control systems across the Group, the board is satisfied that the systems in place remain effective. Further details of the Group's risk management process, including reporting and monitoring, and roles and responsibilities, can be found on page 28.

A significant programme of work was undertaken following the acquisition of Foster Wheeler to integrate the control framework and risk and control systems with those of the wider group, and 2015 saw the Group reach full compliance with our obligations under the US Sarbanes-Oxley Act of 2002 (SOX). Work continued during 2016 on the continued development and refinement of the Group's obligations under SOX. Pursuant to section 302 of SOX, we have again carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) under the supervision and the participation of the Executive Committee, which is responsible for the management of the internal controls, and which includes the Chief Executive Officer and the Chief Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation as at 31 December 2016, we have concluded that the disclosure controls and procedures (i) were effective at a reasonable level of assurance as of the end of the period covered by this annual report in ensuring that information required to be recorded, processed, summarised and reported in the reports that are filed or submitted under the Exchange Act, is recorded, processed, summarised and reported within the time periods specified in the SEC's rules and forms and (ii) were effective at a reasonable level of assurance as of the end of the period covered by this annual report in ensuring that information to be disclosed in the reports that are filed or submitted under the Exchange Act is accumulated and communicated to the Executive Committee, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Pursuant to section 404 of SOX, under the supervision and the participation of the Executive Committee, which includes the Chief Executive Officer and Chief Financial Officer, management is responsible for establishing and maintaining adequate internal control over financial reporting. We have carried out an evaluation of the effectiveness of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Based on this evaluation, we have concluded that our internal control over financial reporting was effective as at 31 December 2016.

Ernst & Young LLP has audited the consolidated financial statements for the year ended 31 December 2016 and has also assessed the effectiveness of our internal control over financial reporting. Their attestation report can be found on page 103.

During the period covered by this annual report, we have not made any changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Audit committee

The audit committee's main objective is to assist the board in fulfilling its oversight responsibilities, by providing independent scrutiny of the company's financial and non-financial performance, the adequacy of the risk management framework and internal controls, and related governance and compliance matters. The committee members' wide diversity of experience and knowledge helps to achieve these objectives, and to provide constructive challenge and guidance to the senior management team.

Dear Shareholder

I am pleased to present our annual audit committee report and trust it will give you insight to the workings of this committee and the matters we considered during 2016. The committee had another busy year, during which it oversaw management's refinements to its second year Sarbanes-Oxley compliance programme (SOX). These refinements are designed to make the Group's SOX processes more resilient and efficient, and this work will continue throughout 2017 as the Group restructures and the announced asset disposals take place.

A new Director of SOX, with extensive experience, was appointed in May last year and directly updated the committee at each of its meetings on the Group's SOX programme. As committee chairman, I also met separately on a regular basis with senior management, the Head of Group Assurance for internal audit and SOX matters, and, the external service provider engaged to underpin the group's SOX programme. As you would expect, the external auditor reviews our SOX processes throughout the year and has provided regular feedback directly to me and the committee.

As I said in my 2015 statement, bringing two sizeable, complex, and wide ranging companies together makes for a challenging environment, particularly around business culture, systems, policies and procedures. Management continues to consolidate its systems, culture, and mandatory policies, procedures, and controls across the integrated business. Your committee and the board continue to give high priority to these areas and focus strongly on management's adherence to the revised arrangements. Your committee has a number of inputs that keep it appraised of how well management is doing in this regard, not least the valuable reports the committee receives from the external and internal auditors, which are reviewed at every audit committee.

The committee continued to oversee the internal and external audit activities to monitor the capability and resources of both the internal audit and SOX teams. The committee and your board are well aware of the ever increasing cyber threat, and management has appointed a new Chief Information Officer and a new Chief Information Security Officer, to refresh and bring new insights and focus to this area of risk.

Our principal objectives are to be proactive and to provide constructive challenge of the information we receive, particularly the integrity of the Group's financial statements, significant areas of judgement, other relevant financial information and overall risk appetite. Throughout the year the committee has received timely and relevant information from management. These reports have been appropriate, concise, and transparent, which has enabled your committee to discharge its duties effectively.

Finally, on behalf of the committee, I would like to thank Neil Carson for his service to the committee over the past six years and to welcome Roy Franklin and Bob Card, who between them bring considerable industry experience to this committee and the board.



Colin Day

Chairman of the audit committee

25 April 2017

Accountability continued

Audit committee continued

Members

The committee meets at least three times each year and the quorum for the committee is two members.

Membership and attendance of the audit committee up to 31 December 2016

	Scheduled	Unscheduled
Colin Day (Chairman)	3/3	2/2
Linda Adamany	3/3	2/2
Neil Carson	3/3	1/2
Stephanie Newby	3/3	1/2

There were three scheduled audit committee meetings in 2016 and two unscheduled meetings. The unscheduled meetings were arranged at very short notice and two members had prior commitments.

Colin Day has relevant and recent experience in auditing and accounting and the board considers that he has sufficient financial experience and qualifications to satisfy the criteria under US rules for an audit committee financial expert. The audit committee as a whole has competence relevant to the sector in which the company operates. Biographies of all committee members can be found on pages 47 to 49.

Following Neil Carson's retirement from the committee at the end of 2016 and Roy Franklin and Bob Card joining the committee, the membership of the committee currently comprises Colin Day (Chairman), Linda Adamany, Stephanie Newby, Roy Franklin and Bob Card.

The Company Chairman, the executive directors, the Chief General Counsel and Company Secretary, the Group Financial Controller, the Group Chief Accountant, the Head of Group Assurance, the Company Commercial Director and representatives of the external auditor also attended meetings throughout the year.

During 2016, the committee met separately with the external auditor, the Head of Group Assurance and the Chief Financial Officer, in each case without others being present.

During the year the committee's terms of reference were reviewed and updated to reflect the 2016 UK Corporate Governance code, updated FRC Guidance for Audit Committees including their revised Ethical Standard for non-audit services, and changes to the Disclosure and Transparency Rules. These are available to view at amecfw.com.

Key responsibilities

The committee's key responsibilities are:

- ▶ reviewing the annual and half-yearly financial statements with particular focus on key accounting and audit judgements and making recommendations to the board for their approval
- ▶ monitoring the clarity of disclosures, the going concern assumptions, the viability statement and compliance with IFRS
- ▶ reviewing and monitoring the internal controls and risk management systems, in particular internal controls over financial reporting
- ▶ overseeing the relationship with the external auditor including the approval of the engagement letter, letter of representation and statutory and non-audit fees, with particular focus on independence and rotation in accordance with UK and US rules or requirements
- ▶ promoting an effective internal audit function
- ▶ overseeing the Company's compliance with the London and New York stock exchanges, FCA and SEC requirements
- ▶ reviewing arrangements whereby staff may raise concerns about any suspected or known improprieties and ensuring that such matters are investigated and appropriate actions taken
- ▶ monitoring and reviewing UK corporate governance and US SOX compliance
- ▶ receiving the reports of the disclosure committee

Activities of the committee

In 2016, as part of the internal review of board and committee effectiveness, respondents were asked about the perceived performance of the audit committee. This was very highly rated overall.

In preparation for each meeting, the Chief Financial Officer prepares an extensive report covering all material financial, tax and treasury matters. Particular areas of focus in 2016 included:

- ▶ consideration of revenue recognition, which is by necessity based on management estimates and assumptions, particularly with regard to timing and consideration of the Group's policy for aged work in progress and receivables. In conjunction with the external auditor, these judgements were scrutinised, especially with regard to end-life forecast estimates
- ▶ provisions and estimates (including for litigation) within the accounts. The committee, in conjunction with the external auditor, spent time focusing on these areas and on satisfying itself as to their appropriateness, particularly for legacy liabilities

- ▶ contract risks and material contracts showing a deteriorating position over time, including the monitoring of management's early warning system to increase visibility of underperforming material contracts
- ▶ the Foster Wheeler allocation of goodwill and impairment testing arising from the acquisition, in respect of which the committee continued to challenge and stress test the assumptions made within the goodwill and intangible asset impairment review process
- ▶ appropriate accounting for assets identified as non-core and whether they met the accounting definition of 'held for sale' or discontinued operations
- ▶ the classification of costs as exceptional, with costs of £135m incurred in 2016 in restructuring and integration activities presented as exceptional costs
- ▶ adequacy of provisioning for legacy liabilities, including the accounting for asbestos and environmental liabilities
- ▶ accounting for taxation including the recognition of deferred tax and assets relating to research and development government credits and monitoring the outcome of recent EU cases on tax rulings and the adequacy of any required contingent liability disclosures
- ▶ reviewing and challenging the papers prepared as part of management's assessment of going concern and the assurance of the Group's viability statement
- ▶ holding discussions with the external auditor in relation to going concern and considering the opinion given in its audit report
- ▶ reviewing the disclosures made in the Annual Report and Accounts to ensure that they are fair, balanced and understandable
- ▶ the ongoing quality and acceptability of the Group's accounting policies, procedures, systems and internal controls
- ▶ the ongoing SOX programme oversight and the risk and control matrices and key controls to meet the SOX control objectives
- ▶ a review of the audit procedures required in order to meet the requirements of the SEC and Public Company Accounting Oversight Board (PCAOB) in the US
- ▶ as part of the Chief Financial Officer's report, the committee received details of all breaches of treasury policy, which were minor in nature. This enabled the committee to see how these issues are identified and addressed to ensure they do not become more significant matters. In the year, minor breaches were identified in relation to bank counterparty limits, but none was considered to be material

In its reviews of the full and half-year results, particular emphasis was placed on contractual issues where the reported financial position was analysed and discussed in the Chief Financial Officer's report and the findings validated by means of in-depth questioning.

At the request of the board, the committee also reviewed and provided advice on whether the annual report and accounts, when taken as a whole, are fair, balanced and understandable, to enable the Company's shareholders to assess the Company's performance, business model and strategy.

In coming to its view that it was satisfied with the overall fairness, balance and clarity of the document, the committee took into account:

- ▶ its own knowledge of the Group, and its strategy and performance in the year
- ▶ the comprehensive guidance provided to all contributors to the annual report and accounts
- ▶ a thorough internal verification of the factual content within the document
- ▶ the comprehensive reviews undertaken at different levels in the Group to ensure consistency and overall balance
- ▶ a detailed review by senior management

Internal controls and risk management

The committee reviews the processes by which the Company's control environment is evaluated. A control risk self assessment is undertaken every year, with comprehensive integrity checks, and the exercise in 2016 identified no significant areas of concern. The Group's senior management is formally required to confirm compliance within their businesses with the Group's Code of Business Conduct, its policies and procedures and any areas of concern need to be fully explained and addressed. A revised Code of Business Conduct was introduced in 2015.

The Head of Group Assurance reports to the committee on any alleged or suspected wrongdoings reported through the independently operated helplines or otherwise. All such incidents in the year were investigated and did not reveal any significant internal control failures or have a material financial impact at Group level.

In a few instances, disciplinary action was taken against employees, which led to dismissal where warranted.

The committee's primary responsibilities in relation to risk management are in ensuring that robust processes are in place for managing risk throughout the Group.

The Group's principal business and strategic risks are shown in the strategic report on pages 29 to 31 and the approach to managing risk is shown in more detail on pages 28 and 64.

Accountability continued

Audit committee continued

Internal audit

In 2016, the committee continued to monitor and review the operation of the internal audit function, receiving a full report at each meeting from the Head of Group Assurance. The Head of Group Assurance formally reports to the committee chairman.

The findings of each internal audit review are summarised and the committee focuses its discussions on unsatisfactory findings and on the action plans in place to address them. Particular areas of focus during 2016 included a number of identified low level frauds, and a focus on project controls, IT security and shared services. Concerns were also raised about an increase in the number of control-related issues and the reasons for this.

Staffing levels of the internal audit function are kept under constant review. A recommendation was made by the committee to increase the team size to meet increasing demands and to augment geographic coverage. This was endorsed by the board.

External audit

During 2016, the committee continued to oversee the relationship with the external auditor, Ernst & Young LLP (EY). The committee reviews both the procedure for the engagement of the external auditor and the procedure for the appointment of the external auditor every year. In 2016 both procedures met both UK and US requirements.

Each year the relevant audit risks are assessed and EY's views are presented to the committee. During the year, the significant risks identified by EY were appropriateness of revenue recognition on contracts, legacy liabilities including asbestos, impact of tax planning, recognition of deferred tax assets and R&D tax credits and risk of fraud and management override. Other risk areas included going concern and accounting for disposals and assets held for sale, presentation of exceptional items, valuation of pension assets and liabilities, share based payment accounting and quality of earnings.

Throughout the year and in conjunction with EY, the committee challenged management and assured itself that the risks were being addressed and that reporting on the matters was balanced.

Examples of these challenges included, the assessment of the accounting position taken on a fixed price US government project in the Pacific, the appropriateness of the liabilities recorded in respect of disputes with customers relating to projects undertaken on a gold mine in Southern Africa and an oil refinery in India and accounting for projects in the Group's transmission and distribution business. Other challenges included those related to the estimates applied in the performance of the Group's annual goodwill impairment review, particularly in North America, and those taken in the determination of the Group's asbestos related liability. The committee also discussed the appropriateness of the Group's application of accounting policies for the recognition of liabilities for outstanding debtors, work in progress, uncertain tax positions and deferred tax assets.

The audit differences and quality of earnings schedule for the year ended 2016 were presented by EY at the meetings held in February 2017 and April 2017. The value of unadjusted differences and the quality of earnings high-level review of the impact of items that could be considered non-recurring in nature were discussed in detail. The audit differences were not considered to be material and the quality of earnings was considered appropriate overall.

On behalf of the committee, the Head of Group Assurance undertakes an annual assessment of the effectiveness of the external auditor. The views of senior members of the finance teams throughout the Group are sought, as well as qualitative feedback. Responses are measured and directly compared with previous surveys, so that progress can be monitored.

The external auditor effectiveness review for the 2015 year end was presented to the August 2016 committee meeting, no major issues were identified by management. The 2016 effectiveness review will be undertaken after the year-end process has been completed and the results will be presented to the committee in August 2017. The results of that review will be reported in next year's report.

EY were appointed as Amec Foster Wheeler's external auditor in 2010, following a formal tender process. As the audit partner responsible for the Group audit had been in place for five years, a new audit partner (Colin Brown) was appointed for the 2015 audit. The committee takes account of and endorses the relevant provisions of the UK Corporate Governance Code with regard to the appointment of the external auditor, which means that the external audit contract will be put out to tender at the latest by 2020, subject to any further regulatory change. The committee also considers that the process complies with the provisions of the Competition and Markets Authority (CMA) Order for UK audit market published on 26 September 2014.

Amec Foster Wheeler has formal procedures relating to its relationship with the external auditor including for the provision of non-audit services, to ensure that such work does not impair the external auditor's objectivity and independence. This procedure clearly outlines the category of work the external auditor is permitted to carry out and the rules governing what is not permitted. The procedure follows the guidelines and requirements set out by the Institute of Chartered Accountants in England and Wales and has been amended to take account of the 2016 FRC revised Ethical Standard for non-audit services, which prohibited certain services previously permitted (including the majority of tax services) and limited the pre-approval of other services at a level of fees which would be clearly trivial with effect from 1 January 2017. In addition, the requirements of SOX and the PCAOB are taken into account. In addition, all non-audit services performed by the external auditor will be disclosed to investors in the company's periodic reports.

The process is continually monitored by the Head of Group Assurance and details of all 'other services' performed are formally presented to the audit committee twice a year. It is the responsibility of the audit committee to monitor the overall level of non-audit fees relative to audit fees from an independence point of view and to confirm that auditor independence has been safeguarded. If there are any concerns about this, for the avoidance of doubt, the undertaking of such work would not be permitted.

Fees payable by the Group to the Company's statutory auditor, EY, and its associates were as follows:

	2016 £m	2015 £m
Audit fees:		
Audit of the Company's accounts	3.6	4.1
Audit of the accounts of the Company's subsidiaries	1.6	1.4
	5.2	5.5
Tax fees:		
Tax compliance services	0.2	0.9
Tax advisory services	—	—
	0.2	0.9
All other fees:		
Corporate finance transactions	1.2	0.9
Other non-audit services	0.1	0.2
	1.3	1.1
	6.7	7.5

Fees for the audit of the Company's accounts relate to the audit of the parent company's accounts and the consolidated financial statements.

All EY's fees for non-audit work in 2016 were approved in accordance with the Company's policy covering non-audit services. As a result of the application of this policy and additional discussions with EY, the directors do not believe that EY's independence has been compromised because of this additional work on behalf of the Company.

Accountability continued

Health, safety, security, environmental and ethics (HSSEE) committee

The HSSEE committee assists the board in upholding the Company's principal value of doing the right thing. The committee reviews the HSSE policy statement and satisfies itself that all significant HSSE and ethics risks are identified and controlled.

Dear shareholder

This was the HSSEE committee's second year of operation. The committee provides an additional level of governance in respect of Amec Foster Wheeler's health, safety, security, environmental and ethics activities, reflecting their fundamental importance to the way the business operates.

The Company has embarked on a significant programme of transformation but some things will not change. The first is our absolute commitment to protecting the health, safety and well being of our people. They have the right to work in a safe and secure environment, and we remain focused on our Beyond Zero initiative, which aims to deliver first-class protection from harm for our people, our assets, our environment and our customers.

The new operating model will help us to achieve our HSSE goals. Business functions, including HSSE, now have a direct reporting line into the same functions at Company level. This will drive standardisation and common policies and procedures across the organisation, and ensure they are embraced everywhere we work.

Our insistence on the highest standards of business ethics is also unchanged and we have zero tolerance for violations of our Code of Business Conduct. The Company has a strong framework to ensure that our employees, and those who work with and for us, act with integrity wherever they are based. Our employees can use a third-party reporting system to report any concerns in complete confidence. All calls are investigated and actions taken where appropriate.

This coming year will see us focus on becoming a zero incidents organisation, in line with our Beyond Zero ambition and embedding the HSSE function through the new organisational structure.



Linda Adamany

Chairman of the Health, Safety, Security, Environmental and Ethics Committee

25 April 2017

Members

The HSSEE committee comprises only independent non-executive directors. The quorum for the committee is two members. In 2016 there were three scheduled committee meetings held, and no unscheduled meetings.

The Company Chairman, the executive directors, the Chief General Counsel and Company Secretary, the Head of Ethics & Compliance and the Chief HSSE Officer also attend each meeting by invitation.

The membership of the committee is detailed below.

Membership and attendance of the HSSEE committee during 2016

	Meeting attendance
Linda Adamany (Chairman)	3/3
Neil Carson	2/3
Stephanie Newby	3/3
Kent Masters	3/3

Bob Card joined the committee on 1 March 2017.

Key responsibilities of the HSSEE committee

The committee reviews Amec Foster Wheeler's HSSE policy at least annually to ensure it remains fit for purpose and meets legal and regulatory requirements in all respects. It also examines the processes in place to satisfy itself that all significant health, safety, security and environmental risks are identified and mitigated.

The committee oversees the operations and activities of the HSSE review committee which is a management committee, details of which are outlined on page 63.

The committee reviews and monitors business ethics within the Group, including compliance with relevant legislation, regulation and current best practice. It also reviews and approves the Group's Code of Business Conduct at least annually.

It considers and reviews the scope and planning of all ethical compliance activity within the Group and reviews the extent and effectiveness of the Group's internal training and external reporting of compliance and ethics matters.

In the event of an actual or suspected material breach of the Code of Business Conduct or any other serious matter, a member of the committee will normally take responsibility for and manage any investigation into the relevant matter with the support of the Chief General Counsel and Company Secretary.

Activities of the HSSEE committee

The committee reviewed the revised Amec Foster Wheeler Code of Business Conduct in August 2016 and endorsed its content. This document has also been translated into Russian and is now available in 14 different languages.

During the year all concerns raised in Amec Foster Wheeler in respect of alleged or suspected ethical breaches, most of which were reported through the independent third-party reporting systems were taken seriously and investigated. The outcome of these investigations resulted in disciplinary action where appropriate as well as enhancements to the existing control environment where necessary.

A new Head of Ethics & Compliance joined the Company in 2016 and presented his 12 month strategy to the committee, which included a review and consolidation of the current mandatory processes, a review of the onboarding process for new employees and a review and refresh of the ethics and compliance training materials.

The Global Head of HSSE left the business in 2016 and therefore a search for a replacement began. The Occupational Health and Environmental Manager covered the role on an interim basis until the new Chief HSSE Officer joined the Company from an equivalent position at Weatherford International plc at the end of February 2017.

Areas of focus during the year included risk mitigation and high potential incidents, particularly those that occurred within joint ventures. The committee was pleased to note the deep dive reviews that were undertaken in respect of each incident and that the outcomes and lessons learned were taken on board throughout the business.

As part of the internally conducted board and committee effectiveness review undertaken in 2016, respondents were asked about the performance of the HSSEE committee. The committee's oversight of business HSSE and ethics within the Company, including compliance with relevant regulations and best practice was rated highly. The importance of setting priorities with management with respect to HSSE matters was noted.

The committee also reviewed its terms of reference in December 2016 and recommended to the board that the terms of reference remained fit for purpose and continued to meet the Group's requirements.

Remuneration

Remuneration committee

The remuneration committee's aim is to operate a reward policy that promotes the future success of the business.

Dear shareholder

I am pleased to introduce my first Directors' Remuneration Report as Chairman of the committee having taken over the role from Neil Carson on 1 January 2017.

Board changes

2016 has been a year of change for Amec Foster Wheeler. Jon Lewis was appointed as the new Chief Executive Officer on 1 June 2016. His salary was set at £775,000 p.a. His incentive opportunities are in-line with our policy and the arrangements for the previous Chief Executive Officer. As we previously announced on his appointment an award was made to Jon Lewis to compensate him for remuneration foregone on leaving his previous employer which was structured broadly on a like for like basis. Further details are provided on page 78.

Remuneration for 2016

The stretching performance targets set for the annual bonus have not been met and therefore no bonus will be paid to executive directors in respect of 2016. EPS targets set for the LTIP awards made in 2014 under the Performance Share Plan were not met and TSR performance was below median. No portion of this award therefore vested.

Remuneration arrangements for 2017

There are no changes to the annual STIP and LTIP opportunities for the year. Base salaries were reviewed with effect from 1 April 2017. There will be no increase in salary for the Chief Executive Officer and Chief Financial Officer.

In light of the offer from John Wood Group the committee approved some changes to the annual bonus measures for 2017 to simplify the structure and focus management on key business imperatives for 2017. The performance measures for the 2017 bonus will be EBITA (50%) and Other Key Financial and Operational objectives (50%). Further details are provided on page 74. In line with our past practice, the actual targets and outcomes will be disclosed after the end of the year.

As set out in the 2015 Directors' Remuneration Report, for 2016 LTIP awards we introduced a third performance measure relating to the implementation and execution of our strategy. The measure accounted for 40% of the award, with EPS growth and relative TSR performance each being weighted at 30%. We intend to keep the same performance measures and weightings for 2017 awards.

Since Jon Lewis was appointed, the committee have been working with him to establish strategic performance measures which are aligned with the strategy for the business that he has developed. The metrics against which performance will be assessed for 2016 and 2017 LTIP awards relate to the following areas of the strategy:

- Operational discipline
- Competitiveness
- Balance sheet efficiency
- Our people and culture

The committee believes that delivering in these areas is critical to the long-term success of the business. Further details of the measures are provided on page 75.

The arrangements described above will be operated under the existing Directors' Remuneration Policy. The policy is not due for renewal until our AGM in 2018.

Conclusion

The committee believes that the overall approach to the remuneration of the Executive Directors is appropriate to the circumstances of the business. We look forward to receiving your support in the vote on the annual remuneration report at our AGM.



Roy Franklin

Chairman of the remuneration committee

25 April 2017

Membership and attendance of the remuneration committee up to 31 December 2016

	Scheduled	Unscheduled
Neil Carson (Chairman)	3/3	1/2
Linda Adamany	3/3	2/2
John Connolly	3/3	2/2
Colin Day	3/3	1/2

The quorum for the committee is two members. There were three scheduled and two unscheduled meetings held in 2016. The first unscheduled meeting was called to discuss and agree the terms of Samir Brikho's termination of employment; the second was held in respect of the appointment of Jon Lewis as Chief Executive Officer. Neil Carson and Colin Day were each unable to attend one unscheduled meeting due to pre-existing commitments.

The Chief Executive Officer, the Chief People Officer and other members of management attend meetings by invitation but not when their own remuneration is being discussed.

Neil Carson continued to chair the committee in 2016 until his resignation from the board on 31 December 2016, after being appointed Chairman of the committee in May 2015. Roy Franklin was appointed as Chairman of the committee from 1 January 2017.

In considering the matters within its remit, the committee takes account of recommendations from the Chairman in respect of the Chief Executive Officer and from the Chief Executive Officer in respect of the other executive directors and designated executives.

The committee is independently advised by Deloitte. Deloitte were appointed by the committee following a competitive tender in 2015.

During the year Deloitte also provided advice to management in relation to market practice relating to various aspects of remuneration and the interpretation of the Remuneration Reporting Regulations. Separate teams within Deloitte provided unrelated advisory services in respect of business model integration, research, development and innovation taxation, treasury taxation, corporate finance and treasury services to the Group during the year.

Deloitte is one of the founding members of the Remuneration Consultants Code of Conduct and adheres to this Code in its dealings with the committee. The committee is comfortable that the Deloitte LLP engagement partner and team that provide remuneration advice to the committee do not have connections with the Company that may impair their independence. The committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. The committee is therefore satisfied that the advice provided by Deloitte is objective and independent.

Deloitte was paid £29,280 during the year for the advice provided to the committee on the basis of time expended and seniority of individuals providing the advice.

The committee is also supported by the Company's human resources department who may from time to time use third parties to provide data and technical advice.

The committee normally meets three times a year and has an established annual agenda of items that it considers at the various meetings, the major elements of which are summarised below:

March	<ul style="list-style-type: none"> ▶ Confirmation of short and long-term incentive outcomes. ▶ Approval of Directors' remuneration report. ▶ New long-term incentive awards. ▶ Review of individual base salaries and total remuneration.
August	<ul style="list-style-type: none"> ▶ Shareholder feedback/consultation. ▶ Remuneration policy and practice. ▶ Committee processes and appointment of consultants.
December	<ul style="list-style-type: none"> ▶ Incentive plan targets.

Remuneration continued

Directors' remuneration report

Annual report on remuneration

Remuneration policy

There are no changes proposed to remuneration policy for 2017 from that approved by shareholders at the AGM on 14 May 2015. For reference the policy is set out in full on pages 83 to 88. In accordance with the legislation we shall submit a new policy for shareholder approval at the 2018 AGM.

Application of remuneration policy for 2017

Changes to base salaries for executive directors

The base salaries of the Chief Executive Officer and Chief Financial Officer are not being increased in 2017. Jon Lewis' salary was set on his appointment to the board on 1 June 2016. Between the date the previous Chief Executive Officer stepped down from the board to the date of the new Chief Executive Officer's appointment, Ian McHoul took on the role of interim CEO and received an acting up allowance equivalent to £100,000 for the period (£240,000 per annum). His salary for the role of Chief Financial Officer last increased on 1 January 2014. The effective annualised salaries of each of the directors are shown below.

Going forward, the effective date of any salary increases for the executive directors has been changed to 1 April from 2017, in line with all other employees.

	2017	2016	% change
Jon Lewis	£775,000	£775,000	n/c
Ian McHoul as Chief Financial Officer	£530,000	£530,000	n/c

Annual bonus measures and targets

The following bonus measures and their weightings (maximum opportunity as a percentage of base salary) have been agreed by the committee for 2017. The committee approved some changes to the annual bonus for 2017 to simplify the structure and focus management on key business imperatives for 2017.

Measure	Jon Lewis	Ian McHoul
EBITA	75%	62.5%
Other Key Financial and Operational Objectives	75%	62.5%
Totals	150%	125%

Other Key Financial and Operational Objectives include Cash Flow and Cost Savings for both Chief Executive Officer and Chief Financial Officer and otherwise comprise individual objectives relating to the specific short-term imperatives for their respective roles. The specific targets against these measures are commercially sensitive and may be subject to revision. They will be disclosed retrospectively in next year's report to the extent that they do not remain commercially sensitive at that time.

Long-term incentive awards

Awards with a face value equivalent to 250% of base salary are being made to Jon Lewis and Ian McHoul in 2017 in line with previous years. In line with 2016, 30% of the award will be subject to a comparative TSR measure, 30% to an EPS performance measure and 40% to a strategic scorecard measure, each of which will be tested over three financial years. For each measure, 25% of that part of the award is paid for threshold achievement and 100% for maximum achievement with straight-line vesting in between.

TSR will be measured against a peer group comprising Amec Foster Wheeler and UK and international companies against which Amec Foster Wheeler competes directly. Some changes have been made to the comparator group for 2017 awards compared to 2016 to reflect corporate activity in the sector. The comparator group for the 2017 awards will therefore be as set out below. Threshold vesting occurs at median ranking and maximum at upper quartile ranking or higher.

Comparator group in respect of 2017 awards

Aecom Technology	USA	McDermott International	USA
Aker Solutions	Norway	Petrofac	UK
Amec Foster Wheeler	UK	Saipem	Italy
Atkins, WS	UK	SNC-Lavalin Group	Canada
Chicago Bridge & Iron	USA	TechnipFMC	France/USA
Fluor	USA	Tecnicas Reunidas	Spain
Granite Construction	USA	Tutor Perini	USA
Jacobs	USA	Wood Group (John)	UK
KBR	USA	Worley Parsons	Australia

The EPS target range will be 50.5 pence per share in 2019 for threshold vesting and 67.1 pence per share for maximum vesting. These targets recognise the continuing challenging market conditions, particularly for the oil and gas services sector. In line with policy, the targets and actual EPS will be adjusted to reflect anticipated corporate transactions and may also be adjusted for certain other defined items.

Annual report on remuneration continued

The structure for the strategic scorecard measure, which is designed to drive and reward delivery on key aspects of our overall strategy, is set out below. The objectives for the 2017 awards will be based on the same areas of the strategy to reflect an ongoing focus on the delivery of operational excellence and business growth as apply to the 2016 awards. The precise metrics used for each awards, however, reflect the evolving priorities over the relevant performance periods. The measurement bases that will apply to 2016 and 2017 awards are summarised below.

Strategic objective	Measurement basis	
	2016 awards	2017 awards
Operational discipline	Roll-out of new strengthened global mandatory procedures and controls	Adherence to new strengthened global mandatory procedures and controls
Competitiveness	Overhead cost savings	Administrative expenses as percentage of revenue
Balance sheet efficiency	Net debt to EBITA ratio for 2018	Free cash flow in 2019
Our people and culture	Execution of employment aspects of the strategy	Execution of employment aspects of the strategy

The specific measures against which performance is assessed and the targets against these are not included in this report because of commercial sensitivity. These, together with the outcomes, will be fully disclosed, subject to any continuing commercial confidentiality, in the directors' remuneration reports for the years in which the awards vest.

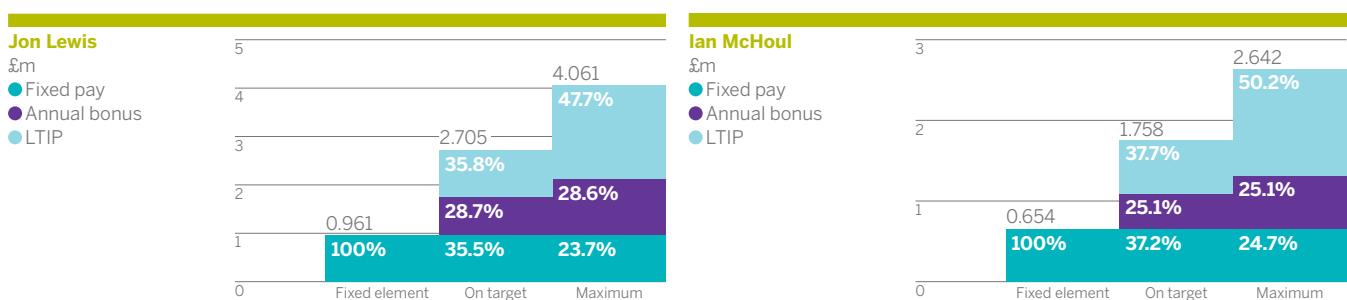
Pensions

Both Jon Lewis and Ian McHoul receive a cash allowance of 20% of salary in lieu of pension benefit. They also have life assurance benefit of four times their base annual salary.

Samir Brikho's existing pension arrangements (explained below) ceased when his employment with Amec Foster Wheeler plc terminated on 31 January 2016.

Illustrations of application of remuneration policy for 2017

The total remuneration for each of the executive directors that could result from the remuneration policy (previously approved by shareholders) in 2017 under three different performance levels is shown below.



Notes

1 Fixed pay is base salary for 2017 plus the value of the pension cash allowance and an estimate of taxable benefits based on 2016 amounts.

2 On target performance is the level of performance required to deliver 66.67% of the maximum annual bonus and 50% of the full LTIP award.

3 Maximum performance would result in the maximum bonus and 100% vesting of LTIP award.

4 LTIP values do not include any change in share price or dividend equivalents.

Changes to Chairman's and non-executive directors' fees

The fees for the Chairman and the non-executive directors are not being increased for 2017.

	2017	2016	% change
Chairman	£318,000	£318,000	n/c
Board fee	£60,500	£60,500	n/c
Audit committee chairman	£30,000	£30,000	n/c
Remuneration committee chairman	£13,000	£13,000	n/c
HSSEE committee chairman	£6,000	£6,000	n/c
Senior Independent Director	£5,500	£5,500	n/c
Non-UK director (additional travel time)	£12,100	£12,100	n/c

Remuneration continued

Directors' remuneration report continued

Annual report on remuneration continued

The information from this point onwards up to and including the statement of directors' share interests and shareholding on page 79 is subject to audit.

Single total figure of remuneration for 2016

The following table shows a single total figure of remuneration in respect of qualifying services for the 2016 financial year for each director, together with comparative figures for 2015.

	Salary/fees £'000		Taxable benefits £'000		Bonus £'000		LTIP £'000		Sharesave £'000		Pension £'000		Acting up allowance £'000		Total £'000			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Executive																		
Jon Lewis*	452	–	165	–	–	–	–	–	–	–	90	–	–	–	707	–	–	
Samir Brikho*	44	954	7	53	–	–	–	–	–	3	21	255	–	–	72	1,265	–	
Ian McHoul	530	530	18	18	–	–	–	–	–	123	106	100	–	–	771	654	–	
Non-executive																		
John Connolly	318	318	–	–	–	–	–	–	–	–	–	–	–	–	318	318	–	
Neil Carson	79	72	–	–	–	–	–	–	–	–	–	–	–	–	79	72	–	
Colin Day	91	91	–	–	–	–	–	–	–	–	–	–	–	–	91	91	–	
Linda Adamany	79	79	–	–	–	–	–	–	–	–	–	–	–	–	79	79	–	
Stephanie Newby	73	73	–	–	–	–	–	–	–	–	–	–	–	–	73	73	–	
Kent Masters	73	61	–	–	–	–	–	–	–	–	–	–	–	–	73	61	–	
Roy Franklin	61	–	–	–	–	–	–	–	–	–	–	–	–	–	61	–	–	
Simon Thompson*	–	29	–	–	–	–	–	–	–	–	–	–	–	–	–	–	29	–
Aggregate directors' emoluments															2,324	2,642	–	

*Samir Brikho stepped down from the board and his role of Chief Executive Officer on 17 January 2016 therefore the amounts above are in respect of the period 1 January to 17 January 2016. Jon Lewis was appointed to the board on 1 June 2016. Ian McHoul received an acting up allowance in respect of his role as interim CEO between 18 January and 31 May 2016. Simon Thompson stepped down from the board in May 2015.

Taxable benefits for the executive directors comprise disability and healthcare insurance, car/travel allowance, working lunches, relocation expenses and tax return preparation assistance. Jon Lewis' taxable benefits relate largely to one-off contractual amounts which were agreed as part of his recruitment, comprising relocation expenses (£142,000) in respect of his relocation from the US to the UK, and professional fees for pre-employment taxation advice (£5,000).

The Sharesave figures shown are the gains made on the exercise of options granted under the Savings-related Share Option Scheme (Sharesave). No Sharesave options were exercised by the executive directors during 2016.

Jon Lewis holds no other director roles. Ian McHoul continued to be a director of Britvic plc and received fees of £64,069 during the year. Samir Brikho continued to be a member of the advisory board of Stena AB and a non-executive director of Skandinaviska Enskilda Banken AB; during the period he was a director of the Company he received fees of SEK 45,411 in relation to the first appointment and SEK 30,740 in relation to the second. Such appointments are subject to prior approval of the board. Directors are permitted to retain fees. (These amounts are not subject to audit and are not included in the single total figure table above.)

Annual report on remuneration continued

Total pension entitlements

The pension amount shown in the 2016 'single total figure of remuneration' above comprises the following:

	Accrued DB pension at 31/12/16 £'000	Value of DB benefit £'000	Cash allowance £'000	Total pension benefit £'000
Jon Lewis	–	–	90	90
Samir Brikho	49	13	7	20
Ian McHoul	–	–	123	123

Samir Brikho had an historic arrangement that provided for a pension payable from age 60 made up of 4.17% of final pensionable salary in respect of service to 31 December 2007 and one-thirtieth of career averaged revalued earnings in respect of each year of service thereafter until the date of leaving on 31 January 2016. Salary and earnings for pension purposes are subject to a cap, which was £161,000 pa for the tax year 2015/16. Samir Brikho also received a cash allowance representing 20% of salary above this cap in lieu of further pension benefit. The cash allowance above relates to the period up to the date he stepped down from the board; the value of his DB benefit is the accrued amount in the year to 31 December 2016.

Jon Lewis and Ian McHoul both received a cash allowance in lieu of pension equal to 20% of base salary during their period of employment in 2016.

Annual bonus

The bonus targets and outcomes against the various performance elements, together with the proportion of overall bonus opportunity that related to each, were as follows:

Measure	Target range	Actual	Weighting
EBITA*	£335-370m	£318m	50%
Cash conversion	80 – 100%	118%	10%
Net debt	(£1,027) – (£727)m	£1,021m	15%
Use of High Value Execution Centre (HVEC)	n/a	n/a	10%
Other strategic objectives	n/a	n/a	15%

*For bonus purposes EBITA (after exceptional items which may be disallowed for bonus purposes at the committee's discretion) is normalised for exchange rate movements and cost of share-based payments: the target and actual figures shown above are before any such adjustments.

The target for the 'Use of HVEC' measure was based on the percentage of addressable man-hours for the company as a whole executed through the HVEC. 'Other strategic objectives' comprise of a range of individual objectives; for Jon Lewis these related to strategy development, business refocusing and cost reduction, safety and compliance, and for Ian McHoul these included a range of activities relating to debt reduction and financing, as well as his role as acting CEO for the first part of the year.

In the light of the overall company position, the committee has determined that no annual bonus payments will be made to executive directors in respect of 2016, notwithstanding that some of the targets were achieved.

Performance Share Plan

The LTIP amount shown in the 2016 'single total figure of remuneration' is the award made under the Performance Share Plan in 2014. Vesting was due to take place on 27 March 2017 and was subject to two performance conditions each measured over three-year periods: (i) earnings per share (EPS*) growth between 2013 and 2016 and (ii) total shareholder return (TSR) relative to a comparator group based on average returns in the final quarter of 2016 compared to those in the corresponding period in 2013. The two performance conditions operate independently on different parts of the award: half of the basic award is dependent on EPS and the other half on TSR; the matched award depends solely on EPS.

*EPS for this measure means the diluted earnings per share expressed to one decimal place of Amec Foster Wheeler plc before goodwill and intangible amortisation, the charge or credits associated with executive share awards and exceptional items. 'Real' growth means in excess of the change in the UK Retail Prices Index for December 2016 compared to December 2013.

The performance achieved against the EPS target and the TSR outcome are as follows:

2013 awards performance measure	Threshold – 25% vesting	Maximum – 100% vesting	Outcome	Percentage of max achieved
Real annual compound growth in EPS	5%	10%	<5%	0%
Total shareholder return ranking	Median	Upper quartile	21st out of 24	0%

Accordingly no shares vested from these awards.

Remuneration continued

Directors' remuneration report continued

Annual report on remuneration continued

Details of share awards during year

A share award with a face value of 250% of normal base salary was made to Ian McHoul on 18 March 2016 under the Long-Term Incentive Plan (LTIP) approved at the 2015 AGM. The face value of the award is based on the share price at the date of award which was £4.968. This award was made in the form of a nil-cost option; such awards may normally be exercised up to 18 months after vesting.

On 1 June 2016, following his appointment to the board, a share award with a face value of 250% of base salary was made to Jon Lewis under the LTIP. The face value of this award was based on the share price at the date of award which was £4.368. The vesting period for this award runs for three years from Jon Lewis' appointment date, in line with the remuneration policy.

The above LTIP awards granted to Ian McHoul and Jon Lewis will vest in March 2019 and June 2019 respectively, subject to the outcome against the performance conditions measured over the three years 2016 to 2018. 30% of the awards are subject to a TSR performance condition, 30% are subject to an EPS performance condition, and 40% are subject to a strategic performance condition as described on page 75. Any shares delivered on vesting/exercise will then be held in trust and subject to a two-year post-vesting holding period in line with policy.

As disclosed when he joined the business in connection with the terms of his recruitment, on 1 June 2016 a further award over 68,681 shares was made to Jon Lewis via a separate award agreement in accordance with the directors' remuneration policy (the "Recruitment Award"). This Recruitment Award was to Jon Lewis to compensate him for remuneration foregone on leaving his previous employer. This Recruitment Award will vest in equal tranches on the first three anniversaries of Jon Lewis' appointment to the board (1 June 2017, 2018 and 2019); there are no other performance conditions attached to the Recruitment Award. The Recruitment Award has been structured broadly on a like for like basis with remuneration foregone. The Recruitment Award will normally lapse if Jon Lewis leaves employment with Amec Foster Wheeler plc before it vests, or if he serves or is served notice, or is subject to disciplinary action at the time of vesting. The Recruitment Award was made as a conditional share award and will vest automatically. It is not pensionable and is not transferrable (other than with the consent of the committee), and no new issue shares or treasury shares will be used to satisfy the Recruitment Award. Certain amendments to the Recruitment Awards which are to Jon Lewis' advantage (other than minor amendments) may not be made without prior shareholder approval. In the event of a change of control and in the absence of an exchange of awards being agreed, the Recruitment Award will normally vest. If there is a variation of share capital (such as a rights issue or consolidation), the number of class of shares subject to the Recruitment Award may be adjusted. The value of this award will be included in the single total figure of remuneration table for the years in which it vests, consistent with our reporting of other share awards.

The table below summarises the share awards made during the year.

Plan	Type of interest awarded	Face value £'000	Percentage vesting at threshold performance	Number of shares	End of performance period
Jon Lewis	LTIP	Conditional award	1,938	25%	443,566
Jon Lewis	Recruitment Award	Conditional award	300	—	68,681
Ian McHoul	LTIP	Nil-cost options	1,325	25%	266,706

*Calculated based on the share price at the date of award of £4.368, £4.368 and £4.968 respectively.

The TSR measure is based on Amec Foster Wheeler's ranking against the comparator group set out below based on the average share price over the final quarter of 2018 compared to the corresponding period in 2015. The threshold for any vesting to occur is that Amec Foster Wheeler needs to be ranked at median or higher. If upper quartile ranking is achieved, full vesting will occur. Vesting is on a straight-line basis between these threshold and maximum targets.

Comparator group in respect of 2016 awards

Aecom Technology	USA	McDermott International	USA
Aker Solutions	Norway	Petrofac	UK
Amec Foster Wheeler	UK	Saipem	Italy
Babcock International	UK	Schlumberger	USA
Cameron International	USA	SNC-Lavalin Group	Canada
Chicago Bridge & Iron	USA	Technip	France
Fluor	USA	Tecnicas Reunidas	Spain
Granite Construction	USA	Tutor Perini	USA
Halliburton	USA	Wood Group (John)	UK
Jacobs	USA	Worley Parsons	Australia
KBR	USA		

Annual report on remuneration continued

The committee has discretion to make adjustments to the list when necessary to take account of mergers, acquisitions or other such events. In April 2016 Cameron International was acquired by Schlumberger and the committee agreed to remove Cameron International from the comparator group. In January 2017 Technip and FMC merged to create TechnipFMC. The committee agreed that the TSR of Technip will be tracked up until the merger, following which the TSR of the new merged TechnipFMC entity will be used.

The EPS measure is based on the earnings per share of Amec Foster Wheeler plc achieved in the final year of the performance period, being 2018. EPS for this purpose is defined as the diluted earnings per share of continuing operations expressed to one decimal place of Amec Foster Wheeler plc before goodwill and intangible amortisation, asbestos-related costs and interest expense (net of insurance recoveries), the charge or credits associated with executive share awards and exceptional items (at the committee's discretion). Threshold (25%) vesting will occur if EPS equals 67.8p and maximum (100%) vesting will occur if EPS equals or is greater than 73.8p, with straight-line vesting for a result between these targets.

The number of shares vesting as determined by the performance conditions outcomes will be increased to take account of reinvested dividends in the period between award and vesting.

Details of the specific companies included in the TSR comparator groups and EPS targets for both the 2014 and 2015 awards were included in the directors' remuneration reports for those years and may be obtained on request from the Company Secretary.

Leaving arrangements for Samir Brikho

Payments were made, in accordance with his service agreement and/or the Company's remuneration policy, to Samir Brikho during 2016 after he ceased employment with Amec Foster Wheeler plc. All details relating to these payments were disclosed in full in the 2015 Directors' Remuneration Report.

No loss of office payments or other payments to former directors were made during 2016.

Directors' share interests and shareholding requirements

As at 31 December 2016 (or in the case of Samir Brikho as at the date he ceased employment), the beneficial interests in the share capital of the Company of the directors and their connected persons were as follows:

	Legally owned shares	Vested but unexercised share options	Unvested share options subject to performance conditions (LTIP and PSP awards)	Unvested share options not subject to performance conditions (Sharesave and Recruitment Award)
John Connolly	92,830	—	—	—
Samir Brikho	1,975,674	—	—	—
Jon Lewis	—	—	443,566	68,681
Ian McHoul	329,538	—	527,871	2,206
Neil Carson**	5,000	—	—	—
Colin Day	23,966	—	—	—
Linda Adamany	3,100	—	—	—
Stephanie Newby	21,899*	—	—	—
Kent Masters	70,000*	—	—	—
Roy Franklin	—	—	—	—

*Held as ADSs

**Neil Carson retired from the board on 31 December 2016.

Details of the unvested options for Jon Lewis and Ian McHoul included in the table above are as follows:

	Date of award	Type of award	Number of shares	Exercise price	Vesting date/Exercise period
Jon Lewis	June 2016	LTIP	443,566	Nil	June 2019
	June 2016	Recruitment Award	22,894	Nil	June 2017
	June 2016	Recruitment Award	22,894	Nil	June 2018
	June 2016	Recruitment Award	22,893	Nil	June 2019
Ian McHoul	October 2013	Sharesave	1,046	£8.60	January to June 2017
	March 2014	PSP	119,908	Nil	March 2017 to September 2018
	May 2015	LTIP	141,257	Nil	March 2018 to September 2019
	October 2015	Sharesave	1,160	£6.795	January to June 2019
	March 2016	LTIP	266,706	Nil	March 2019 to September 2020

All of Samir Brikho's unvested options lapsed on 31 January 2016 on cessation of employment. The PSP award made to Ian McHoul in March 2014 lapsed on 27 March 2017 due to the minimum performance requirements not having been met.

No options were exercised by any of the directors during the 2016 financial year.

Remuneration continued

Directors' remuneration report continued

Annual report on remuneration continued

On 4 January 2017 John Connolly, Ian McHoul and Colin Day acquired 1,442, 28 and 372 shares respectively; all of these were in lieu of the interim dividend paid on 4 January 2017 per the dividend reinvestment plans operated by the nominee accounts in which the relevant shares are held.

There were no other changes in the directors' interests in the share capital of the Company between 31 December 2016 and 10 April 2017. As at 10 April 2017, the shareholdings of each of the directors was less than 1% of the total shares outstanding. No director has used any of their shareholdings in hedging arrangements or as collateral for loans.

Guidelines are in place requiring executive directors and members of the Group Leadership Team to build up and retain a holding of Amec Foster Wheeler plc shares received from incentive plans or purchased and held by them directly or via a nominee. The level of targeted shareholding is 250% of salary for executive directors and 125% for other senior executives. Unvested awards or options, or options which have vested but have not yet been exercised, do not count towards the holding. Until such time as the target level is reached, executive directors are obliged to retain a minimum of 50% (post tax) of any shares vesting to them.

Based on the average share price and salaries during December 2016, the legally-owned shares shown above represented the following percentages of base salary:

Jon Lewis 0%

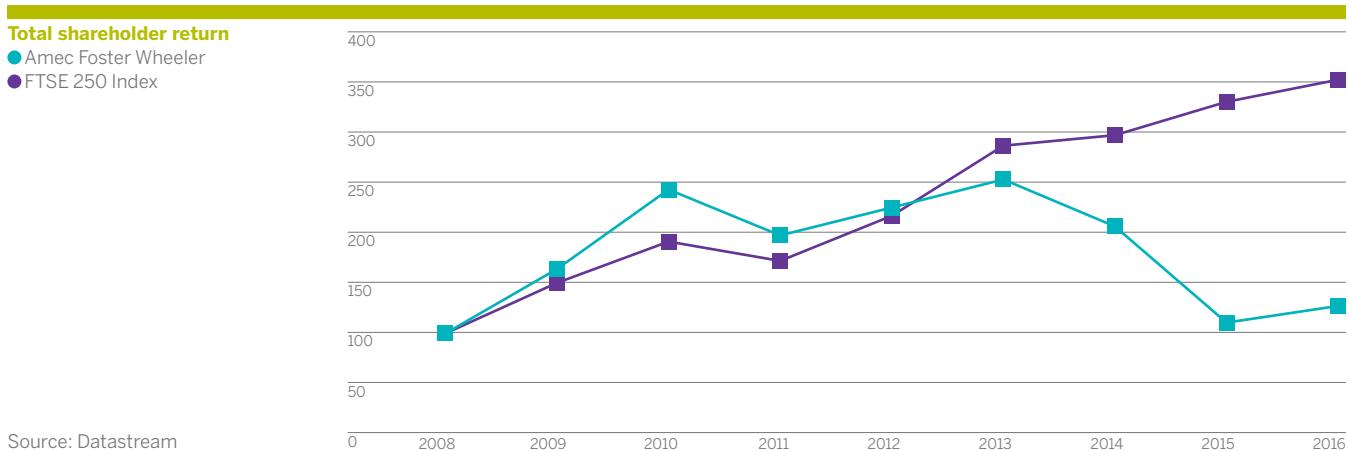
Ian McHoul 286%

Ian McHoul's shareholding is in excess of the shareholding requirement. Jon Lewis' shareholding is currently below the targeted shareholding level due to his recent appointment to the board in June 2016. Under the shareholding guideline Jon Lewis will be required to retain at least 50% of any shares which vest from his outstanding unvested share awards until such time that his shareholding increases sufficiently.

There is no shareholding requirement for the Chairman or non-executive directors.

Total shareholder return

This graph compares the TSR performance of Amec Foster Wheeler plc, assuming dividends are re-invested, with the TSR performance of the FTSE 250 over the period 31 December 2008 to 31 December 2016. The FTSE 250 has been selected as the comparator for the purpose of this chart as it is an all sector index of which the Company is a constituent.



Annual report on remuneration continued

Chief Executive Officer's pay in the last eight years

	CEO	Single total figure of remuneration £'000	Bonus awarded as a % of maximum	LTIP vesting as a % of maximum
2009	Samir Brikho	4,103	58%	100%
2010	Samir Brikho	9,295	97%	80%
2011	Samir Brikho	4,590	64%	71%
2012	Samir Brikho	3,092	57%	50%
2013	Samir Brikho	2,370	52%	19%
2014	Samir Brikho	1,837	41%	0%
2015	Samir Brikho	1,265	0%	0%
2016 (1 January to 17 January)	Samir Brikho	72	0%	0%
2016 (18 January to 31 May)	Ian McHoul	285	0%	0%
2016 (1 June to 31 December)	Jon Lewis	707	0%	0%

The figures for 2016 show amounts by each individual who served as Chief Executive Officer during the year, for the periods only that they held the Chief Executive Officer position. For Samir Brikho, this was the period 1 January to 17 January 2016; for Ian McHoul this was the period 18 January 2016 to 31 May 2016; and for Jon Lewis this was the period 1 June 2016 to 31 December 2016.

Percentage change in Chief Executive Officer's remuneration

The table below shows how the percentage change between 2015 and 2016 in the Chief Executive Officer's salary, benefits and bonus compares with the percentage change in the average of each of those elements of pay for a comparator group of employees. The committee has selected employees in the UK as the comparator group as they have broadly the same structure of remuneration and to eliminate the impact of exchange rate movements if employees in other countries were included.

	Salary			Taxable benefits			Bonus		
	2016	2015	% change	2016	2015	% change	2016	2015	% change
Chief Executive Officer	775	954	-19%	165	48	+244%	0	0	0%
UK staff			+2.6%			0%			-84.2%

The salary, taxable benefits and annual bonus received by Jon Lewis have been annualised to reflect amounts receivable for a full year's service in role, with the exception of the relocation expenses and pre-employment tax advice received by Jon Lewis which have not been annualised given the one-off nature of these benefits (relating to his appointment).

The year-on-year change for UK staff taxable benefits is based on data for tax years ending in 2016 and 2015 averaged over the number of employees in receipt of those benefits. The year-on-year changes for UK staff salary and bonus are based on the aggregate amounts paid in each year divided by the average number of employees in that year.

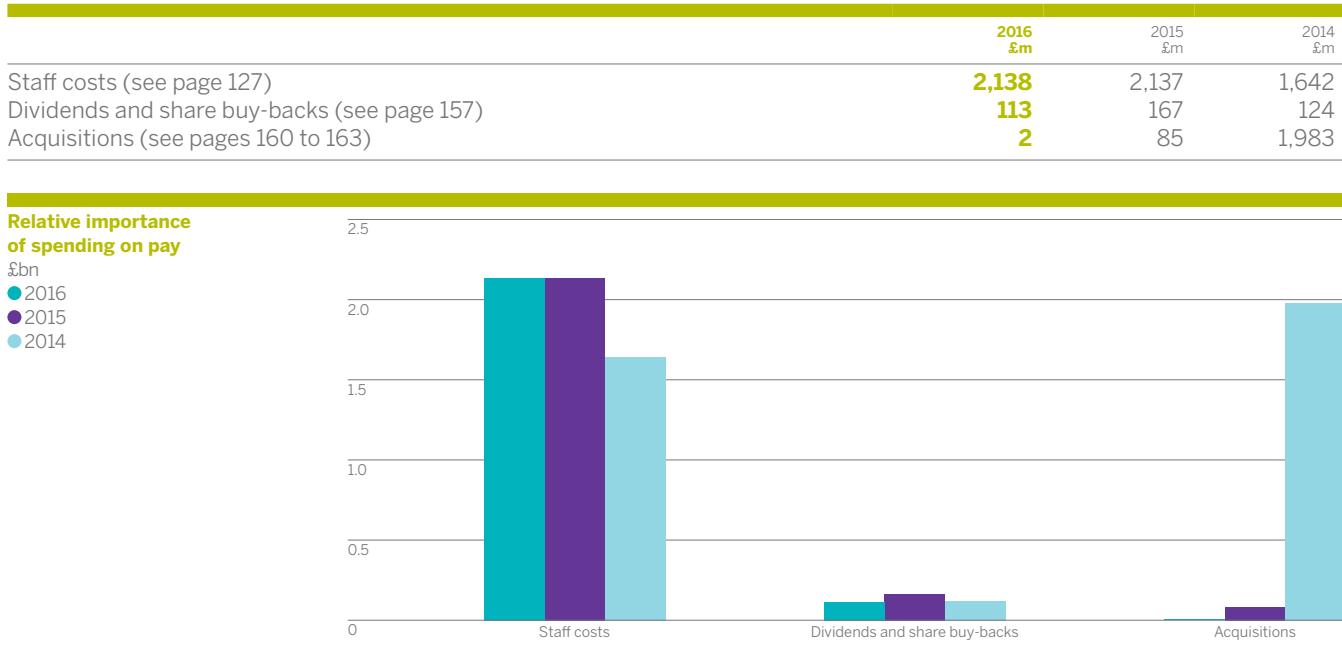
Remuneration continued

Directors' remuneration report continued

Annual report on remuneration continued

Relative importance of spending on pay

The table and chart below illustrate the relative importance of spending on pay compared to distributions to shareholders (dividends and share buy-back) and other disbursements from profit or cash flow that are considered by the directors to be the most material expenditures in relation to the Company's strategy.



Shareholder voting on remuneration policy and report at last AGM

The latest directors' remuneration policy was put to shareholders at the annual general meeting held on 14 April 2015. Votes were cast as follows:

Resolution	Shares for (including discretionary)	% in favour	Shares against	% against	Shares withheld
To approve the remuneration policy	253,956,672	98.90	2,824,184	1.10	1,770,186

At the last annual general meeting held on 27 April 2016 votes were cast as follows:

Resolution	Shares for (including discretionary)	% in favour	Shares against	% against	Shares withheld
To approve the remuneration report	245,509,722	99.08	2,273,553	0.92	20,024,427

The committee do not consider that the votes against the above resolutions were substantial requiring any specific explanation or action in response.

Remuneration policy

Introduction

The following sets out the policy that was approved by shareholders at the 2015 AGM. References to Samir Brikho's employment are historic – Samir Brikho left the Company on 17 January 2016. Jon Lewis was appointed as the new Chief Executive Officer on 1 June 2016.

Remuneration policy table

This table sets out the components of the directors' remuneration package (except on recruitments or promotions which are described separately). It is also part of this policy that we will honour payments or awards crystallising after the effective date of this policy (14 May 2015) but arising from commitments entered into prior to that date or at a time when the relevant individual was not a director of the Company.

Executive directors

Component and how this supports strategy	How this operates	Maximum
Salary Enables the business to attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy. This also applies to the other elements of fixed remuneration below (pension and other benefits).	Reviewed annually from 1 January. Interim reviews only in case of significant changes of responsibility.	Salary increases for executive directors will not normally exceed the average increase awarded to other employees based in the same country. Increases may be above this level if there is an increase in the scale, scope, complexity or responsibility of the role or to allow the base salary of newly appointed executives to move towards market norms as their experience and contribution increase.
Pension and related benefits	Normally through a fixed allowance, some or all of which can be paid in the form of a company contribution to a defined contribution pension plan with any balance paid as a cash supplement. Where the plan permits, individuals may also sacrifice on a like-for-like basis part of base salary in return for an enhanced company contribution. Pension plan membership is available on the same basis as for senior employees generally in the country in which the individual is based and there are no special arrangements for directors. Life assurance is also provided.	To allow for the fluctuating value of defined benefit pension accrual and cost of life assurance, the aggregate value of those arrangements, company contribution to a defined contribution arrangement and cash supplement will not exceed 50% of annual salary.
Other benefits	Standard benefits typically include disability and healthcare insurance (including cover for eligible dependants), car/travel allowance, working lunches and tax return preparation assistance. Additional benefits may be paid where an individual is required by the Company to relocate. This can include temporary housing prior to full relocation and a one-off payment to cover specific costs of moving home or an allowance of an equivalent amount paid for a fixed number of years. Where individuals are required to work in another country on a temporary basis, housing, travel, tax equalisation and cost of living adjustments may also be paid in line with the Company's normal policy for employees generally. Other benefits may be provided from time to time where the committee feels it appropriate and in line with market practice to do so in the country in which the director is based. The Company may from time to time operate other arrangements that are open to employees in a particular country (for example relating to savings, discounted purchase, salary sacrifice, holiday buy and sell, service recognition awards) that executive directors may participate in on the same basis as other employees in the country in which they are based.	The actual value of these benefits will vary from time to time depending, among other things, on the cost of insuring them. The intention is that the aggregate cost would be in line with market practice and will not exceed 100% of annual salary where there is a relocation/expatriate element and 20% of annual salary otherwise.

Remuneration continued

Directors' remuneration report continued

Remuneration policy continued

Component and how this supports strategy	How this operates	Maximum
Annual bonus Rewards the achievement of annual financial and delivery of other strategic business targets.	<p>Calculated by reference to a mix of financial and other strategic objectives set by the remuneration committee that vary from year to year and may vary between individuals to reflect the business priorities associated with each role. Profit-based measures will have a weighting of not less than 50%. The committee will determine for each year threshold and target levels of bonus that will be payable for meeting predefined performance levels against the objectives set for the year. Target bonus will not exceed two-thirds of maximum.</p> <p>25% of any bonus earned is paid in the form of Amec Foster Wheeler shares deferred for three years during which it is subject to claw-back in the event that the accounts for the year for which the shares were earned are required to be restated for a correction of a prior period error or, at the committee's discretion, for personal misconduct.</p> <p>The balance of the bonus is normally paid as a cash allowance following the end of the year to which the payment relates. However, to facilitate higher levels of executive share ownership, the bonus may, at the director's option and subject to the committee's agreement, be in the form of nil-cost options over company shares of equivalent value instead of cash payment. The vesting is deferred for three months during which it is forfeit if the individual is a bad leaver. Such options have a six-month exercise window.</p> <p>The committee has discretion to amend performance measures and targets or adjust bonus pay-outs to take account of exceptional items, unbudgeted acquisitions or disposals, and other aspects of performance which have not been specifically identified in the targets.</p>	The maximum opportunity is 150% of annual salary for the Chief Executive Officer and 125% for other executive directors.
Long-Term Incentive Plan Incentivises directors to achieve long-term value creation and alignment with long-term returns to shareholders.	<p>Annual awards of conditional awards or nil-cost options (with an 18-month exercise period after vesting). Following vesting and, where relevant, exercise all shares (net of tax) will be held in trust for two years from the original vesting date. During this period shares will not normally be able to be transferred and may be subject to claw-back in the event that the accounts for any year over which the shares were earned are required to be restated for correction of a prior period error. There is further provision to reduce leaver awards retrospectively on an individual basis as set out below.</p> <p>Awards are subject to EPS growth and relative TSR measured over a three-year period with equal weighting on each measure and any additional strategic measures that the committee may consider appropriate for any particular set of awards. Additionally, awards are subject to a provision that allows the committee to reduce vesting in the event of a materially adverse misstatement of results for any year of the performance period, to correct errors or for personal misconduct. The number of shares vesting from these awards is increased to take account of reinvested dividends.</p> <p>The committee will determine the applicable EPS range for each set of awards, with 25% of the relevant portion of the awards vesting if the bottom of the range is achieved and 100% if the top is achieved, with straight-line vesting between. EPS is adjusted for certain defined items and calculated on a consistent basis between base and final years.</p> <p>The committee will determine the TSR comparator group for each set of awards with 25% of the relevant portion of the awards vesting if Amec Foster Wheeler's ranking is at median and 100% if it is at upper quartile, with straight-line vesting between. The committee, at its discretion, may reduce or eliminate the portion of the LTIP determined by reference to relative TSR if it is not satisfied with the underlying financial performance of the business during the performance period.</p> <p>The committee may amend the performance conditions if an event happens which the committee considers to be of a genuine, exceptional nature so that amended performance condition(s) would be a fairer measure of performance and would be materially neither easier nor more difficult to satisfy.</p> <p>In the event of a change of control and in the absence of an exchange of awards being agreed, awards will normally vest to the extent that the performance conditions have been met at that time. The committee has discretion to measure performance based solely against one of the performance conditions.</p>	Award of shares with a face value at the time of award of up to 250% of annual salary (ignoring dividend equivalents).
Sharesave Provides alignment with shareholders' interests.	<p>Sharesave is an employee share plan under which discounted options over Amec Foster Wheeler shares are granted linked to a savings arrangement with the options becoming exercisable at the end of the savings period. The exercise price can be up to a 20% discount to the share price at the time of offer and the number of shares is that which can be bought at the exercise price with the expected proceeds of the savings contract. Executive directors are eligible to participate in this plan on the same basis as other employees in the country in which they are located. Invitations to participate may be made annually.</p> <p>Sharesave is not subject to performance conditions as the terms of the plan are subject to tax legislation in the UK and certain other countries including the US that preclude this.</p> <p>Sharesave options become exercisable, to the extent of savings made, in the event of a change of control.</p>	The maximum monthly savings level under any concurrent Sharesave plans is in line with the limit set by the UK government from time to time for such plans (currently £500 per month or the equivalent in other currencies).

Remuneration policy continued

Chairman and non-executive directors

Note: The remuneration of non-executive directors is set by the Chairman and Chief Executive Officer under delegated authority from the board rather than by the remuneration committee.

Component and how this supports strategy	How this operates	Maximum
Fees To attract and retain individuals with the personal attributes, skills and experience required to determine strategy and governance, to apply executive oversight and to represent shareholders' interests.	<p>Non-executive directors receive only fees for their services and do not participate in any of the incentive or benefit schemes of the group. Fee structure comprises a base fee and additional fees to reflect time commitment and responsibility of specific roles (for example, SID and committee chair). Additional fees may also be paid to directors not resident in the UK to recognise the additional travelling time in attending meetings.</p> <p>The Chairman, whilst a non-executive director, will not participate in any of the incentive or benefit schemes of the group.</p> <p>Directors (including the Chairman) are reimbursed for expenses relating to performing their duties and any tax thereon.</p>	<p>Increases in the Chairman's fee will not normally exceed the average increase awarded to executive directors.</p> <p>The company's articles currently set an aggregate limit of £600,000 for base fees for non-executive directors. Total fees will not exceed market norms.</p>

Selection of performance targets

Financial performance targets under the annual bonus plan are set so that the target level of bonus is paid normally for achieving the Company's short-range plan. To achieve maximum bonus, higher targets have to be met. In determining targets, the committee takes account of the general business circumstances including the perceived difficulty inherent in the short-range plan and the need to balance stretch against risk. Profit is chosen as the most appropriate measure of the Company's short-term performance and the cash measures are chosen to reflect the conversion of profit to cash across the year. Strategic targets are set to reflect other key business objectives during the year.

EPS targets under the Long-Term Incentive Plan are set to reflect the Company's longer-term growth objectives at a level where the maximum represents genuine outperformance against expectations. EPS is chosen as the most appropriate measure of absolute growth in line with the Company's strategy. TSR is chosen to measure relative long-term performance against a peer group comprising UK and international companies against which Amec Foster Wheeler competes directly. Other strategic targets may be set to reflect other key business objectives during the particular three-year cycle.

Remuneration continued

Directors' remuneration report continued

Remuneration policy continued

Recruitment pay policy

Item	External hire	Internal promotion to the board
Base salary	Take account of current terms and any premium required to secure high-calibre appointment.	Take account of current terms, relativities with other board members and whether any previous plc board experience. If initial salary is below market benchmark for role, would expect to move progressively to that level over next 24 months based on performance in role.
Pension and related benefits	Existing arrangements may be continued, otherwise in line with standard policy.	Existing arrangements may be continued, otherwise in line with standard policy.
Other benefits	Normally in line with standard policy but may include special transitional arrangements eg overseas hire where dependants remain outside the UK.	Existing arrangements may be continued, otherwise in line with standard policy.
Annual bonus	<p>Inclusion in annual bonus for year of hire based on pro-rated salary.</p> <p>Maximum opportunity (as a percentage of salary) no greater than that for Chief Executive Officer.</p>	<p>Where relevant, increase existing bonus opportunity to level applicable to new role and apply pro-rata from date of promotion including any amendment to performance measures.</p> <p>Maximum opportunity (as a percentage of salary) no greater than that for Chief Executive Officer.</p>
Long-Term Incentive plan	<p>Inclusion in LTIP for year of hire subject to same performance conditions as others but with three-year vesting period running from date of joining.</p> <p>Maximum opportunity in line with standard policy.</p>	Maximum opportunity in line with standard policy allowing for an additional award to be made in year of appointment to reflect the timing of the appointment and the extent of other enhancements to remuneration terms. Previous awards will continue on their original terms.
Sharesave	Inclusion in next offer subject to meeting any qualifying period of service that applies for new employees generally.	Inclusion in next offer subject to any restrictions as a result of savings limits.
Notice periods	Where it is necessary to secure the services of a particular individual, the remuneration committee has discretion to agree initial notice periods of not more than 24 months reducing to normal policy level over a period not more than 12 months.	Apply standard policy immediately including, if relevant, reducing any more favourable existing terms.
One-off arrangements	<p>Where individuals forfeit bonus or long-term incentive payments from their former employer as a result of resigning to join Amec Foster Wheeler, then the committee has the discretion to make additional one-off awards in the form of cash and/or shares and subject to performance and/or other conditions, including holding periods, as appropriate. The maximum amounts to be awarded would be based on an estimate of actual loss discounted for any accelerated payment and the extent to which the loss is otherwise compensated for by the new terms overall.</p> <p>Individuals may be compensated for actual expenses, including temporary accommodation, in the event that they are required to relocate to take up the new role. Alternatively a temporary cash allowance may be paid for a limited period of time which equates to the estimated relocation cost that would otherwise have been reimbursed. These amounts will include any grossing-up for tax.</p>	Individuals may be compensated for actual expenses, including temporary accommodation, in the event that they are required to relocate to take up the new role. Alternatively a temporary cash allowance may be paid for a limited period of time which equates to the estimated relocation cost that would otherwise have been reimbursed. These amounts will include any grossing-up for tax.

Remuneration policy continued

Policy on notice and payment for loss of office

Newly appointed executive directors will be employed on contracts that include the following provisions:

- ▶ the individual will be required to give six months' notice if they wish to leave and the Company will give up to 12 months' notice of termination other than for gross misconduct or other circumstances where employment may be terminated without notice
- ▶ at the Company's discretion, the individual may be placed on garden leave for some or all of the period between the giving of notice and termination in which case the Company will continue to pay salary and benefits for the garden leave period but will not make new share or other incentive awards
- ▶ at any time, at the Company's discretion, employment may be terminated before the end of the required notice period by making a payment in lieu of the balance and subject to mitigation as described more fully in the table below

In the event of long-term incapacity, employment would not normally be terminated so long as the executive was entitled to payments under the Company's group income protection insurance arrangements but the executive would be required to stand down from their role and as a director.

Payment for loss of office will be determined according to the following principles set out below and, for the current executive directors, having regard to their existing contractual terms as described following the table.

Notice	<p>The executive will receive base salary, pension and other benefits for any part of the notice period worked (and any period of garden leave). On termination, the executive will be entitled to payment for any accrued but untaken holiday pay.</p> <p>The Company may elect to pay a sum in lieu of notice for all or any part of the notice period, calculated by reference to the value of salary, pension and other contractual benefits (excluding bonus). In determining the payments to be made and the structure of such payments, the Company will have regard to the executive's ability to mitigate their loss. In respect of any defined benefit pension rights, an augmentation of benefits for the relevant part of the notice period may be made. The committee has discretion to continue to provide certain benefits to the end of the notice period rather than including them in the payment in lieu.</p> <p>Where the employment is being terminated by the Company for gross misconduct (or other circumstances entitling the Company to treat the contract as at an immediate end) termination will be immediate and no payment in lieu of notice will be made.</p>
Annual bonus	<p>No bonus will be paid in the event of termination for gross misconduct.</p> <p>In all other circumstances, the committee will consider whether it is appropriate to make a bonus payment for the year in question taking into account all relevant circumstances, including performance and conduct. Payment will usually be determined and paid in cash at the normal time.</p>
Deferred bonus from prior years	<p>In the event of termination due to misconduct by the individual, the Remuneration Committee may determine that some or all, at its discretion, of the deferred shares will be forfeit.</p> <p>In the case of death the shares will be released in full to the estate as soon as practicable thereafter.</p> <p>In other circumstances, they will continue to be subject to the deferral period and only released at the end of it providing no further claw-back applies.</p>
Long-Term Incentive Plan	<p>All unvested awards will lapse on leaving in the event of termination for gross misconduct or other bad leaver circumstances. An example of a 'bad leaver' would be an individual resigning in order to take up a position with a competitor.</p> <p>Awards will immediately vest in full in the event of death.</p> <p>In other cases, unvested awards will be pro-rated for service, which may include any period for which payment was made in lieu. For pre-2015 awards, provided the associated investment shares remain lodged, matched awards will normally be retained in full unless the committee decide to pro-rate for service. A further reduction may be made at the committee's discretion to take account of relevant circumstances at the time of leaving. The retained awards will vest in the normal way, taking account of the relevant performance conditions, and at the normal time subject to the committee being satisfied at that time that the individual remains a good leaver.</p>
Other	<p>Redundancy pay in line with statutory provisions or those applying to employees generally in the country in which the director is based will be provided in the event of termination due to redundancy.</p> <p>The cost of legal, tax or other advice incurred by the individual in connection with the termination and/or support with seeking alternative employment may be met up to a maximum of £100,000.</p> <p>Additional payments may be made where required to settle legal disputes or as consideration for new or amended post-employment restrictions.</p> <p>Where an individual is in receipt of relocation or expatriation benefits, the costs of actual expenses incurred in relation to any arrangements that are subject to term contracts may continue to be reimbursed for up to six months or, at the Company's discretion, a one-off payment made to cover the costs of premature cancellation. The cost of repatriation will also be covered where this was part of the original expatriation terms.</p> <p>Sharesave options lapse unless the director leaves because of specified good leaver reasons in which case they can be exercised for a limited period, to the extent of savings made to the date of exercise.</p>

Remuneration continued

Directors' remuneration report continued

Remuneration policy continued

Samir Brikho and Ian McHoul are both employed under contracts (dated April 2007 and September 2008 respectively) with notice periods of twelve months from the Company and which require them to give six months' notice of resignation. The contracts permit for payment to be made in lieu of all or part of the required notice period at the Company's discretion but there is no prescribed methodology for calculating such payment in lieu or applying mitigation. Should circumstances arise where notice is given and the executive is not required to work all or part of the notice period, the terms of the existing contracts would be honoured. The individuals may be placed on garden leave for part of the notice period in which case the committee may determine that it is appropriate to pay an element of bonus for that garden leave period.

Existing directors' service contracts

The notice provisions for Samir Brikho and Ian McHoul are described above. There are no specified change-of-control provisions.

The Chairman's engagement may be terminated on six months' notice on either side.

The contracts of non-executive directors may be terminated by the individual at any time. There are no specific provisions for compensation in the event of early termination by the Company. Our practice is that all directors submit themselves for re-election on an annual basis, in line with the recommendations in the UK Corporate Governance Code.

Consideration of conditions elsewhere in company and shareholder views

Our approach to the annual review of base salaries is to take account of personal performance, company performance, and pay levels more broadly within the Company. External benchmarking is also taken into account, particularly for new appointments.

Any proposals to change remuneration policy are considered against the 'best practice' guidelines produced by shareholder bodies and major shareholders are consulted directly when formulating any proposals for significant changes.

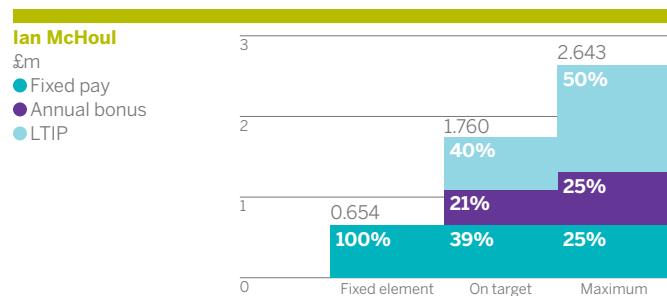
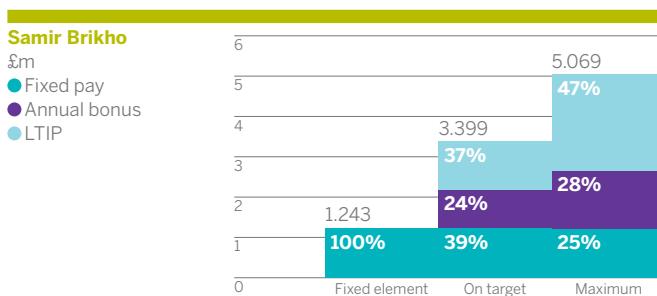
The Chairman of the Company and the chairman of the remuneration committee make themselves available at any time and also at each annual general meeting to discuss any issues raised.

Differences in policy for directors compared to other employees

The structure of remuneration for executive directors is in line with other senior management. The primary differences compared to other employees are the structure of variable pay, which for senior management is in the form of performance-related incentives and for other employees is largely in the form of overtime and allowances reflecting the different emphases of the roles, and in the level of accrual under defined benefit arrangements.

Illustrations of application of policy

The total remuneration for each of the executive directors that could result from the proposed remuneration policy in 2015 under three different performance levels is shown below.



Notes

1 Fixed pay is base salary for 2015 plus the value of pension and benefits. The value of pension and benefits in kind is taken from the single total figure of remuneration for 2015.

2 On target performance is the level of performance required to deliver 66.67% of the maximum annual bonus and 50% of the full LTIP award.

3 Maximum performance would result in the maximum bonus and 100% vesting of LTIP award.

4 LTIP values ignore any change in share price or dividend equivalents.

Engagement

Relations with shareholders

The executive directors undertake an extensive programme of meetings with institutional shareholders during each year. Our results presentations and investor education events are recorded and remain available on our website at amecfw.com/investors for those unable to participate on the day.

Each year, the Chairman and Senior Independent Director offer to meet with all major shareholders. Since the publication of the previous annual report, 11 such meetings have taken place.

Ad-hoc requests from shareholders for meetings with members of the board are facilitated by the investor relations team.

The board also receives unedited feedback reports following shareholder meetings and all material brokers' research notes, together with a report at each meeting including benchmark data within our peer group.

During 2016 we appointed Taylor Rafferty, an independent service provider, to conduct an investor survey and provide advice on dealing with potential investors. This information is used to help target potential new shareholders and improve the efficiency and quality of our investor communications.

Our 2017 AGM will be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, England on 2 June 2017 at 11.00 a.m. The notice of meeting, which includes explanatory notes on the business to be transacted at the meeting, will be available on our website on 3 May 2017.

Separate resolutions will be proposed at the AGM to receive the annual report and accounts; to approve the remuneration report; to re-elect each of the current directors who will retire in accordance with the provisions of the Code; to elect Jon Lewis and Bob Card as directors; to re-appoint Ernst & Young LLP as auditor; and to authorise the directors to fix the auditor's remuneration.

Shareholders will also be asked to renew both the general authority of the directors to allot shares in the Company and to allot such shares without the application of statutory pre-emption rights. In addition, shareholders will be requested to authorise the Company to make market purchases of its own shares within prescribed limits and approve the resolution, to be repeated at each AGM going forward, to authorise the calling of general meetings, other than annual general meetings, on 14 clear days' notice.

The board views the AGM as an opportunity to directly communicate the Group's progress and engage with shareholders. Where possible, the entire board will attend the AGM and will be available to answer questions from those shareholders present. The board encourages all shareholders to attend and participate where possible.

At last year's AGM a number of interesting questions were raised and all of the proposed resolutions passed by way of a poll vote. The percentage of the Company's share capital voted in favour of each resolution ranged from 86.53% to 99.98%. In line with the requirements of the Code, if significant dissent against a resolution was experienced the board would engage with shareholders to understand the reasons behind the vote.

Find out more online

Visit our website at amecfw.com/investors for further information regarding this year's AGM.

Our directors present their annual report and the audited accounts of Amec Foster Wheeler plc (the Company) and its subsidiaries (together referred to as the Group) for the year ended 31 December 2016.

Achievements in 2016 and priorities for 2017

Disclosures relating to particulars of important events affecting the Group that have occurred since the last financial year, an indication of likely future developments in the business of the Group and research and development activities can be found in the strategic report on pages 1 to 45.

Dividends

The board has decided to suspend dividend payments, including the final dividend for the year ended 31 December 2016, until the Company is generating sustainable free cash flow. An interim dividend for the year ended 31 December 2016 of 7.4 pence per share was paid on 4 January 2017. Further information on the payment of dividends to shareholders and the holders of American Depository Shares (ADSs) can be found on pages 197 to 198.

Dividends paid during 2016 comprised an interim dividend of 14.8 pence per share and a final dividend of 14.2 pence per share, both in respect of the year ended 31 December 2015.

Changes to the board of directors

Details of the directors of the Company as at the date of this report, together with brief biographical details and board committee memberships, are set out on pages 47 to 49.

Changes to the board since 1 January 2016:

Samir Brikho	Chief Executive Officer	Stepped down as Chief Executive 17 January 2016
Roy Franklin	Non-executive director	Appointed 1 January 2016
Jon Lewis	Chief Executive Officer	Appointed 1 June 2016
Neil Carson	Non-executive director	Retired 31 December 2016
Bob Card	Non-executive director	Appointed 1 March 2017

Effective immediately upon Mr Brikho's departure, Mr McHoul was appointed to the role of interim CEO, which he discharged alongside his role as Chief Financial Officer until the appointment of Jon Lewis as Chief Executive Officer on 1 June 2016. Kent Masters will not be standing for re-election at the forthcoming AGM and has indicated his intention to retire from the board at the conclusion of the AGM.

Directors' indemnity arrangements

The Company maintains directors' and officers' liability insurance cover. In addition, throughout the financial year and at the date of this report, qualifying third-party indemnity provisions within the meaning of Sections 232–234 of the Companies Act 2006 were in place for all of the directors and the Company Secretary.

In addition, throughout the financial year and at the date of this report, certain employees serving as directors of certain eligible subsidiaries at the Group's request have also received direct qualifying third-party indemnity provisions within the meaning of Sections 232–234 of the Companies Act 2006 in relation to such directorships.

Directors' interests

None of the directors is, or was, materially interested in any contract of significance to Amec Foster Wheeler's businesses during, or at the end of, the financial year. Details of directors' share interests and of their rights to subscribe for shares are shown in the remuneration report on pages 79 to 80.

Corporate governance statement

The Company's statement on corporate governance is set out on pages 46 to 93 and is incorporated into this report by reference.

Share capital

The primary market for Amec Foster Wheeler's ordinary shares is the London Stock Exchange, where we have a premium listing and our shares are admitted to the main market. The Company's shares are also listed on the New York Stock Exchange (NYSE) and are traded in the form of American Depository Shares (ADS). Further information on the Company's ADS programme can be found on pages 197 to 198.

The issued share capital of the Company as at 31 December 2016 comprised a single class of ordinary share. The rights and obligations attaching to the shares are set out in full in the articles of association of the Company and are described on pages 200 to 203. In summary, each share carries the right to one vote at general meetings of the company and no right to a fixed income. There are no restrictions on voting rights. Details of movements in the Company's issued share capital during the year are set out in note 22 on pages 155 to 157.

Authority was granted to the directors at the 2016 AGM to allot shares or grant rights to subscribe for or to convert any security to shares up to a nominal amount of £64,345,628 (Section 551 amount) of which up to £19,498,675 could be allotted for cash other than in connection with a pre-emptive offer (Section 561 amount).

Resolutions will be proposed at the forthcoming AGM to extend this authority to the end of the AGM in 2018 or 2 June 2018, whichever is earlier. The revised Section 551 amount will be £64,345,628 and the revised Section 561 amount will be £19,498,675. The directors have no present intention of issuing any shares other than in respect of the exercise of share options. No issue will be made that will effectively alter the control of the Company without the prior approval of shareholders at a General Meeting.

Since the completion of the £400m share buy-back programme in February 2013, the Company has not made any purchases of its shares in the market. At the 2016 AGM, authority was granted to the directors to make market purchases of up to 38,997,350 of the Company's shares. A resolution will be proposed at the 2017 AGM to extend the authority of the directors to make market purchases of up to 10% of the Company's shares within prescribed limits.

For further information on the above resolutions relating to the Company's share capital, please refer to the notice of annual general meeting 2017, which includes explanatory notes on the business to be transacted at the meeting.

Major interests in shares

On the basis of notifications received under the Disclosure and Transparency Rules (DTR 5) and other notifications received by Amec Foster Wheeler plc from shareholders, shareholdings of 3% or more of the voting rights of the Company as at 31 December 2016 were as follows:

	Number	%
Franklin Templeton Institutional, LLC	38,857,338	9.96
Mondrian Investment Partners Limited	20,253,855	5.28
BlackRock, Inc	19,538,928	5.01

The shareholding percentages reflect the Company's issued share capital at the time of the notification. Since 31 December 2016, pursuant to DTR 5, the following notifications were received by the Company:

- ▶ Franklin Templeton Institutional, LLC notified their interest in 10.03% of the voting rights on 9 February 2017 and that their interest had fallen to 9.97% of the voting rights on 24 March 2017.
- ▶ BlackRock, Inc. notified that their interest had fallen below 5% of the voting rights on 27 February 2017, that their interest reached 5.02% of the voting rights on 6 March 2017 and that their interest had fallen below 5% of the voting rights on 20 March 2017.
- ▶ Artisan Partners Limited Partnership notified their interest in 10.2% of the voting rights on 23 March 2017.

There were no other notifications received under DTR 5 from the above shareholders between 31 December 2016 and 10 April 2017. There are no shareholdings that carry special rights relating to control of the Company.

Financial instruments

Disclosures relating to the Group's use of financial instruments can be found in note 19 on pages 146 to 150 and are incorporated into this report by reference.

Branches

As a global group, our interests and activities are held or operated through subsidiaries, branches, joint arrangements or associates established in, and subject to the laws and regulations of, numerous different jurisdictions.

Details of the Company's related undertakings can be found on pages 212 to 221.

Significant arrangements – change of control

The following significant agreements contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control of the Company:

Under the £1,700m three- and five-year term loan and five year multi-currency revolving credit facility agreement (as amended) dated 1 March 2016 between, amongst others, the Company and Bank of America Merrill Lynch International Limited (as facility agent), the Company must promptly notify the facility agent if it becomes aware of any change of control.

Following such notice the lenders under the relevant agreement are required to negotiate with the Company for a period of 30 days with a view to agreeing terms and conditions acceptable to the Company and all the relevant lenders for continuing the relevant facilities. If agreement is not reached by the relevant parties before the end of the 30-day period, if a lender so requires, the relevant facility agent must, by notice of not less than 30 days to the Company, cancel the commitments of that lender under the relevant agreement and declare the participations of that lender in all outstanding loans under that agreement together with accrued interest and all other amounts accrued under that agreement to be immediately due and payable. If the Company is subject to a change of control by one or more persons who are listed as having been the subject of a sanctions designation, then the banks do not need to fund any new debt drawdowns and their commitments can be cancelled within a 14 day period.

The service contracts of a small number of senior executives previously employed by Foster Wheeler provide for enhanced severance payments to be made in the event that their employment is terminated involuntarily and not for cause within the first two years of the acquisition of Foster Wheeler. These provisions ceased to apply from November 2016.

Additionally, a number of employees (who are not directors) are entitled to a payment if there is a change of control of the Company, arising from an approach during 2017.

Depending on the nature of the transaction, entitlements under the Company's share plans may be triggered by a change of control. Further detail can be found in the directors' remuneration report.

Under the lease agreement dated 16 August 2002 between Energy (NJ) QRS 15-10, Inc. (as landlord) and Foster Wheeler Realty Services, Inc. (as tenant) in relation to certain premises in Perryville, Clinton, New Jersey, as subsequently amended, an event of default will occur if any Obligor (as defined under the credit agreement referred to above) enters into any amalgamation or merger, subject to certain carve-outs.

Where an event of default arises under the lease agreement (as amended), the landlord may exercise certain remedies and collect damages. These remedies include, amongst other things, terminating the lease, re-letting the leased premises, requiring the tenant to make an irrevocable offer to terminate the lease agreement (as amended) upon payment to the landlord of an amount to be calculated in accordance with the lease agreement (as amended).

Directors' report continued

In addition, a small number of contracts and agreements entered into by Group companies in the ordinary course of business contain provisions under which the approval of the counterparty would be required in respect of a change of control. In the absence of such approval the contracts could be terminated by the counterparties. Alternatively, a small number of contracts and agreements entered into by Group companies in the ordinary course of business contain provisions under which the counterparty could terminate the contract following a change of control. Such contracts are however not considered to be material with respect to the results of the Group as a whole.

A change of control occurs if any person or group of persons acting in concert gains control of the Company.

Employees

Our employees embody our knowledge, brand and reputation and it is through their activities, day by day, that we deliver on our business objectives and commitments to shareholders, clients and the wider community. Information on employee development and training; how we engage with our employees to ensure they understand the direction in which the Company is going and are committed to Amec Foster Wheeler's values; the actions taken to share knowledge with our employees and keep them informed of developments; how we assess and act on employee opinion and encourage involvement in the Company's performance; and our commitment to diversity and inclusion, and equal opportunities, can be found on page 25 and is incorporated in this report by reference. As can be seen in our Code of Business Conduct, Amec Foster Wheeler is committed to providing a workplace which offers equal opportunity for promotion and advancement. The Code of Business Conduct is kept under review and updated as required to ensure it continues to meet the needs of the wider Group.

As part of the Company's equal opportunities policy, procedures are in place that are designed to provide for full and fair consideration and selection of disabled applicants, to ensure they are properly trained to perform safely and effectively and to provide career opportunities that allow them to fulfil their potential. Where an employee becomes disabled in the course of their employment, Amec Foster Wheeler will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

Sustainability

Summary details about our commitment to sustainability and its importance to our day-to-day activities are set out specifically on page 33 and in general throughout our strategic report. Further detail is available in our sustainability report and on our website.

Greenhouse gas emissions

Disclosures relating to the Group's greenhouse gas emissions, as required to be disclosed under the Companies Act 2006 (strategic report and directors' report) Regulations 2013, can be found in the strategic report on page 33.

Political donations

During 2016, Amec Foster Wheeler made no political donations.

Going concern

The directors, having negotiated an amendment to the leverage ratio in the leverage covenant for measurement periods up to and including 30 June 2018, have a reasonable expectation that the Company and the Group will comply with this covenant and will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis. Further details of this review can be found on page 45.

Viability statement

The directors' viability statement and accompanying basis of assessment can be found on page 32.

Auditor

A resolution will be proposed at the AGM for the re-appointment of Ernst & Young LLP as auditor of the Company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The above statement is made in accordance with Section 418 of the Companies Act 2006.

Responsibility statements

The statement of directors' responsibilities, including the fair, balanced and understandable statement, in respect of the annual report and accounts can be found on page 93. The statement by the Company's auditor relating to their reporting responsibilities can be found on pages 94 to 101.

On behalf of the board



Alison Yapp

Chief General Counsel and Company Secretary

25 April 2017

Responsibility statements of the directors

Statement of directors' responsibilities in respect of the annual report and the accounts

The directors are responsible for preparing the annual report and the consolidated and parent company accounts, in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated and parent company accounts for each financial year. Under that law the directors are required to prepare the consolidated accounts in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law the directors must not approve the consolidated and parent company accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the consolidated and parent company accounts, the directors are required to:

- ▶ select suitable accounting policies and then apply them consistently
- ▶ make judgements and estimates that are reasonable and prudent
- ▶ for the consolidated accounts, state whether they have been prepared in accordance with IFRS as adopted by the EU
- ▶ for the parent company accounts, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company accounts
- ▶ prepare the consolidated and parent company accounts on the going concern basis unless it is inappropriate to presume that the consolidated and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its accounts comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of consolidated and parent company accounts may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- ▶ the accounts, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- ▶ the strategic report and directors' report includes a fair review of the development and performance of the business and the position of the issuer and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

In addition, we confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Company.

Signed on behalf of the board



Jonathan Lewis
Chief Executive Officer
25 April 2017



Ian McHoul
Chief Financial Officer
25 April 2017

Independent auditor's report to the members of Amec Foster Wheeler plc

Our opinion on the financial statements

In our opinion:

- ▶ the Group financial statements and Parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- ▶ the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- ▶ the Parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements for the year ended 31 December 2016 comprise:

Group	Parent company
Consolidated income statement	Balance sheet
Consolidated statement of comprehensive income	Statement of changes in equity
Consolidated balance sheet	Related Notes 1 to 12 to the financial statements
Consolidated statement of changes in equity	
Consolidated cash flow statement	
Related Notes 1 to 29 to the financial statements	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Overview of our audit approach

Risks of material misstatement	<ul style="list-style-type: none">▶ (New in 2016) Preparation of the financial statements using the going concern basis▶ Appropriateness of revenue recognition on contracts and adequacy of contract related provisions▶ Goodwill and intangible asset impairment▶ Liabilities for uncertain tax positions, recognition of deferred tax assets and recognition of Research and Development tax credits▶ Adequacy of legacy liabilities including asbestos
Audit scope	<ul style="list-style-type: none">▶ We performed an audit of the complete financial information of 4 components and audit procedures on specific balances for a further 31 components▶ The components where we performed full or specific audit procedures accounted for 92% of profit before tax adjusted for pre-tax non-recurring items and 96% of Revenue
Materiality	<ul style="list-style-type: none">▶ Overall Group materiality of £9m which represents 5% of profit before taxes adjusted for pre-tax non-recurring items

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Appropriateness of adopting the Going Concern basis of accounting in preparing the financial statements		
Refer to the Strategic Report (page 45); the Audit Committee Report (page 67); Note 1 of the Group financial statements.	We read management's assessment of the Company's ability to continue as a going concern.	We are satisfied that having assessed the appropriateness of management's forecasts, and given a signed Covenant Amendment Letter which increases the leverage covenant ratio to 4.5:1 for periods up to and including June 2018 has been obtained by the Company, the adoption of the going concern basis of accounting in the preparation of the financial statements is reasonable.
The Company has taken steps to reduce its debt including the disposal of non-core assets, cost savings measures and suspending dividend payments until sustainable free cash flow is being generated. We focused on this area because despite the actions taken to date, there is a risk that the leverage ratio will exceed the maximum leverage ratio under the Debt Facility Arrangement of 3.75:1 in the measurement period ended 30 June 2017 and in subsequent periods.	We understood the key assumptions underpinning the Group's forecasts and assessed whether they are appropriate by considering the Group's historical performance and the current market conditions.	
As described in Note 1 to the financial statements an amendment to the banking covenants was agreed on 10 April 2017. This increases the leverage covenant ratio to 4.5:1 for measurement periods up to and including June 2018.	We assessed the historical accuracy of management's forecasts by comparing the actual result to forecasts. We assessed the adequacy of the sensitivities and stress testing applied to forecasts and the underlying key assumptions.	
We tested the arithmetical accuracy of the cash flow model and the related financial covenant forecasts.	We tested the arithmetical accuracy of the cash flow model and the related financial covenant forecasts.	The disclosures made in the Annual Report and Accounts with respect to the Company's ability to continue as a going concern are appropriate.
We agreed the Company's committed debt facilities, including financial covenant terms and the timing of early repayment in the event there is a breach, to facility agreements and amendments.	We inspected the Covenant Amendment Letter approved on 10 April 2017.	
We considered whether the disclosures in the Annual Report and Accounts relating to going concern are fair, balanced and understandable.	We considered whether the disclosures in the Annual Report and Accounts relating to going concern are fair, balanced and understandable.	
Appropriateness of revenue recognition on contracts and adequacy of contract related provisions		
Refer to the Strategic Report (page 29); the Audit Committee Report (page 66); Critical accounting policies and the use of judgements, estimates and assumptions (page 113) and Note 3 of the Group financial statements.	We tested internal financial controls over the calculation of revenue, including those used to determine the percentage of completion for fixed price contracts.	Overall, we are satisfied that the Group's accounting policies for revenue recognition and contract related provisions are reasonable and have been appropriately applied.
For the year ended 31 December 2016, revenue recorded was £5.4bn.	For a sample of contracts, we challenged management in respect of the reasonableness of judgements made regarding the cost to complete estimate, the timing of the recognition of variation orders and claims and the appropriateness of assumptions made in estimating warranty provisions. We tested the arithmetical accuracy of cost to complete calculations, agreed key contractual terms back to signed contracts, discussed and corroborated key judgements with various levels of management including project managers and inspected third party correspondence in the case of variation orders and claims where appropriate. For a sample of lump-sum contracts, we re-performed the calculation of the revenue taken in the year based on the percentage of completion.	The valuation of contract risk provisions at 31 December 2016 is within an acceptable range of potential outcomes based on the facts and circumstances as at that date.
We focused on this area because there is a risk that due to the complexity associated with accounting for long term contracts and the judgements involved in determining contract provisions, the Group's financial statements could be misstated.	We challenged management's assessment of the adequacy of contingency provisions against contract specific risks and its assessments around the potential for liquidated damages for projects with delays. For those contracts subject to claims, we have made enquiries of internal and external legal counsel to assess the adequacy of and corroborate the position taken by management.	
Specific risks over revenue recognition include inappropriate percentage of completion accounting, inappropriate recognition of variation orders and claims and inappropriate determination of recoverable costs.	We have understood management's assessment of the recoverability of aged work in progress and receivables. For a sample of balances, we tested the arithmetical accuracy of the aging of work in progress and receivables. We performed audit procedures on the recoverability of a sample of trade receivable balances by obtaining customer confirmations and subsequent cash receipts where appropriate. We performed audit procedures on a sample of unbilled work in progress balances by assessing the company's calculations and subsequent invoicing. We assessed whether the Group's accounting policies have been appropriately applied.	
Specific risks over contract related provisions include unrecorded liabilities for contractual disputes and inappropriate application of the Group's policy for aged work in progress and receivables.	We have assessed whether management's policies and processes for making these estimates are appropriate, in accordance with IAS 37 and consistently applied.	

This page does not form part of Amec Foster Wheeler's annual report on Form 20-F as filed with the SEC.

Independent auditor's report to the members of Amec Foster Wheeler plc continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Goodwill and intangible asset impairment	<p>Refer to the Audit Committee Report (page 67); Critical accounting policies and the use of judgements, estimates and assumptions (page 113) and Note 12 of the Group financial statements.</p> <p>The total carrying value of goodwill at the year end is £2.2bn. This reflects impairments of £289m recorded in the year. Of this, £214m has been recorded against the carrying value of goodwill in the Global Power Group ('GPG') cash generating unit ('CGU') and £75m in the Americas CGU. An impairment has arisen as the recoverable amount of the GPG and Americas CGU's was less than the carrying value of the investment.</p> <p>The total carrying value of other intangible assets at the year end is £0.5bn. This is following impairments of £211m in the year, the most significant of which relate to customer relationship assets. Of this, £32m has been recorded in the GPG segment, £125m in the Americas segment, £14m in AMEASE and £40m in Northern Europe and CIS ('NECIS'). Impairments in the carrying value of these intangible assets have arisen following a downturn in trading meaning the recoverable amounts of these assets was less than their carrying values.</p> <p>We focused on these areas given the significant judgements and complexity of valuation methodologies requiring the use of estimates used to determine whether the carrying value of goodwill and customer relationships is appropriate. These include the assumptions used within models to support the recoverable amount of goodwill and intangible assets.</p> <p>The magnitude of the risk (i.e., the likelihood of occurrence and the size of an error should it occur) is the same as the prior year.</p>	<p>We tested internal financial controls over the goodwill and intangible assets impairment process including the determination of assumptions used within the models to assess the recoverable amount.</p> <p>We tested the arithmetical accuracy of the models and confirmed the CGUs identified are the lowest level at which management monitors goodwill. We performed audit procedures over the assumptions used in respect of forecast growth rates and involved our valuation specialists to corroborate the appropriateness of the discount and growth rates used by reference to third party source data. We have verified that the profit forecasts used in the valuation models are consistent with those reviewed and approved by the board.</p> <p>We have evaluated the profit forecasts used within the models against current trading conditions and validated the key assumptions underpinning the forecasts are consistent with our findings from other areas of the audit.</p> <p>We performed sensitivity analysis by stress testing the valuation models, to determine the degree to which the assumptions would need to move before an impairment would be triggered.</p>
Liabilities for uncertain tax positions, recognition of deferred tax assets and recognition of Research and Development tax credits	<p>Refer to the Audit Committee Report (page 67) and Notes 8 and 15 of the Group financial statements.</p> <p>We focused on the risk arising from tax planning given the significant judgements involved in assessing the appropriateness of the valuation and completeness of uncertain tax positions including those relating to the financing structures the Group has in place in Canada and the United States.</p> <p>We focus on the recognition of certain deferred tax assets and assets relating to research and development tax credits as both these areas involve judgement in the assessment of the recoverability of the associated tax asset. This includes assessment of the period over which taxable profits will be available to utilise the assets against.</p> <p>The magnitude of the risk (i.e., the likelihood of occurrence and the size of an error should it occur) is consistent with the prior year.</p>	<p>We are satisfied that the provisions recorded in respect of tax risks are within an acceptable range.</p> <p>The carrying value of assets relating to deferred tax and research and development tax credits are within an acceptable range at the year end.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Adequacy of legacy liabilities including asbestos		
Refer to the Strategic Report (page 31), the Audit Committee Report (page 67); Critical accounting policies and the use of judgements, estimates and assumptions (page 113) and Note 21 of the Group financial statements.	We tested internal financial controls over the appropriate valuation and completeness of liabilities. We assessed the judgements and accounting treatments, including recognition of provisions and contingent liabilities, made by management arising from contractual disputes, indemnities and warranty obligations. We performed audit procedures including discussions with management's legal experts, obtaining external legal letters, inspection of claims documentation and review of out-turn of historic estimates.	The valuation of legacy liabilities at 31 December 2016 is within an acceptable range.
The Group has risks relating to claims or potential claims resulting from the disposal of businesses in previous years and those relating to asbestos exposure. Total provisions relating to legacy businesses at the year end are £124m, and asbestos £413m.	We have engaged our own actuarial specialists to compare the methodology used by management to assess asbestos liabilities with industry accepted practice including assessment of the appropriateness of the discount rate. We tested the completeness and accuracy of the data used by management's expert to calculate the liability. We have assessed the recoverability of insurance receivables due to the Group.	We are satisfied that the company has made a reasonable estimate of the asbestos liability at 31 December 2016.
We focused on this area, as determining the impact and likely outcome of litigation matters requires significant judgement. There is a risk that provisions are not made for claims which have been received.		
The magnitude of the risk (i.e., the likelihood of occurrence and the size of an error should it occur) is consistent with the prior year.		

In the prior year, our auditor's report included a risk of material misstatement in relation to purchase price allocation adjustments relating to the acquisition of Foster Wheeler. This is not a relevant significant risk in the current year as the period in which adjustments to the provisional fair value of assets and liabilities acquired could be made ended on 13 November 2015.

In addition to the risks identified as part of our audit planning, the size of and judgement involved in determining the Group's exceptional items affected the allocation of resources and the direction of our audit efforts and for which our audit response was as follows:

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Presentation of exceptional items		
The Group consider the separate reporting of exceptional costs helps to provide a better indication of the Group's underlying business performance.	We tested internal financial controls over the determination of items to be presented as exceptional.	The disclosure of exceptional items is in accordance with the Group's disclosed accounting policy for exceptional items and is in accordance with the requirements of IAS 1, Presentation of Financial Statements.
Continuing pre-tax exceptional costs including impairment and amortisation recorded in the current year are £792m (2015: £559m).	We have challenged management over whether the costs which have been recorded as exceptional are presented in line with the Group's policy and have been appropriately excluded from trading profit. We obtained supporting calculations and invoices for a sample of costs presented as exceptional. In particular, we have focused on whether the inclusion of internal labour costs on the basis of time spent on integration activities is reasonable by inspecting management's calculations, agreeing details to a sample of employment contracts and assessing whether the presentation of restructuring costs as exceptional is reasonable. In doing so, we have considered the Financial Reporting Council ('FRC') guidance on items being reported as exceptional.	
There is judgement in determining whether the classification and measurement of items presented as exceptional is reasonable. There is also a risk that the Group's policy for such items is not applied consistently.	We have assessed whether the level of disclosure provided in the financial statements appropriately reflects the assessment made by management in determining the classification of such items as exceptional.	

Independent auditor's report to the members of Amec Foster Wheeler plc continued

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Group Internal Audit result findings when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we selected 35 components covering entities within UK, US, Canada, Italy, China and Singapore, which represent the principal business units within the Group. The Primary Team performs audit procedures on those areas of accounting performed centrally such as goodwill and intangible asset impairment reviews and consolidation adjustments.

Of the 35 components selected, we performed an audit of the complete financial information of 4 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 31 components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. The audit risks disclosed above were subject to full scope audit procedures as appropriate.

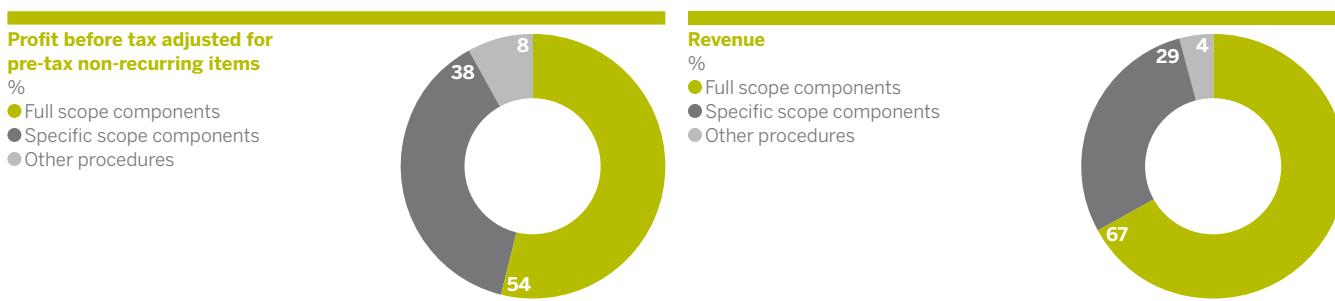
The reporting components where we performed full and specific audit procedures accounted for 92% (2015: 90%) of the Group's profit before tax adjusted for pre-tax non-recurring items and 96% (2015: 89%) of the Group's Revenue.

For the current year, the full scope components contributed 54% of the Group's profit before tax adjusted for pre-tax non-recurring items and 67% of the Group's Revenue.

The specific scope components contributed 38% of the profit before tax adjusted for pre-tax non-recurring items used to calculate materiality and 29% of the Group's Revenue. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of risks tested for the Group.

Of the remaining components that together represent 8% of the Group's profit before tax adjusted for pre-tax non-recurring items, none are individually greater than 5% of the Group's adjusted profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 4 full scope components, audit procedures were performed on 1 of these directly by the primary audit team and 3 by component teams. For the 31 specific scope components, where the work was primarily performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor or his designate visits each of the key locations at both the interim and year end stages of the audit process. During the current year's audit cycle, visits were undertaken at least once by the primary audit team to the component teams in Canada, the United States and various sites in the UK, including some specific scope locations.

These visits involved co-developing the significant risk area audit approach, reviewing key local working papers and conclusions, meeting with local and regional leadership team, getting an understanding of key control processes including centralised entity level control processes and attending closing meetings. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, attended all full scope and certain specific scope closing meetings in person and all other specific scope close meetings via conference call, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

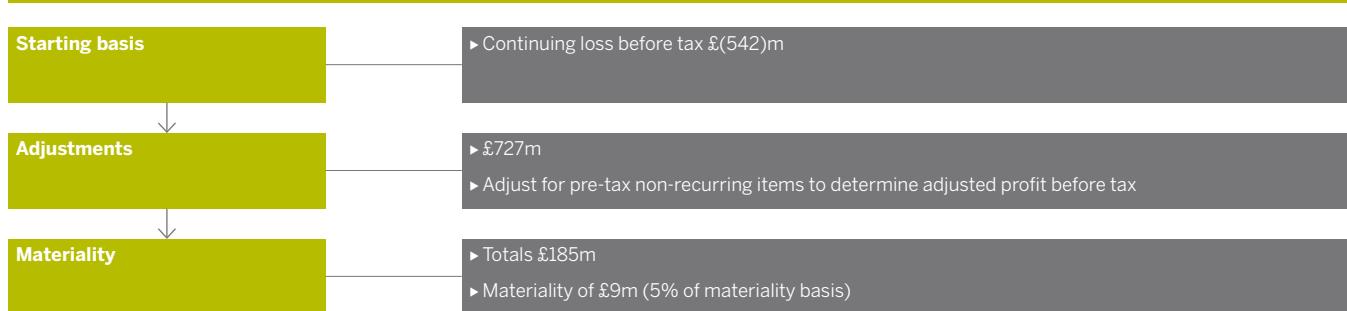
Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £9 million (2015: £10 million), which is 5% (2015: 5%) of profit before tax adjusted for pre-tax non-recurring items. We believe that profit before tax, adjusted for the items, as described below, provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity. Detailed audit procedures are performed on material exceptional items.



Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment and other qualitative considerations, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) was 50% (2015: 50%) of our planning materiality, namely £4.5m (2015: £5m). We have set performance materiality at this percentage to ensure that the total uncorrected and undetected audit differences in all accounts did not exceed our materiality.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1m to £3m (2015: £1m to £4m).

Reporting threshold

An amount below which identified misstatements is considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.5m (2015: £0.5m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent auditor's report to the members of Amec Foster Wheeler plc continued

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 93, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- ▶ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- ▶ based on the work undertaken in the course of the audit:
 - the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
 - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting

We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:

- ▶ materially inconsistent with the information in the audited financial statements; or
- ▶ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- ▶ otherwise misleading.

In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.

We have no exceptions to report.

Companies Act 2006 reporting

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We are required to report to you if, in our opinion:

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

We have no exceptions to report.

Listing Rules review requirements

We are required to review:

- ▶ the directors' statement, in relation to going concern, set out on page 45, and longer-term viability, set out on page 32; and
- ▶ the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity ISAs (UK and Ireland) reporting

We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:

- ▶ the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- ▶ the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- ▶ the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- ▶ the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

Colin Brown (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 April 2017

Notes

- 1 The maintenance and integrity of the Amec Foster Wheeler plc web site 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 financial statements since they were initially presented on the web site.
- 2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This page does not form part of Amec Foster Wheeler's annual report on Form 20-F as filed with the SEC.

Report of independent registered public accounting firm on internal control over financial reporting

The Board of Directors and Shareholders of Amec Foster Wheeler plc

We have audited Amec Foster Wheeler plc's internal control over financial reporting as of 31 December 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission 2013 framework (the COSO criteria). Amec Foster Wheeler plc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Amec Foster Wheeler plc maintained, in all material respects, effective internal control over financial reporting as of 31 December 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Amec Foster Wheeler as of 31 December 2016 and 2015, and the related consolidated income statement, statement of comprehensive income, changes in equity and cash flow statement for each of the three years in the period ended 31 December 2016 of Amec Foster Wheeler plc and our report dated 21 March 2017, expressed an unqualified opinion thereon.

Ernst & Young LLP

London, England

25 April 2017

Report of independent registered public accounting firm

The Board of Directors and Shareholders of Amec Foster Wheeler plc

We have audited the accompanying consolidated balance sheets of Amec Foster Wheeler plc as of December 31, 2016 and 2015, and the related consolidated income statement, statements of comprehensive income, change in equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amec Foster Wheeler at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Amec Foster Wheeler plc's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) and our report dated 21 March 2017, expressed an unqualified opinion thereon.

Ernst & Young LLP

London, England

25 April 2017

Consolidated income statement

For the year ended 31 December 2016

Note	2016			2015			2014			
	Before impairment, amortisation, exceptional items and asbestos-related items £m	Impairment, amortisation, exceptional items and asbestos-related items (note 5) £m	Total £m	Before impairment, amortisation, exceptional items and asbestos-related items £m	Impairment, amortisation, exceptional items and asbestos-related items (note 5) £m	Total £m	Before amortisation, exceptional items and asbestos-related items £m	Amortisation, exceptional items and asbestos-related items (note 5) £m	Total £m	
Continuing operations										
Revenue	2,3	5,440	—	5,440	5,455	—	5,455	3,993	—	3,993
Cost of sales		(4,852)	—	(4,852)	(4,787)	—	(4,787)	(3,475)	—	(3,475)
Gross profit		588	—	588	668	—	668	518	—	518
Administrative expenses		(288)	(784)	(1,072)	(334)	(538)	(872)	(219)	(135)	(354)
Profit/(loss) on business disposals and closures		—	2	2	—	(1)	(1)	—	(16)	(16)
Profit/(loss) before net financing expense	4	300	(782)	(482)	334	(539)	(205)	299	(151)	148
Financial income		16	—	16	16	—	16	11	—	11
Financial expense		(77)	(10)	(87)	(54)	(20)	(74)	(11)	(5)	(16)
Net financing expense	7	(61)	(10)	(71)	(38)	(20)	(58)	—	(5)	(5)
Share of post-tax results of joint ventures	2,13	11	—	11	28	—	28	12	—	12
Profit/(loss) before income tax	2	250	(792)	(542)	324	(559)	(235)	311	(156)	155
Income tax	8	(53)	69	16	(63)	45	(18)	(67)	18	(49)
Profit/(loss) for the year from continuing operations		197	(723)	(526)	261	(514)	(253)	244	(138)	106
Profit/(loss) for the year from discontinued operations	9	5	7	12	(5)	1	(4)	(8)	(19)	(27)
Profit/(loss) for the year		202	(716)	(514)	256	(513)	(257)	236	(157)	79
Attributable to:										
Equity holders of the parent										82
Non-controlling interests										(3)
										79
Basic (loss)/earnings per share	10									
Continuing operations		50.7p		(138.9)p	68.1p		(66.1)p	81.8p		36.1p
Discontinued operations		1.4p		3.3p	(1.3)p		(1.1)p	(2.6)p		(8.9)p
		52.1p		(135.6)p	66.8p		(67.2)p	79.2p		27.2p
Diluted (loss)/earnings per share	10									
Continuing operations		50.4p		(138.9)p	67.7p		(66.1)p	79.5p		35.1p
Discontinued operations		1.4p		3.3p	(1.3)p		(1.1)p	(2.5)p		(8.6)p
		51.8p		(135.6)p	66.4p		(67.2)p	77.0p		26.5p

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £m	2015 £m	2014 £m
(Loss)/profit for the year		(514)	(257)	79
Other comprehensive income				
Items that are or may be reclassified subsequently to profit and loss				
Exchange movements:				
– Exchange movements on translation of foreign subsidiaries		315	(46)	(4)
– Cumulative exchange movement recognised in profit on disposal		(10)	–	–
– Net loss on hedges of net investment in foreign subsidiaries	19	(127)	(3)	(4)
Cash flow hedges:				
– Effective portion of changes in fair value		(2)	(2)	(1)
– Tax on effective portion of changes in fair value		–	2	–
– Transferred to the income statement		2	–	–
		178	(49)	(9)
Items that will not be reclassified to profit and loss				
Actuarial (losses)/gains on defined benefit pension schemes	14	(169)	150	(58)
Tax on actuarial (losses)/gains		31	(25)	11
		(138)	125	(47)
Other comprehensive income/(loss)		40	76	(56)
Total comprehensive (loss)/income		(474)	(181)	23
Attributable to:				
Equity holders of the parent		(480)	(181)	26
Non-controlling interests		6	–	(3)
Total comprehensive (loss)/income		(474)	(181)	23

Consolidated balance sheet

As at 31 December 2016

Registered number 1675285

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Property, plant and equipment	11	71	127
Intangible assets	12	2,675	3,025
Interests in joint ventures	13	38	104
Derivative financial instruments	19	28	18
Retirement benefit assets	14	70	231
Other receivables	20	140	145
Deferred tax assets	15	85	50
Total non-current assets		3,107	3,700
Current assets			
Inventories	16	9	13
Trade and other receivables	17	1,418	1,455
Derivative financial instruments	19	9	16
Current tax receivable		30	25
Bank deposits (more than three months)	23	22	23
Cash and cash equivalents (excluding bank overdrafts)	23	342	340
Assets classified as held for sale	24	336	—
Total current assets		2,166	1,872
Total assets		5,273	5,572
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	23	(109)	(683)
Trade and other payables	18	(1,412)	(1,459)
Derivative financial instruments	19	(45)	(21)
Current tax payable		(118)	(98)
Liabilities classified as held for sale	24	(187)	—
Provisions	21	(9)	—
Total current liabilities		(1,880)	(2,261)
Non-current liabilities			
Interest-bearing loans and borrowings	23	(1,317)	(640)
Trade and other payables	20	(149)	(121)
Derivative financial instruments	19	(28)	(4)
Retirement benefit liabilities	14	(207)	(168)
Deferred tax liabilities	15	(57)	(106)
Provisions	21	(610)	(664)
Total non-current liabilities		(2,368)	(1,703)
Total liabilities		(4,248)	(3,964)
Net assets		1,025	1,608
EQUITY			
Share capital	22	197	197
Share premium account		133	133
Merger reserve		33	540
Hedging and translation reserves		150	(26)
Capital redemption reserve		34	34
Retained earnings		467	721
Total equity attributable to equity holders of the parent		1,014	1,599
Non-controlling interests		11	9
Total equity		1,025	1,608

The accounts on pages 104 to 166 were approved by the board of directors on 25 April 2017 and were signed on its behalf by:



Jonathan Lewis
Chief Executive Officer



Ian McHoul
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
As at 1 January 2016	197	133	540	–	(26)	34	721	1,599	9	1,608
(Loss)/profit for the year	–	–	–	–	–	–	(518)	(518)	4	(514)
Exchange movements on translation of foreign subsidiaries	–	–	–	–	313	–	–	313	2	315
Cumulative exchange movement recognised in profit on disposal	–	–	–	–	(10)	–	–	(10)	–	(10)
Net loss on hedges of net investment in foreign subsidiaries	–	–	–	–	(127)	–	–	(127)	–	(127)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(2)	–	–	–	(2)	–	(2)
Cash flow hedges transferred to the income statement	–	–	–	2	–	–	–	2	–	2
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	(169)	(169)	–	(169)
Tax on actuarial losses	–	–	–	–	–	–	31	31	–	31
Other comprehensive income for the year	–	–	–	–	176	–	(138)	38	2	40
Total comprehensive loss for the year	–	–	–	–	176	–	(656)	(480)	6	(474)
Dividends	–	–	–	–	–	–	(113)	(113)	–	(113)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(4)	(4)
Equity-settled share-based payments	–	–	–	–	–	–	10	10	–	10
Acquisition of shares by trustees of the Employee Share Trust	–	–	–	–	–	–	(2)	(2)	–	(2)
Transfer of impairment losses to merger reserve	–	–	(507)	–	–	–	507	–	–	–
As at 31 December 2016	197	133	33	–	150	34	467	1,014	11	1,025

Consolidated statement of changes in equity continued
For the year ended 31 December 2015

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
As at 1 January 2015	194	101	877	–	24	34	744	1,974	22	1,996
Loss for the year	–	–	–	–	–	–	(256)	(256)	(1)	(257)
Exchange movements on translation of foreign subsidiaries	–	–	–	–	(47)	–	–	(47)	1	(46)
Net loss on hedges of net investment in foreign subsidiaries	–	–	–	–	(3)	–	–	(3)	–	(3)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(2)	–	–	–	(2)	–	(2)
Tax on effective portion of changes in fair value of cash flow hedges	–	–	–	2	–	–	–	2	–	2
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	–	150	150	–	150
Tax on actuarial gains	–	–	–	–	–	–	(25)	(25)	–	(25)
Other comprehensive income for the year	–	–	–	–	(50)	–	125	75	1	76
Total comprehensive loss for the year	–	–	–	–	(50)	–	(131)	(181)	–	(181)
Dividends	–	–	–	–	–	–	(167)	(167)	–	(167)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(4)	(4)
Equity-settled share-based payments	–	–	–	–	–	–	7	7	–	7
Acquisition of shares by trustees of the Employee Share Trust	–	–	–	–	–	–	(5)	(5)	–	(5)
Utilisation of treasury shares	–	–	–	–	–	–	15	15	–	15
Acquisition of non-controlling interests	–	–	–	–	–	–	(79)	(79)	(9)	(88)
Shares issued	3	32	–	–	–	–	–	35	–	35
Transfer of impairment losses to merger reserve	–	–	(337)	–	–	–	337	–	–	–
As at 31 December 2015	197	133	540	–	(26)	34	721	1,599	9	1,608

Consolidated statement of changes in equity continued

For the year ended 31 December 2014

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
As at 1 January 2014	152	101	–	1	32	34	802	1,122	2	1,124
Profit for the year	–	–	–	–	–	–	82	82	(3)	79
Exchange movements on translation of foreign subsidiaries	–	–	–	–	(4)	–	–	(4)	–	(4)
Net loss on hedges of net investment in foreign subsidiaries	–	–	–	–	(4)	–	–	(4)	–	(4)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(1)	–	–	–	(1)	–	(1)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	(58)	(58)	–	(58)
Tax on actuarial losses	–	–	–	–	–	–	11	11	–	11
Other comprehensive loss for the year	–	–	–	(1)	(8)	–	(47)	(56)	–	(56)
Total comprehensive income for the year	–	–	–	(1)	(8)	–	35	26	(3)	23
Dividends	–	–	–	–	–	–	(124)	(124)	–	(124)
Equity-settled share-based payments	–	–	–	–	–	–	25	25	–	25
Utilisation of treasury shares	–	–	–	–	–	–	6	6	–	6
Arising on business combinations	–	–	–	–	–	–	–	–	23	23
Shares issued	42	877	–	–	–	–	–	919	–	919
Transfer to merger reserve	–	(877)	877	–	–	–	–	–	–	–
As at 31 December 2014	194	101	877	–	24	34	744	1,974	22	1,996

Consolidated cash flow statement

For the year ended 31 December 2016

	Note	2016 £m	2015 £m	2014 £m
Cash flow from operating activities				
(Loss)/profit before income tax from continuing operations	9	(542)	(235)	155
Profit/(loss) before income tax from discontinued operations		15	(5)	(33)
(Loss)/profit before income tax		(527)	(240)	122
Financial income	7	(16)	(16)	(11)
Financial expense	7	87	74	16
Share of post-tax results of joint ventures	2, 13	(11)	(28)	(12)
Intangible impairment and amortisation	5, 12	629	444	49
Impairment of assets held for sale	5	26	—	—
Depreciation and impairment of property, plant and equipment	11	29	26	16
(Profit)/loss on disposal of businesses	5	(9)	(1)	44
Difference between contributions to retirement benefit schemes and amount charged to profit before net financing expense	14	(4)	(3)	(2)
Profit on disposal of property, plant and equipment		—	(1)	—
Loss on disposal of intangible assets		—	—	1
Equity-settled share-based payments		10	7	8
		214	262	231
Decrease in inventories		—	1	—
(Increase)/decrease in trade and other receivables		(39)	38	106
Decrease in trade and other payables and provisions		(5)	(81)	(137)
Cash generated from operations		170	220	200
Tax paid		(32)	(79)	(54)
Net cash flow from operating activities		138	141	146
Cash flow from investing activities				
Acquisition of businesses (net of cash acquired)	25	(2)	(5)	(781)
Investment in joint ventures		(2)	(1)	(1)
Purchase of property, plant and equipment		(16)	(15)	(14)
Purchase of intangible assets		(10)	(23)	(17)
Movements in bank deposits (more than three months)		1	(2)	(3)
Disposal of businesses (net of cash disposed of)		(5)	(2)	(2)
Disposal of joint ventures		40	11	(21)
Disposal of property, plant and equipment		2	2	—
Advance disposal proceeds	24	30	—	—
Interest received		11	3	4
Dividends received from joint ventures	13	34	42	14
Dividends received from joint ventures classified as held for sale		1	—	—
Amounts (paid)/received on maturity of net investment hedges		(16)	37	(7)
Net cash flow from investing activities		68	47	(828)
Net cash flow before financing activities		206	188	(682)
Cash flow from financing activities				
Proceeds from other borrowings		1,333	68	1,198
Repayments of other borrowings		(1,345)	(143)	(100)
Cash flows in respect of facility arrangement fees		(18)	(3)	(13)
Interest paid		(58)	(38)	(7)
Dividends paid		(113)	(167)	(124)
Acquisition of non-controlling interest	25	—	(54)	—
Cash received in respect of debt related cash flow hedges	23	30	12	—
Dividends paid to non-controlling interests		(4)	(4)	—
Cash flows in respect of treasury shares*		—	15	6
Acquisition of shares by trustees of the Employee Share Trust		(2)	(5)	—
Net cash flow from financing activities		(177)	(319)	960
Increase/(decrease) in cash and cash equivalents		29	(131)	278
Cash and cash equivalents as at the beginning of the year	23	340	495	223
Exchange gains/(losses) on cash and cash equivalents	23	19	(24)	(6)
Cash and cash equivalents as at the end of the year	23	388	340	495

Consolidated cash flow statement continued

For the year ended 31 December 2016

	Note	2016 £m	2015 £m	2014 £m
Cash and cash equivalents consist of:				
Cash at bank and in hand	23	286	307	377
Bank deposits (less than three months)	23	56	33	118
Cash at bank and in hand classified as held for sale	24	46	–	–
Cash and cash equivalents as at the end of the year	23	388	340	495
Bank deposits (more than three months)	23	22	23	21
Bank loans	23	(1,388)	(1,264)	(1,267)
Loan payable to joint venture	23, 28	(2)	–	–
Bank loans classified as held for sale	23, 24	(25)	–	–
Fees capitalised against bank facilities	23	15	–	9
Derivatives classified as net debt	23	27	14	–
Finance leases	23	(51)	(59)	(61)
Finance leases classified as held for sale	23, 24	(7)	–	–
Net debt as at the end of the year		(1,021)	(946)	(803)

*Cash received from SAYE option holders on exercise of options.

Notes to the consolidated accounts

1 Significant accounting policies

Amec Foster Wheeler plc is a public limited company, which is listed on both the London Stock Exchange and the New York Stock Exchange and incorporated and domiciled in England. The principal activities of the Company and its subsidiaries (the Group) are described in note 2.

Statement of compliance

The consolidated accounts include the accounts of Amec Foster Wheeler plc and all of its subsidiaries made up to 31 December each year, and the Group's share of the profit after interest and tax and net assets of joint ventures based on the equity method of accounting. These are available from the registered office of the Company, Booths Park, Chelford Road, Knutsford, Cheshire WA16 8QZ, UK.

In accordance with EU law (IAS Regulation EC 1606/2002), the consolidated accounts of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the EU as at 31 December 2016 (adopted IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to prepare its parent company accounts in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101); these are presented on pages 167 to 175.

From the Group's perspective, there are no applicable differences between adopted IFRS and IFRS as issued by the IASB, and therefore the financial statements also comply with IFRS as issued by the IASB.

Accounting standards adopted in the year

There are no IFRS, IAS amendments or IFRIC interpretations effective for the first time this financial year that have had a material impact on the Group.

New standards, amendments and interpretations issued but not effective which have not been early adopted by the Group

IFRS 9 'Financial Instruments' replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including the new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

We do not expect the adoption of IFRS 9 to have a significant impact on the total assets, total liabilities, guarantees, equity, earnings and earnings per share.

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 'Revenue' and IAS 11 'Construction Contracts'.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has performed an initial assessment of the potential impact of implementing IFRS 15. Under the existing accounting policy, contract revenue is recognised over the term of the contract by reference to the stage of completion on the contract activity at the end of each reporting period. Under IFRS 15, revenue will be recognised when a customer obtains control of the services, which can be at a point in time or over time.

For each performance obligation satisfied over time, revenue needs to be recognised by measuring the progress towards complete satisfaction of that performance obligation at the end of each reporting period.

Based on the initial review a large number of contracts were identified where the impact of implementing the standard may impact the timing of revenue recognition, in particular recognition of variation orders.

A further detailed assessment will commence shortly, and will involve each business segment reviewing the existing contracts in place to assess the likely impact of introducing the standard.

The Group has not yet determined whether to adopt the modified retrospective transition approach upon initial adoption of IFRS 15. An update will be made during the 2017 interim reporting.

IFRS 16 'Leases' replaces the existing guidance in IAS 17 'Leases'. IFRS 16 eliminates the classification of leases as either operating leases or finance leases. The standard introduces a single lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. The income statement will include depreciation on the leased asset and an interest charge on the liability.

IFRS 16 is effective for annual periods on or after 1 January 2019 with early adoption permitted if IFRS 15 has also been applied.

The Group has begun a systematic review of all existing major lease contracts to ensure that the impact and effects of IFRS 16 are fully understood and changes to the current accounting procedures are highlighted and acted upon in advance of the effective date. Details of the Group's operating lease commitments are included in note 26. This shows as at 31 December 2016 there were off-balance operating lease obligations (undiscounted) of £379 million.

1 Significant accounting policies continued

New standards, amendments and interpretations issued but not effective which have not been early adopted by the Group continued

The Group has not yet decided whether to early adopt IFRS 16 and which transition approach to apply, and has not yet decided whether it will use any of the optional exemptions.

Other than as described above, there are no other IFRS, IAS amendments or IFRIC interpretations which are not yet effective that would be expected to have a material impact on the Group.

Basis of preparation

The accounts are presented in Sterling, rounded to the nearest million. All calculated numbers, for example earnings per share, are calculated on the underlying numbers to one decimal place precision. They are prepared on the historical cost basis except that derivative financial instruments and retirement benefit assets and liabilities are stated at fair value.

The preparation of accounts in accordance with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Amec Foster Wheeler believe some of these policies require a high level of judgement, and the most critical accounting policies and significant areas of judgement and estimation arise from:

- ▶ long-term contracts under IAS 11 'Construction Contracts'
- ▶ intangible assets, including goodwill, under IAS 38 'Intangible Assets' and IAS 36 'Impairment of Assets'
- ▶ provisions under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and other similar liabilities
- ▶ classification of businesses as held for sale and for discontinued operations under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'
- ▶ uncertain tax positions under IAS 12 'Income Taxes'
- ▶ defined benefit pension schemes under IAS 19 'Employee Benefits'
- ▶ acquisition accounting under IFRS 3 'Business Combinations'

In addition, judgement has also been applied in the presentation of certain research and development government credits and in presenting the UK conventional power business as a discontinued operation in 2013.

IAS 11 'Construction Contracts'

A significant amount of the Group's activities is undertaken via long-term contracts. These contracts are accounted for in accordance with IAS 11 'Construction Contracts' which requires estimates to be made for contract costs and revenues.

Management bases its judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of incentive payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

Principally, there are two types of long-term contracts being cost reimbursable contracts and fixed price contracts. Due to the nature of these contracts the significant estimates tend to arise on fixed price contracts rather than cost reimbursable contracts.

IAS 38 'Intangible Assets' and IAS 36 'Impairment of Assets'

The Group has a significant amount of intangible assets on its balance sheet. The determination of carrying value involves significant judgements when allocating goodwill to the cash generating units ('CGUs') expected to benefit from the acquisition. The estimation of the recoverable amounts also requires significant judgements and estimates including the future cash flows of the CGU, terminal growth rates and the appropriate rate at which to discount those cash flows. See note 12 for further details of the impairment reviews performed during the year. In total £500m of impairment charges have been recorded against goodwill and intangible assets during the year, see note 5 for further details.

Notes to the consolidated accounts continued

1 Significant accounting policies continued

Basis of preparation continued

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets and other similar liabilities'

When accounting for provisions for litigation and other items the Group has taken internal and external advice in considering known legal claims and actions made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed.

The Group has a significant asbestos-related provision. Some of the Group's US and UK subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending in the US and UK. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to or use of asbestos in connection with work allegedly performed by the Group's subsidiaries during the 1970s and earlier.

The provision for asbestos is the Group's best estimate of its obligation required to settle claims that is expected to continue up until 2050. The provision is discounted back to a net present value using a US Treasury yield curve discount rate.

As part of the ongoing cost reduction programme, there has been consolidation of office space and significant onerous lease liabilities have been established. The estimation of these liabilities involves management's assessment of the ability of the Group to sub-lease the vacated space and the value of sub-lease income that will be generated.

See note 21 for further details of the Group's provisions.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'

A non-current asset, or disposal group, is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continued use. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', assets and disposal which meet the definition of held for sale are valued at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

On 5 November 2015, a review of the assets portfolio was announced, since then a number of assets have been identified as no longer being core to the future of the business and the disposals process is well advanced.

The Group's interests in PetroPower Energia Limitada, The Incheon Bridge Co. Ltd, Foster Wheeler Power S.r.l., Aquentia Consulting Ltd and the GPG core boiler business were all classified as held for sale during 2016.

Judgements required in determining whether an asset meets the IFRS 5 criteria of held for sale include whether the business is being actively marketed, is available for sale in its current condition and whether a sale is highly probable within 12 months of classification as held for sale. On 2 March 2017, the potential disposal of the nuclear business was announced, this is not considered to have met the held for sale criteria as at 31 December 2016 as it had not been actively marketed at that date. When calculating fair value less costs to sell of an asset or disposal group, estimates of future disposal proceeds and goodwill to be allocated to the disposal group are required. Further details are provided in note 24.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the post-tax results of discontinued operations are disclosed separately in the consolidated income statement.

Discontinued operations include the non-core Built Environment businesses, which were sold during 2007, SPIE, which was sold in 2006, and the UK conventional power business that was discontinued in 2013.

Judgements required in determining whether an asset or disposal group meets the IFRS 5 criteria of discontinued includes whether it represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Of the assets classified as held for sale in 2016, the largest is the GPG core boiler business which contributed 4% to group revenue in 2016. In view of their relative size in relation to both the Group and the operating segment in which they are reported, none of assets or disposal groups classified as held for sale on 2016 are considered to be major lines of business and therefore are not discontinued operations.

The judgements applied in presenting the UK conventional power business as discontinued are explained in note 1 to the 2013 financial statements. The results and other disclosures in respect of discontinued operations are shown in note 9.

IAS 12 'Income Taxes'

Significant judgement is required in determining liabilities related to uncertain tax positions, in particular those in respect of financing structures. A current tax provision is recognised when the Group has a present obligation as a result of a past event, and it is more likely than not that the Group will be required to settle that obligation. A current tax provision is measured using the single best estimate of the likely outcome approach. There is also significant judgement required in assessing the recoverability of deferred tax assets, particularly to the extent they are supported by forecast profits and determining the period of forecasts used to support the asset.

1 Significant accounting policies continued

Basis of preparation continued

IAS 19 'Employee Benefits'

Defined benefit pension schemes are accounted for in accordance with the advice of independent qualified actuaries but significant judgements are required in relation to the assumptions for future salary and pension increases, discount rate, inflation and member life expectancy that underpin their valuations.

See note 14 for further details of the Group's retirement benefit schemes.

IFRS 3 'Business Combinations'

During 2014, the Group acquired Foster Wheeler AG. The acquisition was accounted for as a purchase under IFRS 3. Determining the fair value of the assets and liabilities acquired involved significant judgement and estimates. This involved the use of valuation models to determine the fair value of the intangible assets acquired. Inputs to these models include estimates of the future cash flows of Foster Wheeler; the appropriate discount rate to apply to these future cash flows, estimates of the retention rates for key customers and the likelihood of renewal of significant service contracts.

Going concern

As at 31 December 2016, the Company had net debt of £1,021m. Committed facilities under the principal Debt Facility Arrangement and other smaller facilities were £1,745m of which £300m was undrawn. The Company has taken steps to reduce its debt including the disposal of non-core assets, cost savings measures and suspending dividend payments until the Company is generating sustainable free cash flow. Despite the actions taken to date, there remained a risk that the leverage ratio would exceed the maximum leverage ratio under the Debt Facility Arrangement of 3.75:1 in the measurement period ended 30 June 2017 and in subsequent periods.

Should there be a breach of the leverage covenant, the lenders could demand accelerated repayment and the Company may not have the funds to make these repayments. To ensure continued compliance with its financial covenants, the Company has approached its banking group and successfully agreed a waiver to increase the leverage covenant in its banking facilities to 4.5:1 to provide additional headroom through to the reporting period ending 30 June 2018. The Directors have a reasonable expectation that the Company and the Group will comply with this revised covenant and will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis.

Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated accounts.

Basis of consolidation

The consolidated accounts comprise the accounts of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights result in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate there is a change of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated accounts from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of comprehensive income is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Notes to the consolidated accounts continued

1 Significant accounting policies continued

Basis of consolidation continued

The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The results of the joint ventures are included in the consolidated accounts from the date the joint control commences until the date that it ceases.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the joint venture.

Losses of a joint venture are recognised only to the extent of the Group's interest in the joint venture, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- ▶ its assets and liabilities, including its share of any assets and liabilities held jointly
- ▶ its revenue from the sale of its share of the output arising from the joint operation
- ▶ its share of the revenue from the sale of the output by joint operation
- ▶ its expenses, including its share of any expenses incurred jointly

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to property, plant and equipment or where appropriate the interest in joint ventures. The remaining assets and liabilities continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any interest in joint ventures are no longer equity accounted.

Bid costs

Bid costs and all related expenditure are expensed in the income statement as incurred.

Business combinations and goodwill

The purchase method is used to account for all business combinations.

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the assets, liabilities and contingent liabilities acquired.

Goodwill arising on acquisitions since 1 January 2004 is capitalised and subject to an impairment review, both annually and when there are indications that its carrying value may not be recoverable. Goodwill is not amortised.

Cash and cash equivalents and short-term investments

Cash comprises cash balances and deposits repayable on demand and available within one working day without penalty.

Cash equivalents are other deposits with a maturity period of three months or less from date of acquisition; convertible without an undue period of notice and not subject to a significant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of Amec Foster Wheeler's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Deposits with a maturity period of more than three months at inception are classified as bank deposits (more than three months).

1 Significant accounting policies continued

Development expenditure

Expenditure that is directly attributable to the development of wind farm projects is recognised as an intangible asset when the Group can demonstrate it is probable that the wind farm development will generate future economic benefits in excess of the amounts capitalised and other relevant criteria for capitalising such costs in accordance with IAS 38 'Intangible Assets' have been met.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the wind farm development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is reviewed for impairment annually.

Discontinued operations

A discontinued operation is a separate major line of business or geographic area of operations that has either been disposed of, abandoned or is part of a plan to dispose of a major line of business or geographic area. An operation is classified as a discontinued operation in the year that the above criteria are met.

Certain legacy settlements and relevant provision adjustments are allocated to discontinued operations when those settlements and provisions arise from or are directly related to the discontinued operations.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value; and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA-rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

A net surplus from a defined benefit plan is recognised on the balance sheet when the asset would be recoverable as a result of an expected future refund after a gradual settlement of plan liabilities.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

Exceptional items

As permitted by IAS 1 'Presentation of Financial Statements', certain items are presented separately as exceptional on the face of the consolidated income statement. In the opinion of the directors, these exceptional items require separate disclosure by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying performance and to provide consistency with internal management reporting. Exceptional items may include, but are not restricted to: impairment charges, acquisition-related costs; restructuring costs; gains and losses on the disposal of fixed assets; and gains and losses on the disposal or closure of businesses. Acquisition-related costs may include transaction costs (including external advisory, legal, valuation and other professional fees and attributable internal costs), the amortisation of acquisition-related facility fees, payments to selling shareholders that are accounted for as remuneration and changes in the fair value of contingent consideration.

Financial instruments

Financial instruments are initially recorded at fair value. Subsequent valuation depends on the designation of the instrument.

Cash, bank deposits, borrowings and trade receivables and payables are held at amortised cost.

Bank loans and similar borrowings are recognised initially at fair value (i.e. proceeds received) net of directly attributable transaction fees. Interest expense, including transaction fees is recognised over the life of the bank loan using the effective interest method.

Derivative financial instruments are recognised initially and subsequently at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. The fair value of derivative financial instruments is determined by reference to market values for similar financial instruments or by discounting the expected future cash flows at prevailing interest rates.

The sale and purchase of derivative financial instruments are non-speculative.

Notes to the consolidated accounts continued

1 Significant accounting policies continued

Financial instruments continued

Cash flow hedges

Where a derivative financial instrument is designated as a hedge against the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, any gain or loss on the effective part of the derivative financial instrument is recognised in other comprehensive income and accumulated within the hedging reserve. The gain or loss on any ineffective portion of the hedge is recognised immediately in the income statement.

Hedge accounting is discontinued when the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised. The cumulative gain or loss previously recognised in the hedging reserve remains there until the forecast transaction occurs. The cumulative gain or loss in the hedging reserve is transferred to the income statement in the same period that the hedged item affects profit or loss.

Net investment hedges

Foreign currency differences arising on the retranslation of financial instruments designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income, to the extent that the hedge is effective. The gain or loss of any ineffective portion of the hedge is recognised immediately in the income statement. On disposal of the foreign operation, the cumulative value of gains and losses recorded in equity is transferred to the income statement.

Foreign currencies

The Group's consolidated accounts are presented in Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the accounts of each entity are measured using that functional currency. An entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it.

At an individual entity level, transactions in a currency other than the functional currency of the entity are translated to the functional currency at the exchange rate ruling at the day of the transaction. Entities which have multiple foreign currency transactions apply the average rate for the month as an approximation of the exchange rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date and any foreign exchange differences arising are recognised in the income statement except those arising on intra-Group balances, settlement of which is neither planned nor probable to occur, which are recognised in other comprehensive income. Non-monetary assets and liabilities are measured in terms of historical cost and are translated using the exchange rate at the date of the transaction.

On consolidation, the results of entities with a functional currency other than Sterling are translated into Sterling using a monthly average exchange rate. The net assets of such entities are translated into Sterling at the closing exchange rate.

Exchange differences arising on the translation of foreign currency net investments and any foreign currency borrowings, or forward contracts used to hedge those investments, are taken to a translation reserve. They are recycled and recognised as a profit or loss on the disposal or closure of a business. The cumulative translation difference for all foreign operations was deemed to be zero as at 1 January 2004, the date of transition to adopted IFRS.

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the purchase consideration over the fair value of the assets and liabilities acquired. Goodwill is capitalised and subject to impairment review, both annually and when there are indications that its carrying value may not be recoverable.

Impairment

The carrying values of all of the Group's assets other than inventories, balances on long-term contracts and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there are indications of an impairment in the carrying value then the recoverable amount is estimated and compared to the carrying amount.

For goodwill and assets not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised to the extent that the carrying value of an asset exceeds its recoverable amount.

1 Significant accounting policies continued

Intangible assets other than goodwill

Intangible assets acquired by the Group, which include customer relationships, brands/trademarks, order backlog, patents and software, are stated at cost less accumulated amortisation and impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at date of acquisition.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets, from the date they are available for use.

The estimated lives of intangible assets held at 31 December 2016 are as follows:

Customer relationships	Two to 18 years
Brand/trademarks	Up to 20 years
Order backlog	Three to five years
Patents	15 years
Software	Three to seven years
Other	Up to six years

Inventories

Inventories, including land held for and in the course of development, are stated at the lower of cost and net realisable value.

Development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development. Cost includes cost of acquisition and development to date, including directly attributable fees and expenses net of rental and other income attributable to the development.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease costs, including incentives received, are charged to the income statement on a straight line basis over the period of the lease.

Net financing expense

Net financing expense comprises interest receivable on funds invested, interest payable, pension financing income, the unwinding of discounted balances and foreign exchange gains and losses. Interest income and interest payable are recognised in the income statement as they accrue, using the effective interest method.

Directly attributable finance costs are capitalised in the cost of purchased and constructed property, plant and equipment, until the relevant assets are brought into operational use.

Notes to the consolidated accounts continued

1 Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment as at 1 January 2004, the date of transition to adopted IFRS, was determined by reference to its fair value at that date.

Depreciation is provided on all property, plant and equipment, with the exception of freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life. Reviews are made annually of the estimated remaining lives and residual values of individual assets.

The estimated lives used are:

Freehold buildings	Up to 50 years
Leasehold land and buildings	The shorter of the lease term or 50 years
Plant and equipment	Mainly three to five years

Provisions for liabilities and charges

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The Group has taken internal and external advice in considering known and reasonably likely legal claims and actions made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed. These possible but not probable liabilities are disclosed in note 27 as contingent liabilities.

Research and development government credits

The Group claims research and development government credits in the UK, US and Canada. These are judged to have characteristics more akin to grants than income taxes and are offset against the relevant expenditure caption. Credits are recognised to the extent there is reasonable assurance they will be received which, given the necessary claims processes, can be some time after the original expense is incurred.

Revenue recognition and long term contracts

Revenue represents the amount received or receivable for goods and services supplied by the Group to its customers, including the Group's share of revenue from work carried out by jointly controlled operations. Revenue excludes intra-Group sales and value added tax and other sales taxes.

The Group's revenue is derived principally from service and construction-type contracts. Contract revenue is recognised over the term of the contract by reference to the stage of completion of the contract activity at the end of each reporting period.

Revenue from cost reimbursable contracts is based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Flow-through costs on cost reimbursable contracts, typically consisting of materials, equipment or subcontractor services, are included as both contract revenue and contract costs.

Revenue from fixed price contracts is recognised using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognised immediately in the income statement.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. Variations are included in contract revenue when it is probable that the customer will approve the variation and the related adjustment to the contract price can be measured reliably.

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are included in contract revenue when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim and the amount of the claim can be measured reliably.

Incentive payments are additional amounts payable to the contractor if specified performance standards are met or exceeded. Incentive payments are recognised when the contract is sufficiently far advanced that it is probable that the required performance standards will be met and the amount of the payment can be measured reliably.

1 Significant accounting policies continued

Revenue recognition and long term contracts continued

Gross amounts due from customers included in trade and other receivables represent the costs incurred plus recognised profits, less provision for recognised losses and progress billings. Progress billings that have not been settled by customers (including retentions related to contracts in progress) are included in trade receivables where they are stated after allowance for any doubtful debts.

Trade receivables, which are generally of a short term nature, are recognised and carried at the original invoiced amount less an allowance for estimated irrecoverable amounts. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Gross amounts due to customers included in trade and other payables represent payments on account received from customers in excess of the gross amounts due from customers and advances. Advances are amounts received by the customer before the related work is performed.

Share-based payments

There are various share-based payment arrangements which allow Amec Foster Wheeler employees to acquire Amec Foster Wheeler shares; these awards are granted by Amec Foster Wheeler. The fair value of awards granted is recognised as a cost of employment with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the award. The fair value of the award is measured using a valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where non-vesting is due to total shareholder return not achieving the threshold for vesting.

Taxation

Income tax expense comprises the sum of the current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or deductible.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. Separate provisions for interest and penalties are also recorded if appropriate. Movements in interest and penalty amounts in respect of tax provisions are not included in the tax charge, but are disclosed within profit/(loss) before income tax.

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's profits for the year.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences with deferred tax assets being recognised where it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjustments made to the extent that it is no longer probable that sufficient profits will be available.

Assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted to apply when the deferred tax asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

Notes to the consolidated accounts continued

2 Segmental analysis of continuing operations

Amec Foster Wheeler designs, delivers and maintains strategic and complex assets for its customers across the global energy and related sectors.

During 2016, the Group's continuing operations were organised into five operating units: Americas; Northern Europe and CIS; Asia, Middle East, Africa and Southern Europe; Global Power Group and Investment Services. Details of the services offered by each segment and the end markets in which they operate are given on pages 2 to 4 and 14 to 15.

With effect from 1 January 2017, the Group has organised its Engineering & Construction business into four market-based business lines: Oil, Gas & Chemicals; Mining; Power and Environment & Infrastructure. The Global Power Group and Investment Services will continue to be reported separately – See page 3 for further details of the new business lines.

Segment information is presented on a consistent basis with the information presented to the Group's Executive Committee for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses.

The Group Executive Committee uses trading profit as the measure of the profitability of the Group's businesses. Trading profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Trading profit represents profit before net financing expense excluding exceptional items; the amortisation and impairment of intangible assets; and asbestos-related costs (net of insurance recoveries). Trading profit includes the Group's share of the trading profit of joint ventures.

Revenue and results

	Revenue			Profit/(loss)		
	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m
Americas	2,516	2,646	2,184	109	161	212
Northern Europe and CIS	1,497	1,492	1,293	121	134	105
Asia, Middle East, Africa and Southern Europe	1,102	1,050	516	61	68	25
Global Power Group	406	364	53	54	51	1
Investment Services	16	15	8	17	14	9
	5,537	5,567	4,054	362	428	352
Internal revenue	(97)	(112)	(61)	–	–	–
External revenue	5,440	5,455	3,993	–	–	–
Corporate costs ¹				(44)	(54)	(31)
Trading profit ²				318	374	321
Net financing expense ³				(64)	(40)	(4)
Adjusted profit before tax				254	334	317
Tax on results of joint ventures ⁴				(4)	(10)	(6)
				250	324	311
Intangible amortisation and impairment ⁵				(655)	(444)	(49)
Exceptional and asbestos-related items ⁵				(137)	(115)	(107)
(Loss)/profit before income tax				(542)	(235)	155

1 Corporate costs comprise the costs of operating central corporate functions and certain regional overheads.

2 Trading profit is earnings from continuing operations before net financing expense, tax, intangible amortisation and impairment, pre-tax exceptional items and asbestos-related items of £303m (2015: £334m; 2014: £299m), but including joint venture trading profit of £18m (2015: £40m; 2014: £22m).

3 Net financing expense excludes exceptional and asbestos-related items, but includes Amec Foster Wheeler's share of net interest payable of joint ventures.

4 The share of post-tax results of joint ventures is further analysed as follows:

	2016 £m	2015 £m	2014 £m
Trading profit	18	40	22
Net financing expense	(3)	(2)	(4)
Tax	(4)	(10)	(6)
	11	28	12

5 See note 5 for further details.

2 Segmental analysis of continuing operations continued

Transactions between reportable segments are conducted on an arm's length basis. Internal revenue arises in the segments as follows:

	2016 £m	2015 £m	2014 £m
Americas	13	12	13
Northern Europe and CIS	29	35	23
Asia, Middle East, Africa and Southern Europe	53	65	24
Global Power Group	2	—	—
Investment Services	—	—	1
	97	112	61

Other information

	Share of post-tax results of joint ventures			Depreciation			Intangible amortisation and impairment ¹		
	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m
Americas	(1)	(1)	1	8	9	8	241	46	20
Northern Europe and CIS	4	15	8	5	6	5	42	41	19
Asia, Middle East, Africa and Southern Europe	3	3	2	4	4	2	42	23	6
Global Power Group	4	11	2	5	4	1	275	334	4
Investment Services	1	—	(1)	3	3	—	21	—	—
Corporate costs	—	—	—	—	—	—	34	—	—
	11	28	12	25	26	16	655	444	49

1 See Note 5 for details.

Geographical origin

	Revenue			Non-current assets		
	2016 £m	2015 £m	2014 £m	2016 £m	2015 £m	2014 £m
United Kingdom	1,312	1,223	1,067	627	647	801
Canada	538	741	938	296	288	297
United States	1,979	1,873	1,218	1,009	1,302	1,175
Rest of the world	1,611	1,618	770	852	1,019	1,442
	5,440	5,455	3,993	2,784	3,256	3,715

The non-current assets analysed by geography include property, plant and equipment, intangible assets and interests in joint ventures.

Revenue to external customers by region is based on the location of the Group subsidiary which made the sale.

3 Revenue

	2016 £m	2015 (restated) £m	2014 £m
Construction contracts	1,603	1,637	917
Services	3,837	3,818	3,076
	5,440	5,455	3,993

The 2015 comparative has been restated following a review of the classification of a number of legacy Foster Wheeler contracts.

The revenue from construction contracts shown above is based on the definition of construction contracts included in IAS 11 and includes revenue from all contracts directly related to the construction of an asset even if Amec Foster Wheeler's role is as a service provider, for example project management.

Notes to the consolidated accounts continued

4 Profit before net financing expense – continuing operations

	2016 £m	2015 (restated) £m	2014 £m
Depreciation and impairment of property, plant and equipment	29	26	16
Minimum payments under operating leases	113	107	87
Research and development government credits	(17)	(15)	(23)

The 2015 comparative for minimum payments under operating leases has been restated to include leases with a value of £18m not previously reported.

There are no material receipts from subleases.

	2016 £m	2015 £m	2014 £m
Fees paid to the auditor and its associates:			
The auditing of the accounts	3.6	4.1	3.9
The auditing of accounts of any subsidiaries of the company	1.6	1.4	1.5
Taxation compliance services	0.2	0.9	0.4
All services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the company or any of its associates	1.2	0.9	6.4
All other non-audit services	0.1	0.2	0.1
	6.7	7.5	12.3

5 Amortisation, impairment, exceptional and asbestos-related items

	2016 £m	2015 £m	2014 £m
Continuing operations:			
Administrative expenses – exceptional and asbestos-related items	(129)	(94)	(86)
Administrative expenses – intangible amortisation and impairment	(655)	(444)	(49)
	(784)	(538)	(135)
Profit/(loss) on business disposals and closures	2	(1)	(16)
Net financing expense	(10)	(20)	(5)
	(792)	(559)	(156)
Taxation credit on exceptional and asbestos-related items of continuing operations	26	18	6
Taxation credit on intangible amortisation and impairment	43	27	12
	69	45	18
Post-tax amortisation, impairment, exceptional and asbestos-related items of continuing operations	(723)	(514)	(138)
Exceptional items of discontinued operations (post-tax)	7	1	(19)
Post-tax amortisation, impairment, exceptional and asbestos-related items	(716)	(513)	(157)
Post-tax exceptional and asbestos-related items	(104)	(96)	(120)
Post-tax intangible amortisation and impairment	(612)	(417)	(37)
	(716)	(513)	(157)

Intangible amortisation and impairments are analysed as follows:

	2016 £m	2015 £m	2014 £m
Intangible amortisation	129	129	49
Impairment of goodwill and intangible assets	500	315	–
Impairment of assets on classification as held for sale	26	–	–
	655	444	49

5 Amortisation, impairment, exceptional and asbestos-related items continued

Impairment of goodwill and intangible assets

During 2016, the goodwill in the Global Power Group has been written down by £214m (2015: £308m) and in the Americas by £75m (2015: £nil). The Customer Relationship intangible assets acquired with Foster Wheeler and allocated to the Global Power Group and the Americas segments have also been written down by £32m and £125m respectively, following a review of the cash flows associated with these assets.

There were impairments of £20m charged against the Brand and Customer Relationship assets acquired with smaller acquisitions and a £34m impairment of an ERP system.

In total, there were impairment charges of £500m against goodwill and intangible assets in 2016, of which £246m arose in GPG, £200m in the Americas, £14m in AMEASE, £6m in NECIS and £34m in the Corporate centre. The impairment loss of £315m recognised in 2015 related to a £308m impairment of goodwill in the Global Power Group and a £7m impairment of the order backlog intangible asset in the Americas.

Impairment of assets on classification as held for sale

During 2016, the Group's interests in PetroPower Energia Limitada, The Incheon Bridge Co. Ltd, Aquentia Consulting Pty Ltd and the core boiler business of the Global Power Group were classified as held for sale. As part of the assessment of fair value less costs to sell of these businesses, impairment charges of £26m were recognised, this included goodwill of £16m allocated to the disposal groups.

Post-tax exceptional and asbestos-related items for 2016 are further analysed as follows:

	Profit on disposals £m	Profit in respect of business closures £m	Profit on business disposals and closures £m	Asbestos-related items £m	Other exceptional items £m	2016 Total £m
Continuing operations	–	2	2	(4)	(135)	(137)
Discontinued operations	9	–	9	–	–	9
Profit/(loss) before tax	9	2	11	(4)	(135)	(128)
Taxation on exceptional items	(2)	1	(1)	–	25	24
Profit/(loss) after tax	7	3	10	(4)	(110)	(104)

Profit on disposals

During 2016, there were contract settlements and other positive developments on a number of retained liabilities associated with businesses sold in prior years and classified as discontinued. This resulted in provision releases which were offset by other movements in indemnities provisions and costs associated with running these businesses to give a profit on disposal of £9m.

Asbestos related items

There was a credit of £6m relating to a change in the discount rate applied to the asbestos liability. This was offset by a charge of £8m in respect of unwinding the discount and costs of managing the liability of £2m. There was no change to the actual liability required following the annual reassessment in 2016.

Other exceptional items

During 2016, the integration of the AMEC and Foster Wheeler businesses has continued and there has been an ongoing cost savings programme. Costs of £135m have been incurred in achieving the integration and the cost savings. This includes £54m of onerous lease and other property costs, which was incurred predominantly in the Americas, as the property portfolio has been reviewed and consolidated. Severance and other exit costs were £45m, which largely relates to layering management and removing overlapping functions, but also includes severance cost related to engineers in the Oil and Gas Americas business following the down turn in trading in that business during the year. Professional fees of £31m have been incurred in relation to establishing the new group strategy and structure, the establishment of a Global Shared Services Centre and IT integration. There were also internal costs of £5m in relation to integration and restructuring activities.

Cash payments of £82m have been made during the year in respect of exceptional items incurred in the current and prior years.

Notes to the consolidated accounts continued

5 Amortisation, impairment, exceptional items and asbestos-related items continued

Post-tax exceptional and asbestos-related items for 2015 are further analysed as follows:

	Profit on disposals £m	Loss in respect of business closures £m	Profit/(loss) on business disposals and closures £m	Asbestos-related items £m	Other exceptional items £m	2015 Total £m
Continuing operations	–	(1)	(1)	6	(120)	(115)
Discontinued operations	1	–	1	–	–	1
Profit/(loss) before tax	1	(1)	–	6	(120)	(114)
Taxation on exceptional items	–	–	–	–	18	18
Profit/(loss) after tax	1	(1)	–	6	(102)	(96)

The pre-tax profit on disposal of £1m relates to costs and movements in indemnity provisions associated with businesses sold in prior years and classified as discontinued.

There was a credit of £5m relating to a change in the discount rate applied to the asbestos liability and experiential gains of £9m as the liability is reassessed on an annual basis. These credits were offset by a £7m charge in respect of unwinding the discount and £1m other costs of managing the liability.

Other exceptional items of £120m includes £97m relating to the costs of integrating the Amec and Foster Wheeler businesses, £13m amortisation of fees associated with the borrowings taken on to fund the acquisition, a £5m loss incurred following an unauthorised payment made from the Australian business and not expected to be recovered and other exceptional items totalling £5m.

Integration costs includes severance (£32m), professional and consultancy fees (£11m), costs of rationalisation of agents (£8m), property and office rationalisation (£27m), and staff costs (£11m) as well as IT, rebranding and Sarbanes-Oxley Act implementation costs totalling £8m.

Cash payments of £72m have been made during the year in respect of exceptional items incurred in the current and prior years.

Post-tax exceptional and asbestos-related items for 2014 are further analysed as follows:

	Loss on disposals £m	Profit in respect of business closures £m	Loss on business disposals and closures £m	Asbestos-related items £m	Other exceptional items £m	2014 Total £m
Continuing operations	(21)	5	(16)	(9)	(82)	(107)
Discontinued operations	(23)	–	(23)	–	–	(23)
(Loss)/profit before tax	(44)	5	(39)	(9)	(82)	(130)
Taxation on exceptional items	5	–	5	–	5	10
(Loss)/profit after tax	(39)	5	(34)	(9)	(77)	(120)

During the year ended 31 December 2014, the Group disposed of its investment in the Lancashire Waste project at a loss of £21m mainly arising from a reverse premium payable on exit. This combined with additional indemnity provisions and costs of £23m associated with businesses sold in prior years (and classified as discontinued) to give a pre-tax loss on disposal of £44m. This includes a provision of £11m in respect of a new claim received in the year related to a contract completed by the DPS business which was sold in 2007.

There was a credit of £5m from the release of a provision no longer required in respect of a business closed in a prior year (and classified as continuing).

Other exceptional items of £82m includes transaction costs of £37m relating to the acquisition of Foster Wheeler AG, £35m costs of integrating the two businesses and £4m of fees associated with the borrowings taken on to fund the acquisition. Integration costs include consultancy and other costs of identifying cost synergies of £18m which includes associated internal labour, plus £17m costs of achieving cost synergies (including £14m redundancy costs). In addition £6m was incurred in completing the previously announced restructuring into geographic business units. There was a charge of £8m relating to a change in the discount rate applied to the asbestos liability and £1m in respect of unwinding the discount.

Cash payments of £58m have been made during the year in respect of exceptional items incurred in the current and prior years.

6 Staff costs and employee numbers – continuing operations

	2016 £m	2015 £m	2014 £m
Wages and salaries	1,872	1,857	1,466
Social security costs	190	193	100
Equity-settled share-based payments (note 22)	10	7	8
Contributions to defined contribution schemes	50	42	37
Defined benefit pension scheme expense (note 14)	16	38	31
	2,138	2,137	1,642

	2016 number	2015 number	2014 number
The average number of people employed was as follows:			
Americas	12,670	15,040	12,365
Northern Europe and CIS	9,572	9,232	7,898
Asia, Middle East, Africa and Southern Europe	6,139	7,086	3,376
Global Power Group	2,099	2,332	322
Investment Services/Centre	420	323	264
	30,900	34,013	24,225

The average number of people employed in 2014 includes AMEC staff for the full year and Foster Wheeler staff for the period following the acquisition.

The average number of employees as stated above excludes agency staff.

Details of directors' remuneration are provided in the Directors' remuneration report on pages 74 to 88.

7 Net financing expense – continuing operations

	2016 £m	2015 £m	2014 £m
Financial income			
Interest income on bank deposits	9	7	3
Other interest and similar income	2	3	5
Pension financing income	–	–	2
Foreign exchange gains	5	6	1
	16	16	11
Financial expense			
Interest payable on bank loans and overdrafts	(76)	(51)	(10)
Other interest and similar expense	–	(7)	(4)
Pension finance expense	–	(2)	–
Foreign exchange losses	(3)	(7)	(1)
Unwinding of the discount on the asbestos provision	(8)	(7)	(1)
	(87)	(74)	(16)
Net financing expense	(71)	(58)	(5)

The unwinding of the discount on the asbestos provision of £8m (2015: £7m, 2014: £1m) as well as costs associated with the refinancing of the acquisition facilities of £2m (2015: £nil, 2014: £nil) have been presented separately in the income statement as exceptional items. Included within exceptional financing expense in 2015 and 2014 were costs relating to the amortisation of the acquisition facility fees of £13m and £4m respectively.

Interest income on bank deposits and interest payable on bank loans and overdrafts relates to financial assets and liabilities measured at amortised cost.

Notes to the consolidated accounts continued

8 Income tax – continuing operations

Income tax arises in respect of the different categories of income and expenses as follows:

	2016 £m	2015 £m	2014 £m
Income tax expense on continuing operations before intangible amortisation and impairment, exceptionals and asbestos-related items	53	63	67
Income tax credit on intangible amortisation and impairment	(43)	(27)	(12)
Income tax credit in respect of other exceptional items	(26)	(18)	(6)
Total income tax (credit)/expense from continuing operations in the income statement	(16)	18	49

The income tax charge is split between current and deferred tax as follows:

	2016 £m	2015 (restated) £m	2014 (restated) £m
Current tax			
Current year	67	62	74
Adjustments in respect of prior years	(22)	(22)	(8)
	45	40	66
Deferred tax			
Origination and reversal of temporary differences	(60)	(19)	(13)
Adjustments in respect of prior years	(1)	(3)	(4)
	(61)	(22)	(17)
Total income tax (credit)/expense for continuing operations	(16)	18	49

The standard rate of corporation tax in the UK will be reduced to 19% with effect from 1 April 2017, with a further reduction to 17% from 1 April 2020. These changes were all substantively enacted prior to the end of the year.

Factors affecting the tax expense for the year are explained as follows:

	2016 £m	2015 £m	2014 £m
(Loss)/profit before tax	(542)	(235)	155
Less: share of net income from joint ventures	(11)	(28)	(12)
(Loss)/profit before tax from continuing operations (excluding joint ventures)	(553)	(263)	143
Expected income tax (credit)/expense at UK tax rate	(111)	(53)	31
Non-deductible expenses – pre-exceptional	9	7	13
Non-deductible expenses – exceptional	8	3	11
Non-deductible impairments	62	62	–
Non-taxable income – pre-exceptional	(11)	(2)	–
Benefit from finance structures	(15)	(12)	(6)
Closure of HMRC enquiry into intragroup lending	–	(12)	–
Impact of change in tax rates on deferred tax	(3)	(7)	–
Overseas income and expenses taxed at rates other than UK rate	(24)	5	8
Utilisation of tax assets not previously recognised	(6)	(1)	–
Recognition of tax assets not previously recognised	(8)	(3)	(8)
Current year tax assets not recognised	29	15	10
Write-off of previously recognised tax assets	69	26	–
Other adjustments in respect of prior years	(15)	(10)	(10)
Total income tax (credit)/expense for the year for continuing operations	(16)	18	49

The benefit from financing structures includes prior year adjustments in relation to tax risk provisions of £8m (2015: £3m, 2014: £2m).

Overseas income and expenses taxed at rates other than UK rate decreases the tax charge in 2016 primarily because of losses in the US including impairments of intangible assets relating to the legacy Foster Wheeler US business. Given the low rate of tax in the UK, this would typically increase the tax charge as in 2014 and 2015. However in 2016, the impact of losses is greater than the impact of profits in countries with higher tax rates than the UK.

8 Income tax – continuing operations continued

Current year tax assets not recognised primarily relates to the losses of the legacy Foster Wheeler US business.

Write-off of previously recognised tax assets primarily relates to assets that have been derecognised as a result of impairments of intangible assets reducing the deferred tax liabilities which previously supported the corresponding asset recognition.

During 2015, HMRC's enquiry into the nature of the intercompany debt payable from the legacy AMEC US group to the UK was concluded without tax adjustment. Accordingly, £12m of risk provision was released in full during the year.

Net income tax liabilities in the Group balance sheet include £104m (2015: £105m) relating to uncertain tax positions.

	2016 £m	2015 £m	2014 £m
Tax recognised directly in other comprehensive income			
Current tax	–	–	–
Deferred tax (note 15)	(31)	23	(11)
Tax (credit)/charge recognised directly in other comprehensive income	(31)	23	(11)

9 Profit/(loss) for the year from discontinued operations

Discontinued operations represent the residual assets and retained obligations in respect of businesses sold in prior years, including the UK conventional power business, which was discontinued in 2013.

In accordance with IFRS 5, the post-tax results of discontinued operations are disclosed separately in the consolidated income statement.

The results of the discontinued operations are all attributable to the equity holders of the parent and are as follows:

	2016 £m	2015 £m	2014 £m
Revenue	(7)	–	(13)
Cost of sales and net operating expenses	13	(6)	3
Profit/(loss) before exceptional items and income tax	6	(6)	(10)
Attributable tax	(1)	1	2
	5	(5)	(8)
Profit/(loss) on disposal	9	1	(23)
Tax on profit/(loss) on disposal	(2)	–	4
Profit/(loss) for the year from discontinued operations	12	(4)	(27)

The negative revenue and profit before exceptional items and income tax in 2016 arose from the settlement of the final account of a contract in the UK conventional power business. The profit on disposals of £9m is a result of movements in indemnities provisions and costs associated with businesses sold in prior years.

The loss before exceptional items and income tax in 2015 represents additional provisions on certain contracts within the UK conventional power business.

The negative revenue of £13m and loss of £10m before exceptional items and income tax in 2014 related to the settlement of final accounts and additional provisions on the UK conventional power contracts.

The loss on disposals of £23m in 2014 relates to additional indemnity provisions and costs associated with businesses sold in prior years.

Net cash flows attributable to discontinued operations

The net cash flows attributable to discontinued operations during the year were as follows:

	2016 £m	2015 £m	2014 £m
Net cash flow from operating activities	8	(1)	(3)
Net cash flow from investing activities	(5)	2	3
	3	1	–

Notes to the consolidated accounts continued

10 Earnings per share

Basic and diluted earnings per share are shown on the face of the income statement. The calculation of the average number of shares in issue has been made having deducted the shares held by the trustees of the Employee Share Trust and those held in treasury by the Company. As the Group has reported a basic loss per ordinary share from continuing operations, any potential ordinary shares are anti-dilutive and so excluded from the calculation of diluted loss per share.

		2016		2015		2014			
	(Loss)/ earnings £m	Weighted average shares number million	(Loss)/ earnings per share pence	Loss £m	Weighted average shares number million	Loss per share pence	Earnings £m	Weighted average shares number million	Earnings/ (loss) per share pence
Basic (loss)/earnings from continuing operations	(530)	383	(138.9)	(252)	383	(66.1)	109	302	36.1 (0.2)
Share options	—	—	—	—	—	—	—	2	
Employee share and incentive schemes	—	—	—	—	—	—	—	7	(0.8)
Diluted (loss)/earnings from continuing operations	(530)	383	(138.9)	(252)	383	(66.1)	109	311	35.1
Basic earnings/(loss) from discontinued operations	12	383	3.3	(4)	383	(1.1)	(27)	302	(8.9) 0.1
Share options	—	—	—	—	—	—	—	2	
Employee share and incentive schemes	—	—	—	—	—	—	—	7	0.2
Diluted earnings/(loss) from discontinued operations	12	383	3.3	(4)	383	(1.1)	(27)	311	(8.6)

Basic and diluted (loss)/profit from continuing operations is calculated as set out below:

	2016 £m	2015 £m	2014 £m
(Loss)/profit for the year from continuing operations	(526)	(253)	106
(Profit)/loss attributable to non-controlling interests	(4)	1	3
Basic and diluted (loss)/profit from continuing operations	(530)	(252)	109

10 Earnings per share continued

In order to appreciate the effects on the reported performance of intangible amortisation and impairment, exceptional items and asbestos-related items, along with the impact of the potential ordinary shares, additional calculations of earnings per share are presented.

	2016			2015			2014		
	(Loss)/ earnings £m	Weighted average shares number million	(Loss)/ earnings per share pence	(Loss)/ earnings £m	Weighted average shares number million	(Loss)/ earnings per share pence	(Loss)/ earnings £m	Weighted average shares number million	Earnings/ (loss) per share pence
Basic (loss)/earnings from continuing operations									
Exceptional and asbestos-related items (post-tax)	(530)	383	(138.9)	(252)	383	(66.1)	109	302	36.1
Amortisation and impairment (post-tax)	111	–	29.4	97	–	25.3	101	–	33.4
	612	–	160.2	417	–	108.9	37	–	12.3
Basic earnings from continuing operations before impairment, amortisation, exceptional and asbestos-related items									
Share options	193	383	50.7	262	383	68.1	247	302	81.8
Employee share and incentive schemes	–	–	–	–	–	–	–	2	(0.5)
	193	385	50.4	262	385	67.7	247	311	79.5
Diluted earnings from continuing operations before impairment, amortisation, exceptional and asbestos-related items									
Basic earnings/(loss) from discontinued operations									
Exceptional items (post-tax)	12	383	3.3	(4)	383	(1.1)	(27)	302	(8.9)
	(7)	–	(1.9)	(1)	–	(0.2)	19	–	6.3
Basic earnings/(loss) from discontinued operations before exceptional items									
Share options	5	383	1.4	(5)	383	(1.3)	(8)	302	(2.6)
Employee share and incentive schemes	–	–	–	–	–	–	–	2	–
	5	385	1.4	(5)	385	(1.3)	(8)	311	(2.5)

Notes to the consolidated accounts continued

11 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
As at 1 January 2016	75	171	246
Exchange and other movements	8	24	32
Reclassifications	(6)	4	(2)
Additions	6	11	17
Disposals	(2)	(7)	(9)
Transfer to assets held for sale	(7)	(62)	(69)
As at 31 December 2016	74	141	215
Depreciation			
As at 1 January 2016	29	90	119
Exchange and other movements	5	12	17
Reclassifications	–	(1)	(1)
Provided during the year	7	18	25
Disposals	(2)	(6)	(8)
Impairment loss	2	2	4
Transfer to assets held for sale	(2)	(10)	(12)
As at 31 December 2016	39	105	144
Cost			
As at 1 January 2015	78	172	250
Exchange and other movements	(3)	(4)	(7)
Reclassifications	(2)	(5)	(7)
Additions	4	12	16
Disposals	(2)	(4)	(6)
As at 31 December 2015	75	171	246
Depreciation			
As at 1 January 2015	24	76	100
Exchange and other movements	(1)	(2)	(3)
Provided during the year	7	19	26
Disposals	(1)	(3)	(4)
As at 31 December 2015	29	90	119
Net book value			
As at 31 December 2016	35	36	71
As at 31 December 2015	46	81	127
As at 1 January 2015	54	96	150

	31 December 2016 £m	31 December 2015 £m
The net book value of land and buildings comprised:		
Freehold	18	24
Short leasehold	17	22
	35	46

The carrying value of land and buildings held under finance lease at 31 December 2016 was £4m (2015: £5m). Additions during the year include £nil (2015: £nil) under finance leases.

12 Intangible assets

	Goodwill £m	Customer relationships £m	Brands/ trademarks £m	Order backlog £m	Patents £m	Software £m	Total £m
Cost							
As at 1 January 2016	2,531	530	194	137	117	145	3,654
Exchange and other movements	391	65	35	20	23	10	544
Additions	–	–	–	–	–	13	13
Disposals and retirements	–	–	–	–	–	(3)	(3)
Transfer to assets held for sale	(645)	–	(14)	(16)	(92)	(5)	(772)
Reclassifications	–	–	–	–	–	2	2
As at 31 December 2016	2,277	595	215	141	48	162	3,438
Amortisation							
As at 1 January 2016	339	119	32	65	9	65	629
Exchange and other movements	70	25	5	12	3	5	120
Impairment loss	289	173	4	–	–	34	500
Provided during the year	–	40	11	46	8	24	129
Disposals and retirements	–	–	–	–	–	(3)	(3)
Transfer to assets held for sale	(585)	–	(2)	(11)	(13)	(2)	(613)
Reclassifications	–	–	–	–	–	1	1
As at 31 December 2016	113	357	50	112	7	124	763
Cost							
As at 1 January 2015	2,551	560	186	137	109	123	3,666
Exchange and other movements	(21)	1	8	–	8	–	(4)
Additions	1	–	–	–	–	21	22
Disposals and retirements	–	(31)	–	–	–	(6)	(37)
Reclassifications	–	–	–	–	–	7	7
As at 31 December 2015	2,531	530	194	137	117	145	3,654
Amortisation							
As at 1 January 2015	35	107	21	14	1	45	223
Exchange and other movements	(4)	–	–	1	1	1	(1)
Impairment loss	308	–	–	7	–	–	315
Provided during the year	–	43	11	43	7	25	129
Disposals and retirements	–	(31)	–	–	–	(6)	(37)
As at 31 December 2015	339	119	32	65	9	65	629
Net book value							
As at 31 December 2016	2,164	238	165	29	41	38	2,675
As at 31 December 2015	2,192	411	162	72	108	80	3,025
As at 1 January 2015	2,516	453	165	123	108	78	3,443

The carrying value of software held under deferred payment arrangements which are similar to finance leases as at 31 December 2016 was £21m (2015: £24m). Additions during the year include £4m (2015: £nil) of software held under deferred payment arrangements.

During 2016 there has been an impairment charge against the goodwill in the Global Power Group of £214m (2015: £308m) and in the Americas of £75m (2015: £nil). The customer relationship intangible assets in the Global Power Group and the Americas have also been impaired by £32m and £125m respectively.

In addition, there were impairments of £20m charged against the brand and customer relationship assets acquired with smaller acquisitions and a £34m impairment of an ERP system.

Notes to the consolidated accounts continued

12 Intangible assets continued

The impairment loss of £315m recognised in 2015 related to a £308m impairment of goodwill in the Global Power Group and a £7m impairment of the order backlog intangible asset in the Americas.

The Group is required to test its goodwill and intangible assets for impairment at least annually, or more frequently if indicators of impairment exist.

The review of goodwill for indications of impairment by management is performed at the operating segment level, being the lowest level of cash-generating units (CGU) monitored for goodwill purposes.

The table below shows the goodwill allocated to each CGU, post recognition of any impairment losses.

	Goodwill 31 December 2016 £m	Pre-tax discount rate 2016 %
Americas	1,172	11
Northern Europe and CIS	655	11
Asia, Middle East, Africa and Southern Europe	337	11
Global Power Group	—	13

The recoverable amount of all CGUs has been based on value-in-use calculations. These calculations use cash flow projections included in the financial budgets approved by the board for 2017 and 2018, and pre-tax discount rates as set out in the table above. For the purposes of the calculation of the recoverable amount, the cash flow projections beyond the budgeted period include 5% growth in 2019, 10% growth in 2020 and 3% growth per annum thereafter. The long-term growth rates are in line with long-term average growth rates for the regions in which the CGUs operate.

The financial budgets reflect management's judgement of the future cash flows which includes past experience and expectations of future performance. The most significant assumptions relate to trading profit margin and the conversion of trading profit into cash (cash conversion). Revenue is underpinned by a secure order book for each CGU and the order book which stood out at £5.8 billion as at 31 December 2016 (2015: £6.6 billion). The selection of trading profit margin takes into account the margins being generated on contracts in progress and management's view of the margin on orders received, and is consistent with Amec Foster Wheeler's growth strategy. The cash conversion reflects past experience and current contract mix.

The value-in-use has been compared to the carrying value for each CGU and no impairment is required nor has been charged in respect of the Northern Europe and CIS, or Asia, Middle East, Africa and Southern Europe CGUs.

The carrying amount of the Global Power Group CGU has been reduced to its recoverable amount through recognition of an impairment loss of £214m against goodwill. This has been included in administrative expenses in the income statement. The impairment loss arose during the first half of 2016 due to a further deterioration in the forecast results of the Global Power Group with further delays and project cancellations and reduced bookings in the period. The residual goodwill in the Global Power Group CGU was allocated to the core boiler business which was classified as held for sale as at 31 December 2016.

The carrying amount of the Americas CGU has been reduced to its recoverable amount through recognition of an impairment loss of £75m against goodwill. This has been included in administrative expenses in the income statement. The impairment loss arose following a significant deterioration in the trading conditions and forecast out-turn of the oil and gas business based in Houston. The recoverable amount of the Americas CGU is £1,226m.

A sensitivity analysis has been performed in order to review the impact of changes in key assumptions on the results of the impairment tests. Any adverse changes in the key assumptions would increase the impairment loss recorded in the Americas.

The value-in-use calculation for the Northern Europe and CIS CGU showed headroom of £173m, however, applying zero terminal growth would eliminate the headroom and would result in an impairment to goodwill of £107m. A zero growth rate would not result in an impairment in the Asia, Middle East, Africa and Southern Europe CGU. Consideration was also given to the impact of a 10% decrease in volume, a 1% decrease in margin, or a 1% increase in discount rate, in each case holding other assumptions constant. This did not identify any impairments in these CGUs.

13 Interests in joint ventures

Interests in joint ventures

Details in aggregate of the Group's interests in joint ventures that are accounted for using the equity method are as follows:

	£m
Net book value	
As at 1 January 2016	104
Exchange and other movements	12
Disposal of businesses	(1)
Additions	2
Reclassifications	4
Transfer to assets held for sale	(60)
Total comprehensive income	11
Dividends received	(34)
As at 31 December 2016	38
As at 1 January 2015	122
Exchange and other movements	2
Disposal of businesses	(9)
Additions	1
Reclassifications	2
Total comprehensive income	28
Dividends received	(42)
As at 31 December 2015	104

Group companies and their applicable registered offices are listed on pages 212 to 221.

Details of material joint ventures

PetroPower Energia Limitada

The Group had an 85% interest in PetroPower Energia Limitada, a joint venture alongside the state-owned oil company of the Republic of Chile, which began commercial operation in November 1998. The Group's interest was accounted for using the equity method in the consolidated financial statements.

Although the Group had an 85% interest in PetroPower Energia Limitada, the profits were split according to the joint venture agreement. In the year the profit after tax received by the Group from PetroPower Energia Limitada was £4m (2015: £11m), the carrying value of the investment was £nil (2015: £53m). The primary difference between the equity value of PetroPower Energia Limitada and the Group's carrying value of investment relates to the distributions that have been recognised as a liability but have not been paid to Amec Foster Wheeler.

On 30 June 2016, the Group's interest in PetroPower Energia Limitada was transferred to assets held for sale (see note 24), and on 7 December 2016, its sale was completed (see note 25).

Summarised financial information of the joint venture, based on its IFRS financial statements is set out below:

Summarised Balance Sheet of PetroPower Energia Limitada:

	2015 £m
Non-current assets	47
Current assets, including cash and cash equivalents of £20m	35
Current liabilities	(30)
Non-current liabilities	(12)
Equity	40
Group's carrying value of investment	53

Notes to the consolidated accounts continued

13 Interests in joint ventures continued

Summarised Income Statement of PetroPower Energia Limitada:

	Period to 30 June 2016 £m	Year ended 31 December 2015 £m
Revenue	20	43
Cost of sales including depreciation of £3m (2015: £6m)	(11)	(20)
Administrative expenses	(1)	(2)
Profit before tax	8	21
Income tax expense	(2)	(5)
Profit for the period/year	6	16
Total comprehensive income	6	16
Group's share of profit for the period/year	4	11
Group's share of total comprehensive income for the period/year	4	11

Reconciliation of movement in the Group's carrying value in the investment in PetroPower Energia Limitada:

	2016 £m	2015 £m
As at 1 January	53	54
Exchange and other movement	4	4
Group share of total comprehensive income	4	11
Dividends paid to the Group	(18)	(16)
Transfer to assets held for sale	(43)	—
As at 31 December	—	53

Nuclear Management Partners Limited

The Group has a 36% interest in Nuclear Management Partners Limited. The Group's interest is accounted for using the equity method in the consolidated financial statements.

On 13 January 2015, the Nuclear Decommissioning Authority announced its intention to change the commercial model at Sellafield. Under the new arrangements, the Nuclear Decommissioning Authority terminated the Parent Body Agreement between Nuclear Management Partners Limited, it and Sellafield, with effect from 1 April 2016. It is intended that the company will be wound up in a structured manner in the future. Summarised financial information of the joint venture, based on its IFRS financial statements, is set out below:

Summarised Balance Sheet of Nuclear Management Partners Limited:

	2016 £m	2015 £m
Non-current assets	—	10
Current assets, including cash and cash equivalents of £1m (2015: £5m)	2	8
Current liabilities, including current financial liabilities of £2m (2015: £3m)	(2)	(6)
Non-current liabilities	—	—
Equity	—	12
Group's carrying value of investment	—	4

13 Interests in joint ventures continued

Summarised Income Statement of Nuclear Management Partners Limited:

	2016 £m	2015 £m
Revenue	2	6
Cost of sales	(2)	(6)
Administrative expenses	-	(2)
Share of post-tax results of associate	12	40
Profit before tax	12	38
Income tax expense	-	-
Profit for the year	12	38
Total comprehensive income	12	38
Group's share of profit for the year	4	14
Group's share of total comprehensive income for the year	4	14

Reconciliation of movement in the Group's carrying value of the investment in Nuclear Management Partners Limited

	2016 £m	2015 £m
As at 1 January	4	10
Share of total comprehensive income	4	14
Dividends paid	(8)	(20)
As at 31 December	-	4

Summary of individually immaterial joint ventures

	2016 £m	2015 £m
Profit for the year	3	3
Total comprehensive income	3	3

PPP service concessions

Details of the PPP service concessions are as follows:

		Financial close	Equity stake	Concession period	Net equity invested
Transport	A13 Thames Gateway	2000	25%	30 years	–
	Incheon Bridge, Korea*	2005	23%	30 years	£16m

*Presented in assets held for sale

Interests in joint operations

The Group does not hold any individually material interests in joint operations in either the current or prior year.

Notes to the consolidated accounts continued

14 Retirement benefit assets and liabilities

Defined benefit schemes

The Group operates a number of pension schemes for UK and overseas employees. As at 31 December 2015, the two most significant defined benefit schemes were based in the UK: the AMEC Staff Pension Scheme (an open 'career average salary' scheme, which also has an associated Executive top-up scheme) and the Foster Wheeler Pension Plan (a legacy scheme that closed to further accrual in 2010). The next most significant was based in the US: The Foster Wheeler Inc. Salaried Employees Pension Plan which was closed to further accrual in 2003.

Following an employee consultation exercise at the end of 2015 and subsequent Trustee approval in early 2016, the Company closed the AMEC Staff and Executive top-up schemes to further accrual from 1 April 2016 and replaced them with a new defined contribution arrangement.

During 2016, all legacy defined benefit plans in the UK were merged into the AMEC Staff Pension Scheme, which was renamed the Amec Foster Wheeler Pension Plan on 1 April 2016. The merged scheme holds all the pension assets in a separately administered fund and is governed by the employment laws of the UK. The benefits are determined by the member's length of service and salary each year. Once the benefits are in payment, the pension is adjusted each year in accordance with the scheme's rules relative to UK price inflation. The scheme is established under trust law and is governed by a corporate Trustee Board (the 'Trustees'), which consists of employers' and employees' representatives and two independent trustees. The Trustees are responsible for the management and administration of the scheme and for the definition of the investment strategy.

Every three years, the Trustees undertake an actuarial valuation of the scheme's funding position. In the event that the valuation results indicate a funding deficit, the Trustees and the employer will agree a recovery plan to eliminate that deficit over as short a period as is reasonably affordable. The next triennial review of the Amec Foster Wheeler Pension Plan is due to take place as at 31 March 2017.

Due to the nature of the liabilities, the pension plan is exposed to inflation, interest rate risk and changes in the life expectancy for pensioners. As the plan assets include significant investments in quoted equities, the Group is also exposed to equity market risk.

Contributions by the Group into defined contribution schemes are disclosed in note 6.

The principal assumptions made by the actuaries are as follows:

	31 December 2016 %	31 December 2015 %	31 December 2014 %
The Amec Foster Wheeler Pension Plan (formerly AMEC Staff and Executive Pension schemes)			
Rate of discount	2.7	3.9	3.6
Rate of inflation	3.2	3.0	3.0
Rate of increase in pensions in payment (service before/after 1 January 2008)*	3.0/2.1	2.8/1.9	2.9/2.0
The Foster Wheeler Pension Plan			
Rate of discount	N/A	3.9	3.7
Rate of inflation	N/A	3.0	3.0
Rate of increase in pensions in payment (service before/after 5 April 2005, nil before 6 April 1997)	N/A	2.0/1.5	1.1
The Foster Wheeler Inc. Salaried Employees Pension Plan			
Rate of discount	3.9	3.9	3.6
Rate of inflation	2.2	2.3	2.5

*Assumptions disclosed are in respect of members of the former AMEC Staff and Executive Pension schemes. For members of the former Foster Wheeler Pension Plan, the rate of increase in pensions in payment is 2.2% for service before 5 April 2005, and 1.7% for service after 5 April 2005 (nil before 6 April 1997).

In addition the Group has a number of smaller overseas schemes. During the year the discount rate ranged from 1.3% to 9.1% (2015: 1.5% to 10.1%; 2014: 1.8% to 9.0%). The rate of increase in salaries ranged from 1.5% to 8.0% (2015: 1.9% to 8.0%; 2014: 1.8% to 8.0%).

14 Retirement benefit assets and liabilities continued

Defined benefit schemes continued

For the principal defined benefit schemes, the assumed life expectancy is as follows:

	31 December 2016 Male years	31 December 2016 Female years	31 December 2015 Male years	31 December 2015 Female years	31 December 2014 Male years	31 December 2014 Female years
The Amec Foster Wheeler Pension Plan (formerly AMEC Staff and Executive Pension schemes)						
Member aged 65 (current life expectancy)						
Member aged 65 (current life expectancy)	22.4	24.7	22.4	24.6	22.5	24.6
Member aged 45 (life expectancy at 65)	24.2	26.6	24.1	26.5	24.2	26.5
The Foster Wheeler Pension Plan						
Member aged 65 (current life expectancy)						
Member aged 65 (current life expectancy)	N/A	N/A	23.4	23.2	23.5	23.2
Member aged 45 (life expectancy at 65)	N/A	N/A	25.1	25.1	25.3	25.1
The Foster Wheeler Inc. Salaried Employees Pension Plan						
Member aged 65 (current life expectancy)						
Member aged 65 (current life expectancy)	20.5	22.4	21.1	23.1	21.6	23.7
Member aged 45 (life expectancy at 65)	21.9	23.7	23.2	25.2	23.2	25.4

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The amounts recognised in the balance sheet are as follows:

	31 December 2016 £m	31 December 2015 £m	31 December 2014 £m
Retirement benefit assets	70	231	102
Retirement benefit liabilities	(207)	(168)	(188)
Retirement benefit net (liability)/asset	(137)	63	(86)

The retirement benefit net (liability)/asset is analysed as follows:

	31 December 2016 £m	31 December 2015 £m	31 December 2014 £m
The Amec Foster Wheeler Pension Plan (formerly AMEC Staff and Executive Pension schemes)	70	184	65
The Foster Wheeler Pension Plan	–	47	37
The Foster Wheeler Inc. Salaried Employees Pension Plan	(71)	(59)	(57)
Other smaller pension schemes	(136)	(109)	(131)
	(137)	63	(86)

The retirement benefit liabilities of £207m (2015: £168m; 2014: £188m) reflect the deficits on the Foster Wheeler Inc. Salaried Employees Pension Plan and the smaller overseas schemes.

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

	31 December 2016 %	31 December 2015 %	31 December 2014 %
Equities	35.5	34.6	35.4
Bonds (including gilts)	49.5	51.8	52.6
Property	7.0	8.7	8.4
Other	8.0	4.9	3.6
	100.0	100.0	100.0

The equities and bonds as listed above are predominantly quoted investments. There is a small investment in privately held pooled fund investments and the property/other investments are unquoted.

Notes to the consolidated accounts continued

14 Retirement benefit assets and liabilities continued

Defined benefit schemes continued

The amounts recognised in the income statement are as follows:

	2016 £m	2015 £m	2014 £m
Current service cost, past service cost and administrative expenses	16	36	33
Interest cost	105	104	84
Interest income	(105)	(102)	(86)
Total amount recognised in the income statement and included within staff costs (note 6)	16	38	31
Settlement gain	–	(3)	(3)
Total amount recognised in the income statement	16	35	28
The total amount is recognised in the income statement as follows:			
Cost of sales	11	22	20
Administrative expenses	5	11	10
Net financing expense/(income)	–	2	(2)
Total amount recognised in the income statement	16	35	28

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

	2016 £m	2015 £m	2014 £m
As at 1 January	2,717	2,931	1,743
Exchange and other movements	95	(1)	3
Acquired through business combinations	–	–	898
Current and past service cost	13	32	29
Interest cost	105	104	84
Plan participants' contributions	5	11	12
Actuarial losses/(gains) arising from changes in financial assumptions and experience adjustments	587	(177)	278
Actuarial gains from changes in demographic assumptions	(16)	(14)	(19)
Settlements	–	(31)	(12)
Benefits paid	(165)	(141)	(85)
Reclassifications	–	3	–
As at 31 December	3,341	2,717	2,931

The defined benefit obligation can be allocated to the plans' participants as follows:

	2016 %	2015 %	2014 %
Active plan participants	21.8	20.5	22.0
Deferred plan participants	30.0	28.4	31.3
Retirees	48.2	51.1	46.7
	100.0	100.0	100.0

The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.

14 Retirement benefit assets and liabilities continued

Defined benefit schemes continued

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

	2016 £m	2015 £m	2014 £m
As at 1 January	2,780	2,845	1,783
Exchange and other movements	60	–	3
Acquired through business combinations	–	–	826
Interest income	105	102	86
Actuarial gains/(losses)	402	(41)	201
Employer contributions	20	36	32
Plan participants' contributions	5	11	12
Administrative expenses	(3)	(4)	(4)
Settlements	–	(28)	(9)
Benefits paid	(165)	(141)	(85)
As at 31 December	3,204	2,780	2,845

The movement in the scheme net (liability)/asset during the year is as follows:

	2016 £m	2015 £m	2014 £m
Scheme net asset/(liability) as at 1 January	63	(86)	40
Exchange and other movements	(35)	1	–
Acquired through business combinations	–	–	(72)
Total charge as per note 6	(16)	(38)	(31)
Employer contributions	20	36	32
Settlements	–	3	3
Actuarial (losses)/gains recognised in other comprehensive income	(169)	150	(58)
Reclassifications	–	(3)	–
Scheme net (liability)/asset as at 31 December	(137)	63	(86)

The impact on the defined benefit obligation of the principal pension schemes of changes in the most significant assumptions as at 31 December 2016 is shown below:

	The Amec Foster Wheeler Pension Plan £m	The Foster Wheeler Inc. Salaried Employees Pension Plan £m
Discount rate		
-10 bps	(54)	(3)
+10 bps	51	3
Inflation		
-10 bps	37	–
+10 bps	(38)	–
Mortality		
+1 year	(92)	(9)
-1 year	92	9

The sensitivity analysis above is based on a method that extrapolates the impact on the defined benefit obligation of reasonable changes in key assumptions occurring as at 31 December 2016.

The defined benefit obligations of the other benefit schemes are significantly lower than those of the principal defined benefit schemes. Sensitivity analysis of reasonable changes in the key assumptions as at 31 December did not indicate any significant changes to the defined benefit obligations of those schemes.

Notes to the consolidated accounts continued

14 Retirement benefit assets and liabilities continued

Defined benefit schemes continued

Expected benefit payments from the defined benefit plans in future years are as follows:

	£m
Year 1	167
Year 2	170
Year 3	174
Year 4	177
Year 5	181
Next five years	958
	1,827

The Group expects to contribute £23m to its defined benefit pension schemes in 2017. This includes special contributions of £12m.

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets and liabilities

	Assets		Liabilities	
	31 December 2016 £m	31 December 2015 £m	31 December 2016 £m	31 December 2015 £m
Property, plant and equipment	25	17	(13)	(10)
Intangible assets	11	4	(153)	(226)
Retirement benefits	78	43	(43)	(43)
Derivative financial instruments	3	2	(5)	(2)
Provisions	108	144	–	–
Employee share schemes	1	–	–	–
Other items	11	12	(30)	(29)
Tax losses carried forward	34	30	–	–
Tax credits carried forward	2	2	–	–
Deferred tax assets/(liabilities)	273	254	(244)	(310)
Offset of deferred tax assets and liabilities relating to income tax levied by the same taxation authority	(182)	(204)	182	204
Transfer to held for sale assets/(liabilities)	(6)	–	5	–
Net deferred tax assets/(liabilities)	85	50	(57)	(106)

Recognition of £45m of the legacy AMEC US deferred tax asset is based on forecast future profits for that business. Whilst the business has made a loss in the current year, this is partly attributable to one off items, and additionally, a reduction of the level of debt in the business during 2016 will lead to an increase in the profits in future years to support the asset recognition.

15 Deferred tax assets and liabilities continued

Recognised deferred tax assets and liabilities continued

	As at 1 January 2016 £m	Exchange and other movements £m	Reclassifications £m	Recognised in income £m	Recognised in other comprehensive income £m	As at 31 December 2016 £m
Property, plant and equipment	7	–	–	5	–	12
Intangible assets	(222)	(27)	–	107	–	(142)
Retirement benefits	–	5	–	(1)	31	35
Derivative financial instruments	–	–	–	(2)	–	(2)
Provisions	144	20	–	(56)	–	108
Employee share schemes	–	–	–	–	–	1
Other items	(17)	(6)	–	4	–	(19)
Tax losses carried forward	30	4	–	–	–	34
Tax credits carried forward	2	1	–	(1)	–	2
	(56)	(3)	–	57	31	29
Transfer to assets held for sale						(1)
						28

The deferred tax credit of £57m (2015: £22m) recognised in income consists of a credit of £61m (2015: £22m) relating to continuing operations and a £4m charge (2015: £nil) in respect of discontinued operations.

	As at 1 January 2015 £m	Exchange and other movements £m	Reclassifications £m	Recognised in income £m	Recognised in other comprehensive income £m	As at 31 December 2015 £m
Property, plant and equipment	6	–	–	1	–	7
Intangible assets	(250)	(6)	(1)	35	–	(222)
Retirement benefits	29	2	–	(5)	(26)	–
Derivative financial instruments	(2)	–	–	–	2	–
Provisions	130	1	–	12	1	144
Employee share schemes	1	–	–	(1)	–	–
Other items	(9)	1	1	(9)	(1)	(17)
Tax losses carried forward	42	(1)	(1)	(11)	1	30
Tax credits carried forward	1	–	1	–	–	2
	(52)	(3)	–	22	(23)	(56)

Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with tax authorities, corporate acquisitions and disposals, the use of brought-forward losses and changes in tax legislation and tax rates.

Significant areas which are expected to impact on the tax charge in future years are:

The US President indicated during his election campaign that there would be substantial reforms of the US tax system following his election, including a potential reduction in the Federal rate of corporation tax. Whilst full details of the reforms are not available and it is not possible to determine the overall impact of the changes, for every 1% reduction in the Federal tax rate there would be a deferred tax charge of £1.3m based on the asset at 31 December 2016. In the longer term if the rate were reduced it is likely that this would reduce the effective tax rate of the Group.

Due to anti-hybrid legislation introduced as a result of the OECDs Base Erosion and Profit Shifting project, the benefit of tax efficient financing structures currently in place will reduce in 2017. By comparison to 2016 we anticipate the additional tax payable as result of the new legislation to be £1.7m.

Due to new legislation to be introduced to limit tax deductible interest deductions in the UK from 1 April 2017, we anticipate that an element of interest will no longer be deductible for tax purposes. The impact of this is dependent on a number of factors including the level of reduction in borrowings of the group, the timing of that reduction and the results in 2017. Based on forecasts we anticipate this will result in c£5m of additional tax charge in 2017.

Notes to the consolidated accounts continued

15 Deferred tax assets and liabilities continued

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2016 £m	31 December 2015 (restated) £m
Deductible temporary differences	393	322
Tax losses	741	687
	1,134	1,009

The prior year unrecognised losses have been restated to reflect losses not incorporated in the disclosure at 31 December 2015 which formed part of the acquisition of Foster Wheeler and which existed at that date. Work has been carried out during 2016 to confirm veracity of those losses.

As at 31 December 2016 the expiry dates of unrecognised deferred tax assets carried forward are as follows:

	Tax losses £m	Deductible temporary differences £m	Total £m
Expiring within 5 years	173	36	209
Expiring within 6-10 years	43	87	130
Expiring within 11-20 years	77	–	77
Unlimited	448	270	718
	741	393	1,134

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise these assets.

Unrecognised deferred tax liabilities

No deferred tax liability has been recognised in respect of £2,572m (2015: £2,390m (restated)) of unremitted earnings of subsidiaries and joint ventures because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future.

The amount of unrecognised deferred tax liabilities in respect of these unremitted earnings is estimated to be £33m (2015: £28m).

16 Inventories

	31 December 2016 £m	31 December 2015 £m
Raw materials	9	13
	9	13

£4m of raw materials are held in assets held for sale as at 31 December 2016 (2015: £nil).

17 Current trade and other receivables

	31 December 2016 £m	31 December 2015 £m
Amounts expected to be recovered within one year		
Gross amounts due from customers	499	552
Trade receivables	724	717
Amounts owed by joint ventures	12	13
Other receivables	66	63
Prepayments and accrued income	60	72
Asbestos related insurance recovery debtor (note 21)	14	14
	1,375	1,431
Amounts expected to be recovered after more than one year		
Gross amounts due from customers	-	2
Trade receivables	11	7
Amounts owed by joint ventures	6	1
Other receivables	26	14
	43	24
	1,418	1,455

Trade receivables expected to be recovered within one year include retentions of £66m (2015: £34m) relating to contracts in progress. Trade receivables expected to be recovered after more than one year include retentions of £10m (2015: £7m) net of £1m impairment (2015: £1m) relating to contracts in progress.

The aggregate amount of costs incurred plus recognised profits (less recognised losses) for all long-term contracts in progress for continuing businesses at the balance sheet date was £5,507m (2015: £6,428m).

Trade receivables, amounts owed by joint ventures and other receivables are classified as loans and receivables.

18 Current trade and other payables

	31 December 2016 £m	31 December 2015 £m
Amounts expected to be settled within one year		
Trade payables	580	584
Gross amounts due to customers	324	328
Other taxation and social security costs	45	50
Other payables	224	225
Accruals	189	198
	1,362	1,385
Amounts expected to be settled after more than one year		
Trade payables	1	1
Gross amounts due to customers	-	5
Other taxation and social security costs	-	17
Other payables	45	47
Accruals	4	4
	50	74
	1,412	1,459

Gross amounts due to customers include advances received of £74m (2015: £5m).

Other payables expected to be settled within one year includes an advanced payment represents the proceeds from the disposal of The Incheon Bridge Co. Ltd, which are repayable in the event that the disposal does not complete.

Trade payables, other payables and accruals are classified as other financial liabilities.

Notes to the consolidated accounts continued

19 Capital and financial risk management

Capital management

The objective of the Group's capital management is to ensure that it has a strong financial position from which to grow the business and to maximise shareholder value. The appropriate capital structure for the Group comprises of a mix of debt and equity. The mix is determined by considering business profile and strategy, financial policies and availability and cost of funding.

The Group is in a net debt position. The long-term net debt is targeted to be no more than two times trading profit. The Group may exceed this operating parameter should the business profile require it. However, it is expected that any increases would be temporary.

On 1 March 2016, the Group entered into a new £1,700m syndicated credit facilities agreement (as amended) comprising three tranches; a three-year £650m term loan (maturing 1 March 2019), a five-year £650m term loan (maturing 1 March 2021) and a five-year £400m revolving credit facility (maturing 1 March 2021). This new facility replaced the Foster Wheeler acquisition facility of \$2.26bn.

During December 2016, the banking facilities were reduced by £39m as a result of a mandatory repayment following the disposal of PetroPower Energia Limitada and in February 2017 there was a further repayment of £20m following the disposal of Aquentia Consulting Pty Limited.

At 31 December 2016, the Group had committed banking facilities of £1,745m (2015: £1,827m, including £59m of finance leases). This consists of £26m project debt, £1,661m of the credit facilities agreement, £58m of finance leases and other smaller facilities.

As at 31 December 2016, all of the loans and facilities were utilised by way of debt (2015: £1,264m) and £nil was utilised by way of Letters of Credit (2015: £62m). As at 31 December 2016, the undrawn portion of the Group's committed facilities was £300m.

Financial risk management

The principal financial risks to which the Group is exposed are: foreign currency exchange risk; funding and liquidity risk; counterparty credit risk; and interest rate risk. The board has approved policies for the management of these risks which are reviewed annually.

The Group's treasury department manages funding, liquidity, credit risk and risks arising from movements in interest and foreign currency rates within a framework of policies and guidelines approved by the board, most recently in December 2016. The treasury department does not operate as a profit centre and the undertaking of speculative transactions is not permitted.

Foreign currency exchange risk

The Group publishes its consolidated accounts in Sterling. The majority of the Group's trading income is denominated in the local currency of the business operations which provides a natural hedge against the currency of its cost base. Where commercial contracts are undertaken which are denominated in foreign currencies, the Group seeks to mitigate the foreign exchange risk, when the cash flow giving rise to such exposure becomes certain or highly probable. This is achieved through the use of forward currency arrangements, which may include the purchase of currency options. There are currently no material transactional exposures which have been identified and remain unhedged. The Group has no reason to believe that any outstanding forward contract will not be able to be settled from the underlying commercial transactions.

A significant portion of the Group's earnings is generated in non-Sterling currencies. Such overseas profits are translated into Sterling at the average exchange rate prevailing throughout the year. There is currently no hedging in place for profits generated in non-Sterling currencies but the impact on Group profits is monitored on an ongoing basis. In addition, the Group has various assets denominated in foreign currencies, principally US Dollars, Canadian Dollars and Euros. The Group hedges translation exposure, wherever possible, by matching the currency of its borrowing (either directly or via derivatives) to the currency of its net assets and future free cash flow. As a result, the Group has designated a series of derivatives and financial instruments as hedging instruments in net investment hedge relationships. In specific circumstances, for example the planned repatriation of foreign assets, the Group may from time to time enter into additional net investment hedges to manage foreign exchange risks. The Group applies hedge accounting in respect of transactions entered into to manage the cash flow exposures of its borrowings. Forward foreign exchange contracts and cross currency interest rate swap contracts are held to manage the cash flow exposures of a portion of borrowings denominated in foreign currencies and are designated as cash flow hedges.

Based on the Group's net debt as at 31 December 2016, if Sterling were to weaken against all other currencies by 10%, the Group's net debt would decrease by £13m (2015: increase by £46m). This represents a £45m increase in foreign currency borrowings (2015: £130m), a £23m increase in derivative assets designated as cash flow hedges of Group borrowings (2015: £50m) and a £35m increase in foreign currency cash and cash equivalents (2015: £34m).

If Sterling were to weaken against all other currencies by 10%, then the fair value of forward foreign exchange contracts and cross currency interest rate swaps, other than those designated as cash flow hedges of foreign currency borrowings, as at 31 December 2016 would decrease by £64m (2015: £51m).

Movements in the fair value of forward foreign exchange contracts and cross currency interest rate swaps would be recognised in other comprehensive income and accumulated in the hedging reserve (where designated as cash flow hedge) or translation reserve (where designated as net investment hedge).

19 Capital and financial risk management continued

Hedging of foreign currency exchange risk – cash flow hedges

The Group looks to mitigate the foreign exchange risk arising on foreign currency borrowings and where contracts are awarded, or involve costs, in non-local currency. Forward foreign exchange contracts and foreign exchange swaps are used for this purpose and are designated as cash flow hedges. The notional contract amount, carrying amount and fair values of forward contracts and swaps designated as cash flow hedges (including those held for sale) are as follows:

	2016 Notional contract amount £m	2015 Notional contract amount £m	2016 Carrying amount and fair value £m	2015 Carrying amount and fair value £m
Non-current assets – cash flow hedges of foreign currency borrowings	199	105	27	6
Total non-current assets	199	105	27	6
Current assets – cash flow hedges of contracts in foreign currencies	64	57	1	1
Current assets – cash flow hedges of foreign currency borrowings	–	328	–	8
Total current assets	64	385	1	9
Current liabilities – cash flow hedges of contracts in foreign currencies	229	191	(11)	(9)
Total current liabilities	229	191	(11)	(9)
	492	681	17	6

There was no charge for ineffectiveness recognised in either 2016 or 2015. A net foreign exchange loss for the year of £2m (2015: £2m) was recognised in the hedging reserve as a result of fair value movements on derivative financial instruments designated as cash flow hedging instruments of £1m (2015: £1m) and amounts recycled to the income statement in line with underlying cash flows £1m (2015: £1m).

Hedging of foreign currency exchange risk – fair value through income statement

Certain forward foreign exchange contracts and foreign exchange swaps are not designated as cash flow hedges and changes in their fair value are recognised through the income statement. The notional contract amount, carrying amount and fair values of these forward contracts and swaps are as follows:

	2016 Notional contract amount £m	2015 Notional contract amount £m	2016 Carrying amount and fair value £m	2015 Carrying amount and fair value £m
Derivative financial instruments				
Current assets	539	241	9	5
Current liabilities	998	388	(22)	(5)
	1,537	629	(13)	–

Hedging of foreign currency exchange risk – net investment hedges

The Group had forward foreign exchange contracts which have been designated as hedges of the net investments in core subsidiaries in Canada (denominated in Canadian Dollar), the US (denominated in US Dollar) and Europe (denominated in Euro). Net investment hedges relating to core subsidiaries in Europe closed out during 2016. The notional contract amount, carrying amount and fair values of swaps designated as net investment hedges are as follows:

	2016 Notional contract amount £m	2015 Notional contract amount £m	2016 Carrying amount and fair value £m	2015 Carrying amount and fair value £m
Derivative financial instruments				
Non-current assets	–	105	–	12
Current assets	–	111	–	2
Non-current liabilities	199	–	(27)	–
Current liabilities	208	168	(17)	(7)
	407	384	(44)	7

A net foreign exchange loss for the year of £127m (2015: £3m) was recognised in the translation reserve in respect of forward foreign exchange contracts, currency interest rate swaps and borrowings designated as net investment hedging instruments.

Notes to the consolidated accounts continued

19 Capital and financial risk management continued

Other derivative financial assets and liabilities

The Group has other derivative financial liabilities of £4m (2015: £4m). As at 31 December 2016 this was included in liabilities held for sale.

The following tables indicate the periods in which the cash flows associated with the other derivative financial instruments (including those held for sale) are expected to occur and the periods in which they are expected to impact profit or loss:

					2016
	Carrying amount £m	Expected cash flows £m	12 months or less £m	1 to 2 years £m	2 to 5 years £m
Derivative financial instruments					
Assets	37	916	600	3	313
Liabilities (including held for sale)	(81)	1,856	1,426	16	414
	(44)	2,772	2,026	19	727

					2015
	Carrying amount £m	Expected cash flows £m	12 months or less £m	1 to 2 years £m	2 to 5 years £m
Derivative financial instruments					
Assets	34	948	726	12	210
Liabilities	(25)	963	739	16	208
	9	1,911	1,465	28	418

Funding and liquidity risk

The Group's policy aims to ensure the constant availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and strategic plans. The Group will finance operations and growth from its existing cash resources and the £300m undrawn portion of the Group's committed banking facilities as at 31 December 2016. The requirement to enter into additional external facilities has been kept under review during the year. This includes discussions with the Group's main relationship banks to ensure additional bilateral lending capacity is available.

Appropriate facilities will be maintained to meet ongoing requirements for bank guarantees and letters of credit.

Counterparty credit risk

The Group is exposed to credit risk to the extent of non-payment by either its customers or the counterparties of its financial instruments. The effective monitoring and controlling of credit risk is a key component of the Group's risk management activities.

The maximum credit risk exposure on derivatives at 31 December 2016 was £37m, being the total net debit fair values per derivative counterparty on forward foreign exchange contracts, currency swaps and interest rate swaps. The Group performs a Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA) analysis to establish the credit risk inherent in the closing derivative portfolio. As at 31 December 2016, the result of this adjustment has no impact on the Group's income statement.

In 2015, a similar analysis also had no impact on the Group's income statement. Credit risks arising from treasury activities are managed by a central treasury function in accordance with the board approved treasury policy. The objective of the policy is to diversify and minimise the Group's exposure to credit risk from its treasury activities by ensuring that surplus funds are placed with a diversified range of 25 to 30 mainstream banks and with each counterparty up to a pre-approved limit. These limits are set at prudent levels by the board and are based primarily on publicly available credit ratings of counterparties. Credit ratings are monitored continually by the Group treasury department.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2016 was £410m including cash reported within held for sale assets (2015: £363m). The Group treasury department monitors counterparty exposure on a global basis to avoid an over-concentration of exposure to any one counterparty.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Where appropriate, payment security is sought. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts.

19 Capital and financial risk management continued

Counterparty credit risk continued

The ageing of trade receivables at the year-end was as follows:

	Gross receivables 31 December 2016 £m	Impairment 31 December 2016 £m	Gross receivables 31 December 2015 £m	Impairment 31 December 2015 £m
Not past due	381	–	357	–
Past due 0 to 30 days	158	–	216	–
Past due 31 to 120 days	73	–	90	(3)
Past due 121 to 365 days	61	(17)	40	(18)
More than one year	109	(105)	88	(86)
	782	(122)	791	(107)

The above analysis excludes retentions relating to contracts in progress of £66m (2015: £34m) expected to be recovered within one year and £10m (2015: £7m) net of £1m impairment (2015: £1m) expected to be recovered after one year. Net receivables as at 31 December 2016 include £4m (2015: £2m) in respect of amounts overdue by more than one year.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 £m	2015 £m
As at 1 January	(107)	(99)
Exchange movement	(8)	(1)
Increase in impairment allowance	(18)	(23)
Decrease in impairment allowance	11	16
As at 31 December	(122)	(107)

Based on past experience, the Group believes that no material impairment allowance is necessary in respect of trade receivables not past due.

Trade receivable exposures are typically with large companies and government-backed organisations and the credit ratings of these organisations are monitored. Credit risks are minimised through the use of letters of credit, parent company guarantees, insurance instruments and forward funding where achievable.

The Group's most significant customer in 2016 accounted for around 9% (2015: 8%) of continuing revenues, and around 3% (2015: 2%) of current trade and other receivables. The revenue in 2016 was generated in the Americas.

Interest rate risk

The £1,700m syndicated credit facilities agreement (as amended) is subject to an interest rate of LIBOR plus a margin depending on leverage.

The Group is exposed to interest rate risk on cash and borrowings. Cash is viewed as temporary with any longer term surplus used to repay credit facilities.

When required, the Group uses interest rate swaps and cross currency interest rate swaps to meet its objective of protecting borrowing costs within parameters set by the board. The Group's policy is to keep between 30% and 70% of its borrowings at fixed rates of interest. Movements in the fair value of interest rates swaps and cross currency interest rate swaps that are designated as cash flow hedges of the Group's borrowings resulting from changes in market interest rates are recognised in other comprehensive income and accumulated in the hedging reserve with the fair value recorded in the balance sheet. At 31 December 2016, after taking into account the effect of interest rate swaps and cross currency interest rate swaps, approximately 32% of the Group's borrowings are at a fixed rate of interest (2015: 28%).

Based on the Group's gross borrowings as at 31 December 2016, if interest rates were to increase by 100 basis points in all currencies then the annual net interest charge would increase by £10m (2015: £9m). A decrease in interest rates by 100 basis points in all currencies would have an equal but opposite effect.

Notes to the consolidated accounts continued

19 Capital and financial risk management continued

Interest rate risk – contractual maturity and effective interest rates

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

						2016
	Effective interest rate %	Total £m	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m
Bank deposits						
(more than three months)	0.47	22	19	3	–	–
Cash and cash equivalents ¹	1.75	388	388	–	–	–
Fees capitalised against bank facilities	–	15	5	5	5	–
Bank loans ¹	3.47	(1,413)	(106)	(4)	(1,299)	(4)
Loans from joint ventures	4.35	(2)	(2)	–	–	–
Finance leases ¹	8.54	(58)	(12)	(14)	(23)	(9)
Derivatives classified as bank loans	–	27	–	–	27	–
		(1,021)	292	(10)	(1,290)	(13)

1 Included in the figures in the table above are cash balances of £46m (2015: £nil), bank loans of £25m (2015: £nil) and finance leases of £7m (2015: £nil) reported within held for sale assets and liabilities on the consolidated balance sheet.

						2015
	Effective interest rate %	Total £m	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m
Bank deposits						
(more than three months)	0.47	23	14	4	5	–
Cash and cash equivalents	3.00	340	340	–	–	–
Bank loans	3.28	(1,264)	(679)	(192)	(386)	(7)
Finance leases	6.84	(59)	(4)	(18)	(24)	(13)
Derivatives classified as bank loans	–	14	8	–	6	–
		(946)	(321)	(206)	(399)	(20)

Interest payments of £50m are expected to be paid within one year, £54m between one and two years, £91m between two and five years and £nil over five years.

Group borrowing

The Group had no overdrafts as at the end of 2016 or 2015. The bank loans are denominated in Sterling and US Dollars (2015: Sterling and US Dollars).

All covenants attached to borrowings have been complied with throughout the current and prior years.

Fair values

Fair values (excluding the fair value of assets and liabilities classified as held for sale) are determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement') as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate
- The fair value of interest rate swaps and cross currency interest rate swaps are estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks. There are no material credit valuation adjustments (CVA) or debit valuation adjustments (DVA) required on the derivatives outstanding at 31 December 2016.

As at 31 December 2016, the Group has net assets classified held for sale of £149m (2015: £nil). The fair value of these net assets has been determined using inputs that are not based on observable market data (level 3 as defined by IFRS 13 'Fair Value Measurement'). Further information on assets and liabilities classified as held for sale has been included in note 24.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2016 and 31 December 2015, there were no transfers into or out of level 2 fair value measurements.

20 Other non-current receivables and payables

Other non-current receivables

	2016 £m	2015 £m
Asbestos related insurance recovery debtor (note 21)	102	104
Indemnities receivable	12	16
Insurance receivables	5	4
Lease receivable	16	17
Other non-current receivables	5	4
	140	145

Other non-current payables

	2016 £m	2015 £m
Unfavourable leases	112	84
Lease incentives	6	8
Other payables	22	20
Other post-employment benefits	9	9
	149	121

21 Provisions

	Asbestos-related litigation £m	Project and environmental litigation £m	Obligations relating to disposed businesses £m	Property related provisions £m	Other £m	Total £m
As at 1 January 2016	378	154	78	19	35	664
Exchange and other movements	62	15	2	3	1	83
Transfer from other balance sheet captions	5	–	–	–	11	16
Transfer to liabilities held for sale	–	(4)	–	(4)	–	(8)
Utilised	(35)	(25)	(7)	(1)	(4)	(72)
Provided	2	1	23	4	3	33
Released	(1)	(52)	(36)	(4)	(6)	(99)
Change in discount rate	(6)	–	–	–	–	(6)
Unwinding of discount	8	–	–	–	–	8
As at 31 December 2016	413	89	60	17	40	619
Provisions classified as current liabilities					9	
Provisions classified as non-current liabilities					610	
					619	

Asbestos-related litigation

Certain of the Company's subsidiaries in the US and the UK are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending in the US and the UK. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to asbestos primarily in connection with equipment allegedly manufactured by certain of our subsidiaries during the 1970s or earlier. We expect that these subsidiaries will be named as defendants in additional and/or similar suits and that new claims will be filed in the future. Whilst some of these claims have been and are expected to be made in the UK, the overwhelming majority have been and are expected to be made in the US.

We assumed the majority of our asbestos-related liabilities when we acquired Foster Wheeler in November 2014. Management worked with independent asbestos valuation experts, to measure the asbestos-related liabilities assumed. Asbestos-related liabilities recognised by the Group include estimates of indemnity amounts and defence costs expected to be incurred in each year in the period to 2050, beyond which time management expects that there will no longer be a significant number of open claims. Management's estimates were based on the following information and/or assumptions: the number of open claims, the forecasted number of future claims, the estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies, claim filings which result in no monetary payments (the 'zero pay rate'), as well as other factors.

Notes to the consolidated accounts continued

21 Provisions continued

Asbestos-related litigation continued

Over the last several years, certain of our subsidiaries have entered into settlement agreements calling for insurers to make lump-sum payments, as well as payments over time, for use by our subsidiaries to fund asbestos-related indemnity and defence costs, and, in certain cases, for reimbursement for portions of out-of-pocket costs incurred. Asbestos-related insurance recoveries under executed settlement agreements are recognised in trade and other receivables together with our best estimate of actual and probable insurance recoveries relating to our liability for pending and estimated future asbestos claims in the period to 2050. Our actual insurance recoveries may be limited by future insolvencies among our insurers. We do not recognise insurance recoveries due from currently insolvent insurers unless they are subject to court-approved settlement in liquidation proceedings.

We have discounted the expected future cash flows with respect to the asbestos-related liabilities and the expected insurance recoveries using discount rates determined by reference to appropriate risk-free market interest rates.

Asbestos-related liabilities and assets recognised on the Group's balance sheet were as follows:

	2016			2015		
	US £m	UK £m	Total £m	US £m	UK £m	Total £m
Asbestos-related provision						
Gross provision	478	56	534	432	56	488
Effect of discounting	(84)	–	(84)	(74)	–	(74)
Net provision ¹	394	56	450	358	56	414
Insurance recoveries						
Gross recoveries	(67)	(52)	(119)	(68)	(54)	(122)
Effect of discounting	3	–	3	4	–	4
Net recoveries	(64)	(52)	(116)	(64)	(54)	(118)
Net asbestos-related liabilities	330	4	334	294	2	296

1 The net asbestos provision of £450m (2015: £414m) is made up of £413m included in provisions (2015: £378m) and £37m (2015: £36m) in respect of asbestos provisions included in trade and other payables.

Estimation of asbestos-related liabilities and insurance recoveries is subject to a number of uncertainties that may result in significant changes in the current estimates. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes.

Fluctuations in market interest rates could cause significant changes in the discounted amount of the asbestos-related liabilities and insurance recoveries.

Project litigation

As described in note 27, the Group is party to litigation involving clients and sub-contractors arising out of project contracts.

Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. Generally, a provision is recognised only in respect of those claims or actions that management considers are probable of success. Additionally, however, the Group recognises provisions for known or likely claims against an acquired business if, at the acquisition date, it is possible that the claim or action will be successful and its amount can be reliably estimated.

Provision is made for management's best estimate of the future legal costs to be incurred in defending each claim or action and of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties underlying the estimation of our project claims, the amounts ultimately paid or realised by the Group could differ materially from the amounts, if any, that are recognised in the financial statements.

As at 31 December 2016, there were two significant ongoing disputes with the US Power Plant arbitration being settled in early 2016. Both of these ongoing disputes involve Foster Wheeler and were ongoing at the acquisition date. Accordingly, in measuring Foster Wheeler's identifiable assets and liabilities at the acquisition date, management established provisions in respect of these disputes and made appropriate reductions to the carrying amount of the related receivables.

21 Provisions continued

Refinery Project Arbitration – India

In November 2012, Foster Wheeler commenced arbitration in India against its client seeking collection of unpaid invoices arising from services performed on a reimbursable basis in connection with the construction of an oil refinery plant in north-eastern India. The client rejected the claims and submitted counterclaims totalling approximately 76 billion Indian rupees (approximately £900 million based on the exchange rate as at 31 December 2016) for damages, including claims for revenue loss and loss of tax benefits due to delay in the execution of the project. The client also withheld payment of the Company's invoices on account of liquidated damages for delay. Amec Foster Wheeler strongly disputes the client's claims.

An arbitration panel was formed in 2013 and divided the parties' claims and counterclaims into two tracks. A number of hearings were held on the track 1 claims during 2014. A first partial award was made to Amec Foster Wheeler in March 2014, but the client petitioned the Delhi court for its annulment, which petition is still pending. In September 2015, the panel issued a further partial award on the track 1 claims, awarding Amec Foster Wheeler approximately £51 million on its invoice claims and dismissing the client's counterclaim allocated to the track 1 proceedings. In February 2016, the client petitioned the Delhi court to set aside this award as well. The petition is pending. The hearing on the track 2 claims, which included the client's main counterclaims, was held in February 2015. The panel's partial award on the track 2 claims was made in September 2016. The client's counterclaims were rejected almost in their entirety (except for two minor payments amounting to less than £300,000). The panel declared that the client is not entitled to collect liquidated damages for delay, or to apply rate discounts and that the client must pay all Amec Foster Wheeler invoices without any discount. The client has indicated that it will petition the Delhi court to set aside this award. Limited further proceedings in the arbitration are ongoing with respect to continuing invoice claim amounts in the track 1 proceedings as well as for interest and the costs of arbitration. Amec Foster Wheeler will continue to pursue the collection of unpaid invoices and enforcement of the awards made in its favour. As the project is nearing completion but remained in execution as of the end of 2016, the unpaid amount that Amec Foster Wheeler are seeking to collect has increased to the equivalent of approximately £60 million and may increase further should the client continue to withhold amounts from Amec Foster Wheeler's invoices. Management have made appropriate allowances against these receivables.

Chemical Plant Litigation in the United States

In 2013, one of Foster Wheeler's subsidiaries contracted to engineer, procure and construct a chemical plant for a client in Texas. In December 2015 the client partially terminated the contract and in September 2016, terminated the remainder of the contract and commenced a lawsuit in Texas against the subsidiary and also Amec Foster Wheeler plc, seeking damages for breach of contract and warranty, gross negligence, and fraud. The claim amount is unspecified but the client alleges that the projected cost for the assigned scope of work is approximately \$700 million above the alleged estimate and that Foster Wheeler's subsidiary's delays have caused it to suffer continuing monthly damages of \$25 million due to the fact that the facility is not complete and it is not able to sell the expected products from the facility. The client seeks recovery of actual and punitive damages, as well as the disgorgement of the full project fixed fee paid to Foster Wheeler's subsidiary (approximately \$66.5 million).

Amec Foster Wheeler believes the claims lack legal and factual merit. The estimate that Foster Wheeler's subsidiary provided was in connection with the client's initial request for a lump sum bid and highly conditioned. The contract that was ultimately signed, and which governs the dispute, is a reimbursable cost plus fixed fee contract, with no guaranteed price or schedule, wherein the client assumed joint responsibility for management of the work and development of the project schedule. Liability for consequential damages is barred, except in the case of wilful misconduct. Except for gross negligence, wilful misconduct, and warranty claims, Amec Foster Wheeler's overall liability is capped at 10 percent of the contract price (or approximately \$100 million). Amec Foster Wheeler has denied the claims and intends to vigorously defend the lawsuit. Amec Foster Wheeler is in the early stages of the proceeding. There is no trial date and the matter is not expected to be called for trial until late 2018, at the earliest. As the lawsuit is in its early stages it would be premature to predict the ultimate outcome of the matter. Amec Foster Wheeler has taken provisions of \$48m as of 31 December 2016 (2015: £\$52m) on this project against disallowed costs and warranties, which includes \$34m as part of the fair value exercise on the acquisition of Foster Wheeler.

Notes to the consolidated accounts continued

21 Provisions continued

Power Plant Arbitration – US

Foster Wheeler has been involved in arbitration arising from its role in the construction of a power plant in West Virginia, US. Foster Wheeler contracted with its client, Longview Power LLC ('Longview'), the owner of the power plant, to supply the steam generation equipment. Separate contracts existed between Longview and Siemens Energy, Inc. ('Siemens') for the supply of the turbine, electricity generator and other plant equipment and with Kvaerner North American Construction Inc. (Kvaerner) for the erection of the plant.

Beginning in 2011, various claims and counterclaims were made between Foster Wheeler, Kvaerner, Siemens and Longview. In February 2014, Foster Wheeler reached a partial settlement with Longview. In December 2014, various settlement agreements were entered into involving the parties, leaving the claims between Foster Wheeler and Kvaerner the only claims to be resolved. Kvaerner's total claims against Foster Wheeler amounted to approximately US\$190m in relation to compensation for alleged delays, disruptions, inefficiencies and extra work associated with the construction of the plant allegedly caused by Foster Wheeler's performance under its steam generation equipment supply contract. Foster Wheeler claimed approximately US\$26m from Kvaerner in relation to claims for extra work, delays, scope disputes, and improperly assessed delay liquidated damages, as well as the cost to perform certain ongoing rehabilitation work on the steam generation equipment due to erection failures by Kvaerner. Pursuant to the settlement agreements reached in December 2014, Foster Wheeler and Kvaerner exchanged parent guarantees, securing their respective claims against each other. Foster Wheeler's parent guarantee was capped at US\$58m. The arbitration hearing of the dispute between Foster Wheeler and Kvaerner, conducted by the American Arbitration Association, occurred in early 2015. In October 2015, the three-arbitrator tribunal rejected Foster Wheeler's claims in their entirety and awarded Kvaerner US\$74m, including interest and arbitration costs. Kvaerner commenced an action in New York state court to confirm the award. We opposed the action, seeking an order to vacate the award in whole or in part on various grounds. In early March 2016, the parties settled their dispute. We paid Kvaerner US\$70m in full and final settlement of the claims. The parties exchanged releases and the court action was dismissed.

Environmental risks

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated. The Group have also received and may continue to receive claims pursuant to indemnity obligations from the present owners of facilities we have transferred, which claims may require us to incur costs for investigation and/or remediation. As at 31 December 2016, the Group held provisions totalling £35m (2015: £44m) for the estimated future environmental clean-up costs in relation to industrial facilities that it no longer operates. Whilst the timing of the related cash flows is typically uncertain, the Group expects that certain of its remediation obligations may continue for up to 60 years.

Indemnities and retained obligations

As described in note 27, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. As at 31 December 2016, we recognised indemnity provisions totalling £60m (2015: £78m). Indemnity provisions principally relate to the indemnification of the purchasers of SPIE in 2006, and the Built Environment and other peripheral businesses that were sold in 2007. During 2016, the Group recognised additional indemnity provisions of £23m in relation to businesses sold in previous years and released provisions of £36m that were no longer required following settlement of the underlying issues.

Property-related provisions

Property-related provisions related to dilapidations of leasehold buildings. On average these settle between one to four years following the end of the lease term.

Other provisions

Other provisions include £2m (2015: £7m) in respect of the Group's legal and constructive obligations to fund loss-making joint ventures and to meet its share of certain of their obligations, and insurance provisions of £25m (2015: £28m) relating to the potential liabilities in the Group's captive insurance entity and provisions in relation to risks associated with insurance claims. These potential liabilities and risks relate predominantly to industrial disease of former employees. These are expected to unwind over the next 20 years.

22 Share capital and reserves

Movements in share capital and reserves are shown in the consolidated statement of changes in equity on pages 107 to 109.

Share capital

The share capital of the Company comprises ordinary shares of 50 pence each. All the ordinary shares rank pari passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

The movement in issued share capital during the year was as follows:

	Number	£m
As at 1 January 2015	388,875,843	194
Issued during the year	4,255,970	3
As at 31 December 2015	393,131,813	197
Issued during the year	–	–
As at 31 December 2016	393,131,813	197

Reserves

As at 1 January 2016, there were 3,158,310 shares held in treasury (2015: 5,431,314). During the year there were no shares transferred to share scheme participants (2015: 2,273,004), leaving a balance held in treasury as at 31 December 2016 of 3,158,310 (2015: 3,158,310). £35m (2015: £35m) has been deducted from equity in respect of these shares.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The translation reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations, as well as from the translation of liabilities and the cumulative net change in the fair value of instruments that hedge the Company's net investment in foreign subsidiaries, that have arisen since 1 January 2004, being the date of transition to adopted IFRS.

The merger reserve was created by the issue of new equity in relation to the acquisition of Foster Wheeler AG during the year ended 31 December 2014.

Share-based payments

Offers are made periodically in certain countries under the UK and International Savings-related Share Option Schemes which are open to all employees in those countries who meet minimum service criteria. Grants of share options are made to participating employees that entitle them to buy shares in the Company normally after three years at up to 20% discount to the market price of the shares at the time of offer. In the US, to conform with the relevant tax rules, options are granted at a maximum discount of 15% to the share price at the time of grant and are normally exercisable after two years.

Under the Long-Term Incentive Plan, annual awards are made to directors and selected senior employees of nil-cost options or restricted shares. For employees below board level, awards are split between a performance based element and a non-performance element. Awards are made in the form of nil-cost options other than in certain countries where they are made in the form of restricted shares. Awards to Executive Directors are as described in the Directors' remuneration report on pages 74 to 88.

Under the Performance Share Plan, annual awards were made to directors and selected senior employees of restricted shares that are subject to both market and non-market based conditions calculated over a three-year period.

Under the Restricted Share Plan, awards were made to selected employees as restricted shares which vest in full after three years provided the employee has remained in continuous employment.

Prior to the acquisition, Foster Wheeler's Compensation and Executive Development Committee administered the Foster Wheeler AG Omnibus Incentive Plan for Foster Wheeler's employees, non-employee directors and third-party service providers.

Under the terms of the Implementation Agreement, equivalent awards of AMEC shares were granted by AMEC in replacement of Foster Wheeler awards and the terms of those replacement awards are equivalent in all material respects to the terms of the Foster Wheeler Omnibus Plan. All employees of Foster Wheeler and its subsidiaries and/or affiliates, its non-employee directors, and certain of its third-party service providers were eligible to participate in the Foster Wheeler Omnibus Plan. As at the date of acquisition, only Foster Wheeler options, Foster Wheeler RSUs and Foster Wheeler PRSUs were outstanding under the Foster Wheeler Omnibus Plan.

The share-based payment arrangements operated by the Group are predominantly equity settled and, other than in defined good leaver circumstances, require participants to be still in employment with the Group at the time of vesting.

Our current practice is to satisfy awards vesting or options being exercised under the executive plans with market-purchased shares held in the Amec Foster Wheeler Employee Share Trust and to satisfy Sharesave options being exercised by the transfer of shares held in treasury.

Notes to the consolidated accounts continued

22 Share capital and reserves continued

Share-based payments continued

The number and weighted average exercise price of share options under the Savings-related Share Option Scheme are as follows:

	Weighted average exercise price 2016 pence	Number of options 2016	Weighted average exercise price 2015 pence	Number of options 2015
Outstanding on 1 January	775	8,170,379	819	7,711,995
Lapsed/cancelled	814	(3,084,357)	850	(1,920,215)
Exercised	—	—	675	(2,295,911)
Granted	—	—	683	4,674,510
Outstanding on 31 December	751	5,086,022	775	8,170,379
Exercisable on 31 December	829	265,055	863	373,627

No options were exercised during the year. The average share price for the year was 467 pence (2015: 780 pence).

Options outstanding on 31 December 2016 have weighted average remaining contractual lives as follows:

	Weighted average remaining contractual life 2016 years	Number of options 2016	Weighted average remaining contractual life 2015 years	Number of options 2015
600.00 pence to 699.99 pence	2.0	2,897,637	3.0	3,965,570
700.00 pence to 799.99 pence	1.0	339,155	2.0	467,796
800.00 pence to 899.99 pence	0.6	1,848,258	1.3	2,710,501
Over 900.00 pence	—	972	—	1,026,512
		5,086,022		8,170,379

The numbers of shares held under the Long-Term Incentive Plan, Performance Share Plan, Restricted Share Plan and Foster Wheeler Omnibus Plan are as follows:

	Number of shares 2016	Number of shares 2015
As at 1 January	6,192,922	6,717,237
Lapsed	(2,353,640)	(1,361,021)
Vested	(890,078)	(1,674,001)
Granted	4,748,075	2,510,707
As at 31 December	7,697,279	6,192,922

22 Share capital and reserves continued

Share-based payments continued

The fair value of services received in return for share options granted and shares awarded are measured by reference to the fair value of those instruments. For grants in either the current or preceding years, the pricing models used and inputs (on a weighted average basis where appropriate) into those models are as follows:

	Savings-related Share Option Scheme (Black-Scholes model)		Long-Term Incentive Plan (Monte Carlo model)		Performance Share Plan (Monte Carlo model)	Restricted Share Plan (Monte Carlo model)	Foster Wheeler Omnibus Plan
	2015	2014	2016	2015	2014	2014	2014
Weighted average fair value at measurement date	149p	198p	436p	789p	1,006p	949p	1,027p
Weighted average share price at measurement date	769p	1,014p	489p	938p	1,105p	1,082p	1,081p
Exercise price	683p	874p	n/a	n/a	n/a	n/a	n/a
Expected share price volatility	28%	27%	38%	27%	26%	n/a	n/a
Option life	3.3 years	3.3 years	2.2 years	2.7 years	3.1 years	2.7 years	n/a
Expected dividend yield	3.6%	3.5%	n/a	n/a	n/a	3.5%	3.5%
Risk-free interest rate	1.2%	1.0%	n/a	n/a	n/a	n/a	n/a
Comparator share price volatility	n/a	n/a	36%	32%	32%	n/a	n/a
Correlation between two companies in comparator group	n/a	n/a	40%	40%	50%	n/a	n/a

The expected share price volatility is based on the historical volatility of the Company's share price.

The performance conditions attaching to the Long-Term Incentive Plan and the Performance Share Plan involve a comparison of the total shareholder return of the Company with that of its comparators, achievement of targeted earnings per share growth, and, in respect of the 2016 award, a third performance measure relating to the implementation and execution of the Group's strategy. The total shareholder return condition is a market based test and as such is incorporated into the grant date fair value of the award. There are no performance conditions attached to the Restricted Share Plan.

Prior to the acquisition, Foster Wheeler had issued shares awards to employees, non-employee directors and certain third parties under the Foster Wheeler AG Omnibus Incentive Plan. Under the terms of the Implementation Agreement, equivalent awards of Amec Foster Wheeler shares were granted in replacement of these Foster Wheeler awards. On acquisition awards of 2,400,766 Amec Foster Wheeler shares were granted. There are no performance conditions attached to these awards.

Dividends

The directors are not proposing a final dividend in respect of the year ended 31 December 2016 giving a total dividend for the year of 7.4 pence. In 2015 there was an interim dividend of 14.8 pence (2014: 14.8 pence) and a final dividend of 14.2 pence (2014: 28.5 pence), giving a total dividend of 29.0 pence (2014: 43.3 pence).

	2016 £m	2015 £m	2014 £m
Dividends charged to reserves and paid			
Interim dividend in respect of 2015 of 14.8 pence (2015: interim dividend in respect of 2014 of 14.8 pence; 2014: interim dividend in respect of 2013 of 13.5 pence) per share	58	56	40
Final dividend in respect of 2015 of 14.2 pence (2015: final dividend in respect of 2014 of 28.5 pence; 2014: final dividend in respect of 2013 of 28.5 pence) per share	55	111	84
	113	167	124

The amount waived by trustees of the Employee Share Trust in respect of the interim and final dividends was £nil (2015: £1m; 2014: £1m).

Notes to the consolidated accounts continued

23 Analysis of net debt

	As at 1 January 2016 £m	Cash flow £m	Lease inception £m	Exchange and other non-cash movements £m	Reclassification of net cash/(debt) of disposal groups £m	As at 31 December 2016 £m
Cash at bank and in hand	307	6	–	19	(46)	286
Bank deposits (less than three months)	33	23	–	–	–	56
Cash and cash equivalents	340	29	–	19	(46)	342
Bank deposits (more than three months)	23	(1)	–	–	–	22
Bank loans	(1,264)	4	–	(153)	25	(1,388)
Loan payable to joint venture	–	(2)	–	–	–	(2)
Fees capitalised against bank facilities	–	18	–	(3)	–	15
Derivatives classified as net debt	14	(30)	–	43	–	27
Finance leases	(59)	10	(4)	(5)	7	(51)
Net cash/(debt) of disposal groups	–	–	–	–	14	14
Net debt as at the end of the year	(946)	28	(4)	(99)	–	(1,021)

	As at 1 January 2015 £m	Cash flow £m	Exchange and other non-cash movements £m	As at 31 December 2015 £m
Cash at bank and in hand	377	(46)	(24)	307
Bank deposits (less than three months)	118	(85)	–	33
Cash and cash equivalents	495	(131)	(24)	340
Bank deposits (more than three months)	21	2	–	23
Bank loans	(1,267)	64	(61)	(1,264)
Fees capitalised against bank facilities	9	3	(12)	–
Derivatives classified as net debt	–	(12)	26	14
Finance leases	(61)	11	(9)	(59)
Net debt as at the end of the year	(803)	(63)	(80)	(946)

The fair value of bank loans is £1,388m (2015: £1,264m) compared to a carrying value of £1,388m (2015: £1,264m). The fair value of finance leases is £51m (2015: £59m) compared to a carrying value of £51m (2015: £59m).

The fair value of bank loans and finance leases is determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement').

Included within cash and cash equivalents are £54m (2015: £79m) of overdrafts which have been offset against £63m (2015: £82m) of cash balances as a legally enforceable offset agreement exists.

Cash and cash equivalents as at 31 December 2016 includes £66m (2015: £47m) that is held in countries from which prior approval is required to transfer funds abroad. There are restrictions on the use of £5m (2015: £9m) of cash held on behalf of joint venture arrangements and £28m (2015: £17m) held on behalf of customers and collateral against bank guarantees. In addition, there are restrictions on the use of a further £15m (2015: £16m) of cash and cash equivalents in respect of commitments of the Group's captive insurance subsidiary to certain insurers.

24 Assets held for sale

In March 2016, the Group announced its intention to reduce net debt via the disposal of non-core assets. Assets and liabilities expected to be disposed and which meet the definition of held for sale in line with IFRS 5 are presented as a disposal group. Actions to sell the entities within the disposal group have commenced and disposals are expected to complete within 12 months.

During the year the following disposal groups were classified as held for sale:

Disposal Group	Classification	Date classified as held for sale	Date of disposal	Location
Incheon Bridge Co. Ltd	Equity Joint Venture	H1 2016	N/A	Korea
PetroPower Energia Limitada	Equity Joint Venture	H1 2016	7 December 2016	Chile
Amec Foster Wheeler Power SRL	Subsidiary	H1 2016	N/A	Italy
Aquenta Consulting Pty Limited	Subsidiary	H2 2016	N/A	Australia
GPG – Core Boiler Business	Subsidiary	H2 2016	N/A	Global

The disposal of PetroPower Energia Limitada completed in December 2016 and Aquenta Consulting Pty Limited in January 2017.

Accordingly, the Group's interest in The Incheon Bridge Co. Ltd and Amec Foster Wheeler Power SRL, the GPG core boiler business and Aquenta Consulting Pty Limited are presented as held for sale as at 31 December 2016.

The major classes of assets and liabilities of the disposal groups are as follows:

	2016 £m
Assets	
Property, plant and equipment	47
Intangible assets	143
Interests in joint ventures	16
Deferred tax assets	6
Trade and other receivables	73
Inventories	4
Current tax receivable	1
Cash and cash equivalents	46
Assets classified as held for sale	336
Liabilities	
Trade and other payables	(132)
Current tax payable	(3)
Interest-bearing loans and borrowings	(32)
Derivative financial instruments	(7)
Deferred tax liabilities	(5)
Provisions	(8)
Liabilities classified as held for sale	(187)
Net assets directly associated with the disposal groups	149

The results of the assets held for sale for the period from classification as held for sale to 31 December is as follows:

	2016 £m
Revenue	11
Cost of sales and net operating expenses	(1)
Profit before income tax	10
Income tax	-
Profit after tax	10

On 3 August 2016, the Group signed a sale and purchase agreement relating to its interest in The Incheon Bridge Co. Ltd. Cash proceeds of £30m were received on 2 December 2016, and are reported within current payables. The disposal remains subject to regulatory approval but it is expected to complete in 2017.

An impairment loss of £26m writing down the carrying amount of the disposal group to its fair value less costs to sell has been included within the impairment charges recognised in the income statement.

Notes to the consolidated accounts continued

25 Acquisitions and disposals

Acquisitions in 2016

£2m was paid in respect of businesses acquired in 2015 and prior years.

Acquisitions in 2015

On 5 October 2015, the Group acquired the remaining 49.9% shareholding in KROMAV Engenharia S.A., a company incorporated in Brazil, for a consideration of £3m. As a result of the transaction, the non-controlling interest released was £1m resulting in a charge of £4m recognised in the consolidated statement of changes in equity.

Mandatory purchase of minority Foster Wheeler shareholders

On 19 January 2015, Amec Foster Wheeler plc completed the squeeze-out merger under Swiss law (the 'Squeeze-Out Merger') of Foster Wheeler AG ('Foster Wheeler') through its wholly owned subsidiaries AMEC International Investments BV and A-FW International Investments GmbH.

All remaining Foster Wheeler shareholders received, for each Foster Wheeler share held, a combination of \$16.00 in cash and either (i) 0.8998 Amec Foster Wheeler shares, if the shareholder's address on the books and records of Foster Wheeler was outside the United States or (ii) 0.8998 Amec Foster Wheeler American depositary shares ('ADSs'), if the shareholder's address on the books and records of Foster Wheeler was in the United States.

The cash portion of the consideration was increased by \$0.225 for each Amec Foster Wheeler share or Amec Foster Wheeler ADS received, in lieu of the Amec Foster Wheeler dividend of £0.148 (announced on 7 August 2014). This was calculated by converting the dividend amount to US\$ (at the European Central Bank's 5 January 2015 exchange rate of \$1.5223 per £1.00).

In aggregate, Amec Foster Wheeler paid as consideration in the Squeeze-Out Merger £51m (\$77m) in cash and issued 4,255,970 Amec Foster Wheeler shares.

The purchase consideration was allocated as follows:

	Recognised value £m
Assets acquired	—
Liabilities assumed	—
Net identifiable assets and liabilities	—
Amount recognised in the consolidated statement of changes in equity	75
Non-controlling interest acquired	10
	85
Consideration	
Shares issued	34
Cash paid on completion	51
	85

Acquisitions in 2014

Foster Wheeler

Background

On 6 October 2014, the Group launched a public tender offer to acquire the entire issued share capital of Foster Wheeler AG, the ultimate parent company of Foster Wheeler. Pursuant to the tender offer, which closed on 13 November 2014 (the acquisition date), the Group acquired 95.3 percent of the issued share capital of Foster Wheeler AG.

Consideration payable for the interests in Foster Wheeler acquired by the Group amounted to £1,915m (measured at fair value at the acquisition date), of which £979m was settled in cash, £919m was settled by the issue of ordinary shares and ADSs and £17m was settled by the grant of replacement share options and awards to Foster Wheeler employees.

25 Acquisitions and disposals continued

Acquisitions in 2014 continued

The purchase consideration was allocated as follows:

	£m
Identifiable assets acquired	
Property, plant and equipment	111
Identifiable intangible assets	742
Interests in joint ventures	73
Current tax receivable	13
Deferred tax assets	27
Inventories	11
Trade and other receivables	751
– Gross contractual amounts receivable	818
– Allowance for doubtful debts	(67)
Derivative financial instruments	(12)
Cash and cash equivalents	265
Liabilities assumed	
Bank loans	(39)
Finance lease obligations	(32)
Trade and other payables	(856)
Current tax	(65)
Retirement benefit liabilities	(72)
Deferred tax liabilities	(113)
Provisions	(592)
Net identifiable assets acquired	212
Non-controlling interests	(23)
Goodwill	1,726
Consideration	1,915

Non-controlling interests in Foster Wheeler were measured at their proportionate share of Foster Wheeler's identifiable assets and liabilities at the acquisition date.

Goodwill of £1,726m was recognised on the acquisition of Foster Wheeler. Management considers that the goodwill is attributable to the future strategic growth opportunities arising from the acquisition, Foster Wheeler's highly skilled, customer-oriented and collaborative assembled workforce, the significant cost synergies that are expected to result from the integration of Foster Wheeler with the Group's existing operations, and the potential for tax synergies. None of the goodwill is expected to be deductible for tax purposes.

Acquisition-related costs relating to the acquisition of Foster Wheeler totalling £33m were recognised within administrative expenses during 2014.

In the period from its acquisition to 31 December 2014, Foster Wheeler contributed £274m to the Group's revenue and £1m to the Group's trading profit. After amortisation, exceptional items and net asbestos-related items, Foster Wheeler generated a loss of £44m in the period from acquisition to 31 December 2014.

Management estimated that if Foster Wheeler had been acquired on 1 January 2014, the Group's revenue for the year would have been £1,814m higher than reported at £5,800m. Management was unable to estimate reliably what the Group's profit or loss for the year would have been on this basis, principally because it is not practicable to retrospectively apply the significant purchase accounting adjustments that were made to the carrying amounts of the assets and liabilities of Foster Wheeler at its acquisition date and the tax effects of those adjustments.

Changes to the provisional fair value allocation

As discussed above, during 2015 management completed its assessment of the fair values of Foster Wheeler's assets and liabilities as at the acquisition date resulting in the recognition of additional goodwill of \$245m. The most significant updates were as follows:

Notes to the consolidated accounts continued

25 Acquisitions and disposals continued

Acquisitions in 2014 continued

Longview

As previously disclosed, during 2015, the arbitration panel awarded Kvaerner approximately \$74m (approximately £48m) in respect of the arbitration with Kvaerner North American Construction Inc arising from GPG's role in the construction of the Longview power plant in West Virginia, US in 2011. As the contract was complete prior to the acquisition, this award has been fully reflected in the purchase price allocation.

Refinery project arbitration – India

As disclosed in the 2014 financial statements, Foster Wheeler commenced arbitration in India against its client seeking collection of unpaid invoices in connection with the construction of an oil refinery plant in north-eastern India. Its client rejected the claim and submitted significant counterclaims. The provisional purchase price allocation included an allowance against the outstanding debts but, due to the ongoing risks and the passage of time, a further charge of £16m has been made. This represents full provision against the outstanding receivables.

Other project litigation

A provision of £33m has been established against costs expected to be disallowed and a potential alleged breach of warranty claim in respect of design work undertaken on a design, build and construct project based in the Southern US.

Management has performed a detailed review of the contracts in the GPG business and made provisions for defect rectification and damages claims totalling £19m across a number of contracts.

A number of smaller provisions (totalling £21m) have been established against specific contract risks.

Receivables and payables

Provision has been made against receivables and unbilled work in progress on a number of contracts (including £10m on one contract) that were outstanding as at the acquisition date and remained uncollected at the end of the hindsight period.

Provision has also been made against an employment tax risk associated with a permanent establishment overseas.

Uncertain tax positions

Management has reviewed the ongoing tax positions of Foster Wheeler and increased the provisions for uncertain tax positions in a number of jurisdictions. The most significant increases withholding tax on potential deemed distributions.

Property, plant and equipment

The carrying value of property, plant and equipment has been reviewed resulting in a £9m write down of two properties to their expected market value.

Deferred tax

Deferred tax liabilities reduced by £23m. This movement includes a potential tax liability on the future unwind of an overseas branch, as well as the deferred tax impact of the additional adjustments to the purchase price offset by the impact of the finalisation of the intangible asset allocation. The recognition of deferred tax on the purchase price allocation is restricted as a result of uncertainty over future profits and capacity constraints.

Scopus

On 15 December 2014, the Group acquired the entire issued share capital of Scopus Group (Holdings) Limited (Scopus) for £68m with £67m paid on completion and £1m deferred for one year. Headquartered in Aberdeen, UK, with bases in international oil and gas hubs, Scopus has around 200 employees who provide specialist engineering services to the global oil and gas, petrochemical and nuclear industries.

Goodwill of £35m was recognised on the acquisition which management considers is principally attributable to its skilled workforce which did not meet the criteria for recognition as an intangible asset at the date of acquisition. This specialist expertise will complement Amec Foster Wheeler's existing project delivery capability across the lifecycle of a project.

25 Acquisitions and disposals continued

Acquisitions in 2014 continued

Summary of financial effect

Purchase consideration was allocated as follows:

	£m
Intangible assets	31
Tangible assets	1
Trade and other receivables	7
Cash and cash equivalents	3
Trade and other payables	(3)
Deferred tax liability	(6)
Net identifiable assets and liabilities	33
Goodwill on acquisition	35
	68
Consideration	
Cash – paid on completion	67
– deferred	1
	68

Scopus did not make a material contribution to the Group's results for the year and would not have done so even if it had been acquired on 1 January 2014.

Disposals in 2016

On 7 December 2016, the sale to Energia Que Mueve A Chile (ENAP) of PetroPower Energia Limitada was completed.

The carrying value of the interests in joint ventures sold and profit on disposal in respect of the continuing operations were as follows:

	£m
Cash consideration received	40
Interest in Joint Venture classified as held for sale	(45)
Cumulative foreign exchange gains recycled from the translation reserve	10
Severance costs incurred as a result of the disposal	(4)
Legal fees incurred and other related expenses	(2)
Net loss on disposal	(1)

26 Commitments

Operating lease commitments

The total obligations under non-cancellable operating lease rentals for continuing operations are as follows:

	31 December 2016 £m	31 December 2015 £m
In one year or less	94	86
Between one and five years	225	224
Over five years	60	75
	379	385

Amec Foster Wheeler enters into the following types of lease: short-term plant hires; leases for motor vehicles and office equipment with lease periods of two to five years; and longer-term property leases. None of the leases include any contingent rentals.

Notes to the consolidated accounts continued

26 Commitments continued

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of property and deferred payment arrangements which are similar to finance leases for software. These leases have terms of renewal, but no purchase options or escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are, as follows:

		2016		2015	
		Minimum payments £m	Present value of payments £m	Minimum payments £m	Present value of payments £m
In one year or less		15	12	6	4
Between one and five years		42	37	49	42
Over five years		10	9	15	13
Total minimum lease payments		67	58	70	59
Less amounts representing finance charges		(9)	–	(11)	–
Present value of minimum lease payments		58	58	59	59

Included within the present value of minimum lease payments above is £7m relating to a finance lease classified within held for sale liabilities (2015: £nil).

27 Contingent liabilities

Legal claims and actions

From time to time, the Group is party to litigation involving clients and sub-contractors arising out of project contracts. Such litigation includes claims or actions by and against the Group for cancelled contracts, for additional costs incurred in excess of contract provisions, as well as for back charges for alleged breaches of warranty and other contract commitments. We have recognised provisions for certain known or reasonably likely legal claims or actions against the Group. We do not expect known and reasonably likely legal claims or actions for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

Indemnities and retained obligations

We have agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or asset. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim. We do not expect indemnities or retained obligations for which a provision has not been established to have a material impact on the Group's financial position, results of operations or cash flows.

Guarantees

During the year, one of the Group's subsidiaries disposed of a refinery/electricity generation plant located in Chile. A condition of the disposal was that the subsidiary was required to sign an operation and maintenance contract with the purchaser. This has resulted in a number of performance obligations with respect to refinery output and electricity generation by the plant.

Mount Polley

The Mount Polley mine is owned and operated by Mount Polley Mining Corporation, a subsidiary of Imperial Metals Corporation, and is located near the town of Likely, British Columbia, Canada. On 4 August 2014, a tailings pond facility at the mine failed releasing large quantities of water and mine tailings into the local environment. The dam was in the process of being raised (as part of its annual raise) at the time of the failure. One of Amec Foster Wheeler's subsidiaries, along with other parties, had various design and quality assurance responsibilities associated with the development of this facility. Amec Foster Wheeler's subsidiary was providing engineering services at the time of the breach, but did not perform the original design.

An independent review panel, appointed by the government of British Columbia, issued a report on 30 January 2015 concluding that the cause of failure was shearing along a zone of weak soil along with other contributory factors. On 17 December 2015, the chief inspector of mines for British Columbia issued a report that for the most part agreed with the conclusions of the independent review panel. Whilst the chief inspector concluded that there were failings in the required standard of care of all of the engineers, he concluded that the responsibility for the breach lies primarily with the mine owner, Mount Polley Mining Corporation. He also concluded that there was no evidence of any significant contravention of regulatory requirements.

27 Contingent liabilities continued

Mount Polley continued

On 4 July 2016, Mount Polley Mining Corporation and Imperial Metals Corporation filed suit against Amec Foster Wheeler's subsidiary and others. The claim seeks CDN\$3 million in costs payable to government agencies and unspecified damages for loss of profit, reconstruction costs and environmental remediation. Subsequent to this filing, several tourist operators and First Nations also filed suit alleging that they suffered damages as a result of the tailings facility failure. It is Amec Foster Wheeler management's opinion that its employees performed in a professional manner consistent with the standard of care for a competent engineer on a project of this nature in British Columbia. In addition, the contracts between Amec Foster Wheeler's subsidiary and Mount Polley Mining Corporation contain limitations of liability provisions that exclude claims for consequential damages and limit the subsidiary's liability to Mount Polley Mining Corporation to the amount of professional fees charged, which were less than CDN\$1 million.

Amec Foster Wheeler has retained outside counsel and filed a response to Mount Polley Mining Corporation's civil claim on 23 September 2016. Given the early stage of this matter, it is difficult to predict the likely outcome of this proceeding. Mindful of the foregoing caveat, it is Amec Foster Wheeler management's opinion that it is probable that there will be an outflow in respect of this issue (with liability shared with the other parties), but it is probable that if there is an outflow to Mount Polley Mining Corporation, it will be limited to the prescribed contractual limitation of liability referenced above.

Investigations

Amec Foster Wheeler has received voluntary requests for information from, and continues to cooperate with, the SEC and the US Department of Justice ('DOJ') regarding the historical use of agents by Foster Wheeler, primarily in the Middle East, and certain of the Company's other business counterparties in that region. In addition, the Company has provided information relating to the historical use of third parties by Foster Wheeler and certain of its operations to the DOJ and SEC in other regions. The Company has also made a disclosure to the UK Serious Fraud Office. Given the stage of these matters, it is not possible to estimate reliably what effect the outcome that any investigation or any regulatory determination may have on the Company.

Tax planning

The Group undertakes tax planning which is compliant with current legislation and accepted practice. Recent changes to the tax environment, including the OECDs project around Base Erosion and Profit Shifting have brought into question the legitimacy of tax planning previously undertaken by multinational entities. There have been several recent high profile tax cases against tax authorities and large groups. The European Commission continues formal investigations to examine whether decisions by the tax authorities in certain European countries comply with European Union rules, and has issued judgments in some cases which are being contested by the groups and the countries effected. We are monitoring the outcome of these cases in order to understand whether there is any risk to the Group. Based on the Group's current assessment of such issues, it is too early to speculate on any areas of challenge and potential liabilities, and as a result, it is not currently considered probable that there will be an outflow in respect of these issues.

28 Related party transactions

During 2016 there were a number of transactions with the senior management group, joint venture entities and subsidiary companies.

Transactions with the senior management group

During 2016, the senior management group consisted of Amec Foster Wheeler plc board members and the presidents of the Americas, Northern Europe and CIS, Asia, Middle East, Africa and Southern Europe, and the Global Power Group.

The senior management group and immediate relatives controlled 0.20% of the voting rights of the Company as at 31 December 2016.

In addition to their salaries, the Company also provides non-cash benefits to executive directors and other senior managers and they receive share awards under the Long-Term Incentive Plan. The Company also contributes to a defined benefit plan on behalf of certain executive directors. Details of their compensation are as follows:

	2016 £m	2015 £m
Short-term employee benefits	5	5
Pension costs	—	—
Equity-settled share-based payments	1	—
	6	5

Notes to the consolidated accounts continued

28 Related party transactions continued

Transactions and related balances outstanding with joint ventures

The transactions and related balances outstanding with joint venture entities are as follows:

	Value of transactions in the year		Outstanding balance as at 31 December	
	2016 £m	2015 £m	2016 £m	2015 £m
Services received	1	1	—	—
Services rendered	21	28	8	12
Provision of finance	9	—	24	17
Receipt of finance	2	—	2	—

During the year, a loan of £2m was advanced to the Group from an equity accounted joint venture at an interest rate of 4.35%.

In September 2012, the UK government's Department for Business, Innovation and Skills announced a change to UK legislation with respect to the requirement for a UK company to be subject to annual audit. An additional audit exemption has been introduced, such that for a subsidiary of a parent established in a European Economic Area state, that subsidiary can be exempt from annual audit if certain conditions are met. The principal conditions are the requirement for the subsidiary's shareholders to agree to the exemption and a guarantee to be issued to the subsidiary by the parent undertaking, guaranteeing all of the subsidiary's outstanding liabilities at the year end, until they are satisfied in full.

The Group will be exempting the following companies from an audit in 2016 under Section 479A of the Companies Act 2006, all of which are fully consolidated in these accounts:

Amec Foster Wheeler Finance Asia Limited (Registered number: 6205760)

Amec Foster Wheeler Property and Overseas Investments Limited (Registered number: 1580678)

AMEC Hedge Co 1 Limited (Registered number: 07870120)

AMEC Kazakhstan Holdings Limited (Registered number: 4530056)

AMEC USA Finance Limited (Registered number: 5299446)

AMEC USA Holdings Limited (Registered number: 4041261)

AMEC USA Limited (Registered number: 4044800)

AMEC Wind Developments Limited (Registered number: 8781332)

Ard Ghaoth Wind Farm Limited (Registered number: 7625013)

Atlantis Hedge Co 1 Limited (Registered number: 09302428)

Atlantis Hedge Co 2 Limited (Registered number: 09302562)

Auld Clay Wind Farm Limited (Registered number: 7285550)

Castle Cary Wind Farm Limited (Registered number: 7611293)

Hilton Wind Farm Limited (Registered number: 7767187)

PI Energy & Emissions Limited (Registered number: SC209704)

Sandiway Solutions (No 3) Limited (Registered number: 5318249)

Sigma Financial Facilities Limited (Registered number: 3863449)

29 Post balance sheet events

In January 2017, the Company sold Aquenta Consulting Pty Ltd., a specialist consultancy business based in Australia, to Jacobs Group (Australia) Pty Ltd for £21m. Aquenta contributed revenue of £27m and trading profit of £4m in 2016.

On 2 March 2017, the Company signed an agreement to sell its core boiler business to Sumitomo Heavy Industries, Ltd for £137m. The core boiler business contributed revenues of £200m and trading profit of £25m. The sale is conditional on customary regulatory approvals in certain jurisdictions and is expected to be completed during the second quarter of 2017.

Also, on 2 March 2017, the Group announced its intention to dispose of its nuclear business. The nuclear operations contributed revenue of £274m and trading profit of £16m in 2016.

To ensure continued compliance with its financial covenants, the Company approached its banking group and on 10 April 2017 successfully agreed a waiver to increase the leverage covenant in its banking facilities to 4.5:1 to provide additional headroom through to the reporting period ending 30 June 2018.

Company balance sheet

As at 31 December 2016

	Note	2016 £m	2015 £m
Fixed assets			
Intangible assets	2	1	33
Tangible assets	3	—	1
Investment in subsidiaries	4	3,359	4,219
		3,360	4,253
Current assets			
Debtors: including amounts falling due after one year of £2,442m (2015: £1,310m)	5	2,567	1,378
Cash at bank and in hand		54	41
		2,621	1,419
Current liabilities			
Creditors: amounts falling due within one year	6	(1,467)	(1,661)
Net current assets/(liabilities)		1,154	(242)
Total assets less current assets/(liabilities)		4,514	4,011
Creditors: amounts falling due after one year	7	(3,117)	(2,091)
Net assets		1,397	1,920
Capital and reserves			
Called up share capital	8,9	197	197
Share premium account	9	133	133
Capital redemption reserve	9	34	34
Merger reserve	9	33	540
Retained earnings ¹	9	1,000	1,016
Equity shareholders' funds		1,397	1,920

1 The company's loss for the year was £418m (2015: £368m).

The accounts on pages 167 to 175 were approved by the board of directors on 25 April 2017 and were signed on its behalf by:



Jonathan Lewis
Chief Executive Officer



Ian McHoul
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2016

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m
As at 1 January 2016	197	133	540	34	1,016	1,920
Loss for the year	–	–	–	–	(418)	(418)
Total comprehensive loss for the year	–	–	–	–	(418)	(418)
Transfer of impairment losses to merger reserve	–	–	(507)	–	507	–
Dividend	–	–	–	–	(113)	(113)
Equity-settled share-based payments	–	–	–	–	10	10
Acquisition of shares by trustees of the Performance Share Plan	–	–	–	–	(2)	(2)
As at 31 December 2016	197	133	33	34	1,000	1,397

For the year ended 31 December 2015

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m
As at 1 January 2015	194	101	877	34	1,198	2,404
Loss for the year	–	–	–	–	(368)	(368)
Total comprehensive loss for the year	–	–	–	–	(368)	(368)
Transfer of impairment losses to merger reserve	–	–	(337)	–	337	–
Dividend	–	–	–	–	(167)	(167)
Equity-settled share-based payments	–	–	–	–	1	1
Utilisation of treasury shares	–	–	–	–	15	15
Shares issued	3	32	–	–	–	35
As at 31 December 2015	197	133	540	34	1,016	1,920

Notes to the company accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and under the historical cost convention, except that derivative financial instruments are stated at fair value, in accordance with applicable accounting standards and the Companies Act 2006.

The Company has not presented its own profit and loss account, as permitted by Section 408 of the Companies Act 2006.

The accounts are presented in Sterling, rounded to the nearest million.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- ▶ the requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of services received was determined)
- ▶ the requirements of IFRS 7 'Financial Instruments: Disclosures'
- ▶ the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- ▶ the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1
 - paragraph 73(e) of IAS 16 'Property, Plant and Equipment'
 - paragraph 118(e) of IAS 38 'Intangible Assets'
- ▶ the requirements of the following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows)
 - 16 (statement of compliance with all IFRSs)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- ▶ the requirements of IAS 7 'Statement of Cash Flows'
- ▶ the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- ▶ the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation)
- ▶ the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The preparation of accounts in accordance with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Amec Foster Wheeler believe some of these policies require a high level of judgement, and the most critical accounting policies and significant areas of judgement and estimation arise from:

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' recoverable amount. Where recoverable amount is based on value in use, these calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £3,359m (2015: £4,219m) with an impairment loss of £539m recognised in 2016 (2015: £351m).

Notes to the company accounts continued

1 Accounting policies continued

Dividend income

Dividend income is recognised when the right to receive payment is established.

Financial instruments

Financial instruments are initially recorded at fair value. Subsequent valuation depends on the designation of the instrument and is as described in note 1 to the consolidated financial statements.

Foreign currencies

Transactions in a currency other than Sterling are translated to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date and exchange differences are taken to the profit and loss account in the year. Non-monetary assets and liabilities are measured in terms of historical cost and are translated using the exchange rate at the date of the transaction.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful lives of intangible assets held at 31 December 2016 are as follows:

Software	Three to seven years
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Interest

Interest is recognised in profit or loss on an accruals basis using the effective interest method.

Investments

Investments are stated at cost less impairment losses. Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investments in subsidiaries are adjusted to reflect this capital contribution.

Pensions

The Company participates in the Amec Foster Wheeler Pension Plan (formerly the Amec Staff and Executive defined benefit pension schemes). The assets of these schemes are held separately from those of the Company. As there is no contractual agreement or stated policy for charging the net defined benefit cost to individual Group entities, the Company has recognised a cost equal to the contributions payable to the schemes in respect of the accounting period.

Details of the defined benefit schemes can be found in note 14 of the consolidated accounts.

Contributions to the defined contribution schemes are recognised in profit or loss in the period in which they become payable.

Tangible assets

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life. The estimated useful lives as at 31 December 2016 are as follows:

Plant and equipment	Three to five years
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Remuneration of auditors

The detailed information concerning auditor's remuneration is shown in note 4 of the consolidated accounts.

Share-based payments

There are share-based payment arrangements which allow Amec Foster Wheeler employees to acquire Amec Foster Wheeler shares; these awards are granted by Amec Foster Wheeler. The fair value of awards granted is recognised as a cost of employment with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the award. The fair value of the award is measured using a valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as a cost is adjusted to reflect the actual number of shares that vest except where non-vesting is due to share prices not achieving the threshold for vesting.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12 'Income Taxes'.

2 Intangible assets

	Software £m
Cost	
As at 1 January 2016	50
Additions	5
As at 31 December 2016	55
Amortisation	
As at 1 January 2016	17
Impairment loss	31
Provided during the year	6
As at 31 December 2016	54
Net book value	
As at 31 December 2016	1
As at 1 January 2016	33

3 Tangible assets

	Plant and equipment £m
Cost	
As at 1 January 2016	4
Additions	-
As at 31 December 2016	4
Depreciation	
As at 1 January 2016	3
Provided during the year	1
As at 31 December 2016	4
Net book value	
As at 31 December 2016	-
As at 1 January 2016	1

Notes to the company accounts continued

4 Investments (non-current)

	Shares in subsidiaries £m	Amounts owed by subsidiaries £m	Total investment in subsidiaries £m
Cost			
As at 1 January 2016	4,152	464	4,616
Additions	2,103	2	2,105
Disposals	(2,819)	(461)	(3,280)
As at 31 December 2016	3,436	5	3,441
Provisions			
As at 1 January 2016	397	–	397
Provided during the year	537	2	539
Disposals	(854)	–	(854)
Reclassification	(3)	3	–
As at 31 December 2016	77	5	82
Net book value			
As at 31 December 2016	3,359	–	3,359
As at 1 January 2016	3,755	464	4,219

Group companies and their applicable registered offices are listed on pages 212 to 221.

5 Debtors

	31 December 2016 £m	31 December 2015 £m
Debtors: amounts falling due within one year		
Amounts owed by subsidiaries	60	6
Derivative financial instruments	53	33
Corporation tax	–	21
Prepayments and accrued income	12	8
	125	68
Debtors: amounts falling due after one year		
Derivative financial instruments	56	19
Amounts owed by subsidiaries	2,386	1,291
	2,567	1,378

The deferred tax balance is analysed as follows:

	31 December 2016 £m	31 December 2015 £m
Difference between accumulated depreciation and capital allowances	–	(1)
Tax losses	–	1
	–	–

6 Creditors: amounts falling due within one year

	31 December 2016 £m	31 December 2015 £m
Bank overdrafts	15	12
Bank and other loans	95	673
Trade creditors	45	42
Corporation Tax	1	–
Derivative financial instruments	54	33
Amounts owed to subsidiaries	1,257	901
	1,467	1,661

On 1 March 2016, the Company entered into a new £1,700m syndicated credit facilities agreement comprising three tranches; a three-year £650m term loan (maturing 1 March 2019), a five-year £650m term loan (maturing 1 March 2021) and a five-year £400m revolving credit facility (maturing 1 March 2021). This new facility replaced the Company's previous £377m revolving credit facility and the Foster Wheeler acquisition facility of \$2.26bn.

At 31 December 2016, the Company had committed banking facilities of £1,661m (2015: £1,741m). As at 31 December 2016, the undrawn portion of the Company's facilities was £300m.

7 Creditors: amounts falling due after one year

	31 December 2016 £m	31 December 2015 £m
Amounts owed to subsidiaries	1,784	1,509
Bank and other loans	1,276	563
Derivative financial instruments	57	19
	3,117	2,091

8 Share capital

The share capital of the Company comprises ordinary shares of 50 pence each. All the ordinary shares rank pari passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

	31 December 2016 £m	31 December 2015 £m
Allotted, called up and fully paid ordinary shares of 50 pence each	197	197

The movement in issued share capital during the year was as follows:

	Number	£m
As at 1 January 2016 and 31 December 2016	393,131,813	197

Share-based payment

Details of share-based payment schemes operated by the Company are provided in note 22 to the consolidated accounts.

Notes to the company accounts continued

9 Reserves

Movements in reserves are shown in the Company statement of changes in equity on page 168.

Details of dividends approved by the Company and paid during the year are disclosed in note 22 to the consolidated accounts.

During 2012, Amec Foster Wheeler plc generated a significant profit from an internal restructuring. This becomes distributable as qualifying consideration is passed to Amec Foster Wheeler plc. As at 31 December 2016, £548m of reserves are considered to be distributable.

The Company's loss for the year in 2016 was £418m (2015: £368m).

10 Staff costs and employee numbers

	2016 £m	2015 £m
Wages and salaries	23	19
Social security costs	2	2
Equity-settled share-based payments	–	(1)
Contributions to defined contribution schemes	1	–
Defined benefit pension scheme expense	–	1
	26	21

	2016 number	2015 number
The average number of people employed was as follows:		
Administration	193	186

Details of directors' remuneration are provided in the Directors' remuneration report on pages 74 to 88.

11 Contingent liabilities

Guarantees and indemnities

Guarantees given by the Company in respect of borrowings of subsidiaries amounted to £nil as at 31 December 2016 (2015: £nil).

In addition, the Company is party to cross-guarantee arrangements relating to overdrafts for certain Group companies. The maximum gross exposure as at 31 December 2016 was £55m (2015: £79m).

The Company will guarantee the debts and liabilities of the following UK subsidiaries in accordance with Section 479C of the Companies Act 2006:

Amec Foster Wheeler Finance Asia Limited (Registered number: 6205760)

Amec Foster Wheeler Property And Overseas Investments Limited (Registered number: 1580678)

AMEC Hedge Co 1 Limited (Registered number: 07870120)

AMEC Kazakhstan Holdings Limited (Registered number: 4530056)

AMEC USA Finance Limited (Registered number: 5299446)

AMEC USA Holdings Limited (Registered number: 4041261)

AMEC USA Limited (Registered number: 4044800)

AMEC Wind Developments Limited (Registered number: 8781332)

Ard Ghaoth Wind Farm Limited (Registered number: 7625013)

Atlantis Hedge Co 1 Limited (Registered number: 09302428)

Atlantis Hedge Co 2 Limited (Registered number: 09302562)

Auld Clay Wind Farm Limited (Registered number: 7285550)

Castle Cary Wind Farm Limited (Registered number: 7611293)

Hilton Wind Farm Limited (Registered number: 7767187)

PI Energy Emissions Limited (Registered number: SC209704)

Sandiway Solutions (No 3) Limited (Registered number: 5318249)

Sigma Financial Facilities Limited (Registered number: 3863449)

The Company has assessed the probability of loss under these guarantees as remote.

12 Related party transactions

During the year the only related party transactions for which disclosure is required under FRS 101 'Financial Reporting Standard 101 'Reduced Disclosure Framework' were with the senior management group. As allowed by FRS 101, transactions with wholly owned subsidiary undertakings are not disclosed.

Transactions with the senior management group

The senior management group of the Company consists of Amec Foster Wheeler plc board members.

The senior management group of the Company and their immediate relatives controlled 0.14% of the voting rights of the Company as at 31 December 2016.

Details of directors' remuneration are provided in the Directors' remuneration report on pages 74 to 88.

History and development

Details of incorporation

Amec Foster Wheeler plc is a public limited company that is incorporated in England and Wales with the registered number 01675285.

The Company's registered office is situated at Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, UK.

The Company operates under English law.

The Company's agent in the US is CT Corporation, whose contact address is 111 Eighth Avenue, New York, New York 10011, US.

Origins

Amec Foster Wheeler plc (as it is known today) was formed in 1982, when Fairclough Construction merged with William Press Group. The Matthew Hall Group of Companies was acquired in 1988. As a business, we can trace our history back over 150 years to the origins of these predecessor companies.

Subsequent transformation

In recent years, the Group's activities have been transformed by exiting from civil construction and becoming a consultancy, engineering and project management business. We have achieved this transformation through a combination of organic growth, acquisitions and divestment of non-core activities.

- ▶ In 2000, we acquired AGRA Inc., a North American environmental, engineering and construction services company and Ogden Environmental and Energy Services Co. Inc., a US environmental consulting company.
- ▶ In 2005, we acquired Paragon Engineering Services, Inc., a Houston-based oil and gas engineering services company and NNC Holdings Limited, a UK nuclear consultancy and engineering business.
- ▶ Between 1997 and 2006, we bought and sold interests in SPIE, which provided electrical engineering, communications services and specialist activities in the energy and rail industries, predominantly in France.
- ▶ In 2007, we sold our UK-based civil construction businesses.
- ▶ In 2008, we acquired Geomatrix Consultants, Inc., a California-based technical consulting and engineering firm; Rider Hunt International Limited, a project services company to the oil, gas, chemical, energy and process industries; and Bower Damberger Rolseth Engineering Limited.
- ▶ In 2008, we sold our wind developments business.
- ▶ In 2009, we acquired GRD Limited, an engineering and project delivery company based in Perth, Australia, specialising in the design, procurement and construction of mineral projects.
- ▶ In 2010, we acquired Entec Holdings Limited, a UK-based environmental and engineering consultancy company.
- ▶ In 2011, we acquired MACTEC Inc., a US engineering and environmental services company; and QED International Limited, or qed, an oil and gas completions and commissioning services company.

- ▶ In 2012, we acquired Energy, Safety and Risk Consultants (UK) Limited, or ESRC, a UK-based nuclear technical services business, Unidel Group Pty Limited, or Unidel, a consulting, engineering and technical services company serving Australia's energy, resources and infrastructure sectors and a 50% stake in Kromav Engenharia Ltda, or KROMAV, a participant in the Brazilian oil and gas market, with an option to acquire the outstanding 50% stake.
- ▶ In 2013, we acquired Automated Engineering Services Corp., a US design engineering nuclear services firm which provides support to existing nuclear utilities.
- ▶ In November 2014, the Company acquired control of Foster Wheeler AG, a leading international engineering, construction and project management contractor and power equipment supplier, by way of a public tender offer. Foster Wheeler AG was a Swiss-registered company that was listed on NASDAQ in the US. At 31 December 2014, the Company owned 95.3% of the issued share capital of Foster Wheeler AG. The remaining shares were acquired by way of a 'squeeze-out merger' during January 2015.
- ▶ In December 2014, we acquired Scopus Group (Holdings) Limited (Scopus). Headquartered in Aberdeen, UK, with bases in international oil and gas hubs, Scopus has around 200 employees who provide specialist engineering services to the global oil and gas, petrochemical and nuclear industries.
- ▶ In 2015, we increased our stake in Kromav Engenharia Ltda from 50% to 100%. In addition, we exercised our right to acquire the remaining 40% stake in S2V Consulting Pty Ltd, a company incorporated in Australia and providing specialised consulting services to our oil and gas customers including upstream/midstream, subsea and pipelines, onshore/offshore and production and processing. During December 2015, we also sold our interest in Project Management Holdings Limited, a company incorporated in Ireland and providing engineering, architecture, and project management and construction services internationally.

Developments during 2016 and 2017

During 2016, a disposal programme was put in place in order to dispose of a number of non-core businesses and assets.

During 2016, the Company sold its 85% interest in PetroPower Energia Limitada, which was part of the Global Power Group.

The Company also received £30m of proceeds in 2016 from the sale of its 23% interest in Incheon Bridge Co, Ltd. This transaction has not yet completed and remains conditional on South Korean Government approval.

Also in the year, the Company signed an agreement to sell Amec Foster Wheeler Power s.r.l., which operates two wind farms in Italy and this transaction is expected to close in the second quarter of 2017.

In January 2017, the Company disposed of Aquentia Consulting Pty Ltd, a specialist consulting business based in Australia.

In March 2017, the Company signed an agreement to sell the Global Power Group's core boiler business to Sumitomo Heavy Industries, Ltd, which, subject to customary regulatory approvals in certain jurisdictions, is expected to complete during the second quarter of 2017.

Risk factors

We describe below those risks and uncertainties that we consider to be significant because their outcome may have a material adverse effect on the Group's business, financial condition, results of operations or cash flows. We have not listed these risks and uncertainties in any particular order of priority. Other risks and uncertainties that are currently unknown to us, or that are known but not currently considered by us to be significant, could become apparent to us or change and therefore may ultimately have such material adverse effects.

Adverse global economic, political or other macroeconomic developments in the markets and jurisdictions in which the Company operates may adversely affect the Company's business, financial condition and results of operations

The Company derives the largest share of its revenue from the Oil, Gas & Chemicals ('OG&C') business line, which it expects to continue to be the case for the foreseeable future. In recent years, the oil and gas industry has faced a number of challenges, including continuing pressure on consumer demand, escalating costs and reduced oil and gas prices, as described in the risk factor entitled 'Changes in the prices of commodities and other materials may adversely impact demand for the Company's services' below. Similar trends have also been experienced in the Mining industry. As a result of the continuing nature of these challenges, many oil and gas and mining companies have reduced, and may reduce further, their capital expenditure in response to financial and investor pressure, which has had and may continue to have a material adverse impact on the Company's business, financial condition and results of operations.

In other markets, such as Power & Process, spending by customers depends on cost developments for new technologies, support for government initiatives and the availability of funding for projects. In Environment & Infrastructure, spending by customers is dependent upon changing environmental regulations, such as emissions reductions regulations described in 'The Company may be adversely impacted by regional, national and/or global requirements in respect of emissions reductions', as well as government spending on infrastructure projects, which may be influenced by budgetary constraints. The Company has experienced and may continue to experience increased competition for new contracts and some customers have also insisted on different, more onerous contract terms due to these conditions.

The Company expects to continue to derive the majority of its revenue from its operations in the United Kingdom, the United States and Canada. Therefore, the Company may be particularly affected by political and economic conditions in these geographic regions, such as political uncertainty, energy prices, potential economic deterioration and the availability and cost of credit, and by political and economic conditions in other regions that affect the United Kingdom, the United States and Canada. The transition to a new presidential administration in the United States may cause uncertainty and unpredictability for a period of time which may impact confidence and spending levels. In addition, following the majority vote in June 2016 for the United Kingdom to leave the European Union, there is uncertainty as to the effects an exit may have on economic or market conditions in the United Kingdom, Europe or globally.

The result of the UK general election on 8 June 2017 will also determine the stance Britain takes in its negotiations to leave the EU as well as the future of projects within the National Infrastructure Plan, which could create further uncertainty in UK projects.

Such uncertainty has the potential to lead to decreased or delayed investments in projects in the United Kingdom. Prolonged uncertainty or a worsening of economic conditions in the United Kingdom could have a material adverse effect on the Company's business, financial condition and results of operations.

Adverse or volatile economic conditions may also impact liquidity and the availability of credit to the Company's customers, as well as the demands of investors for greater returns in these markets, each of which may in turn influence the amount and timing of customer spending on capital investment and/or asset maintenance and may result in delays or cancellation of projects.

If the Company is unable to successfully anticipate changing economic and political conditions affecting the jurisdictions and markets in which it operates, it may be unable to effectively plan for, or respond to, those changes.

Changes in the prices of commodities and other materials may adversely impact demand for the Company's service

Prices of commodities and other materials are volatile and influenced by a number of external factors, including the supply of, and demand for, the materials themselves, speculative activities by market participants, global political and economic conditions, the levels of production and the costs of exploring for, developing, producing, storing and delivering the materials. In particular, fluctuations in prices related to the oil and gas, metals, mining and minerals industries have adversely impacted the Company's business since they have adversely affected customer spending. Fluctuations in prices have also adversely affected margins due to the reduced volume of work in the relevant industries and resulting increase in competition, which has negatively impacted margins for asset maintenance contracts, as well as for projects. During the year ended 31 December 2016, the majority of the Company's revenues were derived from OG&C and Mining.

Risk factors continued

Oil prices have declined significantly since 2014, dropping below \$26 per barrel in early 2016 before recovering somewhat. The reduction in oil prices has adversely impacted investment in both oil & gas production by driving companies to focus on ways in which they can be more capital efficient, and this may continue if oil prices remain low. For example, companies may choose to reduce overall levels of upstream and downstream capital expenditure and look at options to improve the efficiency of operating expenditure. In addition, low oil prices may also negatively affect the availability of funding for projects. Conversely, as oil prices recover, downstream oil and gas customers may reduce expenditure on projects as a result of increasing costs, which may negatively impact the Company as it seeks to grow its business in this segment. Fluctuations in the price of metals and minerals, such as gold and copper, have also impacted mining customer spending. Such declines in the levels of capital expenditure by mining customers as a result of a reduction in prices could negatively impact the Company's operations. Any delay, deferral or size reduction in its customers' projects may restrict the opportunities available to the Company for organic growth and the achievement of its targets. A sustained and significant adverse change in the prices of commodities and other materials could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to the risks associated with operating in developing markets

The Company expects that an increasing proportion of revenues in the future will be in developing markets. Operations in these markets are exposed to risks that may not be encountered in countries with well established economic and political systems, which include, to a greater or lesser extent, changes in governmental regulations, trade restrictions and laws, tariffs and other barriers, the potential for nationalisation of enterprises or government policies favouring local production or restricting foreign investment, renegotiation or nullification of existing agreements, fluctuations in interest rates and currency exchange rates, the introduction of exchange controls and other restrictions by these foreign governments, timeliness of client payments, differing protections for intellectual property and enforcement thereof and divergent environmental laws and regulations. The Company may also be subject to heightened levels of crime, corruption or arbitrary and/or inconsistent governmental actions. These risks may impact the Company's ability to operate successfully in a given emerging market in which it does not have experience operating or may influence its decision to expand its operations into other emerging markets.

Furthermore, some of these jurisdictions may have complex and, at times, immature legal and regulatory frameworks. Amec Foster Wheeler endeavours to conduct its business in accordance with the principles set forth in its Code of Business Conduct, and with its policies and procedures, and within the framework set by applicable regulatory requirements in each of its chosen markets and in the geographic regions in which it operates. However, if the Company does not comply with applicable legal and regulatory requirements, either as a result of the actions of its employees or the employees of the partners with whom the Company sometimes operates, this may lead to the loss of licences, cessations of business and/or potential civil and criminal liability for the Company and its management.

In addition, political and social unrest, for example in the Middle East, has had, and may continue to have, a negative impact on existing and future opportunities in the region. Political, economic and social instability may impact the Company's operations by hindering its ability to send personnel abroad, to hire and retain local personnel, to conduct its operations in the same manner that it would in other jurisdictions or by requiring it to exit unstable jurisdictions. The foregoing may result in higher costs and have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's future business performance will depend on the award of new contracts, which depends on factors not entirely within the Company's control

A substantial portion of the Company's operating revenues are derived from new contract awards or projects. It is generally difficult to predict whether and when contracts will be awarded due to the lengthy and complex bidding and selection process. This process is affected by a number of factors, such as market conditions, a bidder's reputation and experience both in the market and with the customer, financing arrangements, governmental approvals and environmental authorisations. The Company may experience a loss of new business, and therefore a loss of market share, if it is unable to accurately assess these factors as part of its bid. The Company has also experienced competition in relation to tenders for new contracts on price and/or based on the greater perceived financial strength, resources, experience or technological advantages of its competitors. The Company competes with international, national and local engineering, project management and consultancy firms. The Company may have to agree to lower prices or less favourable contract terms for contracts under bid or risk losing a bid, or it may decide not to pursue a contract if the expected profit margins are below minimum acceptable margins based on an assessment of the project or if the contract terms are unacceptable, all of which could negatively impact the Company's order book and future business performance.

The bidding costs associated with tendering for new contracts can be significant and may not necessarily result in the award of a new contract. These costs are not usually recoverable, even if the tender is won. Furthermore, if new contract awards are not received, if awards are delayed or there are modifications regarding the scope of the contract, the Company may incur additional costs reallocating staff in a timely manner or may be required to terminate excess staff. In addition, preparation of bids can divert significant management and operating resources away from other activities key to the running of the business.

Any of the above factors could impact the Company's ability to win new contracts and the failure to do so could have a material adverse effect on its business, financial condition and results of operations.

Failure to meet customer expectations on project delivery could result in damage to reputation and/or loss of repeat business, and potentially lead to disputes

Many of the contracts that the Company enters into with its customers are long-term and may contain liquidated damages clauses relating to on time delivery and/or liquidated damages relating to performance and/or liability in respect of unliquidated damages. A number of factors, including failure to follow best practice guidelines, could mean that projects are not delivered to time, cost, quality or appropriate health, safety and environmental standards and therefore do not meet customer expectations or the expectations of the relevant third party. Any failure to deliver in accordance with customer expectations could subject the Company to damages and/or reduce its margins on these contracts. Failure to meet customer expectations may also result in disputes or litigation, cancelled contracts, additional costs incurred in excess of current contract provisions, or back-charges for alleged breaches of warranty and other contract commitments. Damage to the Company's reputation or loss of repeat business as a result of its failure to meet its customers' expectations could negatively impact its ability to win contracts in the future. The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition and results of operations.

Lump sum contracts are subject to the risks associated with unanticipated modifications, technical problems and delays, which may have material negative financial consequences

The Company enters into reimbursable contracts (including target price contracts), in which it contracts either on the basis of actual costs plus a fee or multiplier or, especially in the oil and gas market, on the basis of a schedule of daily or hourly rates, and lump sum contracts, in which it contracts based upon specifications and other design information provided by the customer. Lump sum contracts have accounted for an increasing proportion of the Company's revenue and order book and are expected to continue to grow in the medium term.

Lump sum contracts carry different risks than reimbursable contracts because the selling price of the project is agreed based on estimates at the time the contractor enters into the contract and the contractor assumes a greater proportion of the risks associated with completing the project. In particular, in the engineering, procurement and construction ('EPC') contracts in which the Company engages, the contractor sometimes has to assume the risk of design changes for which there is no variation entitlement under the contract because the contractor has assumed responsibility for the engineering design development, for example in situations where contractual responsibility has to be accepted for a front end design undertaken by others. The Company would typically seek to review the front end engineering design prior to agreeing to an EPC price and schedule. There can be no assurance that the Company will have the opportunity to fully validate the front end design before fixing the price and schedule. There may also be unanticipated technical problems with the equipment being supplied or developed by the contractor, changes in the costs of components, materials or labour, difficulties in obtaining required governmental permits or approvals, changes in labour conditions and

other unexpected delays or costs. If any of the Company's contracts are subject to these changes or modifications, and if the Company is unable to obtain a variation of the existing contract, or is not sufficiently reimbursed for the costs incurred as a result of these changes or modifications, there could be a material adverse effect on its business, financial condition and results of operations.

Long term contracts may be subject to early termination, variation or non renewal provisions

The Company enters into long term contracts with customers, which are performed over a period that may exceed two years. Such contracts may be terminated earlier than expected, either within the relevant notice periods or upon default or non performance by the Company, which may result in additional costs if adequate compensation is not received. It may be difficult to replace any lost contract with a new equally attractive contract, a new but less attractive contract, or at all. The Company's contracts may be subject to variation by renegotiation or by requiring a different level of service to be provided. In some reimbursable contracts, customers may disagree with the statement showing the costs which have been incurred on a project. Such costs may be disallowed and so may not be recoverable. To the extent that the Company experiences any of the foregoing risks, it may experience reduced profitability or losses. As a result, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Projects included in the Company's order book may be delayed or cancelled

The Company's order book, at any specified date, consists of the Company's share of the total remaining value of secured projects to be executed. Contracts are only included in the Company's order book when they are signed or if they are due to be formally signed off within one month. Changes in project scope or schedule create uncertainty as to the portion of orders that can be performed or the amount of revenue that will be recognised in any given year. Customers may also not be able to secure approvals for their projects, which could result in a delay or cancellation of the proposed project. Even where a project proceeds as scheduled, it is possible that contracted parties may default and fail to pay amounts owed or fail to comply with the indemnity obligations in a given contract. Furthermore, fluctuations in currency exchange rates may affect the value of the order book. As a result of these uncertainties, the order book may not be a reliable indicator of future operating revenues or profitability. Material delays, cancellations or payment defaults could have a material adverse effect on the Company's business, financial condition and results of operations.

Risk factors continued

Failure to successfully defend against claims made by project owners, suppliers or subcontractors, or failure to recover adequately on claims made against project owners, suppliers or subcontractors, could materially adversely affect the Company's business, financial condition and results of operations

The Company's projects involve complex designs and engineering, the procurement of equipment and supplies and construction/construction management. The Company may encounter difficulties related to designs or engineering, equipment and supply delivery, schedule changes and other factors, some of which are beyond its control that may affect its ability to complete the project in accordance with the original delivery schedule or to meet the contractual performance obligations.

The Company generally relies on equipment manufacturers, subcontractors and suppliers to assist with the completion of their contracts, and the Company will continue to rely on such parties to complete its contracts in the future. As such, claims involving project owners, suppliers and subcontractors and other counterparties may be brought against the Company and by the Company in connection with project contracts that had been previously entered into by the Company. Claims brought against the Company may include back charges for alleged defective or incomplete work, breaches of warranty, negligence and/or late completion of the project work. The claims and back charges can involve actual damages, as well as contractually agreed-upon liquidated sums. The Company may suffer losses on contracts if the amounts it is required to pay for subcontractor services exceed the original estimates. Claims brought by the Company against project owners may include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the previously agreed scope of work. Claims between the Company and its suppliers, subcontractors and vendors may include claims for non-performance, delayed performance or sub-standard performance like those described above. These project claims, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings, and it is often difficult to accurately predict when these claims will be fully resolved and what the ultimate cost will be. Costs and charges associated with claims could have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, the Company assumes the technical risk and associated warranty obligations for selected contracts and projects meaning that the Company must tailor products and systems to satisfy the technical requirements of a project even though, at the time the project is awarded, they may not have previously produced such a product or system. The Company, as part of its operations, provides process technology and may be required to assume risks associated with the performance of such technology. Warranty obligations in both reimbursable and lump sum contracts can range from re-performance of engineering services to modification or replacement of equipment. Breach of technical requirements and associated warranty obligations could have a material adverse effect on the Company's business, financial condition and results of operations.

The success of the Company's projects depends substantially on the satisfactory performance by its partners of their contractual and other obligations

The Company has historically bid for contracts jointly with various partners, which are subject to inherent risks, such as differing opinions or views between partners, which may result in delayed decision making or a failure to agree on material issues. The Company expects to continue to enter into similar arrangements from time to time and as needed for contracts, thereby exposing it to such risks. In addition, from time to time, in order to establish or preserve a relationship, or to better ensure venture success, the Company may accept risks or responsibilities that are not necessarily proportionate to the reward it expects to receive. Although the Company may have decision making and audit rights in respect of its joint contractual arrangements, it typically will not wholly operate these ventures and therefore the Company may have limited control over decisions and actions, including internal controls and financial reporting.

The success of these contractual arrangements also depends, in large part, on the satisfactory performance by the Company's partners of their contractual and other obligations, including their obligation to commit working capital, equity or security and to support their indemnification and other contractual obligations. If a partner fails to satisfactorily perform its obligations as a result of financial or other difficulties, the parties may be unable to adequately perform or deliver their contracted services. Under these circumstances, the Company may be required to make additional investments and provide additional services to ensure the adequate performance and delivery of the contracted services. These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses with respect to the contract. In addition, a failure by a partner to comply with applicable laws, rules or regulations has in the past and could in the future negatively impact the Company's reputation and business and, furthermore, could expose the Company to the risk of civil or criminal penalties, fines or the loss of licensing. In particular, the Company may decide to exit the arrangement on terms less favourable than its initial investment.

The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition and results of operations.

If the Company is unable to execute its business strategy, its business, financial condition and results of operations could be adversely affected

Amec Foster Wheeler's financial performance and future prospects depend significantly on its ability to successfully implement its transformation programme and growth strategy, both at a corporate level and for individual business lines.

The success of Amec Foster Wheeler's strategic delivery will rely on its ability to identify new opportunities and to generate sufficient customer interest for new offerings and in new segments and jurisdictions. This will be impacted by competition and, in particular, how Amec Foster Wheeler's competitors respond to the Company's refreshed business line strategies and existing market conditions. Furthermore, Amec Foster Wheeler's ability to expand its existing offerings internationally will be subject to the risks of operating in new regions, and in particular in developing markets, as described in the risk factor entitled "The Company is exposed to the risks associated with operating in developing markets". Transfer of employees and compliance with regulation, among other things, will result in additional costs for the Company.

The successful delivery of Amec Foster Wheeler's corporate strategy is contingent on the Company's ability to retain or attract employees with specific skill sets, as described in the risk factor entitled "The Company may lose key management or face difficulty in attracting and retaining appropriately skilled personnel", to deliver efficient services to customers, meeting their expectations and demands and, in some specific instances, to expand the scope of work beyond what Amec Foster Wheeler has traditionally provided to its customers. This will, in part, require the development or introduction of new technological offerings or the establishment of new partnerships with industry participants, such as technology owners or EPC contractors. There can be no assurances that new offerings will be implemented in a timely manner or at all, and any delay may result in Amec Foster Wheeler incurring additional costs. There can also be no assurances that new partnerships will develop as expected, which may impact Amec Foster Wheeler's ability to deliver certain services to customers.

Part of Amec Foster Wheeler's strategy will also entail building the capacity and headcount of its India Operations. The Company expects that these operations will enable it to more efficiently and effectively deliver projects to its customers across all markets. Failure to do so may impact Amec Foster Wheeler's ability to compete on new bids, as well as its ability to deliver projects in line with customer expectations.

In the event that Amec Foster Wheeler is unable to achieve the anticipated benefits of its strategic plan, this could have a material adverse effect on its growth prospects and future profitability. In addition, depending on changing market, operational and financial conditions and management's future expectations, the Company may decide to alter or discontinue certain aspects of its stated strategy.

Implementation of Amec Foster Wheeler's new organisational model involves numerous challenges that may be more time-consuming and costly than expected, or may not achieve the expected results

Amec Foster Wheeler has recently reorganised its organisational model along four market facing business lines in order to better align its business to meet customer needs and increase efficiency. A significant amount of management's time has been and will be dedicated to the reorganisation and this may impact their ability to run the business effectively. In addition, it is possible that the reorganisation may result in turnover of key personnel and the management team may be required to spend additional time and money hiring suitable replacements. Uncertainty arising from the reorganisation could also result in decreased productivity by Amec Foster Wheeler's employees, which in turn could negatively impact Amec Foster Wheeler's ability to deliver projects to the required timeframe or quality and could have a negative impact on the Company's reputation.

Furthermore, as part of the reorganisation Amec Foster Wheeler identified approximately £100 million of net annualised cost savings, primarily through a reduction in headcount, along with associated property and personnel costs. Such actions may lead to employee dissatisfaction, which could impact the Company's ability to meet its obligations under its contracts and manage its operations efficiently, and may also negatively impact the Company's ability to attract individuals to fill key roles. To the extent that these measures take longer than expected to implement, this may negatively impact the Company's ability to achieve its targeted cost savings and the Company may be required to incur additional costs. Furthermore, such headcount reductions carry the risk of legal actions taken by employees who believe they have been unfairly or wrongfully terminated. Legal actions could result in additional costs being incurred by the Company.

Risk factors continued

The Company is subject to risks associated with divesting non-core businesses and assets

The Company may face risks arising out of its ongoing portfolio review. In particular, the Company may be unable to find purchasers for assets or businesses to be disposed, and the Company may not be able to meet the targets associated with its disposal programme. For example, it has taken longer than expected to execute the sale of the Global Power Group and, although the sale of the circulating fluidised bed boiler business is expected to close in the second quarter of 2017, the Company is still in discussions on the sale of the remaining portion of the business. Activities arising from the ongoing portfolio review and any subsequent disposals will require additional time of key management, as well as additional financial resources. To the extent that the Company is unable to proceed with the portfolio review and any disposals in the timeframe that it expects, or further management or other resources are required to carry out those activities, it may have a negative financial impact on the Company.

The Company remains at risk of potential litigation and business claims in relation to divested and non-core businesses where it has provided warranties and/or indemnities to the purchaser or has continuing obligations, such as to carry out environmental remediation. Where appropriate, the Company has made provision for these obligations, but it is possible that the actual costs incurred in settling any claims will materially exceed those provisions. Claims that may arise in connection with such obligations and liabilities may divert the Company's management and may result in additional financial resources being incurred, and could have a material adverse effect on the Company's business, financial condition and results of operations.

A major environmental or health and safety incident could lead to reputational damage and potential liabilities

The Company is involved in activities and environments that can be dangerous and that have the potential to cause serious injury to personnel or damage to property or the environment. The Company's projects are complex and place employees and others near large equipment, dangerous processes, highly regulated materials or in remote and challenging environments. The Company is responsible for the safety and security of its employees travelling on company business and while working at project sites, and of third party personnel while working at project sites under the supervision of the Company, and, accordingly, must implement safety procedures. Failure to comply with such procedures may cause the Company to be subject to losses and liability under client contracts or statutory regulations.

Should significant environmental damage occur, either as a result of actions by the Company or by third parties, this could have a negative impact in the markets in which the Company operates. Any failure in health and safety performance or a major environmental incident is likely to result in additional costs in terms of potential liabilities or remediation costs incurred as a result. Such a failure could generate significant adverse publicity, result in employee turnover and damage the Company's reputation, which may adversely impact its ability to win new business, which, in turn, could have a material adverse effect on its business, financial condition and results of operations.

Failure to comply with health, safety and environmental laws could have a material adverse effect on the business, financial condition and results of operations of the Company

The Company is subject to numerous laws, regulations and policies concerning the protection of health, safety and the environment, such as those concerning the use and production of waste and by products considered to be hazardous under the environmental laws and regulations of the jurisdictions in which it operates, including nuclear and low level radioactive materials, the remediation of environmental contamination, waste water and waste disposal or that otherwise relate to environmental protection. Failure to comply with such laws, regulations and policies could potentially lead to reputational damage, fines, litigation and claims for compensation, which can be substantial. Non-compliance may also result in the withdrawal or suspension of licences and permits, or the Company may be forced to undertake extensive remedial clean up action or to pay for government ordered remedial clean up actions, even in cases where such hazards have been caused by third parties. The Company may also be subject to liabilities for environmental contamination as an owner or operator (or former owner or operator) of a facility or as a generator of hazardous substances without regard to negligence or fault. The Company could also be exposed to risks associated with the proper storage and decommissioning of radioactive materials and the impact of nuclear regulation. As part of any contract involving work or services at or in connection with nuclear facilities, the Company typically seeks an indemnity in respect of nuclear liability from its customers. Where an indemnity is not provided, international nuclear conventions, such as the Paris Convention and the Vienna Convention, protect the Company against liability, provided that the Company's contracting entity is registered in a country which is a signatory of the relevant convention. However, an incident which results in a breach of nuclear regulation, including contamination, may still result in reputational damage for the Company. In cases where the Company's customers are not prepared to provide an indemnity of this nature, and if no protection is provided by local legislation and/or international convention, the Company may be required to bear the cost of such liabilities in addition to any reputational damage.

Changes in environmental laws and regulations, remediation obligations, enforcement actions, stricter interpretations of existing requirements, future discovery of contamination or claims for damages to persons, property, natural resources or the environment could result in unanticipated material costs and liabilities. There can be no assurance that the Company will not incur significant additional costs in the future or be subject to further liabilities in relation to its operations. The Company is also required to comply with environmental and engineering licensing requirements in each of the jurisdictions in which it currently operates. Failure to do so could lead to fines, disgorgement of profits, withdrawal or suspension of licence or other penalties. The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition and results of operations.

If the actual number and/or cost to Amec Foster Wheeler of resolving asbestos-related claims is higher than expected, there may be an adverse effect on its cash flows and its results to the extent that the additional cost is not covered by insurance, or expected insurance recoveries are not, in fact, realised

Certain of Amec Foster Wheeler's subsidiaries have been named as defendants in numerous asbestos-related lawsuits and out of court administrative claims in which the plaintiffs claim damages for bodily injury or death alleged to have arisen from exposure to asbestos, primarily in connection with asbestos placed by others on steam generating units and auxiliary equipment allegedly assembled, installed and/or sold by those subsidiaries. In the United States, certain former Foster Wheeler subsidiaries have received claims alleging personal injuries due to contracting work performed by them and occasionally from exposure to asbestos-containing components installed in their steam generating units and auxiliary equipment. The Company expects that these subsidiaries will be named as defendants in additional and/or similar suits, and that new claims will be filed in the future. Whilst some of these claims have been, and are expected to be, made in the United Kingdom, the majority have been, and are expected to be, made in the United States.

The Company has provided for the estimated indemnity amounts and defence costs that it expects to incur in relation to open and expected future asbestos-related claims in each year in the period to 2050. The Company has also recognised the estimated future recoveries under its insurance arrangements against the costs of resolving these claims.

Several factors, including differences in how claims are evaluated and external events affecting the quantity and types of asbestos claims, could result in the cost of current asbestos claims and the number and cost of future asbestos claims being substantially higher than previously estimated. The timing of payment of such claims could also be sooner than expected and the duration of the payment period for asbestos liabilities could be longer than previously estimated.

It is possible that the actual number of future claims brought against the Company and the cost of resolving pending and future claims could be substantially higher than expected due to a number of factors, which include:

- ▶ an increase in the rate at which new claims are filed and increases in the number of new claimants;
- ▶ adverse changes in the mix of diseases alleged to be suffered by the claimants;
- ▶ adverse changes in the mix of claimants making allegations;
- ▶ increases in indemnity payments or defence costs associated with asbestos claims;
- ▶ decreases in the proportion of claims dismissed with zero indemnity payments;
- ▶ indemnity payments being required to be made sooner than expected;
- ▶ adverse fluctuations in the discount rate (e.g., the 30 Year US Treasury Rate) used to discount the provision for asbestos-related claims and related insurance recoveries;

- ▶ adverse changes to forecasting, estimation or valuation assumptions or methodologies (whether related to potential liabilities, claims and/or associated costs);
- ▶ payment of damages in amounts greater than expected; or
- ▶ adverse changes in legislative or judicial standards governing the filing, handling or resolution of asbestos-related claims.

Whilst certain of these claims are covered by insurance, the settlements that the Company made with its insurers were sometimes for fixed monetary amounts and/or provide cover only for claims made before a specified future date. Accordingly, a future increase in Amec Foster Wheeler's asbestos-related liabilities would not result in an equivalent increase in the amount recoverable from those insurers. It is also possible that insurance recoveries may not be realised in full and on time or at all, due to insurer insolvency or for some other reason. To the extent that any defence and/or indemnity costs incurred by Amec Foster Wheeler for open and expected future asbestos-related claims are not covered by insurance proceeds, it would be responsible for the payment of those costs, which would adversely affect its cash flows.

If further provisions are necessary to sufficiently cover future asbestos related liability, this could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be adversely impacted by regional, national and/or global requirements in respect of emissions reductions

International agreements, national laws, state laws and various regulatory schemes that limit or otherwise regulate emissions measuring and control of air pollutants and greenhouse gases are under consideration by different governments and governmental entities. Increasingly stringent regulatory requirements in the area of air pollution control and greenhouse gases may be imposed in the future. For example, in 2015 the United Nations Climate Change Conference in Paris ('COP21') established a new framework for achieving reduced emissions levels, which in turn means lower fossil fuel consumption.

Such regulations may negatively impact client investments in capital projects in the Company's markets. For example, it is anticipated that, following COP21, the oil and gas industry will be negatively impacted in a number of ways. In particular, exploration may decline which would in turn lead to a significant reduction in capital expenditure by the Company's customers. Furthermore, involvement in markets which are perceived as being high in carbon emissions may negatively impact Amec Foster Wheeler's ability to grow its business and market its services in the renewables and 'low carbon' markets. The occurrence of any of these events could have a materially adverse effect on the Company's business, financial condition and results of operations.

Risk factors continued

The Company may lose key management or face difficulty in attracting and retaining appropriately skilled personnel

The Company's future success is dependent on its ability to attract and retain key management and suitably qualified people to execute its projects, such as qualified engineering managers and lead engineers, project managers and other highly skilled personnel for their new and ongoing businesses and projects. In some of the markets in which the Company operates, there is still a scarcity of resources for key positions and ongoing competition for suitably qualified and experienced personnel from other companies and organisations.

While the Company may have appropriately qualified and experienced personnel, it may find it difficult to move them between projects and regions and this could impact its ability to meet obligations under its contracts. In addition, in certain jurisdictions, the Company may be required to meet employment or ownership targets for local and/or historically disadvantaged populations. In addition, Amec Foster Wheeler may be unable to provide compensation to such individuals at the same level as its competitors, which may put it at a competitive disadvantage.

Senior management has contributed to the Company's ability to obtain, generate, manage and develop customer and revenue opportunities. There can be no assurances that such individuals will remain following the reorganisation of Amec Foster Wheeler's business. Prolonged absences by or shortages of key personnel and difficulties in relocating the Company's personnel could adversely affect the Company's ability to implement its strategy and manage its operations efficiently, which could have a material adverse effect on its business, financial condition and results of operations. See the risk factor entitled "Implementation of Amec Foster Wheeler's new organisational model involves numerous challenges that may be more time-consuming and costly than expected, or may not achieve the expected results" above.

Failure or security breaches of the Company's information technology ('IT') systems and/or data security may result in losses

The Company is dependent on the efficient operation of its IT systems and its use of internal and client data. Such systems, including those provided by third party service providers, may fail and/or sensitive data held by them may be lost.

Information and communication systems by their nature are susceptible to internal and external security breaches, including computer hacker and cyber-terrorist breaches, wilful breaches by employees and employees succumbing to criminal scamming from external sources, and can fail or become unavailable for a significant period of time. A significant performance failure of Amec Foster Wheeler's IT systems could lead to loss of control over critical business, project information, client and Company information and/or systems (such as design tools, contract costs, invoicing, payroll management and/or internal reporting), resulting in an adverse impact on the ability to operate effectively or to fulfil contractual obligations. Such failure may, in turn, lead to a loss of customers, revenue and profitability, the incurring of significant remedial costs and reputational harm.

The Company's operations are especially dependent on the use of internal data and customer data. The Company has incurred, and will continue to incur, expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations relating to the collection, use and security of personal information data. Failure to comply with such data privacy laws and regulations may result in fines, penalties, claims and reputational damage. Additionally, if data security controls fail, there is a risk that the Company will unintentionally disclose protected, sensitive or personal data, including important intellectual property, which could lead to the violation of client confidentiality agreements, reputational harm and the loss of critical data, and which in turn could lead to fines and/or claims.

Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

Failure to adequately defend intellectual property rights or third-party claims of intellectual property rights violation could result in a loss of future business to competitors

Amec Foster Wheeler's intellectual property consists mainly of trademarks in some of the jurisdictions in which it operates and limited patented technology. The Company has relied on a variety of laws and contractual restrictions to protect its intellectual property rights, including patent protection, laws governing trade secrets and unfair competition and non-disclosure and confidentiality provisions.

The Company protects its intellectual property using any available legal means, including, where necessary, pursuing legal action. However, these means may not adequately protect the Company's rights or permit the Company to gain or keep any competitive advantage. The Company may be required to defend claims of patent infringement, infringement of third-party proprietary rights or breach of confidence, and its success within the Company's historic markets will depend on its ability to do so. Any claims, even if they are without merit, may be burdensome, expensive and time consuming to defend, subject the Company to damages, cause it to cease making, using or selling certain products that incorporate the disputed intellectual property, require it to redesign its products, divert management time and attention and/or require it to enter into costly royalty or licensing agreements, in each case which could have a material adverse effect on the Company's business, financial condition and results of operations.

Failure to comply with anti corruption laws and regulations, economic sanction programmes or other laws and regulations may result in the Company becoming subject to fines or penalties and the disruption of its business activities

Many of the countries in which the Company operates have anti corruption laws and regulations that restrict the offer or payment of anything of value to government officials or other persons with the intent of gaining business or favourable government action. The Company is subject to these laws and regulations, including the US Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010. Additionally, economic sanctions programmes, including those administered by the United Nations, the European Union and the US Office of Foreign Asset Control, restrict the Company's business dealings with certain sanctioned countries. Many of these regulations and sanctions programmes establish record keeping obligations.

The Company is exposed to the risk of violating anti corruption laws and sanctions regulations applicable in those countries where it or its partners operate. Some of the locations in which the Company currently operates lack a developed legal system and have high levels of corruption.

Whilst the Company mandates compliance with relevant policies, laws and regulations (including anti-corruption laws), and has implemented procedures and controls to monitor internal and external compliance, there can be no assurance that the Company's policies and procedures will be followed at all times or will effectively detect and/or prevent violations of the applicable laws or other fraudulent activity by one or more of its employees, consultants, subcontractors, agents or partners. In addition, the Company may also be deemed to be responsible or face civil or criminal liability (including penalties or other fines) as a result of historical matters related to previously acquired companies.

Violations of anti corruption laws and sanctions regulations are punishable by civil penalties, including fines, disgorgement of profits, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licences, as well as criminal fines and imprisonment. The quantum of any fines levied is difficult to predict and may be material. In addition, any major violations or failure to comply with corporate governance best practices could have a significant impact on the Company's reputation, including by way of shareholder activism, and, consequently, on its ability to win future business. Should any of the above occur, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to funding risks in relation to its defined benefit pension schemes

The Company operates a number of defined benefit pension schemes, where careful judgement is required in determining the assumptions for salary escalation (for those plans where benefits are linked to future salaries), pension increases, discount rate, inflation, investment return and member longevity. The Company expects to continue to operate these schemes, although the most significant schemes are now closed to future accrual. Based on the Company's

current assumptions, it expects to be able to fund its ongoing pension liabilities without seeking recourse to additional external financing. Actual results could differ from the assumptions made.

A prolonged period of lower than expected asset returns and/or unexpected increases in longevity could create or worsen a funding shortfall in one or more of the schemes, in which circumstances, the Company may agree, or be required, to make additional cash contributions to the schemes to eliminate the funding shortfall. If significant, such additional contributions may constrain the Company's ability to invest in acquisitions or capital expenditure, thereby adversely impacting growth and profitability. In addition, in certain limited circumstances, the Company may be required to contribute significant additional amounts to its UK pension schemes, either as a result of actions by the Pensions Regulator in the United Kingdom to impose financial support directions or contribution notices, or by the trustees of the Company's defined benefit schemes, for example, if the trustees take a more prudent approach to deficit recovery payments or if the trustees were to determine that a portion of any proceeds from a disposal or capital raising should be used to support the pension fund, which could thereby also have a material adverse effect on the Company's financial condition and results of operations.

Adverse changes in macroeconomic, market and other conditions could result in the impairment of the Company's goodwill and other intangible assets and may affect the Company's distributable reserves

Goodwill is tested for impairment annually, or more often if an event or circumstance indicates that it may be impaired. Other intangible assets are tested for impairment whenever there is an indication of impairment. An impairment test is an assessment of whether the carrying amount of an asset can be supported by the net present value of the future cash flows that are expected to be delivered from it, either by the Company in its business or from sale. An impairment test requires management to make certain critical assumptions, including future sales volumes, profit margins and long-term growth rates and to determine an appropriate discount rate to apply to the estimated cash flows. Other factors that may affect revenue and profitability (for example, intensifying competition, pricing pressures, regulatory changes and other industry developments) are also considered. Discount rates are based on current yields on government bonds, the level of which may change substantially from period to period and which may be affected by political and economic developments which are beyond the Company's control.

An impairment loss is recognised if the carrying value of the asset is not supported by the net present value of the cash flows expected to be derived from it. Whilst an impairment loss does not in itself affect cash flows, it may be an indication that future cash flows will decline. Moreover, any significant impairment in the carrying value of goodwill may indicate an associated impairment in the related investment held by the parent company. No assurance can be given that any such future impairment loss would not affect the Company's distributable reserves and, therefore, its ability to pay dividends to its shareholders.

Risk factors continued

External events beyond the Company's control could have a negative impact on its operations or reputation

The Company's operations may be interrupted by a significant external event beyond its control, including a fire, flood, natural disaster, pandemic or political or social unrest. Such external events pose a risk to Amec Foster Wheeler's employees and its business infrastructure and a prolonged disruption to its operations could negatively impact its ability to deliver projects on time or at all. A failure to meet customer expectations on project delivery could result in damage to Amec Foster Wheeler's reputation. Whilst the Company has implemented emergency preparedness procedures, there can be no assurance that the Company's policies and procedures will be followed at all times or ensure an effective and/or timely response to an event. The occurrence of any such harm or any disruptions to the Company's business could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to certain tax risks

The Company undertakes tax planning that management believes is compliant with legislation and accepted practice. However, recent changes to the tax environment have brought into question the legitimacy of tax planning previously undertaken by multinational entities, and in particular, there have been several recent tax cases against tax authorities and large groups. Changes to tax legislation or the tax authorities' view that the Company's tax planning is compliant could have a material adverse effect on the Company's business, financial condition and results of operations. For further detail, see note 1 on page 121.

The Company may also be negatively impacted by increases in its effective tax rate. The effective tax rate of Amec Foster Wheeler can fluctuate significantly from period to period as a result of changes in tax laws, treaties or regulations, or their interpretation, of any country in which it operates, the varying mix of income earned in the jurisdictions in which it operates, the realisability of deferred tax assets, including the inability to recognise a tax benefit for losses generated by certain unprofitable operations, cash repatriation decisions, changes in uncertain tax positions and the final outcome of tax audits and related litigation. An increase in the Company's effective tax rate could have a material adverse effect on the Company's business, financial condition and results of operations.

It can be difficult or expensive to obtain insurance coverage and there can be no assurance that sufficient coverage will be secured or maintained

Amec Foster Wheeler maintains commercial insurance in amounts that are believed by the respective entities to be appropriate against risks commonly insured against by similar businesses. However, there can be no assurance that the Company will be able to obtain similar levels of cover on acceptable terms going forward or at all. In addition, even with such insurance in place, the risk remains that the Company may incur liabilities to clients and other third parties which exceed the limits of such insurance cover or are not covered by it. If any of the Company's insurers fail, refuse to renew or revoke coverage or otherwise cannot satisfy their insurance requirements to the Company, then the overall risk exposure and operational expenses of the Company could increase and the Company's business operations could be disrupted, which would have a material adverse effect on the Company's business, financial condition and results of operations.

Fluctuations in exchange rates could negatively impact the Company

The primary impact of fluctuations in exchange rates for the Company is translational (i.e. the translation of foreign assets and liabilities into pounds sterling for reporting purposes). The Company presents its financial statements in pounds sterling and has a significant portion of euro, Canadian dollar and US dollar denominated assets, liabilities and earnings as a result of the significant assets and revenues of the Company across Europe and North America. Consequently, any change in exchange rates between the euro, Canadian dollar and US dollar, on the one hand, and the pound sterling, on the other hand, could affect the Company's consolidated income statement and balance sheet when translated for reporting purposes. In addition, since a significant portion of the Company's order book is denominated in currencies other than pounds sterling, currency fluctuations may also affect its order book, making it a less reliable indicator of future revenues.

Transaction risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. In the ordinary course of business, Amec Foster Wheeler hedges the risk of foreign currency exposure by way of forward foreign exchange contracts. Such hedging transactions do not, however, eliminate the exchange rate risk entirely and may not be fully, or at all, effective. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Moreover, hedging transactions are entered into based on assumptions which may prove to be incorrect and hedging activities involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase losses.

A further weakening of the pound sterling may impact the Company's overall liquidity as its facilities are sterling denominated. The Company will continue to hedge its exposure to currency transaction risk and will look to hedge its exposure to foreign currency cash flows through the use of foreign currency debt and forward foreign exchange contracts, thereby exposing it to the risks associated with hedging activities. If these risks are not effectively managed, there could be a material adverse effect on the Company's business, financial condition and results of operations.

The uncertainties about the effects of the recommended all share offer for Amec Foster Wheeler plc by John Wood Group (the Offer) could have a materially adverse effect on the Company

Uncertainty about the effects of the Offer, including effects on employees, host governments, partners, contractors, regulators, suppliers and customers, could have a material adverse effect on the business, results of operations and financial condition of the Company. These uncertainties could cause:

- ▶ parties that have business or other relationships with the Company to defer the consummation of other transactions or other decisions concerning the business of the Company or to seek to change their existing business or other relationships with the Company
- ▶ our prospective customers to decline or delay entering into new agreements or purchasing our services which could cause our future revenues to materially decline or any anticipated increases in revenues to be lower than expected, ultimately impacting our results of operations and cash flows
- ▶ the attention of our management and our employees to be diverted from day-to-day operations as they focus on the requirements of the Offer
- ▶ our ability to attract new employees and retain our existing employees to be impaired by uncertainties associated with the Offer, and we may be required to incur substantial costs to recruit replacements for lost personnel

In addition, our costs and expenses related to the transaction (including legal, accounting and certain financial advisory fees and expenses) will be required to be paid even if the transaction is not consummated.

The occurrence of any of these events individually or in combination could have a material adverse effect on our results of operations and our share price.

Performance measures

We assess the financial performance of our businesses using a variety of measures. Certain of these measures are particularly important and we have termed them 'key performance indicators'. We refer to these measures in the strategic report and use them in presentations to investors. In this section, we explain the relevance to us of each of these measures and show how they are calculated.

Some of these measures are non-IFRS measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS and it should be noted that they may not be comparable with similarly titled measures used by other companies.

Profitability measures

Management uses three measures of profitability that are not recognised measures under IFRS: trading profit, trading margin and adjusted profit before tax. Each of these measures is based on an IFRS measure of profit but excludes specific items whose inclusion in the IFRS measure hinders the comparison of the trading performance of our businesses from one period to another, with each other or with those of our competitors.

Management has identified the following specific items that are excluded in arriving at these non-IFRS measures: exceptional items; the amortisation and impairment of intangible assets; and asbestos-related costs (net of insurance recoveries). Exceptional items are items of income and expense that are material by their size, incidence or nature and may include, but are not restricted to: acquisition-related costs; restructuring costs; gains and losses on the disposal of fixed assets; and gains and losses on the disposal or closure of businesses. Acquisition-related costs may include transaction costs (including external advisory, legal, valuation and other professional fees and attributable internal costs), the amortisation of acquisition-related facility fees, payments to selling shareholders that are accounted for as remuneration and changes in the fair value of contingent consideration. Exceptional items that were recognised in continuing operations are analysed in note 5 to the consolidated financial statements.

Trading profit, trading margin and adjusted profit before tax exclude items that can have a significant effect on the Group's profit or loss and should, therefore, be used in conjunction with, and not as a substitute for, the equivalent IFRS measures. Management compensates for these limitations by separately monitoring the items that are excluded from the equivalent IFRS measures in calculating these non-IFRS measures.

Trading profit

Trading profit represents profit before net financing expense excluding exceptional items; the amortisation and impairment of intangible assets; and asbestos-related costs (net of insurance recoveries). Trading profit includes the Group's share of the trading profit of joint ventures.

Trading profit is the measure used by management to assess the trading performance of the Group's individual businesses and is the measure of segment profit that we present under IFRS. Trading profit is a non-IFRS measure when presented on a consolidated basis.

	2016 £m	2015 £m	2014 £m
Continuing operations			
(Loss)/profit before net financing expense	(482)	(205)	148
Intangibles amortisation and impairment	655	444	49
Net asbestos-related (income)/costs	(4)	(13)	8
Exceptional items	131	108	94
Share of trading profit of joint ventures	18	40	22
Trading profit	318	374	321

Trading margin

Trading margin represents trading profit expressed as a percentage of revenue.

Trading margin is a non-IFRS measure that is used by management to measure the success of our businesses in managing their cost base and improving profitability.

	2016	2015	2014
<small>£m unless stated otherwise</small>			
Continuing operations			
Revenue	5,440	5,455	3,993
Trading profit	318	374	321
Trading margin	5.8%	6.9%	8.0%

Adjusted profit before tax

Adjusted profit before tax represents profit before tax before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the Group's share of tax on the results of joint ventures.

Adjusted profit before tax is a non-IFRS measure that is used by management to assess the trend in the Group's overall profitability.

	2016 £m	2015 £m	2014 £m
Continuing operations			
(Loss)/profit before tax	(542)	(235)	155
Intangibles amortisation and impairment	655	444	49
Net asbestos-related costs/(income)	4	(6)	9
Exceptional items	133	121	98
Share of income tax of joint ventures	4	10	6
Adjusted profit before tax	254	334	317

Cash flow measures

Trading cash flow

Trading cash flow represents cash generated from operations before cash flows arising from exceptional items, asbestos-related payments (net of insurance recoveries), the difference between retirement benefit contributions and amounts recognised in trading profit, legacy settlements and discontinued operations, and currency translation differences on working capital, but including dividends received from joint ventures.

Trading cash flow is a non-IFRS measure which is an indicator of the Group's ability to generate cash from its continuing operations before taking into account exceptional items and the servicing of long-term obligations and the settlement of legacy issues.

	2016 £m	2015 £m	2014 £m
Cash generated from operations	170	220	200
Net asbestos-related payments	21	22	5
Excess of pension contributions over amounts recognised in trading profit	4	3	2
Cash outflow on exceptional items	82	72	58
Legacy settlements and discontinued operations	88	36	9
Currency translation differences	(25)	(19)	(5)
Write off of finance arrangement fees	—	12	—
Dividends received from joint ventures	35	42	14
Trading cash flow	375	388	283

Cash conversion

Cash conversion represents trading cash flow expressed as a percentage of trading profit. Cash conversion is a non-IFRS measure that we use as a measure of the efficiency of our businesses in converting their trading results into cash.

£m unless stated otherwise	2016	2015	2014
Trading cash flow	375	388	283
Trading profit	318	374	321
Cash conversion	118%	104%	88%

Performance measures continued

Other measures

Underlying change in revenue

Management uses the underlying change in revenue to measure the organic growth of our businesses relative to each other, to our markets and to our competitors.

We define the underlying change as the year-on-year change excluding the effect of, acquisitions and disposals of businesses and currency exchange rate movements.

Underlying change – 2016 compared with 2015

	2015 £m	Currency translation £m	Underlying change £m	2016 £m	Underlying change %
Continuing operations					
Americas	2,646	306	(436)	2,516	-15%
NECIS	1,492	7	(2)	1,497	-
AMEASE	1,050	115	(63)	1,102	-5%
GPG	364	41	1	406	-
Investment Services	15	1	-	16	-
Intercompany eliminations	(112)	-	15	(97)	-
	5,455	470	(485)	5,440	-8%

Adjusted diluted EPS

Adjusted diluted earnings per share represents profit for the year from continuing operations before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the tax effect of those items, divided by the diluted number of ordinary shares.

Growth in adjusted diluted EPS from continuing operations is an indicator of the underlying trend in the Group's ability to generate earnings and may be useful to investors in assessing the value of the Company's ordinary shares (for example, by way of price earnings multiples).

Whilst IFRS does not define any adjusted EPS measures, the presentation of such measures is permitted in financial statements prepared in accordance with IFRS. Accordingly, reconciliations of adjusted diluted EPS to diluted EPS from continuing operations for each period presented are included in note 10 to the consolidated financial statements.

Dividend cover

Dividend cover is a non-IFRS measure that represents adjusted diluted EPS from continuing operations as a multiple of the dividend per ordinary share.

Whilst dividend cover is an indicator of the sustainability of future dividend payments in the context of the Group's underlying trading performance, we can only pay dividends to the extent of the Company's accumulated distributable reserves.

	2016	2015	2014
Dividend per ordinary share	7.4p	29.0p	43.3p
Adjusted diluted EPS from continuing operations	50.4p	67.7p	79.5p
Dividend cover	6.8x	2.3x	1.8x

Order book

Our order book represents the total remaining value of secured projects to be executed up to any break point in the relevant contracts. Contracts are included in our order book only when they are signed and we do not include contracts won by joint ventures.

Our order book and order intake are significant indicators of our future revenues. As at 31 December 2016, our order book was £5.8bn (2015: £6.6bn). We discuss significant recent contract wins in the strategic report on page 24.

Prior year operating results

Reported under IFRS

£m unless stated	2015	2014	Change
Continuing operations			
Revenue	5,455	3,993	+37%
(Loss)/profit before net financing expense	(205)	148	-
(Loss)/profit before tax	(235)	155	-
Cash flow from operations	220	200	+10%
Diluted earnings per share	(66.1)p	35.1p	-
Dividend per share	29.0p¹	43.3p	-33%

1 Includes the proposed final dividend for 2015 of 14.2p per ordinary share.

Adjusted measures

£m unless stated	2015	2014	Change	Underlying change ²
Continuing operations				
Revenue	5,455	3,993	+37%	-7%
Trading profit ¹	374	321		-19%
Trading margin ²	6.9%	8.0%	-110bps	
Adjusted profit before tax ³	334	317		+5%
Trading cash flow ⁴	388	283	+37%	
Cash conversion ⁵	104%	88%		
Adjusted diluted earnings per share ⁶	67.7p	79.5p		-15%

1 Trading profit represents profit before net financing expense before the amortisation and impairment of intangible assets, asbestos-related costs (net of insurance recoveries) and exceptional items, but including the Group's share of the trading profit of joint ventures.

2 Trading margin represents trading profit expressed as a percentage of revenue.

3 Adjusted profit before tax represents profit before tax before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the Group's share of tax on the results of joint ventures.

4 Trading cash flow represents cash generated from operations before cash flows arising from exceptional items, asbestos-related payments (net of insurance recoveries), the difference between retirement benefit contributions over amounts recognised in trading profit, legacy settlements and discontinued operations, and currency translation differences on working capital, but including dividends received from joint ventures.

5 Cash conversion represents trading cash flow expressed as a percentage of trading profit.

6 Adjusted diluted earnings per share represents profit for the year from continuing operations before exceptional items, the amortisation of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the tax effect of those items, divided by the diluted number of ordinary shares.

7 Underlying change excludes the effect of flow-through procurement, acquisitions and disposals of businesses and currency exchange rate movements.

Revenue

Following the acquisition of Foster Wheeler, revenue for the period at £5,455m was 37% higher than last year (2014: £3,993m). Following its acquisition in November 2014, Foster Wheeler contributed £274m to the Group's revenue in 2014.

Revenue increased by £462m in the Americas, by £199m in NECIS and £534m in AMEASE, and in addition there was a full year's revenue in the Global Power Group of £364m (2014: £53m).

On a pro-forma basis and excluding the effect of currency movements and bolt-on acquisitions, underlying revenue decreased by 7%. Underlying revenue from E&I was up 14% underpinned by growth in US government work and clean energy was up 2%, but oil & gas was down 8% with mining and GPG down 24% and 20% respectively.

Scope revenue at £5,176m was 6% lower than last year (2014: £5,493m). This includes scope revenue of £2,577m in the Americas, £1,448m for NECIS and £884m for AMEASE.

Seasonality

The Group's revenue is generally higher in the second half of the year, principally because weather conditions in the northern hemisphere are typically more conducive to project activity.

Administrative expenses

Administrative expenses were £872m (2014: £354m), including exceptional items, intangibles amortisation and impairment and asbestos-related costs (net of insurance recoveries) of £538m (2014: £135m).

Administrative expenses before intangibles amortisation and impairment, exceptional items and asbestos-related items increased by £115m following the Foster Wheeler acquisition, the impact of which was partly offset by the impact of cost savings achieved to date.

Corporate costs, which comprise the costs of operating central corporate functions and certain regional overheads, were £23m higher at £54m (2014: £31m) reflecting the enlarged group.

(Loss)/profit before net financing expense

There was a loss before net financing expense of £205m (2014: profit of £148m) as the profit generated by Foster Wheeler has been offset by an impairment charge of £308m in the Global Power Group business and higher intangible amortisation resulting from the intangible assets recognised on the acquisitions of Foster Wheeler and Scopus in 2014.

Amortisation and impairment of intangible assets

Intangible assets principally comprise goodwill and identifiable intangible assets that were recognised in relation to acquired businesses. Goodwill is not amortised but is subject to an annual impairment test.

The results of the Global Power Group for 2015 and forecasts for 2016 and beyond are well down on earlier expectations giving rise to an impairment in goodwill of £308m. In addition, there has been a £7m impairment to the order backlog intangible asset arising on the Foster Wheeler acquisition. No impairments were recognised in 2014.

Intangibles amortisation was £129m (2014: £49m) reflecting the full-year amortisation of intangible assets recognised on the acquisitions of Foster Wheeler and Scopus completed in 2014.

Exceptional and asbestos-related items

Net exceptional and asbestos-related costs totalling £115m (2014: £107m) were recognised in arriving at profit before tax from continuing operations, as follows:

- ▶ costs of £97m relating to the integration of Foster Wheeler and AMEC (including internal staff costs associated with identifying and achieving cost synergies)
- ▶ a £5m loss incurred following an unauthorised payment made from the Australian business and not expected to be recovered
- ▶ £13m amortisation of facility fees associated with the acquisition of Foster Wheeler
- ▶ during the year ended 31 December 2015, the Group recognised net asbestos-related income of £6m (2014: costs of £9m) in profit before net financing expense, which related to the movement in the discount rate applied to the net asbestos-related liabilities assumed on the acquisition of Foster Wheeler of £5m and experiential gains of £9m as the liability is reassessed on an annual basis. In addition, there was an asbestos-related interest expense of £7m related to the unwinding of the discount applied to the liability and costs of £1m associated with managing the liability

Trading profit and trading margin

£m unless stated	2015	2014	Change	Underlying change
Revenue ¹	5,455	3,993	+37%	-7%
(Loss)/profit before net financing expense	(205)	148		
Amortisation and impairment of intangibles	444	49		
Net asbestos-related (income)/ costs	(13)	8		
Exceptional items	108	94		
Share of trading profit of joint ventures	40	22		
Trading profit ¹	374	321	+17%	-20%
Trading margin ¹	6.9%	8.0%	-110bps	-100bps
Order book	£6.6bn	£6.3bn	+5%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Trading profit increased by 17% to £374m (2014: £321m). Trading margin decreased by 110 basis points to 6.9% (2014: 8.0%).

On a proforma basis and excluding the effect of currency movements and bolt on acquisitions, trading profit was £83m lower than 2014 with reductions in the Americas and NECIS partly offset by growth in AMEASE. Within the Americas, trading profit fell by 36% on an underlying basis, as a result of pricing pressure in the oil & gas market and trading margin was down by 350 basis points compared with 2014, due to an increased proportion of EPC in our scope, particularly in downstream oil & gas and clean energy.

Within NECIS, trading profit decreased by 5% but trading margin was 9.0%, up 100 basis points compared with 2014, with less procurement, favourable contract settlements and cost savings initiatives boosting the margin.

In AMEASE trading profit rose by 18%, reflecting higher contributions from oil & gas and E&I. Trading margin was 6.5%, up 130 basis points compared with 2014, due to the early benefits of cost saving initiatives and favourable contract settlements.

Net financing expense

The net financing expense was £58m (2014: £5m). Of this, expenses of £20m (2014: £5m) have been presented separately on the income statement relating to £13m amortisation of the facility fees associated with the Foster Wheeler acquisition and £7m (2014: £1m) due to the unwinding of the discount on asbestos-related liabilities (net of insurance recoveries).

Of the remaining £38m there was bank interest payable of £31m (2014: £7m), net foreign exchange losses of £1m (2014: £nil), and a net interest expense on pension assets and liabilities of £2m (2014: income of £1m) and other costs classified as financing of £4m (2014: £1m).

A net currency exchange loss of £3m (2014: £4m) was recognised in the translation reserve in respect of foreign currency borrowings and derivatives held in designated net investment hedging relationships.

Share of results of joint ventures

The Group's share of joint ventures' profit for the year was £28m (2014: £12m).

(Loss)/profit before tax

Loss before tax was £235m (2014: profit of £155m) after intangibles amortisation and impairment of £444m (2014: £49m), exceptional and asbestos-related items of £115m (2014: £107m) and the Group's share of joint ventures' tax expense of £10m (2014: £6m).

Adjusted profit before tax was 5% higher at £334m (2014: £317m).

Taxation

Our tax policy is to manage our obligations in compliance with all relevant tax laws, disclosure requirements and regulations. We seek to ensure that our approach to tax and the tax payments that we make in all territories in which we have operations are fully consistent with local requirements, taking into account available tax incentives and allowances, and are aligned with the group's wider business strategy. We seek to develop good, open working relationships with tax authorities and to engage with them proactively, recognising that tax legislation can be complex and may be subject to differing interpretations.

The group's effective tax rate on continuing operations (including its share of joint ventures' income tax expense but before exceptional items, intangibles amortisation and impairment and asbestos-related items) reduced to 22.0% (2014: 23.0%).

We expect the effective tax rate to remain below 25%.

During 2015, there was a tax credit on exceptional items of £18m (2014: tax credit of £6m), and a tax credit of £27m on intangibles amortisation and impairment (2014: £12m).

The group's share of joint ventures' income tax expense was £10m (2014: £6m).

(Loss)/profit for the year from continuing operations

The loss for the year from continuing operations was £253m (2014: profit of £106m) after intangibles amortisation and impairment of £444m (2014: £49m), the net asbestos-related income of £6m (2014: expense of £9m), net exceptional items of £121m (2014: £98m), and an income tax credit on those items of £45m (2014: charge of £18m).

Adjusted profit for the year from continuing operations was 7% higher at £261m (2014: £244m).

Non-controlling interests

During 2015, there was a loss of £1m attributable to non-controlling interests (2014: loss of £3m).

Earnings per share

The diluted loss per share was (67.2) p (2014: EPS 26.5p), comprising a loss per share of (66.1p) (2014: EPS 35.1p) from continuing operations and a loss of (1.1)p (2014: 8.6p) from discontinued operations.

Adjusted diluted EPS from continuing operations was 67.7p (2014: 79.5p), the reduction being due to the decline in the profit for the year from continuing operations and the increase in the number of shares in issue as a consequence of the acquisition of Foster Wheeler.

Dividend

The board recommends a final dividend of 14.2p per share, which, together with the interim dividend of 14.8p per share, results in a total dividend of 29.0p per share (2014: 43.3p), a reduction of 33%. Subject to approval by shareholders at the AGM on 27 April 2016, the final dividend will be payable on 4 July 2016 to shareholders on the register at the close of business on 27 May 2016.

Dividend cover for 2015 is 2.3 times (2014: 1.8 times) based on adjusted diluted EPS from continuing operations.

As announced in November 2015, it is the current intention of the board that ordinary dividends in 2016 will be approximately half that declared in 2014, with approximately one-third paid at the interim, and two-thirds as a final dividend.

Prior year operating results continued

Results by operating segment (presented on a proforma basis)

Americas

£m unless stated	2015	2014	Change	Underlying change ¹
Revenue	2,646	2,705	-2%	-3%
Profit before net financing expense	94			
– Intangibles amortisation and impairment	46			
– Exceptional items	22			
– Share of trading profit of joint ventures	(1)			
Trading profit ¹	161	258	-38%	-36%
Trading margin ¹	6.1%	9.6%	-350 bps	
Order book	£2.0bn	£2.0bn	–	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in Americas was £2,646m (2014: £2,705m), a decrease of 2%. Excluding the effect of bolt-on acquisitions and currency movements, underlying revenue was down 3%. Growth in underlying revenue in the downstream oil & gas, clean energy and E&I, was offset by declines in upstream oil & gas and mining.

Trading profit fell by 38% to £161m (2014: £258m), as a result of pricing pressure in the oil & gas market. Trading margin was 6.1%, down by 350 basis points compared with 2014, due to an increased proportion of EPC in our scope, particularly in downstream oil & gas and clean energy.

Northern Europe and CIS (NECIS)

£m unless stated	2015	2014	Change	Underlying change ¹
Revenue	1,492	1,705	-12%	-13%
Profit before net financing expense	60			
– Intangibles amortisation and impairment	41			
– Exceptional items	13			
– Share of trading profit of joint ventures	20			
Trading profit ¹	134	137	-2%	-5%
Trading margin ¹	9.0%	8.0%	+100bps	
Order book	£2.4bn	£2.3bn	+4%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in NECIS fell by 12% to £1,492m (2014: £1,705m), primarily due to a downturn in oil & gas project activity. Excluding the effect of bolt-on acquisitions and currency movements, underlying revenue was also down 13%.

Trading profit decreased by 2% to £134m (2014: £137m). Trading margin was 9.0%, up 100 basis points compared with 2014. Less procurement, favourable contract settlements and cost savings initiatives boosting the margin.

Asia, Middle East, Africa and Southern Europe (AMEASE)

£m unless stated	2015	2014	Change	Underlying change ¹
Revenue	1,050	1,031	+2%	+2%
Profit before net financing expense	13			
– Intangibles amortisation and impairment	23			
– Exceptional items	28			
– Share of trading profit of joint ventures	4			
Trading profit ¹	68	53	+27%	+18%
Trading margin ¹	6.5%	5.2%	+130bps	
Order book	£1.8bn	£1.6bn	+6%	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenue in AMEASE was up 2% year on year at £1,050m (2014: £1,031m), driven by an increase in US government work and reduction in mining work. Excluding the effect of bolt-on acquisitions and currency movements, underlying revenue was up 2%.

Trading profit rose by 27% to £68m (2014: £53m), reflecting higher contributions from oil & gas and E&I. Trading margin was 6.5%, up 130 basis points compared with 2014, due to the early benefits of cost saving initiatives and favourable contract settlements.

Global Power Group

£m unless stated	2015	2014	Change	Underlying change ¹
Revenue	364	454	-20%	-20%
Profit before net financing expense	(302)			
– Intangibles amortisation and impairment	334			
– Exceptional items	4			
– Share of trading profit of joint ventures	15			
Trading profit ¹	51	69	-26%	-31%
Trading margin ¹	14.0%	15.2%	-120bps	
Order book	£0.4bn	£0.4bn	–	

1 Non-IFRS measure (see Performance measures on pages 188 to 190).

Revenues in GPG fell by 20% to £364m (2014: £454m), primarily driven by a decline in project activity. On an underlying basis, revenue was also down 20%.

Trading profit fell by 26% to £51m (2014: £69m). Trading margin was 14.0%, down 120 basis points, driven by pricing pressure in weak market conditions and lower resource utilisation, and reflecting the non-recurrence of £20m one-off income from a license settlement in 2014.

Investment Services

During the periods under review, Investment Services principally comprised the Incheon Bridge PPP project in Korea and the Lancashire Waste project (which the group exited in 2014), the Group's insurance captive, the Group's wind development activities and a range of other non-core activities.

Revenue in Investment Services was £15m (2014: £6m). Investment Services made a profit before net financing expense of £10m (2014: loss of £16m), after deducting an exceptional loss on disposal of businesses of £2m (2014: £21m). Trading profit was £14m (2014: £9m) of which £2m (2014: £3m) was derived from joint ventures.

Discontinued operations

Discontinued operations represent the residual assets and retained obligations of businesses sold in prior years, together with the UK conventional power business that was classified as a discontinued operation during 2013.

Discontinued operations generated a trading loss before tax of £6m (2014: loss of £10m) and after a tax credit of £1m (2014: £2m) generated a loss for the year of £5m (2014: loss of £8m). During 2014, negative revenue of £13m was recognised due to the settlement of final accounts and additional provisions on certain contracts within the UK conventional power business.

Discontinued operations included a profit on disposals of £1m (2014: loss £23m) arising from movements in indemnity provisions and costs associated with businesses sold in prior years. In 2014, the loss on disposals included a provision of £11m in respect of a new claim received in the year related to a contract completed by the built environment business which was sold in 2007.

Discontinued operations generated an overall loss for the year of £4m (2014: £27m).

Information for shareholders

Our website

Our website, amecfw.com, is the best source of useful, up-to-date information about Amec Foster Wheeler and its activities, including annual reports, AGM documents and other shareholder communications.

All announcements made to the London Stock Exchange can be found on our website and you can arrange to receive email alerts of such announcements.

Information made available on our website, or on other websites mentioned in this annual report, is not, and should not be considered as being, part of or incorporated into this annual report or our annual report on Form 20-F.

Financial calendar

The financial calendar for 2017 is as follows:

Annual General Meeting ¹	2 June 2017
Half-year 2017 results issued	10 August 2017
Full-year 2017 results issued	March 2018
2017 annual report published ²	March 2018

1 Information on the Company's AGM is provided in the governance report on page 89.

2 Our annual report will be filed with the SEC on Form 20-F and periodic results announcements will be furnished to the SEC on Form 6-K.

Where they have not yet been determined, the exact dates of the above events will be finalised as the year progresses and can be found on our website.

Share price

The latest price of the Company's shares can be found on our website and may also be obtained from the London Stock Exchange's website, www.londonstockexchange.com (in both cases the live share price is updated with a 15-minute delay).

Dividends

We usually announce our interim dividend for the year with our half-year results in August and it is paid in the following January. The board has decided to suspend dividend payments, including the final dividend for 31 December 2016, until the Company is generating sustainable free cash flow.

Dividends can be paid directly into your bank or building society account and can also be paid in local currency in certain overseas territories. Shareholders should contact the Company's registrars to take advantage of these facilities.

We have a DRIP to allow shareholders to acquire more of the Company's shares rather than receive cash dividends. The DRIP is only available to shareholders in certain countries. You can find out more on our website or by contacting the Company's registrars.

Registrars

The Company's registrars are Capita Asset Services. They maintain the shareholder register on our behalf and handle all administration related to it. They should be your first port of call if you have any queries relating to your shareholding in Amec Foster Wheeler.

For DRIP, electronic communications and general enquiries

Email	shareholderenquiries@capita.co.uk
Website	www.capitaassetservices.com
Postal address	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Telephone ¹	UK 0871 664 0300 ² Others +44 20 8639 3399

Payment of dividends overseas

Telephone ¹	+44 20 8639 3405
Email	ips@capita.co.uk

1 Lines open 9.00am to 5.30pm UK time, Monday to Friday (excluding public holidays).

2 Calls cost 12 pence per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable International rate.

Electronic shareholder communication

The majority of our shareholders now receive information from us electronically. If you have elected to do so and have provided an email address, you will receive an email from us whenever any new shareholder information is published. If you have not provided an email address, you will be sent a letter that includes details of where the information can be found on our website.

You can register for electronic shareholder communication and also manage your personal shareholding online at www.capitashareportal.com. You will need your Investor Code (IVC) which can be found on your proxy card, share certificate or dividend tax voucher.

Printed copies of the annual report

Shareholders may receive a printed copy of the Company's latest annual report on request by writing to our registered office or by contacting us on +1 908 730 4000.

Unauthorised brokers (boiler room scams)

Shareholders are advised to be wary if they receive any unsolicited calls or correspondence making claims of highly profitable investment opportunities. Typically these investments turn out to be worthless or simply do not exist. Such approaches are usually made by unauthorised companies and individuals and are commonly known as boiler room scams.

If you receive any unsolicited investment advice or offers to buy shares from a source that is unknown to you, we recommend that you obtain the name of the person and organisation that has contacted you and check whether they are properly authorised by the Financial Conduct Authority by visiting its website at www.fca.org.uk/register.

If you think that you have been approached by an unauthorised organisation, you are advised to contact the Financial Conduct Authority's consumer helpline on +44 (0)800 111 6768 or email consumer.queries@fca.org.uk.

Other information

American Depository Shares

ADSs and ADRs

The Company's ordinary shares are traded in the form of American Depository Shares (ADSs) on the NYSE. Each ADS represents one ordinary share.

The ADSs are evidenced by American Depository Receipts (ADRs) issued by Deutsche Bank Trust Company Americas as Depositary under a deposit agreement dated 2 October 2014. The ADRs are issued in respect of ordinary shares deposited with Deutsche Bank AG, as custodian for the Depositary.

ADSs may be held directly by having an ADR (a certificate evidencing a specific number of ADSs) registered in your name or by holding ADSs in the Direct Registration System, or indirectly through a broker or other financial institution.

If you hold ADSs directly, you are an ADS holder. The Company's ADSs are issued through the Direct Registration System unless the investor specifically requests to receive certificated ADRs.

A registered holder is one whose name appears on the books of the Depositary. The registered holder is considered the owner of record. A beneficial holder is one whose holdings are registered in a name other than their own, such as the name of a broker, bank or nominee.

ADS holders are not members of the Company but may instruct the Depositary on the exercise of voting rights relative to the number of ordinary shares represented by their ADSs.

Role of the Depositary

The Depositary performs the following roles for ADS holders:

- ▶ distributes company circulars and documents in relation to general meetings of the Company (including the AGM)
- ▶ distributes dividends in US dollars
- ▶ facilitates the voting process and the exercise of voting rights of ADS holders at any general meeting of the Company
- ▶ issues and cancels the Company's ADSs
- ▶ acts as the stock transfer agent
- ▶ records and maintains the register of ADS holders

The Company provides to the Depositary all notices of meetings of the Company's shareholders and other reports and communications that are made available to the Company's shareholders. The Depositary makes such notices, reports and communications available for inspection by recorded holders of ADSs and sends voting instruction forms by post to all recorded holders of ADSs.

Investors who are not registered with the Depositary because their ADRs are held through a nominee account may need to make arrangements with their nominee if they wish to receive such documents and to be able to exercise their vote through the Depositary at general meetings of the Company.

ADS holders may receive a printed copy of the Company's latest annual report on request by writing to our registered office or by contacting us on +1 908 730 4000.

Dividends

The Depositary will pay to ADS holders cash dividends or other distributions it or the custodian receives on the Company's shares after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of the Company's shares the ADSs represent at the record date (which will be as close as practicable to the record date for the Company's ordinary shares) set by the Depositary with respect to the ADSs.

The Depositary will usually convert any cash dividend or other cash distribution on the Company's shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into US dollars. Before making a distribution to ADS holders, any taxes or other governmental charges that must be paid, together with the fees and expenses of the Depositary, will be deducted.

ADS enquiries

All enquiries regarding ADS holder accounts and payment of dividends should be addressed to the Depositary:

Deutsche Bank Shareholder Services
American Stock Transfer & Trust Company
Operations Center
6201 15th Avenue
Brooklyn, NY 11219, US.

Email: db@amstock.com
Toll-free number: (866) 249 2593
(if calling from within the US)
Direct dial: +1 718 921 8124
(if calling from outside the US)

DB Global Direct

US residents may enrol in DB Global Direct, enabling them to invest directly in the Company's ADSs with reduced brokerage commissions and service costs. Registered ADS holders may reinvest all or a portion of their dividends in the Company's ADSs through DB Global Direct.

For further information on DB Global Direct, please contact Deutsche Bank (as above) or visit www.adr.db.com.

ADS price

The latest price of the Company's ADSs can be found on our website and may also be obtained from the NYSE's website, www.nyse.com (in both cases the live ADS price is updated with a 15-minute delay).

Other information continued

Fees payable by ADS holders

ADS holders are required to pay certain service fees to the Depositary.

The Depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors, including payment of dividends by the Company, by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting from them. The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Service	Fees
To any person to whom ADSs are issued or to any person to whom a distribution is made in respect of ADSs pursuant to share dividends or other free distributions of shares, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US\$0.05 per ADS issued
Cancellation of ADSs (including in the case of termination of the deposit agreement)	Up to US\$0.05 per ADS cancelled
Distribution of cash dividends	Up to US\$0.05 per ADS held
Distribution of cash entitlements (other than cash dividends) and/or cash proceeds, including proceeds from the sale of rights, securities and other entitlements	Up to US\$0.05 per ADS held
Distribution of ADSs pursuant to exercise of rights	Up to US\$0.05 per ADS held
Depositary services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the Depositary

ADS holders are also responsible for paying certain fees and expenses incurred by the Depositary such as:

- ▶ fees for the transfer and registration of the Company's shares charged by the registrar and transfer agent for the shares in the UK
- ▶ expenses incurred for converting foreign currency into US dollars
- ▶ expenses for cable, telex, fax and electronic transmission and for delivery of securities

Since the Company's ADSs were first issued in November 2014, a fee of \$0.01 per ADS has been levied on the 2014 and 2015 dividends paid during 2015 and 2016 respectively, and on the 2016 interim dividend that was paid in January 2017.

Fees paid by the Depositary to the Company

The Depositary has agreed to reimburse the Company for a portion of certain expenses the Company incurs that are related to establishment and maintenance of the ADR programme, including, but not limited to, investor relations expenses and expenses associated with being a company listed in the US. There are limits on the amount of expenses for which the Depositary will reimburse the Company. Further, the Depositary has agreed to reimburse the Company with certain fees payable to the Depositary by ADS holders.

On 2 November 2016, the Company received approximately US\$300,000 (approximately £250,657) from the Depositary by way of reimbursement of costs incurred during the second year of the ADR programme. The reimbursement in 2015, in respect of the first year of the ADR programme, which commenced on 2 October 2014 amounted to US\$1.79m (approximately £1.2m). The payment reduced in line with the overall size and level of activity of the ADR programme.

Share capital

As permitted by English law, the Company has no authorised share capital. The Company's share capital may be increased, consolidated or sub-divided by ordinary resolution at a general meeting of the Company.

As at 10 April 2017, the Company's issued share capital was £196,565,906.50 divided into 393,131,813 ordinary shares of 50 pence each. Of this number, 3,158,310 ordinary shares were registered as treasury shares, leaving a balance of 389,973,503 ordinary shares with voting rights.

All of the Company's ordinary shares are fully paid or were issued as fully paid. Accordingly, no further contribution of capital may be required by the Company from the holders of those shares.

The Company has neither authorised nor issued any conditional share capital and has not issued convertible or exchangeable bonds, warrants or other securities granting rights to the Company's shares, other than securities granted to directors, senior management and employees under the Company's share-based compensation plans. Information on these plans is provided in note 22 to the consolidated financial statements.

As at 10 April 2017, there were 4,515,854 share options outstanding under the Company's UK and International SAYE schemes and 6,486,075 shares reserved for share awards under the Company's share-based compensation plans (in relation to which 791,482 shares were held in the Company's Employee Share Trust). Under the terms of the Trust Deed discretion is given to the Trustee to vote or abstain from voting shares in the Employee Share Trust as it sees fit.

The Articles authorise the Company to purchase its own shares. A resolution passed at the Company's Annual General Meeting on 27 April 2016 provided the directors with the authority to purchase up 38,997,350 of the Company's ordinary shares in the market, such authority to expire at the end of the Company's next AGM or 1 June 2017, whichever is earlier. A resolution will be proposed at the Company's AGM in June 2017 to extend the authority of the directors to make market purchases of up to 10% of the Company's ordinary shares within prescribed limits. The Company may repurchase shares only if the shares are fully paid and out of distributable profits or the proceeds of a new issue of shares made for the purpose of the repurchase. The UKLA requires that purchase of 15% or more of any class of the Company's share capital must be by way of a tender offer to all shareholders of that class.

The Company may reduce its share capital, share premium account, capital redemption reserve or any other undistributable reserve only by special resolution of its shareholders and having obtained the consent of the High Court of Justice in England and Wales.

Markets

The primary trading market for the Company's ordinary shares is the London Stock Exchange, on which they have been listed since the Company's formation in 1982. The Company has a premium listing on the London Stock Exchange and its ordinary shares are admitted to the main market. The Company's SEDOL number is 0028262 (ISIS Code GB0000282623) and its trading symbol is AMFW.

As at 10 April 2017, the Company's total market capitalisation was approximately £2.2bn and it was a constituent of The Financial Times Stock Exchange 250 Index (FTSE 250).

Since November 2014, the Company's ordinary shares have been traded in the form of ADSs on the NYSE. The Company's CUSIP code is 00167X205 (ISIN Code US00167X2053) and its ticker symbol is AMFW.

Share price history

For the periods indicated in the tables below, the highest and lowest middle market quotation for the Company's ordinary shares on the London Stock Exchange and the highest and lowest sales price of its ADSs on the NYSE were as follows:

Year ended 31 December	£ per ordinary share		US\$ per ADS	
	High	Low	High	Low
2012	11.72	9.23	n/a	n/a
2013	12.07	9.66	n/a	n/a
2014	12.62	7.89	16.97	14.47
2015	10.03	3.80	14.83	5.72
2016	6.31	3.22	7.82	4.57

Source: Factset

Quarter	£ per ordinary share		US\$ per ADS	
	High	Low	High	Low
2015				
First quarter	10.03	7.75	14.83	11.75
Second quarter	9.89	8.16	14.75	12.74
Third quarter	8.60	6.86	13.29	10.49
Fourth quarter	8.44	3.80	12.75	5.72
2016				
First quarter	5.13	3.22	7.33	4.57
Second quarter	5.20	3.53	7.53	5.34
Third quarter	5.96	4.14	7.82	5.35
Fourth quarter	6.31	3.96	7.70	4.96
2017				
First quarter	6.01	4.24	6.78	5.31
Second quarter ¹	5.72	5.28	7.07	6.51

Source: Factset

Month	£ per ordinary share		US\$ per ADS	
	High	Low	High	Low
September 2016	5.96	5.27	7.82	6.85
October 2016	6.31	4.37	7.70	5.38
November 2016	4.58	3.96	5.68	4.96
December 2016	4.79	4.32	5.87	5.47
January 2017	5.06	4.42	6.10	5.51
February 2017	4.77	4.24	5.92	5.34
March 2017	6.01	4.31	6.78	5.31
April 2017 ¹	5.72	5.28	7.07	6.51

Source: Factset

¹ Up to and including 10 April 2017.

Other information continued

Shareholdings

As at 10 April 2017, 9,796,771 ADSs equivalent to 2.5% of the number of the Company's ordinary shares in issue were outstanding and were held by 1,252 registered holders.

As at 10 April 2017, 138,332 ordinary shares were held by 344 registered holders with a registered address in the US. Since certain of the ordinary shares were registered in the names of nominees, the number of shareholders with a registered address in the US may not be representative of the number of beneficial owners of ordinary shares who are resident in the US.

In accordance with the DTRs of the UKLA, major shareholders are considered to be those that have a beneficial interest in 3% or more of the Company's issued ordinary shares.

On the basis of notifications received under the Disclosure and Transparency Rules (DTR 5) and other notifications received by the Company from shareholders, shareholdings of 3% or more of the voting rights in the Company were as follows:

As at 31 December	Percentage of voting rights held			
	2016	2015	2014	2013
Artisan Partners Limited Partnership	n/a	n/a	n/a	5.20%
Mondrian Investment Partners Limited	5.28%	5.28%	5.28%	5.15%
BlackRock, Inc.	5.01%	5.63%	5.01%	n/a
Franklin Templeton Institutional, LLC	9.96%	5.05%	n/a	n/a

Since 31 December 2016, pursuant to DTR 5, the following notifications were received by the Company:

- ▶ Franklin Templeton Institutional, LLC notified their interest in 10.03% of the voting rights 9 February 2017 and that their interest had fallen to 9.97% of the voting rights on 24 March 2017.
- ▶ BlackRock, Inc. notified that their interest had fallen below 5% of the voting rights on 27 February 2017, that their interest reached 5.02% of the voting rights on 6 March 2017 and that their interest had fallen below 5% of the voting rights on 20 March 2017.
- ▶ On 23 March 2017, Artisan Partners Limited Partnership notified their interest in 10.2% of the voting rights.

Otherwise, there were no notifications received under DTR 5 between 31 December 2016 and 10 April 2017. The shareholding percentages reflect the Company's issued share capital at the time of the notifications.

Each of the Company's ordinary shares, including those held by major shareholders, carries equal voting rights. The Company is not, to the best of its knowledge, directly or indirectly controlled.

Purchase of ordinary shares

During 2016, the Company did not purchase any of its own shares in the market and no purchases of the Company's shares were made by trustees of the Company's employee share schemes.

Options and awards made under the Company's employee share schemes that were exercised or vested during 2016 were satisfied by the trustee of the relevant scheme. No shares were transferred out of treasury because no Sharesave options were exercised. Details of the Company's employee share schemes are set out in note 22 to the consolidated financial statements.

Articles of Association

We summarise below certain provisions of the Articles and applicable English law. The summary is qualified in its entirety by reference to the Companies Act 2006 and the Articles. Please refer to documents on display on page 209 for information on where copies of the Articles can be obtained.

In the following description, a 'shareholder' is the person registered in the Company's register of members as the holder of a share or shares.

Principal objects

The Articles of Association do not restrict the Company's objects or purposes.

Directors

The board

Under the Articles, the board shall consist of not less than three nor more than 15 directors, who shall manage the business and affairs of the Company subject to the requirements of English law, the Articles and any resolutions of shareholders.

Appointment, retirement and re-election

Directors may be appointed by the board at any time. Any director appointed since the last AGM holds office only until the conclusion of the next AGM and then shall be eligible for election by shareholders.

Under the Articles, all directors retire by rotation and are eligible for re-election every three years. However, in line with the recommendations of the UK Corporate Governance Code, each of the directors who wishes to continue in office, and is considered eligible by the board, actually offers himself or herself for re-election at every AGM.

Under the Articles, there are no age limits relating to a person's qualification to hold office as a director.

Restrictions on voting

Under the Articles, a director may not vote in respect of any contract, arrangement, transaction or proposal in which he or she, or any person connected with him or her, has any material interest other than by virtue of that person's interests in the Company's ordinary shares or other securities. However, this restriction on voting does not apply to proposals:

- ▶ giving the director or a third party any guarantee, security or indemnity in respect of obligation incurred at the request of or for the benefit of the Company
- ▶ giving any guarantee, security or indemnity to the director or a third party in respect of obligations of the Company for which the director has assumed responsibility under an indemnity or guarantee
- ▶ relating to an offer of securities of the Company in which the director is entitled to participate as a holder of shares or other securities or in the underwriting of such shares or securities
- ▶ concerning any other company in which the director (together with any connected person) is a shareholder or an officer or is otherwise interested, provided that the director (together with any connected person) is not interested in 1% or more of any class of such other company's equity share capital or the voting rights available to its shareholders
- ▶ relating to the arrangement of any employee benefit in which the director will share equally with other employees
- ▶ relating to any insurance that the Company purchases or renews for its directors or any group of people including directors

Compensation awarded to the executive directors is determined by the remuneration committee.

A director shall not vote nor be counted in any quorum present at a general meeting of the Company's shareholders in relation to a resolution on which he or she is not entitled to vote.

Borrowing powers

The directors are empowered to exercise all the powers of the Company to borrow money, subject to the limitation that the borrowings of the Company and its subsidiaries may not exceed two times the 'adjusted capital and reserves' (as defined in the Articles).

Shareholding requirements

Directors are not required under the Articles to hold any shares of the Company as qualification to act as a director.

Any director who is not a shareholder is entitled to attend and speak at general meetings of the shareholders.

Rights attaching to ordinary shares

In accordance with English law, the Company's ordinary shares rank equally in all respects.

Dividends

The Company's ordinary shares carry the right to receive dividends and distributions that have been declared by the Company. Except in relation to dividends that have been declared and rights on a liquidation of the Company, ordinary shareholders have no rights to share in the profits of the Company.

English law requires that dividends are paid only out of profits available for distribution, as determined in accordance with UK GAAP and by the Companies Act 2006, and additionally restricts a public company from making a distribution if that would reduce the net assets of the company below the aggregate amount of its called-up share capital and certain undistributable reserves.

Dividends are proposed by the directors. Dividends are declared following approval by ordinary resolution of the Company's shareholders at a general meeting of the Company. Shareholders may not declare a dividend in excess of the amount proposed by the directors. The directors may declare and pay interim dividends if they believe that the Company's financial position justifies such payments.

Any unclaimed dividend may be invested or otherwise applied for the benefit of the Company until the dividend is claimed. Any dividend that remains unclaimed for 12 years after the date on which it was declared, or became due for payment, shall be forfeited and shall revert to the Company.

If authorised by ordinary resolution of the shareholders, the directors may offer to shareholders the right to elect to receive a dividend, in whole or in part, by way of an allotment of new ordinary shares credited as fully paid.

Voting rights

Holders of the Company's ordinary shares have the right to receive notice of, and to attend and vote at, all general meetings of the Company.

Any shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting.

Voting at any general meeting is by a show of hands unless a poll is duly demanded and held. Under English law, shareholders of a public company are not permitted to pass resolutions by written consent.

On a show of hands, each shareholder who is present in person at the meeting has one vote regardless of the number of shares held.

Other information continued

On a poll, every shareholder who is present in person or by proxy has one vote for each ordinary share held by him.

A poll may be demanded by the following:

- ▶ the chairman of the meeting; or
- ▶ not less than three members present or by proxy entitled to vote; or
- ▶ a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- ▶ a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right

Unless the directors determine otherwise, if any sum remains unpaid in relation to a member's shareholding, that member is not entitled to vote in relation to that holding.

Rights in a winding up

If the Company is liquidated (whether the liquidation is voluntary or court-supervised), the liquidator is obliged to realise the assets of the Company to its creditors and, subject to any special rights attaching to any other class of shares that may be in issue at the time, any surplus would be distributed to the ordinary shareholders according to the amounts paid up on the shares held by them.

Pre-emption rights

English law provides for statutory pre-emption rights that apply on an allotment of equity securities (which include the Company's ordinary shares or securities convertible into the Company's ordinary shares).

Pre-emption rights can be disapplied by a special resolution passed by shareholders at a general meeting. Such a resolution was passed at the Company's 2016 annual general meeting on 27 April 2016 and provides the directors with the authority to allot equity securities or grant rights to subscribe for or to convert any security to shares up to a nominal amount of £64,345,628, of which up to £19,498,675 could be allotted for cash without offering the shares to existing shareholders, such authority to expire at the end of the Company's next AGM thereafter or 1 June 2017, if earlier. Resolutions will be proposed at the Company's forthcoming AGM to extend this authority to the end of the AGM in 2018 or 2 June 2018, whichever is earlier.

Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class can only be changed either:

- ▶ with the written consent of the holders of three-quarters in nominal value of the issued shares of that class (excluding shares held as treasury shares); or
- ▶ with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class

The rights attached to any class of shares are not, unless otherwise expressly provided by the terms of issue, deemed to be varied by the creation or issue of further shares ranking equally with them.

General meetings

An AGM of the Company must be held each calendar year and within a period of six months of the day following the Company's accounting reference date (which is 31 December).

Otherwise, the directors may call a general meeting whenever they think fit or where required to do so by shareholders holding at least 10% of the voting rights of the paid-up capital of the Company carrying voting rights (excluding shares held as treasury shares).

General meetings may be held at such place, date and time as may be decided by the directors.

An AGM must be convened by giving not less than 21 days' notice. Other general meetings must also be convened by giving not less than 21 days' notice unless shareholder approval has been given for such meetings to be convened on giving only 14 days' notice (such approval has been given by the Company's shareholders and is effective until the next AGM when it is proposed that it should be renewed).

For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the register in order to have the right to attend or vote at the meeting.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two shareholders present in person or by proxy shall be a quorum.

The directors may require attendees to submit to searches or put in place such arrangements or restrictions as they think fit to ensure the safety and security of attendees at a general meeting. Any member, proxy or other person who fails to comply with such arrangements or restrictions may be refused entry to, or removed from, the general meeting.

Limitations on voting and shareholding

Neither English law nor the Articles impose any limitation on the rights of non-UK residents or foreign shareholders to own the Company's ordinary shares or ADSs, including the rights to hold or exercise voting rights on those shares or ADSs.

Disclosure of interests in the Company's ordinary shares

Under the DTRs, a person is required to notify the Company in writing within two days of becoming aware that the voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches or exceeds 3% of the voting rights in the Company and reaches, exceeds or falls below each 1% threshold thereafter.

Under the Companies Act 2006, the Company may send a notice to any person whom it knows or believes to be interested in the Company's shares requiring such person to confirm whether he has such an interest and, if so, the details of the interest and any other interest in the Company's shares of which he is aware.

Under the DTRs, 'persons discharging managerial responsibilities' (primarily directors and some senior executives) and their connected persons are required to notify the Company in writing of the occurrence of all transactions conducted on their own account in the Company's shares, or derivatives or any other financial instruments relating to those shares no later than close of UK business on the business day after the day on which the transaction occurred.

Mandatory bids

The Articles contain no provisions that would have an effect of delaying, deferring or preventing a change in control of the Company.

However, under the UK City Code on Takeovers & Mergers, if an acquisition of the Company's shares increases the aggregate holding of an acquirer and its concert parties to shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers & Mergers) to make a cash offer for the remainder of the Company's shares at a price not less than the highest price paid for the Company's shares by the acquirer or its concert parties during the previous 12 months. Such an offer would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Amendments

Under English law, the Company's shareholders may, by special resolution, alter, delete, substitute, amend or add to the Articles.

The directors are not authorised to change the Articles.

Material contracts

During the last two years, the Group entered into the following material contracts (other than contracts entered into in the ordinary course of business):

Agreements with Amec Foster Wheeler directors

Each of our executive directors has a service agreement and each non-executive Director has a letter of appointment. Amec Foster Wheeler entered into letters of appointment with Bob Card and Roy Franklin regarding their appointments as non-executive directors of Amec Foster Wheeler plc effective 1 March 2017 and 1 January 2016, respectively. A modification, in the form of a side letter, was made to Ian McHoul's service agreement reflecting the remuneration arrangements that applied during his appointment as interim CEO from 17 January 2016 to 1 June 2016. In addition, Amec Foster Wheeler entered into a service agreement with Jon Lewis in respect of his appointment as Chief Executive Officer effective 1 June 2016. A contract of employment governed the employment relationship between the Company and Jon Lewis from 18 May 2016 to 31 May 2016, during which time he undertook preparatory work prior to assuming executive office.

Credit facility agreement

In March 2016, the Group cancelled its \$2,260m credit facility agreement (as amended and restated) with Bank of America Merrill Lynch International Limited as facility agent and Bank of America Merrill Lynch International Limited, Bank of Tokyo Mitsubishi UFJ, Ltd., Barclays Bank PLC and The Royal Bank of Scotland plc as original lenders together with the £377m revolving credit facility (as amended and restated) dated July 2012. These were replaced with a £650m term loan with a 3-year maturity, a £650m term loan with a 5-year maturity and a five-year £400m revolving credit facility (as amended) dated 1 March 2016, between, amongst others, the Company and Bank of America Merrill Lynch International Limited as facility agent. Further details of the terms and conditions of the credit facility agreement are set out in note 19 to the consolidated financial statements.

Other information continued

Agreement to sell core boiler business within GPG

On 2 March 2017, the Company signed an agreement to sell the Global Power Group's core boiler business to Sumitomo Heavy Industries, Ltd for £137m. The sale is conditional on customary regulatory approvals in certain jurisdictions and is expected to complete during the second quarter of 2017. As part of this transaction, the Group's North American aftermarket services business is being retained.

The Group's core boiler business designs, manufactures and installs circulating fluidised bed boilers which burn a variety of fuels in an efficient and environmentally friendly manner and are employed in power generation plants.

Exchange controls and other limitations affecting security holders

There are currently no UK government laws, decrees or regulations that restrict or affect the export or import of capital or that affect the payment of dividends, interest or other payments to non-UK resident holders of the Company's securities, except for certain restrictions imposed from time to time against the government or residents of certain countries subject to EU economic sanctions or those sanctions adopted by the UK government which implement resolutions of the Security Council of the United Nations.

There are no limitations, either under the laws of the UK or under the Articles, restricting the right of non-UK residents to hold or to exercise voting rights in respect of the Company's ordinary shares, except that where any overseas shareholder has not provided a UK address for the service of notices, the Company is under no obligation to send any notice or other document to an overseas address. It is, however, the Company's current practice to send every notice or other document to all shareholders regardless of the country recorded in the register of members, with the exception of details of the Company's DRIP, which are not sent to shareholders with recorded addresses in the US or Canada.

Taxation information for US holders

Background

A summary is provided below of the material US federal income tax and UK tax consequences for a US holder (defined below) of owning or disposing of ordinary shares or ADSs of the Company. This section addresses only the tax position of a US holder who holds ordinary shares or ADSs as capital assets.

This section does not consider the provisions of the US Internal Revenue Code of 1986, as amended (the 'IRC') known as the Medicare Contribution tax or the alternative minimum tax and does not address state, local, foreign or other US federal tax laws (such as the estate or gift tax). In addition, this section does not address the tax consequences for holders subject to other special rules, such as:

- ▶ financial institutions
- ▶ insurance companies
- ▶ dealers and traders in securities who use a mark-to-market method of tax accounting
- ▶ persons holding ordinary shares or ADSs as part of a straddle, conversion or other integrated transaction or wash sale or persons entering into a constructive sale with respect to the ordinary shares or ADSs
- ▶ persons whose functional currency for US federal income tax purposes is not the US dollar
- ▶ entities or arrangements classified as partnerships for US federal income tax purposes
- ▶ persons who hold ordinary shares or ADSs in individual retirement accounts or other tax-deferred accounts
- ▶ persons who have ceased to be US citizens or lawful permanent residents of the US
- ▶ tax-exempt organisations
- ▶ persons who acquired the ordinary shares or ADSs pursuant to the exercise of employee stock options or otherwise in connection with employment; or
- ▶ persons who, directly, indirectly, or by attribution own 10% or more of the Company's voting stock

Except where expressly stated to the contrary, this section does not deal with the position of a US holder who is resident or domiciled in the UK for UK tax purposes or who is subject to UK taxation on income or capital gains by virtue of carrying on a trade, profession or vocation in the UK through a branch, agency or permanent establishment to which ordinary shares or ADSs are attributable, i.e. those who are referred to below as trading in the UK.

As used herein, a 'US Holder' is a person who, for the purposes of US federal income tax and UK tax, is a beneficial holder of ordinary shares or ADSs and is:

- ▶ a citizen or individual resident of the US
- ▶ a corporation (or other entity taxable as a corporation) created or organised in or under the laws of the US or any political subdivision thereof
- ▶ an estate whose income is subject to US federal income tax regardless of its source
- ▶ a trust, if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust; or
- ▶ a trust that has validly elected to be treated as a domestic trust for US federal income tax purposes

This section is based on the IRC, its legislative history, existing and proposed regulations, published rulings and court decisions, and on UK tax laws and the published practice of HMRC, all as at 25 March 2015. These laws, and that practice, are subject to change, possibly on a retroactive basis.

This section is further based in part upon the representations of the Depositary and assumes that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. For US federal income tax purposes, the owner of ADRs evidencing ADSs will generally be treated as the owner of the underlying shares represented by those ADSs. For UK tax purposes, it is likely that HMRC will also regard holders of ADSs as the beneficial owners of the ordinary shares represented by those ADSs.

Generally, exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, will not be subject to US federal income tax or UK taxation on capital gains, although UK stamp duty reserve tax may arise as described below.

The US Treasury has expressed concerns that parties to whom ADRs are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by US Holders of ADSs. Such actions would also be inconsistent with the claiming of the preferential rates of tax, described below, for qualified dividend income. Accordingly, the availability of preferential rates of tax for qualified dividend income could be affected by actions taken by parties to whom ADRs are pre-released.

The following discussion assumes that the Company is not, and will not become, a PFIC. We outline below the consequences for US Holders should the Company become a PFIC in the future.

Investors should consult their own tax advisers regarding the US federal, state, and local, the UK and other tax consequences of owning and disposing of ordinary shares or ADSs of the Company in their particular circumstances.

Taxation of dividends

UK taxation

Under current UK tax law, the Company is not required to withhold tax at source from its dividend payments.

A US Holder who is not resident in the UK for UK tax purposes and who is not trading in the UK will generally not be liable for UK taxation on dividends received in respect of the Company's ADSs or ordinary shares.

US federal income taxation

A US Holder is subject to US federal income tax on the gross amount of any dividend paid by the Company out of its current or accumulated earnings and profits (as determined for US federal income tax purposes). Distributions in excess of the Company's current and accumulated earnings and profits will be treated as a return of capital to the extent of the US Holder's basis in the shares or ADSs and thereafter as a capital gain. Because the Company has not historically maintained, and does not currently maintain, books in accordance with US tax principles, the Company does not expect to be in a position to determine whether any distribution will be in excess of the Company's current and accumulated earnings and profits as determined for US federal income tax purposes. As a result, the Company expects that the amounts distributed will be reported to the IRS as dividends.

Subject to applicable limitations, dividends paid to certain non-corporate US Holders of ordinary shares or ADSs may be taxable at the favourable tax rates applicable to long-term capital gain if the dividends constitute qualified dividend income. A US Holder will be eligible for these rates only if it has held the ordinary shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. The Company expects that the dividends paid by the Company with respect to its ordinary shares or ADSs will constitute qualified dividend income. US Holders should consult their own tax advisers to determine whether they are subject to any special rules that limit their ability to be taxed at these favourable rates.

Dividends must be included in income when the US Holder, in the case of shares, or the Depositary, in the case of ADSs, actually or constructively receives the dividend, and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. For foreign tax credit limitation purposes, dividends paid by the Company will be income from a source outside the US.

Other information continued

The amount of any dividend paid in pounds sterling will be the US dollar value of the sterling payments made, determined at the spot sterling/US dollar exchange rate on the date the dividend is included in income for federal income tax purposes, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on that date, a US Holder should not be required to recognise a foreign currency gain or loss in respect of the dividend income. Generally, any gain or loss resulting from currency fluctuations during the period from the date the dividend payment is included in income to the date the payment is converted into US dollars will be treated as ordinary income or loss from sources within the US.

Taxation of capital gains

UK taxation

A US Holder who is not resident in the UK for UK tax purposes and who is not trading in the UK will not generally be liable for UK taxation on capital gains, or eligible for relief for allowable losses, realised or accrued on the sale or other disposal of the Company's ordinary shares or ADSs. A US Holder who is an individual and has temporarily ceased to be a resident in the UK or has been temporarily treated as non-resident in the UK for UK tax purposes for a period of not more than five years and who sells or otherwise disposes of ordinary shares or ADSs during that period may, for the year of assessment when the individual becomes resident again in the UK, be liable for UK tax on capital gains (subject to any available exemption or relief), notwithstanding the fact that the individual was not treated as resident in the UK at the time of the sale or other disposal.

US federal income taxation

A US Holder who sells or otherwise disposes of ordinary shares or ADSs will recognise a capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposal and the adjusted tax basis of the securities. Any capital gain or loss will be a long-term capital gain or loss where the holder has held the securities for more than one year. The capital gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

PFIC status

Management believes that the Company was not a PFIC for US federal income tax purposes for its taxable year ended 31 December 2016. Management reviews the Company's PFIC status annually and it is subject to change.

If the Company were to be treated as a PFIC, any gain realised on the sale or other disposal of the Company's ordinary shares or ADSs would, in general, not be treated as capital gain. Instead, any gain would be treated as if the US Holder had realised the gain rateably over the period during which the ordinary shares or ADSs were held. Any gain that is allocated to the taxable year of the disposal, and to any taxable year before the Company became a PFIC, would be taxed as ordinary income. Any gain allocated to each other taxable year would be taxed at the highest tax rate in effect for the taxable year to which the gain was allocated and an interest charge in respect of the tax attributable to each such year would also apply. Similar rules would apply to any 'excess distribution' (as determined for US federal income tax purposes) received on the ordinary shares or ADSs. The preferential rates for qualified dividend income received by certain non-corporate US Holders would not apply to dividends received in any year in which the Company was a PFIC or in any year immediately following a year in which the Company was a PFIC.

If the Company was to be treated as a PFIC certain elections may be available to US Holders that would result in alternative treatments of the ordinary shares or ADSs. If the Company were to be treated as a PFIC in any taxable year in which a US Holder held ordinary shares or ADSs, the holder may be required to file annual reports with the IRS containing such information as may be required by the US Treasury Department.

Inheritance and estate taxes

UK inheritance tax may apply to a deemed transfer which occurs on death, and to gifts to individuals within the seven years preceding death. For UK inheritance tax purposes, a transfer of shares at less than full market value may be treated as a gift and particular rules apply where the donor reserves or retains some benefit in the shares. Special UK inheritance tax rules also apply to companies and to trustees of settlements.

An individual who is neither domiciled nor deemed domiciled in the UK is only chargeable to UK inheritance tax to the extent the individual owns assets situated in the UK. Whilst UK tax law is unclear as to whether the Company's ADSs are considered to be situated in the UK for inheritance tax purposes, HMRC is likely to take the view that they, as well as the Company's ordinary shares, are situated in the UK.

However, HMRC considers that the US/UK Double Taxation Convention on Estate and Gift Tax applies to inheritance tax. Consequently, a US Holder who is domiciled in the US for the purposes of the US/UK Double Taxation Convention and is not for such purposes a UK national will not be subject to UK inheritance tax on their death or on a lifetime transfer of the Company's ordinary shares or ADSs, provided that any applicable US federal gift or estate tax is paid, unless the ordinary shares or ADSs are part of the business property of a permanent establishment of an enterprise situated in the UK or pertain to a UK fixed base used for the performance of independent personal services. Where the ordinary shares or ADSs have been placed into trust by a settlor, they may be subject to UK inheritance tax, unless, when the trust was created, the settlor was domiciled in the US and was not a UK national.

A UK national who is domiciled in the US will be subject to both UK inheritance tax and US federal estate tax but will be entitled to a credit for US federal estate tax charged in respect of the Company's ordinary shares or ADSs in computing the liability to UK inheritance tax. Similarly, a US citizen who is domiciled or deemed domiciled in the UK will be entitled to a credit for UK inheritance tax charged in respect of the Company's ordinary shares or ADSs in computing the liability for US federal estate tax.

US information reporting and back-up withholding

Payments of dividends and other proceeds to a US Holder with respect to the Company's ordinary shares or ADSs by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations.

Unless the US Holder is an exempt recipient, back-up withholding tax may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements.

Any back-up withholding tax deducted may be credited against the US Holder's US federal income tax liability, and, where the back-up withholding tax exceeds the actual liability, the US Holder may obtain a refund by timely filing the appropriate refund claim with the IRS.

Foreign financial asset reporting

US taxpayers that own certain foreign financial assets, including debt and equity of foreign entities, with an aggregate value in excess of US\$50,000 at the end of the taxable year or US\$75,000 at any time during the taxable year (or, for certain individuals living outside the US and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their US federal income tax returns.

The Company's ADSs or ordinary shares constitute foreign financial assets subject to these requirements unless they are held in an account at a financial institution (in which case the account may still be reportable if maintained by a foreign financial institution).

UK stamp duty and SDRT

UK stamp duty is charged on certain documents, including instruments for the transfer of registered ownership of ordinary shares. Transfers of ordinary shares are generally subject to UK stamp duty at the rate of 0.5% of the consideration (rounded up to the nearest £5).

SDRT is charged where there is an unconditional agreement to transfer shares in UK companies for consideration in money or money's worth. SDRT is generally charged at the rate of 0.5% of the agreed consideration (rounded up to the nearest penny). The charge to SDRT will be cancelled, and any SDRT already paid will be refunded, if within six years of the unconditional agreement an instrument of transfer is produced to HMRC and the appropriate stamp duty paid.

Neither stamp duty nor SDRT will be payable on any purchase or transfer of the Company's ADSs, provided that the ADSs and any separate instrument or written agreement to transfer are executed and remain at all times outside the UK.

UK legislation does, however, provide for stamp duty or SDRT to be charged at the rate of 1.5% of the amount or value of the consideration (or, in some circumstances, the value of the shares concerned) on a transfer or issue of ordinary shares to the Depositary or to certain persons providing a clearance service (or their nominees or agents) for the conversion into ADRs. In accordance with the deposit agreement, any tax or duty payable on deposits of ordinary shares by the Depositary or by the custodian of the Depositary will be typically charged to the party to whom ADSs are delivered against such deposits.

Other information continued

Following litigation on the subject, HMRC has accepted that it will no longer seek to apply the 1.5% SDRT charge when new shares are issued to a clearance service or depositary receipt system on the basis that the charge is not compatible with EU law. In HMRC's view, however, the 1.5% SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt system unless they are an integral part of the issue of share capital. HMRC's view is currently being challenged in further litigation.

Neither stamp duty nor SDRT will be payable on a transfer of ordinary shares where no beneficial interest passes, including the transfer of underlying ordinary shares from the Depositary to a holder of the Company's ADSs.

Foreign currency translation

For the periods indicated in the tables below, the average exchange rate between sterling and the US dollar, calculated by using the average of the exchange rates at the close of business in London on the last trading day of each month in the period, were as follows:

Year ended 31 December	£1=US\$
2012	1.59
2013	1.57
2014	1.65
2015	1.52
2016	1.36

For the periods indicated in the table below, the high and low exchange rate between sterling and the US dollar were as follows:

Month	£1=US\$	
	High	Low
September 2016	1.3437	1.2967
October 2016	1.2841	1.2117
November 2016	1.2599	1.2241
December 2016	1.2732	1.2224
January 2017	1.2630	1.2043
February 2017	1.2652	1.2380
March 2017	1.2553	1.2152
April 2017 ¹	1.2486	1.2372

¹ Up to and including 10 April 2017.

At the close of business in London on 10 April 2017, the sterling/US dollar exchange rate was £1=US\$1.2410.

Historic dividend per share

Year ended 31 December	£	US\$
2011	30.5p	[47.4c]
2012	36.5p	[59.3c]
2013	42.0p	[69.6c]
2014	43.3p	[67.5c]
2015	29.0p	[42.7c]

The dividend disclosed in cents were calculated at the following year end exchange rates:

31 December 2015 – 1.4739

31 December 2014 – 1.5593

31 December 2013 – 1.6563

31 December 2012 – 1.6255

31 December 2011 – 1.5541

This represents an estimate and no representation can be made that the dividend could have been converted into US dollars at this rate, and as a result these figures have been included in square brackets in the table above.

Recommended All-Share Offer from John Wood Group

In March 2017, John Wood Group announced a recommended all-share offer for the entire share capital of the Company. Under the terms of the offer, each shareholder of the Company will receive 0.75 new John Wood Group shares for every one share held, valuing each share in the Company at approximately £5.64 (representing a premium of approximately 28.7% to the prior 30 trading day volume weighted average price).

Significant differences between corporate governance practices and NYSE listing standards

Background

Our corporate governance practices are designed to be compliant with the principles and provisions specified by the UK Corporate Governance Code. Our statement of compliance with the principles and provisions of the Code is set out on page 46.

We have also adopted the corporate governance requirements of the US Sarbanes-Oxley Act of 2002 and related listing standards of the NYSE, to the extent that they are applicable to a foreign private issuer. We disclose below the significant differences between our corporate governance practices and those that are required of US companies that are listed on the NYSE.

Corporate governance guidelines

The Code contains a series of principles and provisions. It is not, however, mandatory for companies to follow these principles. Instead, companies must disclose how they have applied them and, if applicable, must disclose and explain the reasons for any areas of non-compliance. By comparison, the NYSE listing standards require US companies to adopt and disclose corporate governance guidelines.

Independence

Different tests of independence for directors are applied under the Code and the NYSE listing standards. The board has carried out an assessment based on the independence requirements of the Code and has determined that, in its judgement, each of the non-executive directors except Kent Masters, on account of his previous employment by Foster Wheeler, is independent within the meaning of those requirements. As the Company is a foreign private issuer, the board is not required to take into consideration the definition of independence set out in the NYSE's listing standards.

Committees

NYSE listing standards require US companies to have a nominating/corporate governance committee, an audit committee and a compensation committee, each composed entirely of independent directors. Each of these committees is required to have a written charter which addresses the committee's purpose and responsibilities and the compensation committee must have sole authority and adequate funding to engage compensation consultants, independent legal counsel and other external advisers.

We have terms of reference for our nominations committee, audit committee and remuneration committee, each of which complies with the requirements of the Code and is available for inspection on our website. Whilst these terms of reference are generally consistent with the requirements of the NYSE listing rules, they may not address all aspects of those rules.

NYSE listing standards specify that the nominating/corporate governance committee is responsible for identifying individuals qualified to become members of the board and to recommend to the board a set of corporate governance principles.

The Code requires companies to have a nominations committee but does not require a corporate governance committee. Our nominations committee is concerned only with the membership of the board. Corporate governance issues are discussed and decided upon at meetings of the board.

NYSE listing standards require the audit committee to comprise at least three independent directors. Whilst our Audit Committee comprises independent non-executive directors (and currently has five members), it should be noted that only two members of the committee need be present for there to be a quorum.

Compliance certification

NYSE rules require that the Chief Executive Officer of a US company must certify to the NYSE each year that he or she is not aware of any violation by the Company of any of the NYSE's corporate governance listing standards. As the Company is a foreign private issuer, the Chief Executive Officer is not required to make this certification. However, the Chief Executive Officer is required to notify the NYSE promptly in writing if any of the Company's executive officers become aware of any non-compliance with those NYSE corporate governance listing standards that are applicable to the Company.

Documents on display

The Company is subject to the information requirements of the US Securities Exchange Act of 1934 applicable to foreign private issuers. In accordance with these requirements, the Company files an annual report on Form 20-F and other related documents with the SEC. Certain other announcements made by the Company are furnished to the SEC on Form 6-K.

Information submitted by the Company to the SEC may be inspected at the SEC's public reference rooms located at 100 F Street NE, Washington, DC, 20549. Information on the operation of the public reference room can be obtained by calling the SEC's Office of Investor Education and Advocacy on +1 800 732 0330.

You may also access information submitted by the Company to the SEC through the SEC's website, www.sec.gov.

Cross reference to Form 20-F

Item	Form 20-F caption	Location in this document	Page
1	Identity of directors, senior management and advisers	Not applicable	n/a
2	Offer statistics and expected timetable	Not applicable	n/a
3	Key information A – Selected financial data B – Capitalisation and indebtedness C – Reasons for the Offer and Use of Proceeds D – Risk Factors	Five-year record Other information Performance highlights Not applicable Not applicable Risk factors	222 197-209 1 n/a n/a 177-187
4	Information on the Company A – History and development of the Company B – Business overview C – Organisational structure D – Property, plant and equipment	History and development Note 25 – Acquisitions and disposals Other information – Recommended all-share offer from John Wood Group Amec Foster Wheeler at a glance Financial review Our business model Principal risks and uncertainties Risk factors Related undertakings Financial review – Property, plant and equipment	176 160-163 208 2-5 34-45 6-7 28-32 177-187 212-221 42
4A	Unresolved staff comments	None	
5	Operating and financial review and prospects A – Operating results B – Liquidity and capital resources C – Research and development, patents, licences etc D – Trend information E – Off-balance sheet arrangements F – Tabular disclosure of contractual obligations G – Safe harbor H – Non-GAAP financial measures	Financial review Note 2 – Segmental analysis of continuing operations Principal risks and uncertainties – Principal business and strategic risks Note 19 – Capital and financial risk management Financial review – Liquidity and capital resources Note 19 – Capital and financial risk management Note 23 – Analysis of net debt Note 29 – Post balance sheet events Financial review – Research and development Our markets Chief Executive Officer's statement – Outlook Financial review Performance measures – order book Financial review – Off-balance sheet arrangements Note 26 – Commitments Financial review – Post-retirement benefits Financial review Forward-looking statements Performance measures	34-45 122-123 29-31 146-150 40 146-150 158 166 42 14-15 11 34-45 190 45 163-164 42 34-45 224 188-190
6	Directors, senior management and employees A – Directors and senior management B – Compensation C – Board practices D – Employees E – Share ownership	Our board of directors Our Executive committee Directors' remuneration report Our board of directors Directors' remuneration report – Remuneration policy Audit committee Remuneration committee Note 6 – Staff costs and employee numbers – continuing operations Directors' remuneration report Note 22 – Share capital and reserves – Share-based payments	47-49 61-62 74-88 47-49 83-88 65-69 72-73 127 74-88 155-157
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	D – Selling shareholders	Not applicable	n/a
	E – Dilution	Not applicable	n/a
	F – Expenses of the issue	Not applicable	n/a
10	Additional information		
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	G – Statement by experts	Not applicable	n/a
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	I – Subsidiary information	Not applicable	n/a
11	Quantitative and qualitative disclosures about market risk	Note 19 – Capital and financial risk management	146-150
12	Description of securities other than equity securities		
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	C – Other securities	Not applicable	n/a
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14	Material modifications to the rights of security holders and use of proceeds	Not applicable	n/a
15	Controls and procedures	Accountability – Risk management and internal control systems Report of independent public accounting firm on internal control over financial reporting	64 102
16A	Audit committee financial expert	Audit committee – Members	66
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Related undertakings as at 31 December 2016

We set out below details of all the Company's subsidiaries, joint ventures and associates. Except where indicated, all subsidiaries listed below are wholly owned and carry on their activities principally in their countries of incorporation. Except where marked with an asterisk†, the Company's shareholdings are held indirectly through subsidiaries and the shares are held in the form of ordinary shares or common stock, except where indicated otherwise. All of the active subsidiaries are included in the consolidation. Decisions made in the joint ventures concerning operating and financial policies essential to the activities and performance of the company are made in accordance with the relevant joint venture agreement.

Subsidiaries

Name	% interest	Address
Argentina		
AGRA Argentina S.A.	100	25 de Mayo 596, piso 8º, C1002ABL, Buenos Aires, Argentina
Foster Wheeler E&C Argentina S.A.	100	Paraguay 1866, Buenos Aires, Argentina
Australia		
AMEC Australia Finance Company Pty Ltd	100 (#)(xviii)	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
AMEC Australia Finance No. 2 Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
AMEC Australia Treasury Company Pty Ltd	100	407 Royal Parade, Parkville, VIC, 3052, Australia
AMEC Australia Treasury LP	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Australia Holding Company Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Australia Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Engineering Holdings Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Engineering Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Environment & Infrastructure Pty Ltd	100 (x)(xii)	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Zektin Architecture Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Amec Foster Wheeler Zektin Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
AMEC Minproc Projects (New Zealand) Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
AMEC Zektin Group Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Aquenta Consulting Pty Ltd	100 (#)(xii)	Level 10, 67 Albert Avenue, Chatswood, NSW, 2067, Australia
Burman Griffiths Holdings Pty Ltd	100	Level 10, 67 Albert Avenue, Chatswood, NSW, 2067, Australia
Burman Griffiths Pty Ltd	100	Level 10, 67 Albert Avenue, Chatswood, NSW, 2067, Australia
Foster Wheeler (QLD) Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Foster Wheeler (WA) Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Geosafe Australia Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Global Carbon Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRA Technology Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Asia Holdings Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Asia Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Developments Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD ESAP Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Investments Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD New Zealand Pty Ltd	100 (#)(xviii)	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Normet Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Oil & Gas Pty Ltd	100 (vii)	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Renewables Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
GRD Waste Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
KEC International Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Kirfield Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Macraes New Zealand Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Minproc Engineers Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Minproc Group Superannuation Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Minproc Overseas Projects Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Minproc Projects (Ghana) Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Minproc Technology Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Octagon International Properties Pty Ltd	100 (vii)	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Qedi Completions & Commissioning Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Rider Hunt International (WA) Pty Ltd	100	Level 10, 67 Albert Avenue, Chatswood, NSW, 2067, Australia
S2V Consulting Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
South Shore Nominees Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Terra Nova Technologies Australia Pty Ltd	100	Level 7, 197 St Georges Terrace, Perth, WA, 6000, Australia
Azerbaijan		
AMEC Limited Liability Company	100	AZ1010, Baku City Sabail District, Nizami 90A, Azerbaijan
Bahamas		
Montreal Engineering (Overseas) Limited	100	c/o 2020 Winston Park Drive, Suite 700, Oakville, Ontario, L6H 6X7, Canada
Bermuda		
AMEC (Bermuda) Limited	100	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda
Atlantic Services Limited	100	Canon's Court, 22 Victoria Street, (PO Box HM 1179), Hamilton, HM EX, Bermuda
Foster Wheeler Holdings Ltd.	100 (#)(xviii)	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda
Foster Wheeler Ltd.	100	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda
FW European E & C Ltd.	100	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda
FW Management Operations, Ltd.	100	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda
York Jersey Liability Ltd.	100	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda

Name	% interest	Address
Brazil		
AMEC do Brasil Participações Ltda	100 (xvii)	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil
Amec Foster Wheeler America Latina, Ltda.	100	Centro Empresarial Ribeirao Office Tower, Av. Braz Olaia Acosta, 727 - 18 andar - Sl. 1810, Cep. 14026-404 - Jd. California, Ribeirao Preto, Sao Paulo, Brazil
Amec Foster Wheeler Brasil S.A.	100	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil
AMEC Petroleo e Gas Limitada	100 (xvii)	Rua Quitanda 50, 15th floor, Centro, Rio de Janeiro, CEP 20011-030, Brazil
AMEC Projetos e Consultoria Ltda	100	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil
British Virgin Islands		
MDM Engineering Group Limited	100	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	99	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam
Bulgaria		
AMEC Minproc Bulgaria EOOD	100	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria
Cameroon		
Amec Foster Wheeler Cameroun SARL	100	Cap Limboh, Limbe, BP1280, Cameroon
Canada		
418750 Alberta Inc.	100	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
AFW Canada Investments Limited	100	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5, Canada
AFW Canadian Holdco Inc.	100	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5, Canada
AMEC BDR Limited	100 (vii)(viii)	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
AMEC Canada Finance ULC	100	111, Dunsmuir St., Vancouver, BC, V6B 5W3, Canada
AMEC Canada Holdings Inc.	100 (vii)(viii)	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5, Canada
AMEC Earth & Environmental Limited	100 (#)(vii)	801, 900, 6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
Amec Foster Wheeler Americas Limited	100 (#)(vii) (viii)	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada
Amec Foster Wheeler Canada Ltd.	100 (vii)	4945 Richard Road SW, Westmount Corporate Campus, Building 1, Suite 200, Calgary, AB, T3E 6L1, Canada
Amec Foster Wheeler Inc.	100 (viii)	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada
Amec Foster Wheeler NCL Limited	100	700 University Avenue, 4th floor, Toronto, ON, M5G 1X6, Canada
AMEC Geomatics Limited	49 (vii)	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
AMEC Infrastructure Limited	100	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
AMEC NSS Limited	100	700 University Avenue, 4th floor, Toronto, ON, M5G 1X6, Canada
AMEC South America Limited	100 (vii)	2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada
Campro AGRA Limited	100	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
CK Temple Holdings Ltd.	100 (vii)(ix) (xi)	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
Howe AGRA Limited	100	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
MASA Ventures Limited	100	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
QEDI Commissioning and Completions (Canada) Limited	100	Suite 2400, 745 Thurlow Street, Vancouver, BC, V6E 0C5, Canada
Rider Hunt International (Alberta) Inc.	100 (#)(xvi)	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada
Cayman Islands		
FW Chile Holdings Ltd.	100	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111, Cayman Islands
Chile		
AMEC CADE Ingeniería y Desarrollo De Proyectos Limitada	100	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
AMEC Chile Ingeniería y Construcción Limitada	100	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
Amec Foster Wheeler International Ingeniería y Construcción Limitada	100	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile
Amec Foster Wheeler Talcahuano, Operaciones y Mantenciones Limitada	100	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile
Foster Wheeler Chile, S.A.	100	Av. Apoquindo 3486, 7º piso, Las Condes, Santiago, Chile
Terra Nova Technologies Chile Limitada	100	Av. Apoquindo 3846, piso 15, Las Condes, Santiago, 7550123, Chile
China		
Amec Foster Wheeler Energy Management (Shanghai) Company Limited	100	8th Floor, UC Tower, 500 Fu Shan Road, Pudong New Area, Shanghai, China
Amec Foster Wheeler Engineering & Construction Design (Shanghai) Co., Ltd.	100	Room 401, Floor 4, No. 120 Qixia Road, Pudong New Area, Shanghai, China
Amec Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	100	Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai, China
Amec Foster Wheeler International Trading (Shanghai) Company Limited	100	Wai Gao Qiao Free Trade Zone, Pudong New Area, Shanghai, PR China
Colombia		
Amec Foster Wheeler Colombia SAS	100	Calle 110 No. 9-25, Offices 515 and 516, Bogotá, Colombia
Cyprus		
AMEC Overseas (Cyprus) Limited	100	1, Lampousas Street, 1095 Nicosia, Cyprus
Czech Republic		
Amec Foster Wheeler Nuclear Czech Republic, a.s.	100	Krenova 58, Brno, 60200, Czech Republic
Amec Foster Wheeler s.r.o.	100	Krenova 58, Brno, 60200, Czech Republic
Democratic Republic of the Congo		
MDM Engineering SPRL	100	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo

Related undertakings continued

As at 31 December 2016

Name	% interest	Address
Egypt		
Foster Wheeler Petroleum Services S.A.E.	100	Al-Amerya General Free Zone, Alexandria, Egypt
England & Wales		
AFW E&C Holdings Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AFW Finance 2 Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AFW Finance 3 Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AFW Hungary Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AFW Investments 2 Limited	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AFW Investments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (AGL) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (BCS) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (F.C.G.) Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (MH1992) Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (MHL) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC (WSL) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC BKW Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Bravo Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Building Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Canada Limited ^(*)	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Capital Projects Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Civil Engineering Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Construction Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Design and Management Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Engineering Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Executive Pensions Trustee Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Facilities Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Focus Pensions Trustee Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler (Holdings) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Earth and Environmental (UK) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Energy Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Environment & Infrastructure UK Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Finance Asia Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Finance Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Group Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler International Holdings Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler International Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Nuclear Holdings Limited	100 (vii)(viii) (ix)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Nuclear International Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Nuclear UK Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amec Foster Wheeler Property and Overseas Investments Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Global Renewables UK Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Hedge Co 1 Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Infrastructure Services Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Investments Europe Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Kazakhstan Holdings Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Manufacturing and Services Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Mechanical and Electrical Services Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Mining Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Minproc UK Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Nominees Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Nuclear M & O Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Nuclear Overseas Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Nuclear Projects Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Offshore Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Offshore Services Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Process and Energy International Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Process and Energy Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Project Investments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Services Limited [†]	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Spareco (12) Limited	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Spareco (14) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Staff Pensions Trustee Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Trustees Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC USA Finance Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC USA Holdings Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC USA Limited	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Utilities Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
AMEC Wind Developments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Amplemark Limited [†]		Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England

Name	% interest	Address
Applied Environmental Research Centre Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Ard Ghaoth Wind Farm Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Atlantis Hedge Co 1 Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Atlantis Hedge Co 2 Limited [†]	100 (#)(vi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Attric Ltd	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Auld Clay Wind Farm Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Business Consultancy Group Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Castle Cary Wind Farm Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Energy, Safety and Risk Consultants (UK) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Entec Holdings Limited	100 (#)(vii) (#)(viii) (#)(ix)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Entec Investments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler (G.B.) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler (London) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler (Process Plants) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler E&C Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler Environmental (UK) Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler Europe	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler Management Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler Petroleum Development Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Foster Wheeler World Services Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
FW Chile Holdings 2 Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
FW Investments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Hilton Wind Farm Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
IDC Property Investments Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
MDM UK Finance Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Metal and Pipeline Endurance Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
National Nuclear Corporation Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Press Construction Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Primat Recruitment Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Process Industries Agency Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Process Plants Suppliers Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Rider Hunt International Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Sandiway Solutions (No 3) Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Sigma 2 AFW Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Sigma Financial Facilities Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Specialist Equipment Solutions Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
The IDC Group Limited [†]	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Tray (UK) Limited	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Tray Field Services Limited	100	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
William Ellis (Etchingham) Limited [†]	100 (#)(xvi)	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Finland		
Amec Foster Wheeler Energia Oy	100	Metsänneidonkuja 8, P.O.Box 7, Espoo, 02130, Finland
France		
Amec Foster Wheeler France S.A.	100	92 Quai De Bercy, 75012 Paris, France
Amec Foster Wheeler Nuclear France SAS	100	Immeuble Horizon Sainte Victoire, Bâtiment A, 970 rue René Descartes, 13857 Aix-en-Provence cedex 3, France
Germany		
Amec Foster Wheeler E & I GmbH	100	Solmsstrabe 2-22, Frankfurt/Main, 60486, Germany
Amec Foster Wheeler Energie GmbH	100	Peterstrasse 120, Krefeld, 47798, Germany
Bauunternehmung Kittelberger GmbH	100	Von-Miller-Strasse 13, 67661 Kaiserslautern, Germany
KIG Immobilien Beteiligungsgesellschaft mbH	100	Ferdinand-Lassalle-Strasse 1, 04109 Leipzig, Germany
KIG Immobiliengesellschaft mbH & Co. KG	100	Ferdinand-Lassalle-Strasse 1, 04109 Leipzig, Germany
Ghana		
Amec Foster Wheeler & BBS Limited	80	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana
Amec Foster Wheeler Operations Ghana Limited	100	3rd Floor Teachers Hall Complex, Education Loop, Off Barnes Road, PO Box 1632, Accra, Ghana
Gibraltar		
Foster Wheeler (Gibraltar) Holdings Limited	100 (#)(xviii)	Suite 1, Burns House, 19 Town Range, Gibraltar
Greece		
Foster Wheeler Hellas Engineering and Construction Societe Anonyme	100	21 Elvetias Street, (First Floor), Agia Paraskevi, 153 42, Greece
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	99.96	Consortium-Rodriguez, Archila, Castellanos, Solares & Aguilar, S.C., Guatemala
Guernsey		
AMEC Operations Limited	100	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey
Hong Kong		
AMEC Asia Pacific Limited	99	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
AMEC Engineering Limited	100	5008, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Amec Foster Wheeler Power Group Asia Limited	100	Level 2, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong

Related undertakings continued

As at 31 December 2016

Name	% interest	Address
Hungary		
FW Hungary Licensing Limited Liability Company	100	Krisztina korut 2-4. I. em. 17, Budapest, 1122, Hungary
India		
Amec Foster Wheeler India Private Limited	100	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India
Indonesia		
PT AGRA Monenco	100	c/o 2020 Winston Park Drive, Suite 700, Oakville, Ontario, L6H 6X7, Canada
PT Amec Foster Wheeler Indonesia	84.62 (vii)	Perkantoran Pulo mas Blok VII No. 2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia
PT Foster Wheeler O&G Indonesia	90	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia
PT Simons International Indonesia	100	c/o 2020 Winston Park Drive, Suite 700, Oakville, Ontario, L6H 6X7, Canada
Iraq		
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	100	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq
Italy		
Amec Foster Wheeler Global E&C S.r.l.	100	Via S. Caboto 15, Corsica, 20094, Italy
Amec Foster Wheeler Italiana S.r.l.	100	Via S. Caboto 15, Corsica, 20094, Italy
Amec Foster Wheeler Power S.r.l.	100 (xvii)	Via S. Caboto 15, Corsica, 20094, Italy
FW TURNA S.r.l.	100	Via S. Caboto 15, Corsica, 20094, Italy
Jamaica		
Monenco Jamaica Limited(*)	100	c/o 2020 Winston Park Drive, Suite 700, Oakville, Ontario, L6H 6X7, Canada
Japan		
Amec Foster Wheeler Asia K.K.	100	Shiba International Law Offices, 1-3-4-5F Atago, Minatoku, Tokyo, 105-0002, Japan
Jersey		
AMEC Canada Investments Company Limited	100	95/97 Halkett Place, St Helier, JE1 1BX, Jersey
AMEC Nuclear Consultants International Limited	100	95/97 Halkett Place, St Helier, JE1 1BX, Jersey
Kazakhstan		
AMEC Limited Liability Partnership	100	78A Azattyk Avenue, Atyrau, 060005, Kazakhstan
Foster Wheeler Kazakhstan LLP	100	App. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan
QED International (Kazakhstan) Limited Liability Partnership	100	78, "A" Azattyk avenue, Atyrau 060005, Kazakhstan
Korea		
AMEC Korea Limited	100	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320, Korea
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	49	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City
Liberia		
Amec Foster Wheeler Liberia Inc	100	King Plaza, 2nd-4th Floors, Broad Street, Monrovia 10, Liberia
Luxembourg		
AFW Luxembourg 1 S.a.r.l	100	5, rue Guillaume Kroll, L-1882, Luxembourg
AFW Luxembourg 2 S.a.r.l	100	5, rue Guillaume Kroll, L-1882, Luxembourg
Financial Services S.à r.l.	100	5, rue Guillaume Kroll, L-1882, Luxembourg
FW Europe Financial Holdings S.à r.l.	100	5, rue Guillaume Kroll, L-1882, Luxembourg
FW Holdings S.à r.l.	100	5, rue Guillaume Kroll, L-1882, Luxembourg
FW Investment Holdings S.à r.l.	100 (#)(viii)	5, rue Guillaume Kroll, L-1882, Luxembourg
Malaysia		
AMEC (Malaysia) Sdn Bhd	100	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Lebuh Ampang, Kuala Lumpur, 50100, Malaysia
Amec Foster Wheeler OPE Sdn. Bhd.	100 (#)(xviii)	12th Floor, West Block, Wisma Selangor Dredging, 142-C Jalan Ampang, Kuala Lumpur, 50450, Malaysia
AMEC Holdings (Malaysia) Sdn Bhd	100	12th Floor, West Block, Wisma Selangor Dredging, 142-C Jalan Ampang, Kuala Lumpur, 50450, Malaysia
AMEC Oil Gas and Process Sdn Bhd	100	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Lebuh Ampang, Kuala Lumpur, 50100, Malaysia
AMEC Process & Energy Sdn Bhd	100	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Lebuh Ampang, Kuala Lumpur, 50100, Malaysia
Foster Wheeler (Malaysia) Sdn. Bhd.	100 (vii) (viii)	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Lebuh Ampang, Kuala Lumpur, 50100, Malaysia
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	70	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Lebuh Ampang, Kuala Lumpur, 50100, Malaysia
Rider Hunt International (Malaysia) Sdn Bhd	100	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia
Mauritius		
MDM Engineering Investments Ltd	100	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius
MDM Engineering Projects Ltd	100	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius
P.E. Consultants, Inc.	100 (vii) (viii)	St James Court-Suite 308, St Denis Street, Port Louis, Mauritius
QED International Ltd	100	C/o Appleby Management (Mauritius) Ltd, 11th Floor, Medine Mews, La Chaussée Street, Port Louis, Mauritius
Mexico		
AGRA Ambiental S.A. de C.V.	100 (viii)	c/o 2020 Winston Park Drive, Suite 700, Oakville, Ontario, L6H 6X7, Canada
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	100 (vii)	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico

Name	% interest	Address
Amec Foster Wheeler Mexico, S.A. de C.V.	100 (ii)(iii)(iv)(v)	c/o Carlos Salazar, 2333 Oriente, Col. Obrera, Monterrey, Nuevo Leon, 64010, Mexico
AYMEC de Mexico S.A. de C.V.	100 (xiii)(xiv)	453 Planta Alta Del Valle, San Pedro Garza Garcia, Nuevo Leon 66220, Mexico
Exergy Engineering Services, S.A. de C.V.	100	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico
Exergy Engineering, S.A. de C.V.	100	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico
Foster Wheeler Constructors de Mexico S. de R.L. de C.V.	100	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico
Global Mining Projects and Engineering, S.A. de C.V.	100	Calle Coronado 124, Zona centro, Chihuahua, Chihuahua, 31000, Mexico
MACTEC Mexico S.A. de C.V.	100	Sanchez-Mejorada, Velasco y Ribe, Paseo de la Reforma 450, Lomas de Chapultepec, 11000 Mexico
Mongolia		
AMEC LLC	100	Suite 403, 4th Floor New Century Plaza, Chinggis Avenue, Sukhbaatar District, Ulaanbaatar, Mongolia
Mozambique		
Amec Foster Wheeler Mozambique Limitada	100 (xvii)	Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique
Netherlands		
AMEC GRD SA B.V.	100	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
AMEC Holland B.V.	100	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
AMEC International Investments B.V.	100	Meander 251, Arnhem, 6825 MC, Netherlands
AMEC Investments B.V.	100	Prins Bernhardplein 200, 1097 JB, Amsterdam, Netherlands
Foster Wheeler Continental B.V.	100	Naritaweg 165, 1043 BW Amsterdam, Netherlands
Foster Wheeler Europe B.V.	100	Naritaweg 165, 1043 BW Amsterdam, Netherlands
FW Energie B.V.	100	Naritaweg 165, 1043 BW Amsterdam, Netherlands
FW Europe B.V.	100	Naritaweg 165, 1043 BW Amsterdam, Netherlands
PI Group B.V.	100	Parallelweg 124 - 05, Beverwijk, 1948 NN, Netherlands
PI TMC B.V.	100	Parallelweg 124 - 05, Beverwijk, 1948 NN, Netherlands
New Zealand		
AMEC New Zealand Limited	100	c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand
Aquenta Consulting (NZ) Limited	100	22 Customs Street, Auckland Central, Auckland, 1010, New Zealand
Nicaragua		
MACTEC Engineering and Consulting, Sociedad Anonima (Nicaragua)(*)	98	Consortium – Taboada & Asociados, Del Hospital Militar, 1 Cuadra al Lago, Managua, Nicaragua
Nigeria		
AMEC Contractors (W/A) Limited	100	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria
AMEC King Wilkinson (Nigeria) Limited	100	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria
AMEC Offshore (Nigeria) Limited	75	18th Floor, Western House, 8/10 Broad Street, Lagos, Nigeria
Foster Wheeler (Nigeria) Limited	100	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria
Foster Wheeler Environmental Company Nigeria Limited	87	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria
Monenco Nigeria Limited	60	Ebani House (Marina side), 62 Marina, Lagos, Nigeria
Peru		
Amec Foster Wheeler (Perú) S.A.	100	Calle Las Begonias 441, Piso 8, San Isidro, Lima, 27, Peru
Philippines		
Foster Wheeler (Philippines) Corporation	100	7/F PDPC Bank Centre, Herrera St., Corner Alfaro St., Salcedo Village, Makati City, Philippines
Puerto Rico		
AMEC E&E Caribe, LLP	98	14th Floor, 250 Munoz Rivera Avenue, American International Plaza, San Juan, 00918, Puerto Rico
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	100	Ul.Chmielna 85/87, Warsaw, 00-805, Poland
Amec Foster Wheeler Energia Polska Sp. z o.o.	100	Ul.Chmielna 85/87, Warsaw, 00-805, Poland
Amec Foster Wheeler Energy Fakop Sp. z o.o.	22.7 (xiv) 50 (xv) 63.56 (xiii)	Ul. Staszica 31, Sosnowiec, 41-200, Poland
Romania		
AMEC Environment & Infrastructure SRL	100	2 Monumentului Street, 2nd Floor, Apt 6, 2nd District, Code 020689, Bucharest, Romania
Amec Foster Wheeler Nuclear RO SRL	100	Str. Grigore Alexandrescu 59, Etaj 2 (second floor), Sector 1, Bucharest, Romania
AMEC Operations S.R.L	100	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania
Russian Federation		
AMEC Eurasia Limited	100	Novy Arbat, 11 bld., 1 Moscow, Russian Federation
OOO Amec Foster Wheeler	100 (xvii)	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation
OOO Foster Wheeler Energia	100	c/o ZAO Konsu M, Sadovnicheskaya naberezhnaya, 79, Moscow, 115035, Russian Federation
Scotland		
AMEC Construction Scotland Limited [†]	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
AMEC Offshore Developments Limited [†]	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Ingen Holdings Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland

Related undertakings continued As at 31 December 2016

Name	% interest	Address
Ingen-Ideas Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
James Scott Engineering Group Limited [†]	100 (#)(i)	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
James Scott Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Performance Improvements (PI) Group Limited	100 (vii)(ix)	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Performance Improvements (PI) Limited	100 (vii)(ix)	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
PI Energy & Emissions Limited	100 (vii)(viii)	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
PI Gas Turbines Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
QED International (UK) Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Scopus Engineering Holdings Ltd	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Scopus Engineering Limited	100	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Scopus Group (Holdings) Limited	100 (vii)(viii) (ix)	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	100	One Marina Boulevard #28-00, 018989, Singapore
AMEC Global Resources Pte Limited	100 (vii)(viii) (ix)	991E Alexandra Road, #01 - 25, 119973, Singapore
AMEC Global Services Pte Ltd.	100	991E Alexandra Road, #01 - 25, 119973, Singapore
Foster Wheeler Eastern Private Limited	100	1 Marina Boulevard, #28-00, 018989, Singapore
OPE O&G Asia Pacific Pte. Ltd.	100	1 Marina Boulevard, #28-00, 018989, Singapore
Rider Hunt International (Singapore) Pte Limited	100	24 Raffles Place, #24-03 Clifford Centre, 048621, Singapore
Simons Pacific Services Pte Ltd.	100	#27-01 Millenia Tower, 1 Temasek Ave, 039192, Singapore
Slovakia		
Amec Foster Wheeler Nuclear Slovakia s.r.o.	100	Piestanska 3, Trnava, 917 01, Slovakia
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	100 (#)(viii)	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa
Amec Foster Wheeler South Africa (PTY) Limited	70 (vii)	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa
AMEC Minproc (Proprietary) Limited	100	2 Eglin Road, Sunninghill, 2157, South Africa
MDM Technical Africa (Pty) Ltd	100 (vii)	Zeelie Office Park, 381 Ontdekkers Road, Floida Park Ext 3, Roodepoort, 1709, South Africa
Mossel Bay Energy IPP (proprietary) Limited (RF)	90	Second Road, Halfway House, P. O. Box 76, Midrand 1685, South Africa
Nuclear Consultants International (Proprietary) Limited	84.9	Nr 5, 5th Ave, Melkbos Strand, Cape Town, 7441, South Africa
Spain		
Amec Foster Wheeler Energia, S.L.U.	100	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, 28232 Las Rozas, Madrid, Spain
Amec Foster Wheeler Iberia S.L.U.	100	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, 28232 Las Rozas, Madrid, Spain
Conequip, S.A.	100	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, 28232 Las Rozas, Madrid, Spain
Sweden		
Amec Foster Wheeler Energi Aktiebolag	100	Box 6071 (Lindövägen 75), Norrkoping, 600 06, Sweden
Switzerland		
A-FW International Investments GmbH	100 (xvii)	c/o Intertrust Services (Schweiz) AG, Alpenstrasse 15, 6300, Zug, Zug, Switzerland
Amec Foster Wheeler Engineering AG	100	Lohweg 6, 4054 Basel, Switzerland
Foster Wheeler Management AG	100	Rue Philippe-Plantamour 18-20, c/o Intertrust (Suisse) SA, 1201 Geneve, Switzerland
FW Financial Holdings GmbH	100	c/o BDS Consulting AG, Vordergrasse 3, Schaffhausen, 8200, Switzerland
Tanzania		
MDM Projects-Tanzania Limited	100	11th Floor, PPF Towers, Gardens Avenue / Ohio Street, Dar es Salaam, Tanzania
Thailand		
Amec Foster Wheeler Service (Thailand) Limited	100	No. 689 Bhiraj Tower at EmQuartier, 20th Floor, Sukhumvit Road, Khwaeng Klongton Nuea, Khet Wattana, Bangkok, 10110, Thailand
Foster Wheeler (Thailand) Limited	100	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand
SIE Siam Limited	100	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand
Simons International Engineering Ltd.	100	91/17 Soi Wattananivet 4, Suthisarnvinijchai Road, Khwaeng Samsennok, Khet Huaykwang, Bangkok Metropolis, Thailand
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	100	Sari Kanarya Sok. 22, Yolbulan Plaza No. 22 B Blok K 8-9-10, Kozyatagi Istanbul, 81090, Turkey
United Arab Emirates		
AMEC Growth Regions Support FZ LLC	100	41st Floor, Business Central Towers, Dubai, UAE
Attric International FZ LLE	100	Fujairah Tower, Fujairah, Creative City – Media Free Zone, UAE
QED International FZ LLC	100	Knowledge Village, Alsufouh Road, Dubai, UAE
United States		
4900 Singleton, L.P.	100	400 North St. Paul, Dallas, TX, 75201, USA
AGRA Foundations, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AGRA Holdings, Inc.	100	701 S. Carson Street, Suite 200, Carson City, NV, 89701, USA
AMEC Architectural, Inc.	100	511 Congress Street, Ste. 200, Portland, ME, 04101, USA
AMEC Civil, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC Construction Management, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC Developments, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC Earth & Environmental LLP	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA

Name	% interest	Address
AMEC Engineering and Consulting of Michigan, Inc.	100	46850 Magellan, Suite 190, Novi, MI, 48377, USA
Amec Foster Wheeler AES, Inc.	100	208, 1855, South LaSalle Street, Chicago, Cook, IL, 60604, USA
Amec Foster Wheeler Arabia Ltd.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Constructors, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler E&C Services, Inc.	100	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, USA
Amec Foster Wheeler Environment & Infrastructure, Inc.	100 (#)(xvi)	701 S. Carson Street, Suite 200, Carson City, NV, 89701, USA
Amec Foster Wheeler Industrial Power Company, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Kamtech, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Martinez, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler North America Corp.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Oil & Gas, Inc.	100 (vii) (xvi)	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, USA
Amec Foster Wheeler Power and Environmental Equipment Company, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Power Systems, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Programs, Inc.	100	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, USA
Amec Foster Wheeler USA Corporation	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Amec Foster Wheeler Ventures, Inc.	100	1200, South Pine Island Road, Plantation, FL, 33324, USA
AMEC Holdings, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC Industrial Programs, LLC	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
AMEC Massachusetts, Inc.	100	Suite 700, 155 Federal Street, Boston, MA, 02110, USA
AMEC Michigan, Inc.	100	40600 Ann Arbor Road E, Suite 201, Plymouth, MI, 48170-4675, USA
AMEC Newco LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC North Carolina, Inc.	100	225, Hillsborough Street, Raleigh, NC, 27603, USA
AMEC Oil & Gas World Services, Inc.	100	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, USA
AMEC USA HOLDCO LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC USA Holdings, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
AMEC USA Investments LLC	100 (#)(xvi)	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Barsotti's Inc.	100	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000, USA
Camden County Energy Recovery Corp.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Energia Holdings, LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Equipment Consultants, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Andes, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Asia Limited	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Avon, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Development Corporation	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Energy Corporation	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Energy Manufacturing, Inc.	100	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000, USA
Foster Wheeler Environmental Corporation	100	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, USA
Foster Wheeler Finance LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Hydrox, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Intercontinental Corporation	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler International Corporation	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Maintenance, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Operations, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Real Estate Development Corp.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Realty Services, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Santiago, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler US Power Group Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Foster Wheeler Zack, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
FWPS Specialty Products, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Graf-Wulff US Corp.	100	Perryville Corporate Park, 53 Frontage Road, Hampton, NJ, 08827-9000, USA
King Wilkinson, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
MACTEC Architectural Services, Inc.	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
MACTEC Constructors, Inc.	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
MACTEC Consulting, LLC	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
MACTEC E&C International, Inc.	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
MACTEC E&C, LLC	100	1675 Broadway, Suite 1200, Denver, CO, 80202, USA
MACTEC Environmental Consultants, Inc.	100	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
Martinez Cogen Limited Partnership	99	1105 Lakewood Parkway, Suite 300, Alpharetta, GA, 30009, USA
MASA Ventures, Inc.	100	Perryville Corporate Park, 53 Frontage Road, Hampton, NJ, 08827-9000, USA
MDIC Inc.	100	1675, 1200, Broadway, Denver, CO, 80202, USA
NexDSS, Inc.	100	2730, Suite 100, Gateway Oaks Drive, Sacramento, Sacramento, CA, 95833, USA
Operations Analysis, Inc.	100	1075 Big Shanty Rd NW, Ste. 100, Kennesaw, GA, 30144, USA
Perryville Corporate Park Condominium Association, Inc.	66.66	300 East Pine Street, Seattle, WA, 98122, USA
Process Consultants, Inc.	100	Corporation Service Company, 830 Bear Tavern Road, West Trenton, Mercer, NJ, 08628, USA
QED International LLC	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Rider Hunt International (USA) Inc.	100	1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, USA
		1999 Bryan Street, Ste. 900, Dallas, TX, 75201-3136, USA

Related undertakings continued As at 31 December 2016

Name	% interest	Address
Sehold, Inc.	100	1979 Lakeside Parkway, Suite 400, Tucker, GA, 30084, USA
Simons-Eastern Consultants, Inc.	100	1201 Peachtree Street NE, Atlanta, GA, 30361, USA
Terra Nova Technologies, Inc.	100	818 West Seventh Street, Ste. 930, Los Angeles, CA, 90017, USA
Thelco Co.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Tray, Inc.	100	Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, USA
Venezuela		
Amec Foster Wheeler Venezuela, C.A.	100	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela
Vietnam		
Amec Foster Wheeler Power Vietnam Limited Liability Company	100	Suite 706-708, Central Building, 31 Hai Ba Trung, Trang Tien Ward, Hoan Kiem District, Hanoi, Vietnam

Joint ventures

Name	% interest	Address
Angola		
Paragon Angola Engenharia e Serviços, Limitada	60	Largo do Pescador no 8, Ilha de Luanda, Luanda, Angola
Australia		
Clough AMEC Pty Ltd	50	Level 12, 58 Mounts Bay Road, Perth, 6000, Australia
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	35	88A Zardaby Avenue, Baku, Azerbaijan
Brazil		
COPEL-AMEC S/C Ltda.(*)	47.5	Rua Carneiro Lobo, No. 468, conjuntos 1301 a 1303, Centro Empresarial Champs Elysees, Curitiba, State of Parana, Brazil
Canada		
ABV Consultants Ltd.	50	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada
AMEC Black & McDonald Limited	50	11 Frazee Avenue, Dartmouth, NS, B3B 1Z4, Canada
SSBV Consultants Inc.	33.33	1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6, Canada
Teshmont Consultants Inc.	50	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada
Chile		
CEJV Ingeniería y Construcción Limitada	50	Av. Isidora Goyenechea 2800, Floor 32, Las Condes, Santiago, 7550647, Chile
Consortio AMEC CADE / PSI Consultores Limitada	50	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
Consortio Consultor Systra / Cade Idepe / Geoconsult Limitada	40	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
Consortio de Ingeniería Geoconsult Cade Idepe Limitada	50	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
Consortio de Ingeniería Systra Cade Idepe Limitada	50	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile
Consortio TNT Vial y Vives D Chile Limitada	50	Ave. Santa Maria 2810, Providencia, Santiago, Chile
Construcción e Ingeniería Chile FI Limitada	50	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile
Construcción e Ingeniería FIM Chile, Limitada	33.33	Avenida Santa Maria 2810, Comuna de Providencia, Santiago, Chile
China		
Amec Foster Wheeler Power Machinery Company Limited	52	No.1, Fuhui Road, Xinhui District, Jiangmen City, Guangdong Province, China
Foster Wheeler (Hebei) Engineering Design Co., Ltd.	49	CEFOC Information Mansion, Zhongshan West Road No. 356, Shijiazhuang, China
SZPE Amec Foster Wheeler Engineering Co., Ltd	50	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China
England & Wales		
ACM Health Solutions Limited	33.33	Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR, England
F. & N.E. Limited	50	Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, England
F. & N.E. (1990) Limited	50	Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, England
Fast Reactor Technology Limited	51	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
GENII Engineering & Technology Training Limited	20	Unit 1 Joseph Noble Road, Lillyhall Industrial Estate, Lillyhall, Workington, Cumbria, CA14 4JX, England
Nuclear Management Partners Limited	36	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Nucleus Training Limited	20	Unit 1 Joseph Noble Road, Lillyhall Industrial Estate, Lillyhall, Workington, Cumbria, CA14 4JX, England
PWR Power Projects Limited	50	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
Road Management Services (A13) Holdings Limited	25	Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR, England
Road Management Services (A13) plc	25	Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR, England
South Kensington Developments Limited	50	Portland House, Bickenhill Lane, Solihull, Birmingham, B37 7BQ, England
UK Nuclear Restoration Limited	50	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England
France		
Momentum SNC	33.33	70 Boulevard de Courcelles, 75017 Paris, France
India		
Ispec Foster Wheeler Boilers Private Limited	49	Radaur Road, Yamunanagar 135001, Haryana, India
Italy		
Centro Energia Ferrara S.r.l.	41.65	Via Andrea Doria 41/G, Roma, 00192, Italy
Centro Energia Teverola S.r.l.	41.65	Via Andrea Doria 41/G, Roma, 00192, Italy
Lomellina Energia S.r.l.	39.2	Vecchia Strada Vicinale per Vigevano, Parona, Pavia, 27020, Italy
MF Waste S.r.l.	49	Via XXV Aprile, 18, Rovato, 25038, Italy
Voreas S.r.l.	50	Via S. Caboto 15, Corsico, Milan, 20094, Italy
Korea		
AMEC Partners Korea Limited	54	KT Building 11F, 14 Yeouidaero, Youngdeungpo-gu, Seoul 07320, Korea
Incheon Bridge Co. Ltd	23	3, Incheondaegyo Expressway, Jung-gu, Incheon, Korea

Name	% interest	Address
Malaysia AMEC Larastia Sdn. Bhd.	49	No.8.03, 8th Floor, Plaza First Nationwide, 161, Jalan Tun H.S.Lee, 50000 Kuala Lumpur, Malaysia
Mexico AFWA DUBA Salina Cruz, S. de R.L. de C.V.	50	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico
Netherlands Runway Omega B.V.	50	Kosterijland 20, 3981 AJ, Bunnik, Netherlands
New Zealand Beca AMEC Limited	50	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand
Oman Amec Foster Wheeler Engineering Consultancy LLC	60	PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman
Qatar AMEC Black Cat LLC	49	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar
Saudi Arabia AMEC BKW Arabia Limited	50	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia
Amec Foster Wheeler Energy and Partners Engineering Company	50	Karawan Towers, South Block, King Faisal Road, Al-Khobar, Saudi Arabia
King Wilkinson (Saudi Arabia) Limited	50	Kanoo Airline Centre Building, King Abdul Aziz Street, PO Box 1110, Al Khobar – 31952, Saudi Arabia
Scotland Lewis Wind Power Holdings Limited	50	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland
Northern Integrated Services Limited [†]	50	Ground Floor, 15 Justice Mill Lane, Aberdeen, Scotland, AB11 6EQ
OS Marine Access UK Ltd	50	Annan House, Palmerston Road, Aberdeen, AB11 5QP, Scotland
Sigma 3 (North Sea) Limited	33.33	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland
Stornoway Wind Farm Limited	50	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland
Uisenis Power Limited	50	EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland
Singapore AFWDEC Engineering and Construction Pte. Ltd.	50	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore
Clough AMEC SEA Pte Ltd.	50	991E Alexandra Road, #01-25, 119973, Singapore
Spain Isolux Monenco Medio Ambiente S.A.	49	Calle Juan Bravo, 3-C, Madrid, 28006, Spain
United Arab Emirates Foster Wheeler Kentz Energy Services DMCC	50	PO Box 26593, Unit 3601, Tiffany Tower, Cluster W, Jumeirah Lakes Towers, Dubai, UAE
Foster Wheeler Kentz Oil & Gas Services DMCC	50	Unit No: 2H-05-230 Jewellery & Gplex 2, Plot No: DMCC-PH2-J&Gplex Jewellery & Gplex, Dubai, UAE
United States AMEC – Merrick Joint Venture, LLC	60	Suite 100, 780 Vista Blvd., Sparks, NV, 89434, USA
AMEC – SAI Joint Venture, LLC	50	701 S. Carson Street, Suite 200, Carson City, NV, 89701, USA
Boldt AMEC LLC	40	2525 North Roemer Road, Appleton, WI, 54912, USA
Core Tech - Amec Foster Wheeler, LLC	50	Suite 180, 751 Arbor Way, Blue Bell, PA, 19422-1951, USA
FluorAMEC, LLC	49	2711 Centerville Rd., Suite 400, Wilmington, New Castle, DE, 19808, USA
FLUOR AMEC II, LLC	45	100 Fluor Daniel Drive, Greenville, SC, 29607-2770, USA
Nan - Amec Foster Wheeler, LLC	50	98-1238 Kaahumanu St., Suite 400, Pearl City, HI, 96782, USA
NorthEast Power Alliance, LLC	47	874 Walker Road, Suite C, Dover, Kent, DE, 19904, USA
Venezuela OTEPI Foster Wheeler, S.A.	50	Zona Rental Universidad Metropolitana, Edificio Otepi, Terrazas del Avila, Caracas 1070, Edo Miranda, Venezuela

Associates

Name	% interest	Address
Canada Teshmont Consultants LP	30	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada
Teshmont GP Inc.	30	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada
Iran Foster Wheeler Adibi Engineering	45 (viii)	9th Floor Aluminumm Building, Avenue Shah, Tehran, Iran
Oman AMEC Al Turki LLC	35	c/o Al Alawi, Mansoor Jamal & Co., Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman

Notes

(i)	Cumulative Preference	(viii)	Class of B	(xv)	Group III
(ii)	Class I Series A	(ix)	Class of C	(xvi)	Preference
(iii)	Class I Series B	(x)	Class of D	(xvii)	Quotas
(iv)	Class II Series A1	(xi)	Class of E	(xviii)	Redeemable Preference/Redeemable
(v)	Class II Series B1	(xii)	Class of Z	(#)	Ordinary shares exist (in addition to other share classes)
(vi)	Class A, B, C, D, E, F, G Redeemable Preference shares	(xiii)	Group I	†	Directly held by Amec Foster Wheeler plc
(vii)	Class of A	(xiv)	Group II	(*)	In liquidation

Five-year record (unaudited)

Consolidated income statement data

£m unless stated	Year ended 31 December				
	2016	2015	2014	2013	Restated ¹ 2012
Continuing operations					
Revenue	5,440	5,455	3,993	3,974	4,088
Adjusted profit before tax ²	254	334	317	332	327
Exceptional items	(133)	(121)	(98)	(25)	(24)
Amortisation and impairment	(655)	(444)	(49)	(47)	(44)
Net asbestos-related income/(expense)	(4)	6	(9)	–	–
Share of tax of joint ventures	(4)	(10)	(6)	(5)	(5)
Profit before tax	(542)	(235)	155	255	254
Income tax	16	(18)	(49)	(69)	(47)
(Loss)/profit from continuing operations	(526)	(253)	106	186	207
Profit/(loss) from discontinued operations	12	(4)	(27)	(8)	2
(Loss)/profit for the year	(514)	(257)	79	178	209
(Loss)/earnings per ordinary share					
Continuing operations:					
– Basic	(138.9)p	(66.1)p	36.1p	63.8p	65.2p
– Adjusted diluted ³	50.4p	67.7p	79.5p	87.2p	78.6p
Total operations:					
– Basic	(135.6)p	(67.2)p	27.2p	61.1p	65.8p
– Diluted	(135.6)p	(67.2)p	26.5p	59.8p	64.6p
Dividends per ordinary share	7.4p	29.0p	43.3p	42.0p	36.5p
Dividend cover ⁴	6.8x	2.3x	1.8x	2.1x	2.2x

Consolidated balance sheet data

£m unless stated	As at 31 December				
	2016	2015	Restated ¹ 2014	2013	2012
Total assets					
Goodwill and other intangible assets	2,675	3,025	3,443	907	969
Other non-current assets	432	675	599	253	245
Current assets	2,164	1,872	2,023	1,224	1,304
Total assets	5,271	5,572	6,065	2,384	2,518
Total equity					
Current liabilities	(1,878)	(2,261)	(2,292)	(1,004)	(1,151)
Non-current liabilities	(2,368)	(1,703)	(1,777)	(256)	(284)
Net assets	1,025	1,608	1,996	1,124	1,083
Share capital	197	197	194	152	154
Other reserves	817	1,402	1,780	970	925
Equity attributable to holders of the parent	1,014	1,599	1,974	1,122	1,079
Non-controlling interests	11	9	22	2	4
Total equity	1,025	1,608	1,996	1,124	1,083
Number of ordinary shares in issue (millions)	393	393	389	304	308
Net working capital	(118)	(77)	(75)	99	54
Net (debt)/cash	(1,021)	(946)	(803)	121	99

1 The selected financial data set out above has been extracted from the consolidated financial statements for the relevant year prepared in accordance with IFRS except that the income statement data for 2012 has been restated to reflect the reclassification in 2013 of the UK conventional power business as a discontinued operation and the adoption of IAS 19 (Revised 2011) 'Employee Benefits'. The 2014 balance sheet was restated following the completion of the fair value assessment on the carrying amounts of assets and liabilities recognised on the acquisition of Foster Wheeler.

2 Adjusted profit before tax represents profit before tax before exceptional items, the amortisation and impairment of intangible assets and assets held for sale, asbestos-related costs and interest expense (net of insurance recoveries), and the Group's share of tax on the results of joint ventures.

3 Adjusted diluted earnings per share represents profit for the year from continuing operations before exceptional items, the amortisation and impairment of intangible assets, asbestos-related costs and interest expense (net of insurance recoveries), and the tax effect of those items, divided by the diluted number of ordinary shares.

4 Dividend cover represents the dividend per ordinary share as a multiple of adjusted diluted earnings per share from continuing operations.

Glossary

ADSs	American Depository Shares, evidenced by ADRs, the form in which the Company's ordinary shares are traded on the NYSE	Euro or €	the common currency used in the majority of the member countries of the EU
ADRs	American Depository Receipts, issued in respect of ordinary shares deposited with State Street Bank & Trust Company, as custodian for the Depositary	the FCA	the UK Financial Conduct Authority
AGM	Annual General Meeting of the Company's shareholders	Foster Wheeler	used for convenience to refer to Foster Wheeler AG and its subsidiaries, unless the context requires otherwise
AMEC	used for convenience to refer to the Company and its subsidiaries prior to the acquisition of Foster Wheeler, unless the context requires otherwise	the FRC	the UK Financial Reporting Council
Amec Foster Wheeler	used for convenience to refer to the Company and its subsidiaries, unless the context requires otherwise	GPG	the Global Power Group, one of the Group's business units
the Articles	the Company's Articles of Association, which set out the Company's constitution	the Group	the Company and its subsidiaries
Basis point	one hundredth of one percentage point	HMRC	Her Majesty's Revenue & Customs, the UK taxation authority
the board	the collective term for the executive and non-executive directors of the Company	HVEC	High Value Execution Centre
CEO	Chief Executive Officer	the IASB	the International Accounting Standards Board
CFO	Chief Financial Officer	IFRS	International Financial Reporting Standards, comprising accounting standards issued by the IASB
the Code	the UK Corporate Governance Code issued by the FRC (formerly the Combined Code)	the IRC	the US Internal Revenue Code of 1986, as amended
the Companies Act 2006	the Companies Act 2006 UK, as amended from time to time	the IRS	the Internal Revenue Service, the US taxation authority
the Company	Amec Foster Wheeler plc, formerly AMEC plc	John Wood Group	John Wood Group PLC
the Depositary	Deutsche Bank Trust Company Americas, the Depositary for the Company's ADR programme	LIBOR	London Interbank Offered Rate, a benchmark interest rate for instruments of the specified currency and maturity
Downstream	the refining or processing of crude oil into finished fuel products	NASDAQ	the National Association of Securities Dealers Automated Quotations
the DRIP	the Dividend Re-Investment Plan operated by the Company	the NYSE	the New York Stock Exchange
the DTRs	the Disclosure & Transparency Rules of the UKLA	a PFIC	a Passive Foreign Investment Company for US federal income tax purposes
E&C	Engineering & Construction	Pound sterling, £, pence or p	the currency of the UK
E&I	Environment & Infrastructure	SDRT	Stamp Duty Reserve Tax
EPC	Engineering, Procurement & Construction (conducted on a fixed price basis)	the SEC	the US Securities and Exchange Commission
EPCM	Engineering, Procurement & Construction Management (conducted on a cost-reimbursable basis)	SOX	the US Sarbanes-Oxley Act of 2002
the EU	the European Union	UK	the United Kingdom of Great Britain and Northern Ireland
		UK GAAP	accounting practice generally accepted in the UK
		UKLA	UK Listing Authority
		Upstream	the exploration, production and transportation of oil and gas
		US	the United States of America
		US dollars, US \$, cents or c	the currency of the US
		US GAAP	accounting principles generally accepted in the US

Forward-looking statements

This annual report contains a number of 'forward-looking statements' with respect to the Group's financial condition, results of operations and certain of the Group's plans and objectives.

In particular, such forward-looking statements include statements with respect to:

- ▶ our expectations regarding the Group's financial and operating performance, including statements contained within the strategic report on pages 1 to 45 of this document, including the Outlook statement on page 45, and the performance of joint ventures and newly-acquired businesses
- ▶ intentions and expectations regarding the contracts entered into by the Group or by third parties, including new services, such as the supply of consultancy, engineering and project management services
- ▶ expectations regarding the global economy and the Group's operating environment, including future market conditions and trends
- ▶ revenue and growth expected from Amec Foster Wheeler's business and its expectations with respect to long-term shareholder value growth
- ▶ our ability to acquire new contracts, expected growth prospects and growth in our customer base generally

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets' or similar expressions. By their nature, forward-looking statements are inherently predictive, speculative and involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results, performance and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- ▶ macro-economic developments in the markets and jurisdictions in which the Group operates, including fluctuations in exchange rates
- ▶ changes in the prices of commodities and other materials which may impact demand for the Group's services
- ▶ the Group's exposure to the risks associated with operating in developing markets
- ▶ the ability to win new contracts

- ▶ the failure to meet customer expectations on project delivery, which could result in damage to reputation and/or loss of repeat business and potentially lead to litigation
- ▶ lump-sum contracts, which are subject to the risks associated with unanticipated modifications, technical problems and delays
- ▶ the successful execution of the Group's new strategy and implementation of its new organisational model
- ▶ the inability to divest non-core businesses and assets in line with the Group's disposal programme
- ▶ the loss of senior management or difficulty in attracting and retaining appropriately skilled personnel
- ▶ the failure to comply with health, safety and environmental laws
- ▶ the failure or security breaches of its information technology systems and/or data security

A review of the reasons why actual results, performance and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under the heading 'Risk factors' on pages 177 to 187 of this document. Accordingly, readers should not place undue reliance on forward-looking statements.

Any forward-looking statements in this annual report speak only as at the date of this annual report and both these and subsequent written or oral forward-looking statements attributable to the Group or any persons acting on its behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised and actual events or results may be materially different. Subject to compliance with applicable law and regulations, the Company does not intend to update these forward-looking statements and does not undertake any obligation to do so.



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Amec Foster Wheeler plc
Annual report and accounts 2016



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