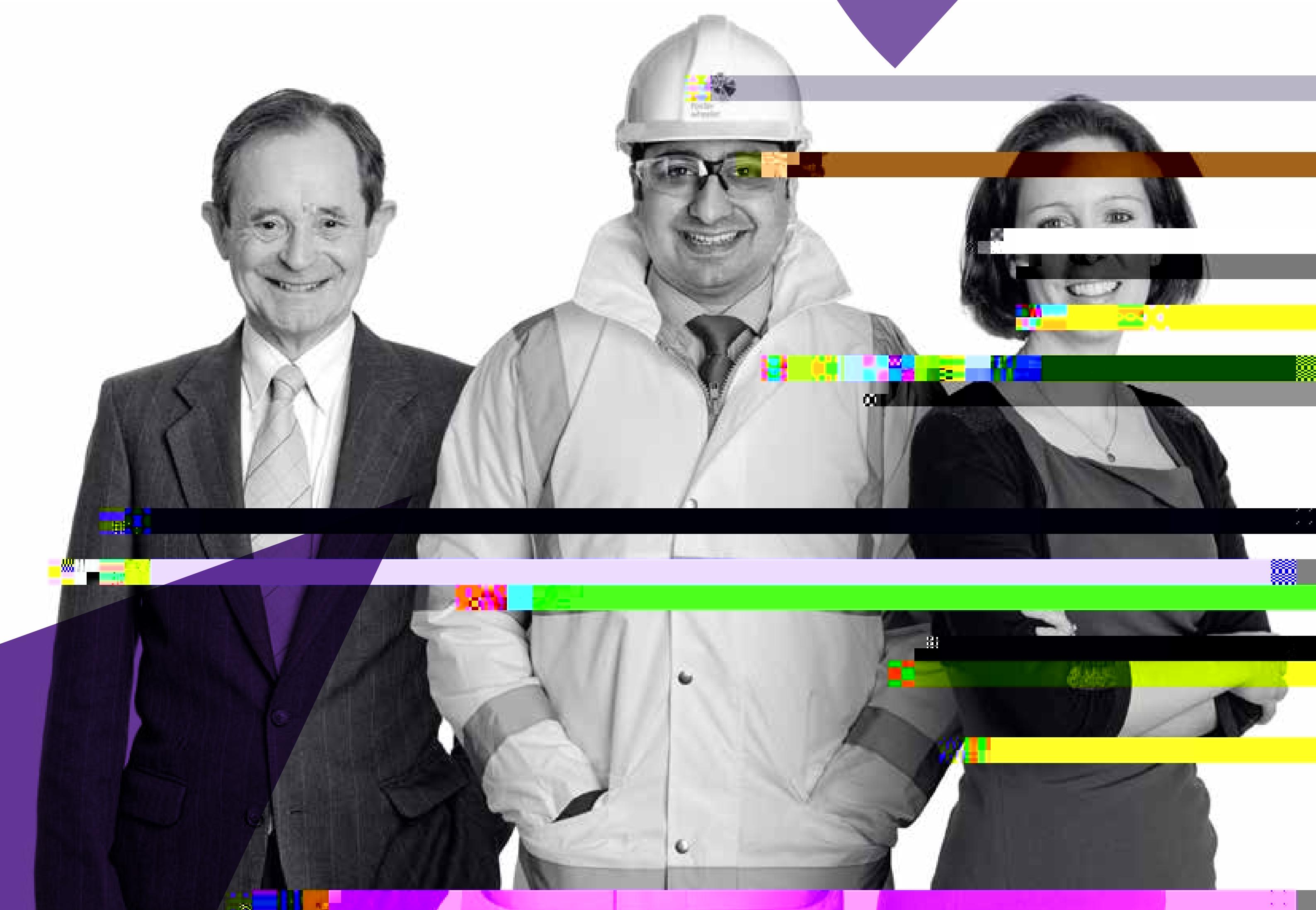
# Amec Foster Wheeler plc
Annual report and accounts 2014

Connected excellence



# Welcome to Amec Foster Wheeler

Amec Foster Wheeler's vision is to be the most trusted partner for our customers by consistently delivering excellence – bringing together the knowledge, expertise and skills of our people from across our global network.

# Performance highlights

2014 was a year of resilient delivery for us, both financially and operationally – despite the challenging backdrop of difficult markets, reducing capex and falling commodity prices.

1 Continuing operations.

2

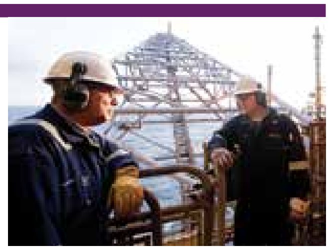
## Key performance indicators

We use a variety of other key performance indicators to track our progress towards our goals. These relate to the elements of our business model and can be found in the strategic report on pages 14 and 15.

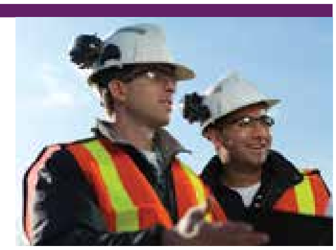
Adjusted performance measures used by the Group are explained and reconciled to the equivalent IFRS measures in the section entitled Performance measures on pages 169 to 172.

## Our sectors

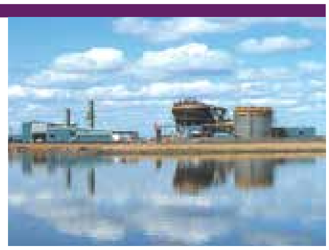
### Upstream
Delivering challenging and complex upstream oil and gas projects



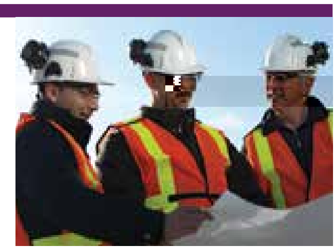
### Midstream
Providing transportation for the midstream oil and gas industry



### Downstream
Pre-eminent provider of services to the oil and gas industry



### Mining & Metals
Expertise and delivery from concept to closure



### Nuclear
Expertise spanning the entire lifecycle of complex nuclear assets

### Renewables / Bioprocess
A century of experience supporting today's renewable energy

### Power
Shaping the future of clean energy

### Transmission & Distribution
Innovative and high value added solutions

### Water
Global expertise in every aspect of water, from source to ocean

### Government
Comprehensive engineering services and solutions

### Industrial / Pharmaceutical
Offering a whole world of technical expertise

### Transportation & Infrastructure
Innovative solutions for complex transportation needs

Since the year-end we have announced other board changes. In February Kent Masters joined the board. Kent was the CEO and a board director of Foster Wheeler. In February we also announced that Simon Thompson will step down from the board at the upcoming annual general meeting after serving six years as a director of the Company. Simon also holds the

# Chief Executive's statement

This annual report reflects on 2014 – a year in which the fourth quarter saw everything change. We completed the acquisition of Foster Wheeler, created a new operating model for our business – designed for the future – and we created a new organisation with a clear vision, a strong identity and a culture hungry for success.

Our vision is clear. We want to be the most trusted partner for our customers by consistently delivering excellence – bringing together the knowledge, expertise and skills of our people from across our network.

Whilst I will cover the recent performance of the business, much of my statement will look forward as we seek to create sustainable, stable growth and to deliver the potential which I believe we have at Amec Foster Wheeler.

**2014 results**

2014 was a year of resilient delivery for us, both financially and operationally – despite the challenging backdrop of economic uncertainty, reducing capex and falling commodity prices. We have delivered a Trading Profit[1] of £321m, on flat revenues of £3,993m, and we have delivered our 19th year of dividend growth.

Our cash conversion rate[1] was 88% and adjusted earnings per share[1] of 79.5p. Ian McHoul, our Chief Financial Officer, discusses our financial performance in more depth on page 30.

**Our will to win**

Ahead of the deal closing we were able to prepare for b0(s ulo)10(si scc)10(a

**Strong cash conversion, demonstrating our continuing financial discipline.**

We are also not compromising on safety. This remains our paramount focus and we have again run a company-wide Safety First campaign at the start of the year.

An illustration of our dedication here can be seen in the work we are doing for a new rubber plant on Jurong Island, Singapore. This complex project, the largest of its kind in the world, involves

## Outlook

Commodity price falls are impacting both our Oil & Gas and Mining businesses. We have seen price decreases of up to 60% impact several of our projects and customers adjust their capital expenditure, even deferring some projects.

Current economic conditions are undoubtedly challenging and an unclear pricing outlook implies further difficult times ahead in some of our key markets. However, I believe that the winners in our industry will be those who add value to their clients, in good times and in bad. Despite being a new company, Amec Foster Wheeler's heritage goes back over 150 years and our customer service model has been built to operate through such fluctuations.

Undoubtedly customers will seek reduced engineering project costs and refined proposals; we have to continue to engage with our customers to satisfy these needs. We will need to provide greater simplicity in our innovative solutions and focus on more standardised delivery alongside specific bespoke offerings to ensure projects are sanctioned by our customers.

We understand the challenges, we have reinvented ourselves and we are ready and capable of proposing such solutions, to partner with our customers and make money despite the economic pressures.

And my aim is for Amec Foster Wheeler to emerge from the current economic situation stronger than our industry peers, with a business that is based on a more cost-effective, stable and sustainable growth platform, as the partner of choice for our customers.

**Samir Brikho**

Chief Executive
26 March 2015

**I believe that the winners in our industry will be those who add value to their clients, in good times and in bad.**

The Samcheok green power project marks a significant development in clean coal power.

After a comprehensive study and evaluation of the technology options, Korean Southern Power chose us due to our advanced technology experience, coupled with our capability and track record to deliver a large-scale quality product.

**By 2016, four of our 550 megawatt CFB boilers will produce 2,100 megawatts of electricity from coal, biomass and recycled materials, setting a new standard for clean, large-scale power generation.**

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excellence

# through engineering innovations

# Our business model

We convert the talents of our people and their customer relationships into a low-risk, cash-generative business.

To succeed we need to deliver excellence to our customers.

**What this means**

**People are our principal asset**
Read more on page 16

Our employees are clever people. Their skills are a scarce resource.

Our highly skilled engineers, project managers, consultants and scientists deliver for our customers, creating long-term customer relationships and a strong reputation for excellence.

**We are customer focused**
Read more on page 17

We have a wide range of customers around the world.

They include some of the largest international oil companies such as ExxonMobil and BP, chemical companies such as Dow, miners such as Rio Tinto, utility companies such as EDF and government bodies such as US DoD.

**Customers rely on our services and solutions**
Read more on page 18

We provide high-value services – consulting, engineering, project and construction management, and supply chain management.

These skills are critical to the successful development and operation of our customers' assets – right across their lifecycle.

We have a particularly strong reputation for delivering engineering solutions for complex projects.

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**Managing the challenges**

Our future success relies on attracting, developing and retaining the best people.

We need to be flexible, using our skills on those projects which bring greatest advantage.

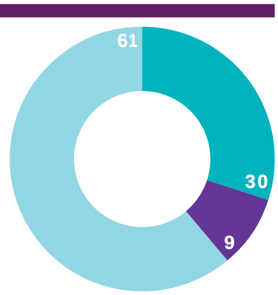
# We are customer focused

## We have a wide range of customers and work for some of the world’s largest corporations and government bodies, designing and maintaining critical assets. Our customers expect us to deliver excellence every day. We are very proud of the high proportion of repeat business we generate.

Our customers include some of the largest international oil companies such as ExxonMobil and BP, chemical companies such as Dow, miners such as Rio Tinto, utility companies such as EDF, and government bodies, such as the US Department of Defense.

Our top 10 customers accounted for approximately 30% of revenue.

**Diversified customer base**
%
Top 10
11-20
Others




### Strategic customer management

Developing long term and worldwide relationships with key customers is a priority.

With additional service offerings and new customers across a broader geographic footprint, there are much greater opportunities to cross-sell and a strategic approach to managing our customer relationships is no longer a nice-to-have – it is a necessity. We now have three tiers of customer relationship: global, regional and local.

Global accounts will be managed centrally by the business development team. We expect to expand this over the coming years.

By utilising strategic account management and global accounts, we are ‘upping our game’ to expand and deepen our relationships with our most significant customers.

Our goal is to get closer to our customers and be their trusted partner. Regional and local account management will remain an important component.

### Achievements in 2014

We are pleased that in the first few weeks after the merger was completed, several contracts with customers highlighted the benefits of our new approach.

In November we were awarded a front-end engineering contract with Alacer on the Çöpler Gold Mine project in Turkey, combining the gold-processing expertise of the AMEC team in North America and Foster Wheeler’s highly regarded Turkish operation.

And earlier this year we had more success with new combinations of heritage expertise, winning a feasibility study in Chile that combined Power & Process Americas, our Milan team and the ports experts in our E&I team.

### Priorities for 2015

The development of long term and worldwide customer relationships will continue to be our key priority.

Integrating the former AMEC and Foster Wheeler relationships will provide us with significant new opportunities, particularly in the mid- and downstream Oil & Gas market.

For example, we will be able to offer enhanced project delivery to the combined upstream and downstream customer across new-build and brownfield projects. We will be offering environmental services to former Foster Wheeler customers for the first time too.

We are also planning to expand the geographic reach of our services, for instance by offering brownfield services in countries where AMEC did not have a major presence, and where Foster Wheeler did not serve the upstream market.

### Working through the lifecycle

We provide high value services across the life-cycle of our customers' assets and the range of services we are able to provide is similar in each of our four markets.

Many of our services are provided through long-term contracts,

In each market or sector, the range of services provided to our customers is similar.

We are experts in designing, delivering and maintaining strategic and complex assets, offering total life of asset support from feasibility planning right through to decommissioning.

Our diversified service offering partially offsets the cyclical nature of our customers' capital expenditure plans, and reduces our dependence on any one part of the energy mix.

### Core services

Our core services include: engineering, project management, construction and construction management, hook-up and commissioning, decommissioning, and related consultancy work.

We have a reputation for delivering engineering solutions for complex projects and operating in remote and harsh locations.

Our Clean Energy offering also now includes Circulating Fluidised Bed (CFB) and heat recovery steam generators, condensers and emission control equipment for improved environmental performance.

**Revenue by contract style**

%

- Reimbursable
- Fixed price
- Technology

We have a flexible and low-risk business model; the majority of our contracts are on a cost-plus basis.

When we agree fixed-price work we take the time to get to know the customer and the project first.

By using common systems we can deliver work consistently and share work across offices and time zones.

As a result, our business is more flexible and sustainable, and our financial performance less volatile than others.

In the majority of our contracts, our customers reimburse us for our people's time and any materials we consume. We often arrange to get additional payments if we achieve pre-agreed performance measures.

In selected circumstances we take on fixed-price work. Typically, we will do this where we know the customer and the project well.

Where this is not possible, we may look to partner with others to gain access to projects which would otherwise be unavailable to us.

Each year we do work on numerous contracts – some of which are multi-year – this, together with the breadth of our market and customer exposure, reduces the impact of lower levels of activity in any one area of our business.

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The Global Power Group has a different business model to our engineering and project management business.

In addition to engineering and project delivery, it includes fabrication in its typical scope of activities.

### Enhanced risk management

This plays a vital role in ensuring that we win projects with the greatest possible opportunity for success: maximising the value we get for 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, joint venture/partner risks; as well as a full range of governance issues, such as human rights, safety and environmental risks.

### Achievements in 2014

Our order book grew from £4.1bn to £6.3bn during the year. On a like-for-like basis it was flat.

We completed our fixed-price detailed design and engineering services for Roy Hill's iron ore processing plant and bulk ore handling facdlity at the Port Landside works for Samsung C&T – the EPC contractor on the project.

We transferred key staff from the upstream project team in Houston to work in the downstream propane dehydrogenation project for Enterprise in Texas.

### Priorities for 2015

Despite some tough market conditions, we want to win new contracts which will maintain our low-risk and flexible business model.

We will continue to increase collaboration across the group – between teams from different sectors and countries, as well as substantially increasing the share of work carried out through multi-office delivery.

# Principal risks and uncertainties

Amec Foster Wheeler operates in more than 50 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 eective risk management and risk transfer practices.

## Risk management process

The acquisition of Foster Wheeler was completed in the fourth quarter of 2014 and we are currently reviewing the control framework and integrating the risk and control systems with those of the wider group.

A mandatory procedure detailing the risk management process is 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.

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.

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## Principal business and strategic risks

The table below shows Amec Foster Wheeler's principal business and strategic risks. Each is specific to the Group 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 Group are shown on pages 134 to 139 – note 19 Capital and financial risk management.

| Risk | Mitigation |
|---|---|
| **Geopolitical and economic conditions**<br>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.<br><br>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 change 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.<br><br>Continuing and escalating unrest in the Middle East may have a negative impact on existing and future opportunities in the region. | Amec Foster Wheeler seeks to maintain a balanced geographic presence and, through acquisitions and organic growth, will continue |

# Principal risks and uncertainties continued

| Risk | Mitigation |
|---|---|
| **Lump sum contracts**<br>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. | 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 contract review process. In addition, the Project Delivery function referred to in the project delivery risk above will perform reviews, provide assurance and drive project execution. |
| **Staff recruitment and retention**<br>An inability to attract and retain sufficient high-calibre employees could become a barrier to the continued success and growth of Amec Fost0(s9(ert)4(aintie)10(s c)9(ontinued)]TJEWhe s)utho0(a.9(ee)10.1(8S0 8.9(oSr)29(ni.1(durag29(eiCS0 cde)4(ainr)9(c | |

| Risk | Mitigation |
| --- | --- |
| **Ethical breach**<br>A substantive ethical breach and/or non-compliance with laws or regulations could potentially lead to damage to Amec Foster Wheeler's reputation, fines, litigation and claims for compensation.<br><br>This risk is heightened as we transition from two Codes of Business Conduct and two systems for raising ethical concerns to a single Code of Business Conduct and a single system for raising ethical concerns for the combined group. Confusion could arise amongst employees and give rise to an increased risk of substantive non-compliance with the Codes of Business Conduct. In addition personnel could engage in activities which could be in substantive breach of laws and regulations. | Amec Foster Wheeler has a number of measures in place in the two legacy businesses to mitigate the risk of a substantive ethical breach and/or non-compliance with laws or regulations, including:<br>- embedded policies and procedures;<br>- Codes of Business Conduct;<br>- segregation of duties;<br>- management oversight;<br>- financial and operational controls;<br>- independent whistle-blowing mechanism;<br>- appointment of ethics and compliance officers;<br>- anti-fraud and other internal audits;<br>- legal team advice;<br>- ethics training programme; and<br>- oversight by the ethics committee of the board (now the HSSEE committee – see page 57).<br><br>Work is underway to establish a single combined Code of Business Conduct, revised global mandatory policies and procedures and provide further appropriate training in 2015. |
| **Pensions**<br>Amec Foster Wheeler operates a number of defined benefits pension schemes, where careful judgement is required in determining the assumptions for future salary and pension increases, discount rate, inflation, investment returns and member longevity. There is a risk of underestimating this liability. | This risk to Amec Foster Wheeler's pension schemes is mitigated by:<br>- maintaining a relatively strong funding position over time;<br>- taking advice from independent qualified actuaries and other professional advisers;<br>- agreeing appropriate investment policies with the trustees; and<br>- close monitoring of changes in the funding position, with reparatory action agreed with the trustees in the event that a sustained deficit emerges.<br><br>See note 14 on page 126 for further details on our pension schemes. |
| **Legacy risks**<br>Litigation and business claims from divested and non-core businesses remain a risk to Amec Foster Wheeler.<br><br>Managing non-core legacy assets until divestment may require skills that are not common to the rest of the Company.<br><br>Ground contaminants remain at some former Amec Foster Wheeler operational localities where the pollutant may have been as a result of the Company's operations, or the Company is responsible for its clean-up. There is a risk that pollution may result in a risk to human health or the environment. There is potential for civil and/or criminal action against the Company for such pollutants. | 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.<br><br>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.<br><br>In the case of any historical 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. |
| **Asbestos liability**<br>The legacy Foster Wheeler business is exposed to significant numbers of claims relating to alleged exposure to asbestos. The quantum of these claims is actuarially forecast each year and provisions are held against these loss projections. However there is a risk that these loss projections will be exceeded and the provisions could be inadequate to meet thei<br>e of anorecast each | |

## Sustainable development is shaping our business every day. It is at the heart of our values.

### Greenhouse gas emissions

| Year ended 30 September | **2014 $CO_2e$ emissions in tonnes** | 2013 $CO_2e$ emissions in tonnes |
|---|---|---|
| Combustion of fuel and operation of facilities | **24,126** | 28,863 |
| Electricity, heat, steam and cooling purchased for own use | **34,397** | 32,226 |
| Per employee | **2.16** | 2.13 |
| Per £1m revenue* | **15.74** | 15.37 |

*Based on AMEC revenue only for 2014.

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 di cult to access. By reducing reliance on estimation, a more accurate footprint can be provided in a timely manner.

In our figures, we use accepted methods of calculation based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). We first adopted our operational control approach in 2001. We have used national conversion factor guidelines (e.g. Environmental Protection Agency, Environment Canada) where appropriate. We have restated our reported 2013 carbon data following the discovery that some project diesel fuel use had not been included in the figure previously stated and through improvement in company car data reporting within the Americas.

Our figures for 2013 and 2014 are based on the AMEC business, as the Amec Foster Wheeler business did not come into e ect until after the carbon reporting year had ended. It is our intention to report carbon emissions for the whole Amec Foster Wheeler business for the 2015 carbon reporting year and beyond – and launch a real-time microsite for public accountability.

*Scope 1 emissions – all direct greenhouse gas emissions from owned or controlled sources.

Scope 2 emissions – indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.

Scope 3 emissions – other indirect emissions, such as transport in vehicles not owned or controlled by the Company.

### 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.

We believe sustainable business is about integrating social, environmental and economic concerns into core values and operations in a transparent and accountable manner.

Our customers face increasing legislative and other pressures to operate in a sustainable way and we aim to support them, working with our partners and supply chain. We are working with them to provide innovative solutions to minimize resource use (water, materials, energy), consider the long-term social requirements on projects (utilising local workforce and suppliers, supporting the local communities in which we work, etc.) and ensuring the delivery of safe projects (inherent within the design, on site during delivery and onwards during the operation).

In each of these areas, we utilise our internal programmes and tools, along with our technical and scientific expertise, to ensure consistent excellence.

For us, sustainability is integrated into the very core of our business and within our decision making processes. We want to be recognised as a leader in sustainable business practice, continually validating our social license to operate by ensuring employees' behaviours and actions are in line with our values. In 2015 we will be developing and launching a new sustainability strategy for Amec Foster Wheeler which will support the business and our customers in delivering in these areas.

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Our markets are all cyclical and we are not immune to the recent falls in key commodity prices – such as oil, gas, copper and iron ore – which are all at five-year lows.

Each of our markets is expected to grow

We provide similar services in each of our markets.

We win work through strong customer relationships and our proven ability to deliver projects successfully.

Many of our services are transferable

## Clean Energy

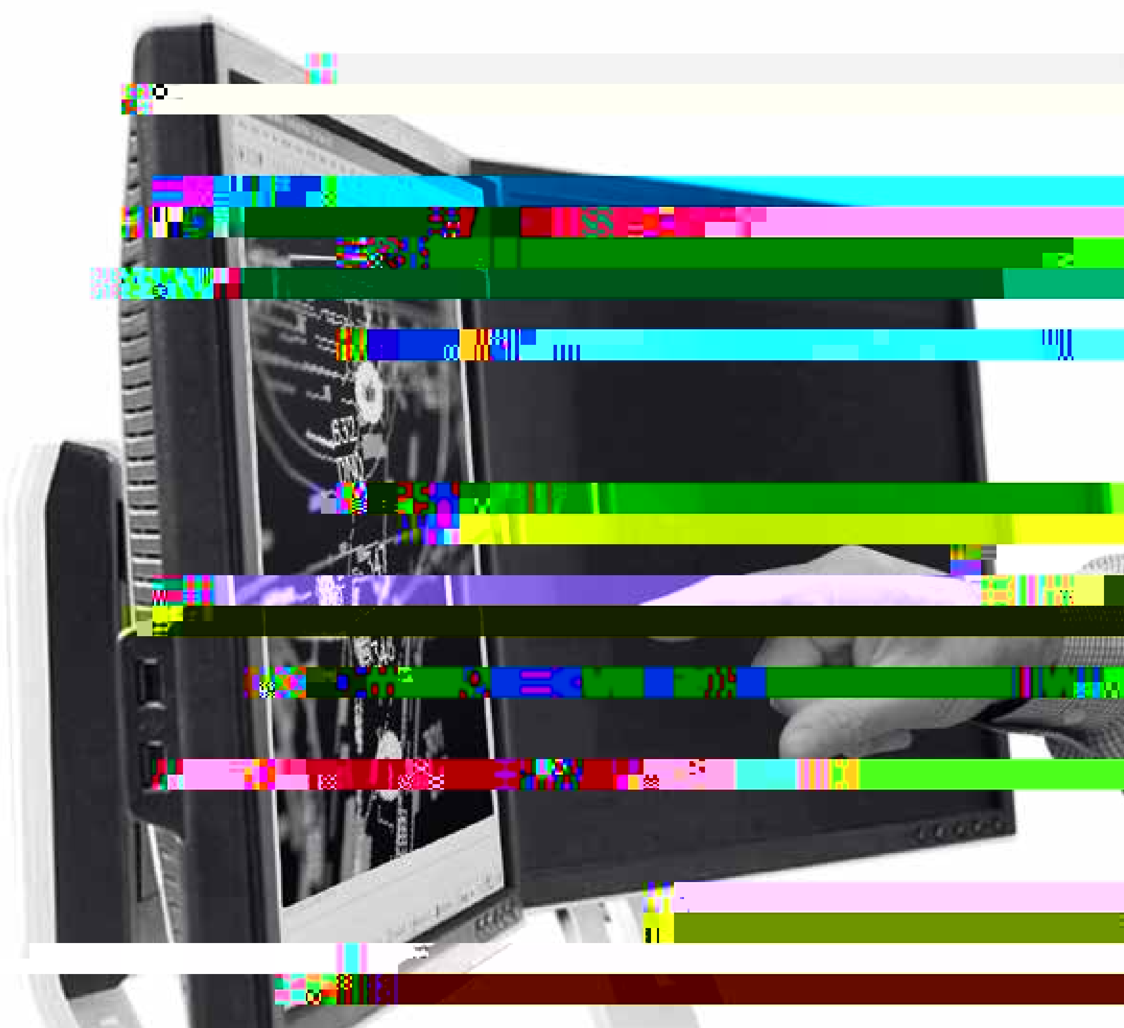
In renewables, our focus is on delivering projects for our customers, most of which are local utilities. We provide a full service engineering, procurement and construction (EPC)

Connected

excellence

# through customer insight

Previously capable of tracking approximately 23,000 basketball-sized objects in space, the new system will be capable of tracking up to 200,000 such objects.



The Space Fence Program will enhance US detection and tracking of space objects to help prevent space-based collisions.

Our customer insight will enable us to deliver facilities and infrastructure, including radar array buildings, mechanical and operations buildings, power generation plants and site work to create the largest ground-based radar of its type ever constructed.

**Ian McHoul**
Chief Financial Officer

## Reported under IFRS

| £m unless stated | 2014 | 2013 | Change |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | **3,993** | 3,974 | 0% |
| Profit before net financing expense | **148** | 243 | -39% |
| Profit before tax | **155** | 255 | -39% |
| Cash flow from operations | **200** | 292 | -32% |
| Diluted earnings per share | **35.1p** | 62.5p | -44% |
| Dividend per share | **43.3p[1]** | 42.0p | +3% |

1 Includes the proposed final dividend for 2014 of 28.5p per ordinary share.

## Adjusted measures

| £m unless stated | 2014 | 2013 | Change | Underlying change[8] |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Scope revenue[1] | **3,920** | 3,854 | +2% | +1% |
| Trading profit[2] | **321** | 343 | -6% | |
| Trading margin[3] | **8.2%** | 8.9% | -70bps | |
| Adjusted profit before tax[4] | **317** | 332 | -5% | |
| Trading cash flow[5] | **283** | 341 | -17% | |
| Cash conversion[6] | **88%** | 99% | -110ps | |
| Adjusted diluted earnings per share[7] | **79.5p** | 87.2p | -9% | |

1 Scope revenue represents reported revenue less flow-through procurement revenue.

2 Trading profit represents profit before net financing expense before the amortisation 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.

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

4 Adjusted profit before tax represents profit before tax before exceptional items, the amortisation 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.

5 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 the current service cost, legacy settlements and discontinued operations, and currency translation differences on working capital, but including dividends received from joint ventures.

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

7 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.

8 Underlying change excludes the effect of flow-through procurement, acquisitions and disposals of businesses and currency exchange rate movements.

## Basis of preparation

### Accounting policies

The Group's consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with IFRS as adopted for use in the EU and those parts of

## Trading profit and trading margin

| £m unless stated |
| --- |

### Net financing expense

Net financing expense was £5m (2013: £2m), including net bank interest payable of £7m (2013: £2m), net foreign exchange losses of £nil (2013: £1m), and net interest income on pension assets and liabilities of £2m (2013: £1m). In 2014, net financing expense also included a net expense of £1m (2013: £nil) due to the unwinding of the discount on asbestos-related liabilities (net of insurance recoveries).

A net currency exchange loss of £4m (2013: loss of £1m) was recognised in the translation reserve in respect of foreign currency borrowings and derivatives held in

## Europe

| £m unless stated | 2014 | 2013 | Change | Underlying change[1] |
|---|---|---|---|---|
| Revenue | **1,119** | 1,227 | -9% | -8% |
| Profit before net financing expense – Intangibles | **70** | 63 | | |

## Acquisitions

### Acquisition of Foster Wheeler

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 ADSs and £17m was settled by the grant of replacement share options and awards.

Management's preliminary assessment shows that the net identifiable assets of Foster Wheeler amounted to £362m at

Net (debt)/cash comprised:

Facilities A, B and C were for the purpose of financing the acquisition of Foster Wheeler, including the payment of all fees, costs and expenses associated with the acquisition and the repayment of the Group's £100m 12-month term loan that matured in April 2014. Facility D is available for general corporate purposes but may not be used for the same purposes as Facilities A, B and C. Facility D is currently utilised only for providing bank guarantees.

We extended Facility B for six months in February 2015 and intend to refinance this facility in the capital markets during 2015.

We also have a five-year £377m multi-currency revolving credit facility that matures in July 2017.

As at 31 December 2014, the Group had committed borrowing headroom of £440m (in addition to cash balances of £516m):

### Property, plant and equipment

As at 31 December 2014, property, plant and equipment amounted to £157m (2013: £39m), with the increase during the year largely due to property amounting to £84m and plant and equipment amounting to £34m acquired with Foster Wheeler and Scopus.

## Contractual obligations

As at 31 December 2014, the Group's contractual obligations were as follows:

| | | Earliest period in which payment due | | | |
|---|---|---|---|---|---|
| | Total £m | Less than one year £m | Between one and two years £m | Between two and five years £m | After more than five years £m |
| Bank and other loans | | | | | |
| – Principal | 1,267 | 706 | 5 | 545 | 11 |
| – Interest[1] | 57 | 11 | 13 | 22 | 11 |
| Derivative financial instruments[1, 2] | 19 | 15 | 2 | 2 | – |
| Finance leases | 80 | 12 | 12 | 35 | 21 |
| Operating leases | 472 | 99 | 108 | 141 | 124 |
| Post-retirement benefits[3] | 33 | 33 | – | – | – |
| Total[4] | 1,928 | 876 | 140 | 745 | 167 |

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 2014.

2 Payments on foreign currency derivatives are estimated based on market exchange rates as at 31 December 2014.

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.

## Off-balance sheet arrangements

At 31 December 2014, 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 25 to the consolidated financial statements.

## Outlook for 2015

During the remainder of 2015, we expect to see a continuation of recent trends – with growth in Clean Energy, downstream and Middle Eastern Oil & Gas markets offsetting tougher conditions elsewhere. We expect this mix of performance, together with the increased customer pricing pressure and cost saving plans, to lead to a modest reduction in like-for-like trading margins. On current market forecasts, the reversal of the currency headwinds we experienced in 2014 will add approximately £150m to the Group's scope revenue in 2015.

## Going concern

Based on internal forecasts and projections that take into account reasonably possible changes in the Group's trading performance, the directors consider that the Company and the Group have adequate financial resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Company's and the Group's financial statements.

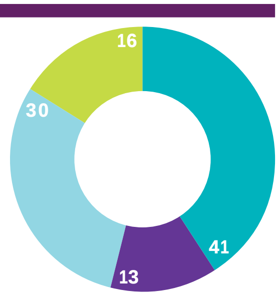
We outline on pages 21 to 23 the principal risks and uncertainties that may affect the Group's results, cash flows and financial position.

# Our business units from 1 January 2015

## Americas

The Americas is the largest business unit, with material market positions in each of our four core markets: Oil & Gas, Mining, Clean Energy, and Environment & Infrastructure.

**2014 Scope Revenue[1]**
%
- Oil & Gas
- Mining
- Clean Energy
- Environment & Infrastructure




We have around 16,000 expert employees in over 150 offices; geographically our region covers northern Canada to southern Chile and from Vancouver Island to Newfoundland.

Our experts support our customers in consulting, through the EPC project lifecycle (including engineering, procurement, project management and construction), into operations & maintenance, and remediation and reinstatement.

Key Oil & Gas projects currently underway include oil sands work for Imperial Oil, Syncrude, CNRL, Suncor and Shell among others, and the provision of consulting and project services in US shale gas. In downstream, we continue to work on the Propane Dehydrogenation project in Texas for Enterprise Products and projects for Lyondell Bassell and Dow. In Latin America we continue to build our relationship through project activity with PEMEX in Mexico and Ecopetrol in Colombia.

Mining activity in project delivery include a number of copper,

prell aently ek

## Northern Europe and CIS

Our 12,000 people focus on three key markets: Oil & Gas, Clean Energy, and Environment & Infrastructure. Our newly combined capabilities give us real opportunities to deliver new and existing services for our customers in all these markets.

## AMEA and Southern Europe

We now have enhanced capabilities and significantly increased customer reach which positions us well for growth across all of our four markets – Oil & Gas, Mining, Clean Energy, and Environment & Infrastructure.

This is a diverse region with over 9,000 employees spread across more than 40 locations.

Key projects include providing asset support for ConocoPhillips' Bayu-Undan gas facilities in East Timor Sea, operational readiness services for Chevron's Wheatstone facility offshore Australia, and onshore turnaround and maintenance support to ENI's onshore gas treatment plant and offshore unmanned wellhead platform, also in Australia. In the Middle East, we are providing support to KNPC's new oil refinery at Al Zour and KOC's major projects programme.

New projects this year in Australia include: EPCM work on Arrow's expansion of its Daandine, and front end engineering for the Surat coal seam gas projects and early stage project work with Rex Minerals at the Hillside copper project. In China we have worked on a new pipe rack project at the Zhongtian Hechuang coal to gas plant and signed a memorandum of understanding with the China National Nuclear Corporation to work with them on life extension and decommissioning.

## Global Power Group

We have world class capabilities in the design, supply and erection of boilers, auxiliary steam and air pollution control equipment, including a wide range of aftermarket products and services. Customers include utilities, independent power producers, and industrial concerns.

Our 2,600 people are spread across 11 engineering and service centres and four manufacturing facilities in eight countries. We have a record of competitively delivering projects virtually anywhere in the world.

We have world-class capabilities in the design, supply and erection of boilers, auxiliary steam and air pollution control

To be successful we need to ensure we have global reach and long-standing relationships with our customers. Today, ours span all forms of oil company

Connected

excellence

# through global capabilities

**Our scope of work includes engineering and project management services for detail design, procurement supply chain, hook-up and commissioning for topside installations and a bridge link between the two new platforms.**

## Chairman's governance overview

**E ective governance is the mainstay of all successful companies, and your board takes its responsibilities very seriously, carefully outlining its goals and agenda at the start of the year and then measuring its performance against these as the year progresses.**

Dear shareholder,
It is important that the right tone is set by the board and equally important that strong governance frameworks are applied throughout the group. This report explains how the Amec Foster Wheeler group is governed by setting out details of the work of the board over the last year and the processes adopted by the board.

It is considered best practice for boards to engage an external specialist to review their activity every three years. In 2014 we engaged Lintstock to assist us in this. We utilise their services on an annual basis and this year the board e ectiveness review was facilitated by way of a number of detailed questionnaires. In 2015 the process will be more in-depth and will also involve externally facilitated face-to-face interviews.

In 2014 your board undertook reviews of the terms of reference of the board and management committees, including the membership of each, to ensure that the most e ective use was being made of each of the non-executive directors' time. This takes into account the additional requirements following the completion of our acquisition of Foster Wheeler AG, and has included the creation of a disclosure committee (see page 76).

Such continual appraisal of the constitution of your board has resulted in more diverse discussions and expertise from which to draw and I have been pleased to welcome Stephanie Newby and Kent Masters to our ranks.

Your board has also continued its practice of formally reviewing the company's strategy on an annual basis. This not only provides appropriate context in which corporate transactions, such as that of Foster Wheeler, can be assessed and approved, but it also ensures that we bene t from the full range of skills and insight a orded us by each board member. Such assessment provides your board with a consistent and clear view of long-term value creation opportunities for our shareholders whilst closely monitoring potential areas of risk – for which we have further speci c assessment criteria. Our approach to risk management can be found on page 20 and our key business risks can be found in each relevant section of the business model, to give you a clearer, more germane perspective on them.

In my letter to you last year, I spoke about our approach to diversity and inclusion and I am pleased to report that the new operating model adopted by your company, following the inclusion of Foster Wheeler's businesses, reinforces that approach from top down and bottom up – throughout the organisation. Embracing diversity and inclusion is one of our core values, for which everyone in the company is accountable. And, rest assured, we are not merely looking at gender diversity – where we continue to support the objectives of the Davies Report on Women on Boards. For your company it is just as important to welcome diversity of thought and inclusion as natural elements of the business matrix.

Our health, safety, security, environmental and ethics (HSSEE) committee has an increasingly key role as the business continues to expand. In 2014 we expanded the remit of the ethics committee to include health, safety, security and environmental matters and the committee terms of reference were revised. We have taken the opportunity through the Foster Wheeler transaction to further assess our global policies and global mandatory procedures, ensuring that we bene t from best in class approach, which is clear for English and non-English speaking colleagues alike. They continue to be an important part of our governance framework and you can see this displayed in pictorial format on page 48.

Your company has retained its focus on investor relations and I and senior management are all engaged in meeting regularly with and talking to our major shareholders.

Having incorporated a number of suggestions made by you at last year's annual general meeting (AGM), this year's report is somewhat di erent to previous years. We now also have to adhere to the reporting requirements of the Securities and Exchange Commission 6pTnged Y.u64ufn9(viou<nan)10(y 2)49(s businemenul liugg)20(n9(n

# Our board of directors

Our board members are selected to ensure a good mix of skills and experience. They have particular expertise in the areas in which Amec Foster Wheeler operates and in the duties and responsibilities associated with being a director of a listed company.

In accordance with the recommendations of the UK Corporate Governance Code, all directors are subject to re-election at each annual general meeting of the 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 rm Deloitte. John joined the rm 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 on the Board of Governors of London Business School, 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 o ce
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 o ce was extended in March 2015 for a second three-year term to the date of the 2018 AGM.

### Samir Brikho
**Chief Executive**

Prior to joining Amec Foster Wheeler, Samir served in various capacities at ABB Ltd., including as a member of the group executive committee, Head of the Power Systems Division and Chairman of ABB Lummus Global, Switzerland, ABB's international projects and services business, from 2005 to 2006, and chief executive from 2003 to 2005. Between 1999 and 2003, he was employed by Alstom S.A. in Germany, Belgium and France, rst as Chief Executive O cer of ABB Alstom Kraftwerke and then as Senior Vice President, International Business and Chief International Operations O cer, leading all of Alstom's operations abroad. He began his career in 1983 and held various senior management positions in sales and project management with ABB Ltd, culminating in the role of Senior Vice President & Managing Director of ABB Kraftwerke AG. Samir holds an engineering degree, a Master of Science in Thermal Technology from the Royal Institute of Technology in Stockholm, Sweden, and completed the Young Managers Programme at INSEAD in France in 1991. In 2000, Samir also completed a senior executive programme at Stanford University, US.

#### Term of o ce
Samir was appointed Chief Executive on 1 October 2006 and has no xed term of o ce. His service contract is terminable on six and twelve months' notice by him and the company respectively.

#### External appointments
Samir has been an independent non-executive director of Skandinaviska Enskilda Banken AB (SEB) since March 2013 and a member of the advisory board of Stena AB since February 2011. He is a UK Business Ambassador, co-chairman of both the UAE-UK Business Council and the UK-Korea CEO Forum, and is a director of the UK–Japan 21st Century Group. He is chairman of the Step Change Charity and co-chair of the World Economic Forum's Infrastructure & Urban Development Industries Committee.

Ian McHoul
Chief Financial O cer

Ian quali ed 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

We will continue to seek to build upon and complement the board's existing skills set with a focus on increasing diversity whether this is through gender, race, nationality or general background. The review of the e ectiveness of the board in 2014 identi ed the need for additional expertise in oil and gas markets and this will be the focus of future appointments.

### Independence of non-executive directors

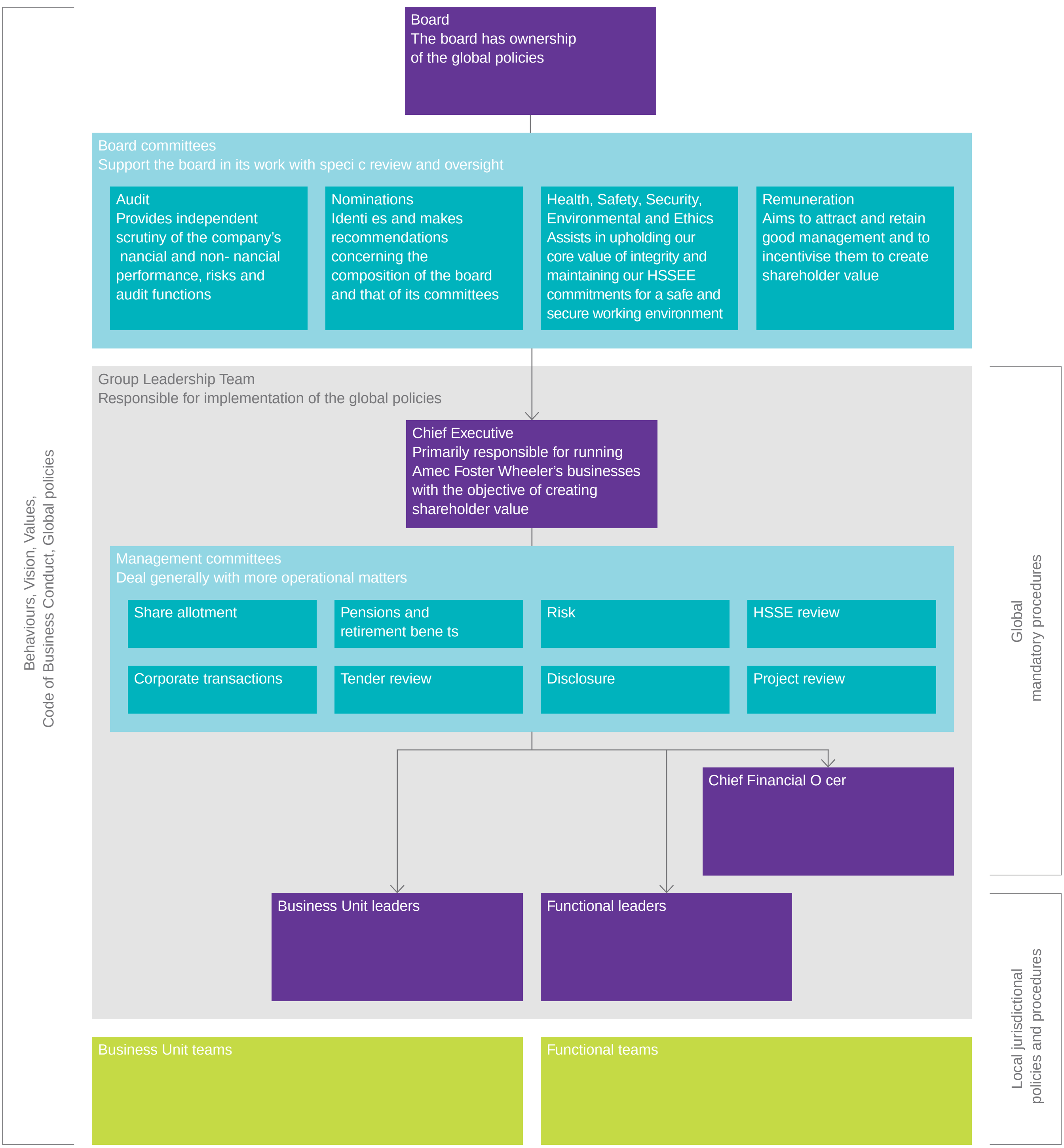
The board considers that, with the exception of Kent Masters, the non-executive directors are independent and free from any relationships or circumstances that could a ect their independent judgement.

Kent's previous employment

# Governance overview

Amec Foster Wheeler supports the UK Corporate Governance Code and, in the opinion of the directors, the company has complied with the provisions of the September 2012 edition of the Code throughout the year ended 31 December 2014. This section explains in more detail how we have applied these provisions.

Amec Foster Wheeler governance structure



## Board role and responsibilities

Amec Foster Wheeler's board is ultimately responsible for promoting the long-term success of the Company in accordance with the expectations of, and its obligations to, all stakeholders.

The directors believe that the board leads and controls the group e ectively 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.

In order to ensure it retains appropriate overall control of the group, the board maintains a schedule of matters reserved for its approval. These include:

- annual strategic and short-range plans;
- nancial and treasury policies;
- risk identi cation, risk appetite, risk management and internal control systems;
- major acquisitions and disposals;
- Code of Business Conduct;

Xfull and half-year accounts; In order to ensure it retains approprpto 0i15(s bif)29(-)129(y 438 )Tj EMC /C2_0 1 Tf -0.879 0 Td <0058>Tj /T1_0 1 Tf 8..

## The main objectives of the audit committee are to provide independent scrutiny of the company’s  nancial and non- nancial performance, the adequacy of the risk management framework and the internal controls and the performance of both the external and internal audit functions. This is of particular importance given the added responsibilities of conforming to the US SEC requirements. The wide diversity of experience and knowledge on the committee helps to achieve these objectives and constructive challenge and guidance continues to be provided to the executive team.

Dear Shareholder

The acquisition of Foster Wheeler AG in November 2014 was a celebratory moment in AMEC’s long history, as well as being a very busy time for this committee. The level of due diligence performed by the management team and their advisors was substantial, as you might expect for the size of this transaction, and also for the numerous regulatory requirements that had to be complied with here in the UK, as well as in the US and Switzerland. Your committee and board played a key role in overseeing and scrutinising this due diligence and, where necessary, requesting and receiving additional detailed information for further examination.

Of course, while the acquisition of Foster Wheeler was a busy time for all concerned, there was still the day job to be done. The committee continued to play its vital role of scrutinising the integrity and relevance of the existing group’s  nancial reporting requirements, the appropriateness of the internal control environment across numerous geographies, and the continued suitability of the group’s system of risk management, as well as overseeing the internal and external audit activities. In addition, the committee has paid particular attention to material projects and has discussed the key features, risks and opportunities these present.

In September 2014, AMEC’s management detected a fraud in one of its overseas operations. The fraud is not material at the group level, however it is signi cant at the local entity level. Management took immediate steps to prevent further loss and a criminal complaint was  led. Two former employees have been arrested pending criminal proceedings. The prosecutors have required that the details of the case remain

### Membership and attendance of the audit committee up to 31 December 2014

| | Scheduled | Unscheduled |
|---|---|---|
| Colin Day (Chairman) | 3/3 | 3/3 |
| Linda Adamany | 3/3 | 3/3 |
| Neil Carson | 3/3 | 2/3 |
| Tim Faithfull (up to 3 April 2014) | 1/1 | 1/1 |
| Simon Thompson | 3/3 | 2/3 |
| Stephanie Newby (from 13 November 2014) | 1/1 | 1/1 |

Unscheduled meetings were convened throughout the year to consider matters relevant to the acquisition of Foster Wheeler. As these were not scheduled, members were not always able to attend but were provided with full packs of information and their comments were invited.

There were three scheduled audit committee meetings in 2014 and three unscheduled meetings.

Colin Day has relevant and recent experience in auditing and accounting and the board considers that he has su cient  nancial experience and quali cations to satisfy the criteria under US rules for an audit committee  nancial expert. Biographies of all committee members can be found on pages 45 to 47.

The membership of the committee currently comprises Colin Day (Chairman), Linda Adamany, Neil Carson, Stephanie Newby and Simon Thompson. Simon will step down from the committee following the AGM in May.

The company chairman, the executive directors, the Group Financial Controller, the Head of Internal Audit and representatives of the external auditor also attend meetings by invitation.

During 2014, the committee chairman met separately with the external auditor, the Head of Internal Audit and the CFO, in each case without others being present. No areas of concern were raised.

Following the acquisition of Foster Wheeler, we have established a disclosure committee, which is a management committee that reports to the audit committee and which will assist the 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 (SEC).

### Key responsibilities

- Reviewing the annual and half-yearly  nancial statements with particular focus on key accounting and audit judgement and making recommendations to the board for their approval.
- Monitoring the clarity of disclosures, going concern assumptions and compliance with UK and US accounting standards.
- Reviewing and monitoring the internal controls and risk management systems.
- Overseeing the relationship with the external auditor including the approval of the engagement letter, letter of representation and statutory audit fees, with particular focus on independence and rotation in accordance with UK and US rules or requirements.
- Promoting an e ective internal audit function.
- Overseeing the company's compliance with London and New York stock exchanges, FCA and SEC requirements.
- Reviewing arrangements whereby sta  may raise concerns about any suspected or known improprieties and ensuring that such matters are investigated and appropriate actions taken.
- To monitor and review UK corporate governance and US SOX compliance.
- To receive the reports of the disclosure committee.

x contract risks and material contracts (those above £10m in contract value) showing a deteriorating position over time, such as TGPP and Bluewater. The committee monitored management's enhancements to its early warning system to augment visibility, at an earlier stage, to the board of potentially underperforming material contracts for further scrutiny. This process identi ed potential issues with the Bunce eld contract, which had been placed on the watch list, as it had su ered margin decline and delays;

x with regard to the provisions and estimates (including litigation) within the accounts, the committee, in conjunction with the external auditor, spent time focusing on these and satisfying itself as to their appropriateness;

x revenue recognition, which is by necessity based on management estimates and assumptions, particularly with regard to timing. In conjunction with the external auditor, the judgements of management were challenged, especially those relating to end-life forecast estimates. The group's policies and processes that control the estimates made in such areas were also examined to ensure that they continued to be relevant and robustly and consistently applied;

x the ongoing quality and acceptability of the group's accounting policies and the going concern statement. No issues were identi ed;

x an in depth review and challenge of the deferred tax assets and the tax provisions;

x a thorough review of the uplift external audit procedures in order to meet the requirements of the SEC/Public Company Accounting Oversight Board (PCAOB) in the US;

x consideration of the external auditor's transaction fees in respect of the Foster Wheeler acquisition. Details of these fees can be found on page 54;

x

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. We completed the acquisition of Foster Wheeler in the fourth quarter of 2014 and are currently reviewing the control framework and integrating the risk and control systems with those of the wider group. Although Foster Wheeler was de-listed from NASDAQ and de-registered from the SEC subsequent to completion of the acquisition, the SOX programme of testing the group’s key  nancial controls for compliance continued to its usual conclusion. Management testing was undertaken in line with previous years and the overall conclusion was that Foster Wheeler continued to be SOX compliant for 2014.

The group’s principal business and strategic risks are shown in the strategic report on pages 21 to 23 and the approach to managing risk is shown in more detail on page 20.

### Internal audit

In 2014, 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 Internal Audit. The Head of Internal Audit formally reports to the committee chairman.

The  ndings of each internal audit review are summarised and the committee focuses its discussions on unsatisfactory  ndings and on the action plans in place to address them. Particular areas of concern during 2014 included breaches of policy with regard to the appointment of advisors by the operations, issues with the appointment of recruiting service providers and an instance of expense abuse in an overseas company, which had been raised through the ethics helpline.

### External audit

During 2014, 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 2014 both procedures were amended to re ect US requirements.

Each year the relevant audit risks are assessed. As in previous years, the primary risks identi ed were revenue recognition, valuation of work in progress and receivables, the accuracy of end life forecasts, the adequacy of contract provisions and legacy liabilities.

For this year, new areas included impairment testing of goodwill and purchase price allocation following the Foster Wheeler acquisition, provisions and contingent liabilities generally.

Other risk areas included the adequacy of tax planning and reserves, the adequacy of provisions in respect of legacy liabilities, presentation of exceptional items and the risk of fraud and management override. 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.

The audit di erences and quality of earnings schedule for the year ended 2014 was presented by EY at the March 2015 meeting. The value of unadjusted di erences 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 di erences were not considered to be material and the quality of earnings was considered appropriate.

On behalf of the committee, the Head of Internal Audit undertakes an annual assessment of the e ectiveness of the external auditor, overseen by the Company Secretary. The views of senior members of the  nance teams throughout the group are sought, as well as qualitative feedback. Responses can be measured and directly compared with previous surveys, so that progress can be monitored.

In March 2015, the committee received a report on the e ectiveness of the external auditor during 2014. Management indicated that EY’s performance had again been generally satisfactory but that additional focus should be given to the audit of the integrated Foster Wheeler business going forward.

EY were appointed as Amec Foster Wheeler’s external auditor in 2010, following a formal tender process. Both EY and the audit partner responsible for the group audit have now been in place for  ve years and, therefore, a new audit partner will be in place 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 further regulatory change.

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 was amended during the year to take account of the requirements of SOX and the PCAOB. The

£m

The level of non-audit fee awarded to EY in 2014 is considerably higher than would normally be the case, as shown in the table opposite. In conjunction with the CFO, the audit committee chairman approved the services of EY to undertake and support management’s continued due diligence work for the acquisition of Foster Wheeler. The substantial due diligence performed by EY primarily covered the balance sheet, pro t & loss, accounting policies, revenues, provisions, liabilities, general accounting, tax, corporate  nance and di erences between US GAAP and IFRS.

The decision to appoint EY to undertake this work was considered by the audit committee to be in the best interest of shareholders. The  rm has a deep understanding of the group, placing them at a distinct advantage to support the board in this regard. In addition, following completion of the acquisition, a sizeable portion of the work performed by EY did not need to be repeated, thereby making the most e cient and economic use of shareholders’ funds.

Following completion of the o er for Foster Wheeler, on 13 November 2014, EY were appointed as the independent registered public accounting  rm of Foster Wheeler AG in place of PricewaterhouseCoopers LLP (PwC). EY therefore acted in such role for the period from 13 November 2014 to 31 December 2014.

Fees payable by the group to the company’s statutory auditor, EY, and its associates were as follows:

| | 2014 £m | 2013 £m |
|---|---|---|
| Audit fees | | |
| Audit of the company’s accounts | 3.9 | 0.3 |
| Audit of the accounts of the company’s subsidiaries | | |

## The nominations committee is primarily focused on evaluating the board of directors and on examining the skills and characteristics that are needed in board candidates.

### Dear shareholder,

I have referred already in this report to the transformational changes through which your company has gone and so, more than ever, the role of the nominations committee is a key one.

Your board has changed in size and composition and there will be further changes following our annual general meeting in May 2015. Succession and evolutionary change remain our key priorities, taking into account our commitment to diversity and inclusion.

You can see from the charts on page 77 that we have a strong blend of skills, experience and length of service amongst your board of directors and I see no reason that this should not be maintained as your company rises to the challenges we will undoubtedly face in 2015 and beyond.

John Connolly
Chairman of the nominations committee
26 March 2015

### Members

During 2014, the nominations committee comprised all the non-executive directors including the Chairman. The quorum for the committee was three members. There were four committee meetings held in the year.

### Membership and attendance of the nominations committee up to 31 December 2014

| | Meeting attendance |
|---|---|
| John Connolly (Chairman) | 3/4 [1] |
| Linda Adamany | 4/4 |
| Neil Carson | 3/4 |

## Activities of the committee

Tim Faithfull stepped down in April 2014, having served nine years on the board. In view of the proposed acquisition of Foster Wheeler, the committee decided not to commence a search for a new director. In February 2014, we announced that, as part of the acquisition, two directors of Foster Wheeler would join the board following the acquisition. Subsequent to this the committee undertook an interview process and, as a result, recommended that Stephanie Newby and Kent Masters should join the board as non-executive directors. Stephanie and Kent joined the board on 13 November 2014 and 13 February 2015, respectively. No external recruitment  rms were used and the committee based its decision on the bene ts that their experience and knowledge would add to the board in view of the acquisition of Foster Wheeler.

Following Tim Faithfull's retirement, the committee considered potential replacements for his role as Senior Independent Director and as Chairman of the remuneration committee. After careful consideration, the committee concluded that Simon Thompson best met the required criteria and a recommendation was made to the board accordingly.

The committee also recommended that Linda Adamany should replace Simon as chairman of the ethics committee, which is now known as the health, safety, security, environmental and ethics (HSSEE) committee.

Having served six years on the board, Simon Thompson has indicated that he does not intend to stand for re-election at the 2015 AGM. The committee will therefore commence a search for one or two non-executive directors to join the board for which an executive search  rm will be used. Further information in respect of any new appointments to the board will be given in due course.

In July 2014, the committee considered and recommended the adoption by the board of certain board selection criteria, to be used to identify any gaps in the overall experience and knowledge of the board as a whole and assist appropriately in the future board selection process.

In 2014, the committee considered the reappointment of Neil Carson and Colin Day for second three-year terms of o ce as their  rst three-year terms ended at the 2014 AGM. Their signi cant external experience and their full participation in board and committee discussions, providing constructive challenge, resulted in a recommendation being made to the board to reappoint both directors for second three-year terms.

In early 2015, the committee considered the reappointment of John Connolly as Chairman for a second three-year term of o ce as his  rst three-year term will end at the 2015 AGM. On the basis of his wide experience and his excellent chairmanship during a period of signi cant change, the committee recommended that he should be reappointed for a second three-year term. The Chairman did not participate in these deliberations, which were led by an independent non-executive director.

In anticipation of Simon Thompson's forthcoming retirement at the conclusion of the 2015 AGM, the committee also considered potential replacements for the role of the Senior Independent Director and Chairman of the remuneration committee and, after careful consideration, concluded that Neil Carson best met the required criteria and made a recommendation to the board accordingly.

The board continues to recognise the importance of diversity both in the boardroom and across the group more generally. In 2014, Amec Foster Wheeler's diversity initiatives have continued to focus on its group-wide commitment to diversity and inclusion, including encouraging and enabling greater diversity of thinking. The implementation of this commitment includes measurement and monitoring of progress on diversity and inclusion activities.

As part of the company's broader diversity initiative, it supports the objectives of the a

The core role of the HSSEE committee is to assist the board in upholding the company's principal value of doing the right thing, to review the HSSE policy statement and to satisfy itself that all signi cant health, safety, security environmental and ethics risks are identi ed and controlled.

### Dear shareholder

On 1 January 2015, the board created the HSSEE committee to replace the ethics committee and extend its terms of reference, (full details of which can be found on amecfw.com). The HSSEE committee provides an additional level of governance to Amec Foster Wheeler's health, safety, security and environmental activities, in addition to ethics, and I look forward to telling you about the committee's activities during 2015.

We have in place a strong framework to support Amec Foster Wheeler as it grows, integrates and becomes more global, ensuring that our employees, and those who work with and for us, act with integrity wherever they are based. Our employees should also be able to work in a safe and secure environment, which is particularly important in a company that has over 40,000 people working in more than 50 countries.

We have a well developed independent third party reporting system for employees to report their concerns or report issues in complete con dence. The committee treats all reports, however reported to us, with the respect they deserve. Thankfully nothing of signi cance to the group as a whole was reported in 2014 and any infractions identi ed were dealt with appropriately.

**Linda Adamany**
**Chairman of the health, safety, security, environmental and ethics committee**
26 March 2015

### Members

The ethics committee comprised all the independent non-executive directors. The quorum for the committee was two members. In 2014 there were three scheduled committee meetings held, and no unscheduled meetings.

The company chairman, the executive directors and the Chief Ethics O cer also attended each meeting by invitation. From December 2014, the Chief Corporate Compliance O cer has also been in attendance.

Linda Adamany replaced Simon Thompson as the Chairman of the ethics committee following the conclusion of the 2014 AGM.

From 1 January 2015, the membership of the committee was Linda Adamany (Chairman), Stephanie Newby and Neil Carson. Kent Masters joined the committee upon his appointment on 13 February 2015. The quorum remains at two members.

### Membership and attendance of the ethics committee up to 31 December 2014

| | Meeting attendance |
|---|---|
| Linda Adamany (Chairman) | 3/3 |
| Simon Thompson | 3/3 |
| Neil Carson | 3/3 |
| Colin Day | 3/3 |
| Tim Faithfull (up to 3 April 2014) | 1/1 |
| Stephanie Newby (from 13 November 2014) | 1/1 |

### Key responsibilities of the HSSEE committee

With e ect from 1 January 2015, new terms of reference were adopted for the HSSEE committee, which now covers health, safety, security and environmental matters, as well as ethics matters.

### Activities of the ethics committee

The committee reviewed AMEC's Code of Business Conduct in August 2014 and endorsed its continuing use.

There was particular focus on the e ectiveness of procedures to prevent bribery and corruption. As a result, additional training on anti-bribery and corruption that was commenced in late 2013 continued during the year. This included face-to-face training for around 1,200 people in the higher risk areas of activity.

During the year a total of 56 concerns were raised in AMEC in respect of alleged or suspected ethical breaches, most of which were reported through the independent third party reporting systems that we have set up. A relatively small number of these, involving alleged or suspected ethical breaches, required further investigation. None of the investigations highlighted any signi cant control failure or noteworthy  nancial impact but each valid report was taken seriously. The outcome of these investigations resulted in appropriate disciplinary action as well as enhancements to the existing control environment where necessary.

In December 2014, the committee received a report on legacy Foster Wheeler ethics matters.

The process for recording, reporting and investigating ethical issues within Foster Wheeler during the period following the acquisition to the year-end remained the same as prior to the transaction. Its widely advertised hotline service remained available, allowing all Foster Wheeler employees to raise issues either with their line manager, via the hotline website, or by calling one of the dedicated hotline telephone numbers. The website and telephone numbers are provided by a third party. During the period following the acquisition to the year-end, two ethics issues relating to the Foster Wheeler Group were raised in total and investigated as appropriate. Neither of the investigations revealed any signi cant control failure or noteworthy  nancial impact. As above, and where necessary, appropriate disciplinary action and enhancements to the existing control environment were undertaken following the conclusion of the investigations.

Following the acquisition of Foster Wheeler, a new Code of Business Conduct is being launched and the independent third-party reporting systems of AMEC and Foster Wheeler will be combined and the ethics training programmes of the two businesses integrated.

As part of the externally conducted board e ectiveness review undertaken in 2014, the performance of the committee was also assessed and the result of this was con rmation that the committee's performance was rated highly.

## The remuneration committee's aim is to design and apply a reward policy that promotes the long-term success of the Company.

Dear shareholder,
This year the committee's deliberations have taken place against the backdrop of the Foster Wheeler acquisition and the sharp downturn in the oil and gas market.

We indicated last year that we would be reviewing our remuneration approach both in the light of the acquisition and shareholder expectations. As a result of that review we decided that some changes are appropriate. We consulted with our major shareholders and investor governance advisory bodies, the overwhelming majority of which were supportive of the changes proposed. The revised policy, which we expect to apply for the next three years, is set out in full on pages 61 to 66 and approval is being sought for this in resolution number 3 at our 2015 Annual General Meeting.

In summary the proposed changes, designed to simplify our

## Membership and attendance of the remuneration committee up to 31 December 2014

# Directors' remuneration report
## Remuneration policy

### Introduction
The description that follows sets out the policy that is subject to the statutory binding vote at the 2015 AGM. It is intended that, if approved, it will take effect from that date. The main changes from the previously approved policy relating to the operation of annual bonus and LTIP are described in the chairman's introductory letter on page 59. Some additional minor changes have been made to provide greater clarity on aspects of policy.

### Remuneration policy table
This table sets out the components of the directors' remuneration package (except on recruitments or promotions which are described on page 64). It is also part of this policy that we will honour payments or awards crystallising after the effective date of this policy but arising from commitments entered into prior to the effective date of the new policy, 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**<br>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. 2015 salaries for executive directors are shown on page 67. |
| **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.<br><br>Life assurance is also provided.<br><br>Samir Brikho has a historic arrangement that provides 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 service thereafter. Salary and earnings for pension purposes are subject to a cap, currently £157,500 pa for tax year 2014/15. The cap is increased annually, broadly in line with UK inflation. He also receives the cash supplement on salary above this cap as a cash supplement. | 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.<br><br>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.<br><br>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.<br><br>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.<br><br>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. |

| Component and how this supports strategy | How this operates | Maximum |
|---|---|---|
| **Annual bonus**<br>Rewards the achievement of annual financial and delivery of other strategic business targets. | 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.<br><br>Details of the actual measures and the levels of threshold and target bonus for the periods under review are included in the annual report on remuneration on page 69.<br><br>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.<br><br>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.<br><br>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. | The maximum opportunity is 150 per cent of annual salary for the Chief Executive and 125 per cent for other executive directors. |
| **Long-term incentive plan**<br>Incentivises directors to achieve long-term value creation and alignment with long-term returns to shareholders. | 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 on page 65.<br><br>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 the4 28.286- | |

## Chairman and non-executive directors

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

| Component and how this supports strategy | How this operates | Maximum |
|---|---|---|
| **Fees**<br>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. | Non-executive directors receive only fees for their services and do not participate in any of the incentive or bene t schemes of the group. Fee structure comprises a base fee and additional fees to re ect time commitment and responsibility of speci c 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.<br>The Chairman, whilst a non-executive director, will not participate in any of the incentive or bene t schemes of the group. | |

### 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 bene ts | Existing arrangements may be continued, otherwise in line with standard policy. | Existing arrangements may be continued, otherwise in line with standard policy. |
| Other bene ts | Normally in line with standard policy but may include special transitional arrangements e.g. overseas hire where dependants remain outside the UK. | Existing arrangements may be continued, otherwise in line with standard policy. |
| Annual bonus | Inclusion in annual bonus for year of hire based on pro-rated salary.<br>Maximum opportunity (as a percentage of salary) no greater than that for Chief Executive. | 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.<br>Maximum opportunity (as a percentage of salary) no greater than that for Chief Executive. |
| Long-term incentive plan | 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.<br>Maximum opportunity in line with standard policy. | Maximum opportunity in line with standard policy allowing for an additional award to be made in year of appointment to re ect 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 o er subject to meeting any qualifying period | |

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 speci ed 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 speci c 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 signi cant changes. The committee did consider these guidelines as well as representations made by certain individual shareholders in formulating its policy as noted in the chairman's introductory letter on page 59. There was no direct consultation with employees.

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.

### Di erences in policy for directors compared to other employees

The structure of remuneration for executive directors is in line with other senior management. The primary di erences compared to other employees are the structure of variable pay, which for senior management is in the form of performance-related

## The information from this point onwards up to and including the statement of directors' share interests and shareholding on page 72 is subject to audit.

### Single total figure of remuneration for 2014

The following table shows a single total figure of remuneration in respect of qualifying services for the 2014 financial year for each director, together with comparative figures for 2013.

| | Salary/fees £'000 | | Taxable benefits £'000 | | Bonus £'000 | | LTIP £'000 | | Sharesave £'000 | | Pension £'000 | | Total £'000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **Executive** | | | | | | | | | | | | | | |
| Samir Brikho | 954 | 927 | 43 | 66 | 594 | 717 | 0 | 420** | – | – | 246 | 240 | 1,837 | 2,370 |
| Ian McHoul | 530 | 515 | 18 | 15 | 268 | 315 | 0 | 233** | – | 6 | 106 | 103 | 922 | 1,187 |
| **Non-executive** | | | | | | | | | | | | | | |
| John Connolly | 318 | 309 | – | – | – | – | – | – | – | – | – | – | 318 | 309 |
| Simon Thompson | 76 | 64 | – | – | – | – | – | – | – | – | – | – | 76 | 64 |
| Neil Carson | 61 | 58 | – | – | – | – | – | – | – | – | – | – | 61 | 58 |
| Colin Day | 79 | 76 | – | – | – | – | – | – | – | – | – | – | 79 | 76 |
| Linda Adamany | 77 | 70 | – | – | – | – | – | – | – | – | – | – | 77 | 70 |
| Stephanie Newby* | 13 | – | – | – | – | – | – | – | – | – | – | – | 13 | – |
| Tim Faithfull* | 21 | 76 | – | – | – | – | – | – | – | – | – | – | 21 | 76 |

*Stephanie Newby joined the board in November 2014 and Tim Faithfull left the Board in April 2014. Stephanie Newby's fees include an amount paid in relation to her ongoing post-acquisition service as a director of Foster Wheeler AG from 13 November 2014 to 31 December 2014; this ceased from 19 January 2015.

**The 2013 values have been updated from the estimates included in last year's report as detailed on page 70.

Taxable benefits for the executive directors comprise disability and healthcare insurance, car/travel allowance, working lunches and tax return preparation assistance.

The 2013 Sharesave figure for Ian McHoul is the gain made on exercising an option over 1,512 shares made under the Savings-related Share Option Scheme (Sharesave) at an option price of £6.00. The closing share price on the date of exercise, 3 May 2013, was £10.25, resulting in a gain on exercise of £6,426.

Samir Brikho is a member of the advisory board of Stena AB and a non-executive director of Skandinaviska Enskilda Banken AB: he received fees of CHF 60,000 during the year in relation to the first appointment and SEK 599,435 in relation to the second. Ian McHoul is a director of Britvic plc and received fees of £45,385 during the year in relation to this appointment. Such appointments are subject to prior approrkec 5.rkhe 2e

## Annual bonus

The bonus payments in respect of 2014 that will be paid in 2015 to the executive directors (expressed as a percentage of base salary earned during the year) are shown below re ecting the indicated outcomes against the various performance elements:

| | | | | Samir Brikho | | Ian McHoul | |
|---|---|---|---|---|---|---|---|
| Measure | Target range | Actual | Percentage of | | | | |

The LTIP amount shown in the 2013 single total figure of remuneration on page 68 is the award made under the Performance Share Plan in 2011 that vested in April 2014. An estimated figure was included for this in last year’s report and this has now been updated to reflect the actual outcome as set out below. Vesting took place on 5 April 2014 at a share price of £12.25. The balance of the original award lapsed at the same time.

| 2011 PSP awards | Original award – number of shares | Total number of shares vesting including dividend equivalents | Vesting value £’000 |
|---|---|---|---|
| Samir Brikho | 184,695 | 34,275[1] | 420 |
| Ian McHoul | 102,667 | 19,051[1] | 233 |

1 These awards were in the form of nil cost options with an 18-month exercise period post-vesting. If the option has not been exercised before the end of the period, it will be exercised automatically at that stage. Additional dividend equivalents are accrued between vesting and exercise and this is reflected in the table on page 72.

### Details of share awards during year

Awards were made under the Performance Share Plan on 27 March 2014 that will vest three years later subject to the outcome against the performance conditions and may be exercised up to 18 months after vesting. The face value of the awards is based on the share price at the date of award which was £11.05.

| | Type of interest awarded | Basis of award | Face value £’000 | Percentage vesting at threshold performance | Number of shares | End of performance period |
|---|---|---|---|---|---|---|
| Samir Brikho | Nil-cost options | Basic award – 175% of salary | 1,670 | 25% | 151,085 | 31 December 2016 |
| | Nil-cost options | Matched award – up to 75% of salary on two for one investment share match | 715 | 25% | 64,750 | 31 December 2016 |
| Total | | 250% of salary | 2,385 | | 215,835 | |
| Ian McHoul | Nil-cost options | Basic award – 175% of salary | 928 | 25% | 83,936 | 31 December 2016 |
| | Nil-cost options | Matched award – up to 75% of salary on two for one investment share match | 397 | 25% | 35,972 | 31 December 2016 |
| Total | | 250% of salary | 1,325 | | 119,908 | |

Half of the basic award is subject to a TSR performance condition and the other half and all of the matched award is subject to an EPS performance condition.

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 2016 compared to the corresponding period in 2013. 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 2014 awards

| | | | |
|---|---|---|---|
| Aker Solutions | Norway | Melrose | UK |
| AMEC | UK | Petrofac | UK |
| Babcock Intl. | UK | Rotork | UK |
| Baker Hughes | USA | Saipem | Italy |
| Balfour Beatty | UK | Schlumberger | USA |
| Cameron Intl. | USA | Serco Group | UK |
| Carillion | UK | SNC-Lavalin Group | Canada |
| Chicago Bridge & Iron | USA | Spirax-Sarco | UK |
| Fluor | USA | Technip | France |
| Halliburton | USA | URS | USA |
| IMI | UK | Weir Group | UK |

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## Directors' share interests and shareholding requirements

As at 31 December 2014 (or in the case of Tim Faithfull as at the date he ceased to be a director), the bene cial 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 (PSP awards) | Unvested share options not subject to performance conditions (Sharesave) |
|---|---|---|---|---|
| John Connolly | 35,538 | – | – | – |
| Samir Brikho | 1,894,682 | 36,491 | 631,659 | 1,032 |
| Ian McHoul | 318,443 | 19,540 | 350,920 | 1,046 |
| Tim Faithfull | 10,000 | – | – | – |
| Neil Carson | 5,000 | – | – | – |
| Colin Day | 21,466 | – | – | – |
| Simon Thompson | 4,744 | – | – | – |
| Linda Adamany | 3,100 | – | – | – |
| Stephanie Newby | 21,899 | – | – | – |

The unexercised share options for Samir Brikho and Ian McHoul include those vesting during 2014 from the PSP awards made in 2011, as described on page 70 and in the case of Mr Brikho 1,335 options under the Sharesave Plan with an exercise price of £6.74 and an exercise period from January to June 2015. Su cient shares may be sold on exercise of options to meet tax withholding requirements.

Details of the unvested options for Samir Brikho and Ian McHoul are as follows:

| | Date of award | Type of award | Number of shares | Exercise price | Exercise period |
|---|---|---|---|---|---|
| Samir Brikho | April 2012 | PSP | 197,194 | Nil | April 2015 to October 2016 |
| | March 2013 | PSP | 218.630 | Nil | March 2016 to September 2017 |
| | March 2014 | PSP | 215,835 | Nil | March 2017 to September 2018 |
| | October 2014 | Sharesave | 1,032 | £8.72 | January to June 2018 |
| Ian McHoul | April 2012 | PSP | 109,551 | Nil | April 2015 to October 2016 |
| | March 2013 | PSP | 121,461 | Nil | March 2016 to September 2017 |
| | October 2013 | Sharesave | 1,046 | £8.60 | January to June 2017 |
| | March 2014 | PSP | 119,908 | Nil | March 2017 to September 2018 |

On 5 January 2015 John Connolly and Ian McHoul acquired 601 and 28 shares respectively and on 7 January 2015 Colin Day

## 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 100 over the period 31 December 2008 to 31 December 2014.

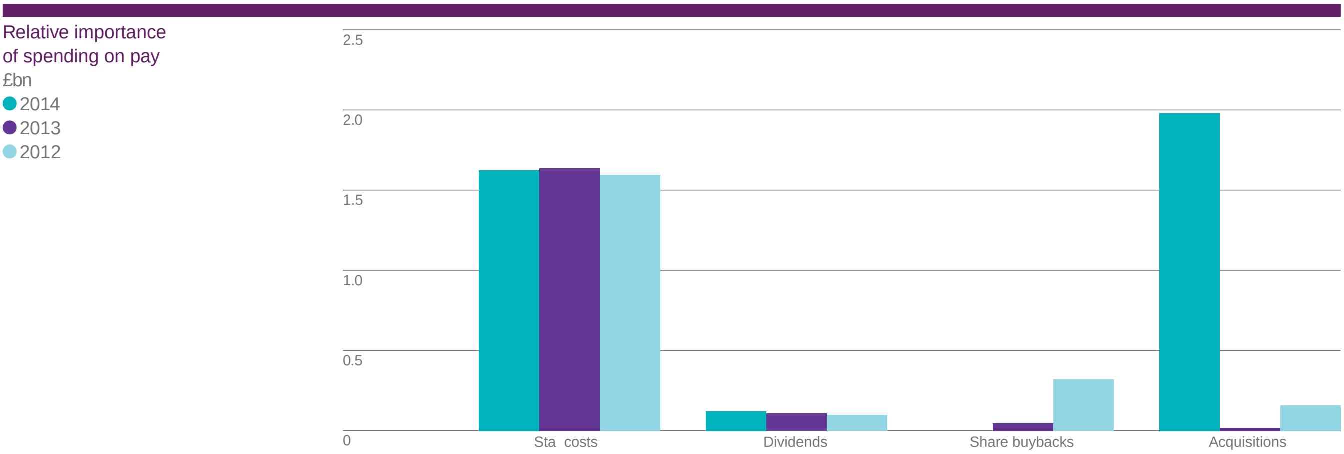
## Chief Executive's pay in the last six years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Single total  gure of remuneration £'000 | 4,103 | 9,295 | 4,590 | 3,092 | 2,370 | 1,837 |
| Bonus awarded as % of maximum | 58% | 97% | 64% | 57% | 52% | 41% |
| LTIP vesting as % of maximum | 100% | 80% | 71% | 50% | 19% | 0% |

## Percentage change in Chief Executive's remuneration

## Relative importance of spending on pay

The chart below illustrates the relative importance of spending on pay compared to distributions to shareholders (dividends and share buy-back) and other disbursements from pro t or cash ow 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

At the annual general meeting held on 3 April 2014 votes were cast as follows:

| Resolution | Shares for (including discretionary) | % in favour | Shares against | % against | Shares withheld |
|---|---|---|---|---|---|
| To approve the remuneration report | 166,409,640 | 88.35 | 21,949,194 | 11.65 | 2,103,756 |
| To approve the remuneration policy | 153,158,481 | 81.27 | 35,308,450 | 18.73 | 1,995,659 |

The committee do not consider that the votes against either resolution were substantial requiring any speci c explanation or action in response. As noted above, shareholders were consulted during 2014 regarding proposed changes to remuneration policy.

**Jonathan Nield**
**Group Project Delivery Director**
Jon was appointed Group Project Delivery Director on 13 November 2014, immediately prior to which he served as Vice President, Project Risk Management of Foster Wheeler – a position he held since May 2011. Previously, he was a director of

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# Management committees

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

Share allotment
Members
Any two directors or a director and the General Counsel and Company

At least one scheduled meeting each year takes place away from Amec Foster Wheeler's head o ce in London. This provides the board with an opportunity to understand more about Amec Foster Wheeler's business and to meet employees based locally. In June 2014 the board meeting took place in our o ces in Aberdeen, UK, where the board met with local management and also visited the Robert Gordon University, accessing the state of the art Drilling and Rig Training (DART) simulator developed by the university to help address this area of skills shortage in our industry.

Amec Foster Wheeler has a strong working relationship with the university, which is very closely a liated with the oil and gas industry and has provided many of the company's engineering graduates.

In addition to the matters reserved for the board, certain items are considered at every scheduled board meeting. The Chief Executive provides a report on business performance, strategy execution and emerging issues and the Chief Financial O cer updates the board on  nancial results and progress against the short range plan. Executive reports are received on investor relations and market issues, HR and health and safety. In addition, the Chairman and the General Counsel and Company Secretary provide an update on legal and governance matters and twice yearly the General Counsel and Company Secretary provides updates on material claims and disputes.

Business unit management is regularly invited to present at board meetings and, led by the Group Presidents, provide 'deep dive' reviews of each region. In addition to standing items discussed at each meeting, the board cycles through a schedule of  nancial and planning matters including the approval of  nancial results and dividends; strategic and 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 Group Human Resources Director on senior management succession planning and management development. In 2014, this took place in June and the board were advised of the creation of a new people forum, the purpose of which was to ensure that succession was considered more deeply throughout the organisation. The board has also identi ed a range of topic reviews that are addressed annually and these include the strategies followed by the group's functions e.g. Tax, Treasury and IT, as well as the board e ectiveness 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 timing of the acquisition of Foster Wheeler, the strategy event scheduled for October 2014 was postponed until April 2015.

### The Chairman and Chief Executive

The company does not combine the roles of Chairman and Chief Executive. There is a clear and well de ned division of accountability and responsibility between the roles of the Chairman and Chief Executive 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 unfettered powers of decision. The Chairman and Chief Executive are committed to ensuring the development and maintenance of an e ective and trusting relationship with the appropriate balance between challenge and support.

The Chairman is primarily responsible for the leadership and e ectiveness of the board. At a high level, he is accountable for facilitating constructive relations between and the participation of all board members, so as to encourage a culture of openness and debate and enable the board to ful l all aspects of its role. The Chairman has undertaken to ensure that the board discharges its duties to promote the success of the company 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 identi ed for the year, and those of the Chief Executive, and is modi ed to take account of unscheduled developments. In setting the agenda for board meetings, the Chairman ensures su cient time is available for discussion and meaningful challenge of all matters, particularly strategy, performance, value creation and accountability.

The Chief Executive is responsible, subject to those matters reserved to the board, for running Amec Foster Wheeler's businesses with the primary objective of creating shareholder value. Consistent with this objective, the Chief Executive has ultimate responsibility for the proposal, development and

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### Senior Independent Director

Simon Thompson has acted as the board's Senior Independent Director since the conclusion of 2014 AGM, following the retirement of Tim Faithfull. Simon was selected for the role on account of his signi cant knowledge of Amec Foster Wheeler and its operations and his experience as a director of international companies in sectors that are relevant to the group. The Senior Independent Director is responsible for:

- providing additional support to and acting as a sounding board for the Chairman;
- acting as an additional channel of communication between the Chairman and the other directors;
- being available to shareholders for concerns they may have that have not been resolved through the normal channels of the Chairman, Chief Executive 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 su cient number of meetings with the company's major shareholders and  nancial 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; and
- overseeing the recruitment of the Chairman.

As previously noted, Simon Thompson will step down from the board at the conclusion of the 2015 AGM, having served six years on the board. Following Simon's retirement, Neil Carson will take on the role of Senior Independent Director. Both the nominations committee and the board considered that Neil Carson best met the criteria required for the role.

### 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. They 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 bene ts greatly from the contribution and balance they bring. 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 reappointment to the board.

Prior to appointment and on any material changes, the external commitments of each non-executive director, including those of the Chairman, are reviewed. During the year, John Connolly became the chairman of a small private company, the Elian Group, which is based in Jersey; Linda Adamany was appointed as a non-executive director of Leucadia National Corporation, Neil Carson was appointed as a non-executive director of PayPoint Plc and Colin Day became a director of FM Global and was appointed to the FRC Audit Advisory Group. In accordance with the board's policy to ensure that non-executive directors are not con icted and are able to commit su cient time to meet their duties and responsibilities to Amec Foster Wheeler, the prospective appointments were disclosed to the board for approval. In no case was it considered that the external appointment would have a detrimental e ect. Each director's bePlc 20(o0(ar)290(f ftheir dolly )]yert)4.1(oJ)]Tertintpotheir.1 on-ex p the yy e

The Company'oup internal audit function, established by authority of the bor.d, has its responsibilities de ned by the audit committee. The head of the function is accountable to the Chief Executive and the audit committee, however, on a day-to-day brsis accountability is exercised by the Chief Financial O cer.

Wve carried out an evaluation of the e ectiveness of the design and operation of our disclosure controls and procedure (as such term is de ned in Rules 13a-15ganul es 1ulesed by thc 0 Tw
a day-to-day bWeness oonsibi and thuleon

## Relations with shareholders

The executive directors undertake an extensive programme of meetings with institutional shareholders during each year. Events such as results presentations and other capital market events are available on our website for those unable to attend in person.

Each year, the Chairman and Senior Independent Director o er to meet with all major shareholders. Since the publication of the 87(ok)2]TJ 0 -1.23ddy six such meetings have taken place0(f ou1(.)u1(iorle)10

The Chairman attends full-year results presentations.

Ad-hoc requests from9(ar)80(.)30.1( )]TJ 0 -7fcation on8mee25(e t)4(ak)21(en p

The bor.d also receives unedited 7fcack reportwing (ar)80(.)30.1( ation on8me(s and all mat)9(erial br)27(ok)21(e(en p 0 ')60( r)29(
amecfw.com/investors

## 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 2014.

### Achievements in 2014 and priorities for 2015

Disclosures relating to particulars of important events a ecting the Group which have occured since the last  nancial year and an indication of likely future developments in the business of the Group can be found in the strategic report on pages 1 to 41.

### Change of name

On 13 November 2014, following the acquisition of Foster Wheeler AG, the company changed its name to Amec Foster Wheeler plc. The names of certain of the Group's material subsidiaries are also in the process of being changed to re ect the acquisition.

### Dividends

The directors are recommending a  nal ordinary dividend in respect of the year ended 31 December 2014 of 28.5 pence

Resolutions will be proposed at the forthcoming AGM to extend this authority to the end of the AGM in 2016 or 1 June 2016, whichever is earlier. The revised Section 551 amount will be £64,158,715 and the revised Section 561 amount will be £9,721,017. 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 e ectively alter the control of the company without the prior approval of shareholders at a General Meeting.

Since the completion of the £400m share buyback programme in February 2013, the company has not made any purchases of its shares in the market. At the 2014 AGM, authority was granted to the directors to make market purchases of up to 29,806,683 of the company's shares. In anticipation that the o er for Foster Wheeler would become e ective and the issued share capital of the company would increase as a result of the issue of new shares to Foster Wheeler shareholders, this authority was renewed at the General Meeting in October 2014, allowing the purchase of up to 35,896,172 of the company's shares in the market. This further authority will expire at the end of the 2015 AGM or 1 June 2015, whichever is earlier. A resolution will be proposed at the 2015 AGM to extend the authority of the directors to make market purchases of up to 10% of the company's shares within prescribed limits.

### Major interests in shares

On the basis of noti cations received under the Disclosure and Transparency Rules (DTR 5) and other noti cations received by Amec Foster Wheeler plc from shareholders, shareholdings of 3% or more of the voting rights of the company as at 31 December 2014 were as follows:

| | Number | % |
|---|---|---|
| Mondrian Investment Partners Limited | 20,253,855 | 5.28 |
| BlackRock, Inc | 14,946,032 | 5.01 |

The shareholding percentages re ect the issued share capital at the time of the noti cations. On 23 March 2015, pursuant to DTR 5, BlackRock, Inc noti ed the company of their interest in 21,904,416 sharese markplBin presoldi [(5)10(0)6n 2f the comp4anerations received und(o )]TJ 0 -1.235 TD [(D)46(Tillorit)16(4 w)1en488 [(D)10(ec)

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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 e ectively and to provide career opportunities that allow them to ful l 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 speci cally on page 24 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 24.

### Political donations

During 2014, Amec Foster Wheeler made no political donations in the UK or European Union, including donations as de ned for the purposes of the Political Parties, Elections and Referendums Act 2000.

Amec Foster Wheeler Americas Limited (formerly AMEC Americas Limited), a subsidiary of the company in Canada, made contributions to non-EU political parties in Canada totalling C$1,810 (£995).

### Going concern

The directors, having made enquiries, consider that the group has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the accounts. Further details of this review can be found on page 39.

### 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 o ce at the date of approval of this directors' report con rm that, so far as they are each aware,

## 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  nancial 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 satis ed that they give a true and fair view of the state of a airs of the group and parent company and of their pro t 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; and
- 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 su cient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the  nancial position of the parent company a0(y)-4(')4(ar)2d(3/7r)29(e9(ent2d8jto o)i 1 Tf 8.5 0 hgr.is)9.1(clsD [(c)9(ons)9(olidat)0hgct e

## Opinion on  nancial statements

In our opinion:

- the  nancial statements give a true and fair view of the state of the Group’s and of the Parent Company’s a airs as at 31

How we determined materiality:

Audit procedures have been performed on material exceptional items. The adjusted profit before tax provides a basis for identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

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) for the Group should be 50% (2013: 75%) of planning materiality, namely £7m (2013: £11m). Our objective in adopting this approach was to reduce to an appropriate level the probability that the aggregate of total undetected and uncorrected misstatements for the accounts as a whole did not exceed our planning materiality. Due to the Foster Wheeler acquisition, Amec Foster Wheeler plc is now a dual listed entity in the UK and US for the first time and there is therefore a change in the overall risk profile from the prior year which is reflected in the lower performance materiality.

Audit work at individual components is undertaken based on a percentage of our total performance materiality. The performance materiality set for each component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was £1m to £7m. The upper end of the range was allocated to those components which reflected 100% of a single line item within the consolidated balance sheet or the related notes.

We agreed with the audit committee that we would report to the committee all audit differences in excess of £0.5m (2013: £0.5m), 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 the light of other relevant qualitative considerations.

## Scope of our audit

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

Following our assessment of the risk of material misstatement to the Group financial statements, we selected 60 components which represent the principal business units within the Group's five reportable segments. 6 of these components were subject to a full audit, 36 were subject to a specific scope audit and 18 were subject to a limited scope audit. The extent of audit work on specific and limited scope audits was based on our assessment of the risks of material misstatement outlined below and the materiality of the location's business operations relative to the Group. The audit procedures at specific scope components may not include testing of all significant accounts of the location but accounts subject to audit procedure contribute to the coverage of significant accounts tested for the Group. The group audit team directs the component teams at all stages of the audit. Full and specific component testing of significant risks focused on revenue recognition on contracts, adequacy of contract related

| Principal risk area and rationale | Response |
| --- | --- |
| **Preliminary purchase price allocation on Foster Wheeler acquisition** | |
| On 13 November 2014, the Group acquired Foster Wheeler AG for £1.9bn. The acquisition accounting includes the need to determine the fair value of the acquired assets and liabilities at the acquisition date. This included complex valuation considerations and required the use of specialists.<br><br>Risks include:<br><br>x inappropriate judgements in determining the fair values for the assets acquired;<br><br>x use of inaccurate forecast  nancial and operational data that underpins valuations;<br><br>x costs are provided before there is an obligation; and<br><br>x accounting policy di erences on the Foster Wheeler acquisition are not identi ed. | We focused on this area given the signi cant judgements involved in assessing the preliminary fair values of assets and liabilities acquired for the purposes of the 2014 Group  nancial statements. The fair values are based on valuation techniques built, in part, on assumptions around the future performance of the business. We challenged the assumptions [illegible] |

| Principal risk area and rationale | Response |
|---|---|
| **Goodwill impairment** | |
| The Group has £2,390m goodwill at the year end. This has increased by £1,633m from 2013, largely as a result of the Foster Wheeler acquisition. Irrespective of whether there is any indication of impairment, goodwill acquired in a business combination is required to be tested for impairment annually. An impairment arises when the recoverable amount is less than the carrying value of the investment.<br>Risks include:<br>x the incorrect determination of the cash generating units used to assess goodwill for impairment;<br>x the incorrect allocation of goodwill to cash generating units;<br>x inaccurate models are used to calculate the Value in Use of cash generating units; and<br>x the assumptions to support goodwill values (e.g. discount rates and growth rates) are inappropriate. | We challenged the allocation of goodwill arising on acquisition to cash generating units. |

| Principal risk area and rationale | Response |
| --- | --- |
| **Deferred tax asset recognition** | |
| There are signi cant deferred tax assets in the US, Canada and Australia, the recognition of which depends on the future pro t forecasts for those businesses. As the forecasts, and what period can reliably be forecasted are inherently judgemental this is an area we focus on.<br><br>Risks include:<br><br>× signi cant judgements involved in determining the recognition of deferred tax can result in misstatement of deferred tax assets and liabilities, and therefore the groups tax charge and e ective tax rate. | We challenged and applied professional scepticism to management's rationale for their reassessment of forecast models, considered the appropriateness of management's assumptions and the consistency of approach across the various tax groups in relation to the likelihood of generating suitable future pro ts to support the recognition of deferred tax assets.<br><br>We evaluated the historical accuracy of forecasting taxable pro ts and the integrity of the forecast models and, as a result of these procedures, we formed our own view on the Group's capacity to obtain e ective relief for deferred tax assets.<br><br>In particular we assessed the consistency between the di erent countries regarding the recognition of deferred taxes, and that a consistent methodology was applied by the Foster Wheeler entities. |
| **Adequacy of legacy liabilities** | |
| Risk remains with divested businesses in respect of claims or potential claims. Determining the impact and likely outcome of any litigation matters requiJ 0 -1.235 Tasoof debn<iF5o5outcome o | Risks include:TJ [(n0A0>> Baos)10(t)4(ahe )]TJ10(art: ale)]TJ pt |

| Principal risk area and rationale | Response |
|---|---|
| **Risk of fraud and management override** | |
| The risk of fraud exists in any business. However, fraud involving the manipulation of results to achieve performance targets are particularly harmful to shareholder value and the current economic environment has increased their risk of occurrence.<br><br>Furthermore, the evolution of the business and geographical footprint across new territories heightens the risk of fraud and bribery and corruption. Business practice in emerging markets may expose Amec Foster Wheeler to  nancial, legal and reputational risk.<br><br>Risks include:<br><br>x manipulation of results to achieve performance targets;<br><br>x asset mis-appropriation, particularly involving third party suppliers who may overbill for goods or services; and<br><br>x facilitation payments. | Procedures included analytical procedures and journal |

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

x materially inconsistent with the information in the audited  nancial statements; or

x apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or

x is otherwise misleading.

In particular, we are required to consider whether we have identi ed any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

x 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

x the parent company  nancial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

x certain disclosures of directors' remuneration speci ed by law are not made; or

x

# 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, 2014 and 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2014. 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 plc at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, 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.

Ernst & Young LLP
London, England

26 March 2015

# Consolidated statement of comprehensive income
## For the year ended 31 December 2014

| | Note | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|---|
| Pro t for the year | | 79 | 178 | 209 |
| Other comprehensive income | | | | |
| Items that may be reclassi ed to pro t and loss | | | | |
| Exchange movements: | | | | |
| Exchange movements on translation of foreign subsidiaries | | 17 | (70) | (34) |
| Net (loss)/gain on hedges of net investment in foreign subsidiaries | 19 | (4) | (1) | 1 |
| Tax on exchange movements | | – | 1 | (1) |
| Cash  ow hedges: | | | | |
| E ective portion of changes in fair value | | (1) | 3 | 3 |
| Tax on e ective portion of changes in fair value | | – | (1) | (1) |
| Transferred to the income statement | | – | 1 | – |
| | | 12 | (67) | (32) |
| Items that will not be reclassi ed to pro t and loss | | | | |
| Actuarial (losses)/gains on de ned bene t pension schemes | 14 | (58) | 40 | 37 |
| Tax on actuarial (losses)/gains | | 11 | (20) | (24) |
| | | (47) | 20 | 13 |
| Other comprehensive income | | (35) | (47) | (19) |
| Total comprehensive income | | 44 | 131 | 190 |

| | | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|---|
| Attributable to: | | | | |
| Equity holders of the parent | | 47 | 133 | 189 |
| Non-controlling interests | | (3) | (2) | 1 |
| Total comprehensive income | | 44 | 131 | 190 |

| | Share capital £m | Share premium £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 2013 | 154 | 101 | (2) | 101 | 32 | 693 | 1,079 | 4 | 1,083 |

| | Note | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|---|
| **Cash  ow from operating activities** | | | | |
| Pro t before income tax from continuing operations | | 155 | 255 | 254 |
| (Loss)/pro t before income tax from discontinued operations | 9 | (33) | (16) | 2 |
| Pro t before income tax | | 122 | 239 | 256 |
| Financial income | 7 | (11) | (12) | (10) |

## 1 Signi cant accounting policies

On 13 November 2014, following Amec plc acquisition of Foster Wheeler AG, the company changed its name from Amec plc to Amec Foster Wheeler plc. The primary market for Amec Foster Wheeler's shares is the London Stock Exchange where we have a premium listing and our shares are admitted to the main market. Since the completion of the acquisition of Foster Wheeler, the

## 1 Signi cant accounting policies continued

### Basis of preparation continued

Amec Foster Wheeler believe some of these policies require a high level of judgement, and the most critical accounting policies and signi cant areas of judgement and estimation arise from:

- acquisition accounting under IFRS 3 ’Business Combinations’;
- 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
- de ned bene t pension schemes under IAS 19 (revised) ‘Employee Bene ts’.

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.

### IFRS 3 ‘Business Combinations’

During the year the Group acquired Foster Wheeler. The acquisition was accounted for as a purchase under IFRS 3. Determining the fair value of the assets and liabilities acquired involved signi cant 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  ows of Foster Wheeler; the appropriate discount rate to apply to these future cash  ows, estimates of the retention rates for key customers and the likelihood of renewal of signi cant service contracts. Further information about the assumptions used for calculating provisions and goodwill are documented below.

### IAS 11 ‘Construction Contracts’

A signi cant 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 re ect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are a ected 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 signi cant 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 re ected in the ongoing results.

Principally, there are two types of long-term contracts being cost reimbursable contracts and  xed price contracts. Due to the nature of these contracts the signi cant estimates tend to arise on  xed price contracts rather than cost reimbursable contracts.

## 1 Signi cant accounting policies continued

### Basis of preparation continued

### IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’

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 signi cant 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. Plainti s 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.

## 1 Signi cant accounting policies continued

### Basis of consolidation

The consolidated accounts comprise the accounts of the Group and its subsidiaries as at 31 December 2014. 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 a ect 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.

Pro t 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 de cit balance. When necessary,

# 1 Signi cant accounting policies continued

### 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 signi cant 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  ows.

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 classi ed as bank deposits (more than three months).

### 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 bene ts 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 bene t. During the period of development, the asset is reviewed for impairment annually.

### Discontinued operations and assets and liabilities held for sale

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 classi ed 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 bene ts

#### De ned contribution plans

Obligations for contributions to de ned contribution pension plans are recognised in the income statement as incurred.

#### De ned bene t plans

The Group's net obligation in respect of de ned bene t pension plans is calculated separately for each plan by estimating the amount of future bene t that employees have earned in return for their service in the current and prior periods. That bene t is

## 1 Significant accounting policies continued

### 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.

### 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.

## 1 Signi cant 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 2014 are as follows:

| | |
|---|---|
| Customer relationships | Two to 18 years |
| Brand/trademarks | Up to 20 years |
| Order backlog | Three to  ve 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

## 1 Signi cant 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 o  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  ve 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 out ow of resources embodying economic bene ts 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

# 1 Signi cant accounting policies continued

## Revenue recognition and long term contracts continued

Incentive payments are additional amounts payable to the contractor if speci ed performance standards are met or exceeded. Incentive payments are recognised when the contract is su ciently far advanced that it is probable that the required performance standards will be met and the amount of the payment can be measured reliably.

Gross amounts due from customers included in trade and other receivables represent the costs incurred plus recognised pro ts, 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.

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 re ect 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 pro t 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. 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.

Deferred tax is provided on temporary di erences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable pro t. Deferred tax liabilities are generally recognised for all taxable temporary di erences with deferred tax assets being recognised where it is probable that future taxable pro ts 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 su cient pro ts will be available.

Assets and liabilities are not recognised if the temporary di erences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that a ects neither accounting nor taxable pro t.

Deferred tax liabilities are recognised for taxable temporary di erences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary di erence and it is probable that the temporary di erence 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 o set 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.

2

## 3 Revenue

| | 2014<br>£m | 2013<br>£m | 2012<br>£m |
|---|---|---|---|
| Construction contracts | 917 | 342 | 414 |
| Services | 3,076 | 3,632 | 3,674 |
| | 3,993 | 3,974 | 4,088 |

The revenue from construction contracts shown above is based on the de nition 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.

## 4 Pro t before net  nancing expense – continuing operations

| | 2014<br>£m | 2013<br>£m | 2012<br>£m |
|---|---|---|---|
| Depreciation of property, plant and equipment | 16 | 12 | 11 |
| Minimum payments under operating leases | 87 | 96 | 92 |
| Research and development government credits | (23) | (22) | (5) |

There are no material receipts from subleases.

## 5 Amortisation, exceptional items and asbestos-related items

5

# 6 Sta  costs and employee numbers – continuing operations

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Wages and salaries | 1,466 | 1,459 | 1,424 |
| Social security costs | 100 | 98 | 94 |
| Equity-settled share-based payments (note 22) | 8 | 14 | 15 |
| Contributions to de ned contribution schemes | 37 | 36 | 34 |
| De ned bene t pension scheme expense (note 14) | 31 | 32 | 32 |
| | 1,642 | 1,639 | 1,599 |

| | 2014 number | 2013 number | 2012 number |
|---|---|---|---|
| The average number of people employed was as follows: | | | |
| Americas | 11,839 | 13,046 | 13,516 |
| Europe | 7,154 | 7,216 | 7,294 |
| Growth Regions | 3,295 | 3,070 | 2,348 |
| E&C Services | 1,357 | – | – |
| Global Power Group | 322 | – | – |
| Investment Services/Centre | 258 | 240 | 221 |
| | 24,225 | 23,572 | 23,379 |

The average number of people employed by E&C Services and Global Power Group relates to the period following the acquisition of Foster Wheeler.

Details of directors' remuneration are provided in the Directors' remuneration report on pages 61 to 74.

## 8 Income tax – continuing operations

Income tax arises in respect of the di erent categories of income and expenses as follows:

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Income tax expense on continuing operations before amortisation, exceptionals and asbestos related items | 67 | 67 | 68 |
| Income tax credit on amortisation | (12) | (20) | (12) |
| Income tax charge on restructuring | – | 16 | – |
| Income tax (credit)/charge in respect of other exceptional items | (6) | 6 | (9) |
| Total income tax expense from continuing operations in the income statement | 49 | 69 | 47 |

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Current tax | | | |
| UK corporation tax at 21.5% (2013: 23.25%; 2012: 24.5%) | 21 | 18 | 16 |
| Double tax relief | (2) | (3) | (4) |
| Overseas tax | 53 | 80 | 56 |
| Adjustments in respect of prior years | (6) | (26) | (7) |
| | 66 | 69 | 61 |
| Deferred tax | | | |
| UK deferred tax at 20.0% (2013: 20.0%; 2012: 23.0%), pension surplus at 20.0% (2013: 20.0%; 2012: 35.0%) – origination and reversal of temporary di erences | 1 | (16) | 4 |
| Overseas deferred tax | (14) | 14 | (15) |
| Adjustments in respect of prior years | (4) | 2 | (3) |
| | (17) | – | (14) |
| Total income tax expense for continuing operations | 49 | 69 | 47 |

## 8 Income tax – continuing operations continued

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| **Tax recognised directly in equity** | | | |
| Current tax | – | – | (1) |
| Deferred tax (note 15) | (11) | 21 | 27 |
| Tax (credit)/charge recognised directly in equity | (11) | 21 | 26 |

As at 31 December 2014 and 31 December 2013, the deferred tax liability arising on the UK pension surplus has been measured at the substantively enacted UK tax rate of 20%. It was measured as at 31 December 2012 at 35% being the tax rate that would be applied if the surplus was refunded. The change in 2013 re ected the fact there was no longer any reasonable expectation of a refund of the pension surplus in advance of anything that may have become due on the eventual winding-up of the scheme. The impact of the change was a deferred tax credit in respect of continuing operations of £21m, a deferred tax credit in respect of discontinued operations of £4m and a deferred tax charge of £12m recognised in other comprehensive income during the year ended 31 December 2013.

## 9 (Loss)/pro t for the year from discontinued operations

Discontinued operations represent the residual assets and retained obligations in respect of businesses sold in prior years, as well as 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:

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Revenue | (13) | 15 | 70 |
| Cost of sales and net operating expenses | 3 | (25) | (74) |
| Loss before exceptional items and income tax | (10) | (10) | (4) |
| Attributable tax | 2 | 2 | 1 |
| | (8) | (8) | (3) |
| Loss on disposal | (23) | (6) | (11) |
| Tax on disposals | 4 | 6 | 3 |
| Other exceptional items | – | – | 17 |
| Tax on exceptional items | – | – | (4) |
| (Loss)/pro t for the year from discontinued operations | (27) | (8) | 2 |

The negative revenue of £13m and loss of £10m before exceptional items and income tax in 2014 relates to the settlement of  nal accounts and additional provisions on certain contracts within the UK conventional power business.

The loss on disposals of £23m (2013: £6m) relates to additional indemnity provisions and costs associated with businesses sold in prior years.

Other exceptional items in 2012 related to the recognition of an insurance receivable, following the UK Supreme Court judgement on mesothelioma liability.

### Net cash  ows attributable to discontinued operations

The net cash  ows attributable to discontinued operations during the year were as follows:

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Net cash  ow from operating activities | (3) | (12) | (12) |
| Net cash  ow from investing activities | 3 | (2) | (4) |
| | – | (14) | (16) |

## 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

## 10 Earnings per share continued

In order to appreciate the e ects on the reported performance of intangible amortisation, exceptional items and asbestos related items, additional calculations of earnings per share are presented.

| | 2014 | | | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Earnings £m | Weighted average shares number million | Earnings per share pence | Earnings £m | Weighted average shares number million | Earnings per share pence | Earnings £m | Weighted average shares number million | Earnings per share pence |
| Basic earnings from continuing operations | 109 | 302 | 36.1 | 187 | 293 | 63.8 | 206 | 315 | 65.2 |
| Exceptional items and asbestos related items (post-tax) | 101 | – | 33.4 | 47 | – | 16.0 | 15 | – | 4.7 |
| Amortisation (post-tax) | 37 | – | 12.3 | 27 | – | 9.2 | 32 | – | 10.2 |
| Basic earnings from continuing operations before amortisation, exceptional items and asbestos related items | 247 | 302 | 81.8 | 261 | 293 | 89.0 | 253 | 315 | 80.1 |
| Share options | – | 2 | (0.5) | – | 2 | (0.6) | – | 2 | (0.5) |
| Employee share and incentive schemes | – | 7 | (1.8) | – | 4 | (1.2) | – | 4 | (1.0) |
| Diluted earnings from continuing operations before amortisation, exceptional items and asbestos related items | 247 | 311 | 79.5 | 261 | 299 | 87.2 | 253 | 321 | 78.6 |
| Basic (loss)/earnings from discontinued operations | (27) | 302 | (8.9) | (8) | 293 | (2.7) | 2 | 315 | 0.6 |
| Exceptional items (post-tax) | 19 | – | 6.3 | – | – | – | (5) | – | (1.4) |
| Basic (loss)/earnings from discontinued operations before exceptional items | (8) | 302 | (2.6) | (8) | 293 | (2.7) | (3) | 315 | (0.8) |
| Share options | – | 2 | – | – | 2 | – | – | 2 | – |
| Employee share and incentive schemes | – | 7 | 0.1 | – | 4 | – | – | 4 | – |
| Diluted loss from discontinuing operations before exceptional items | (8) | 311 | (2.5) | (8) | 299 | (2.7) | (3) | 321 | (0.8) |

## 11 Property, plant and equipment

| | Land and buildings £m | Plant and equipment £m | Total £m |
|---|---|---|---|
| **Cost** | | | |
| As at 1 January 2014 | 30 | 95 | 125 |
| Exchange and other movements | | | |

## 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 2014 | 792 | 192 | 23 | 9 | – | 66 | 1,082 |
| Exchange and other movements | 15 | 8 | 1 | 1 | – | 2 | 27 |
| Acquired through business combinations | 1,617 | 372 | 155 | 127 | 110 | 5 | 2,386 |
| Additions | – | – | – | – | – | 51 | 51 |
| Disposals and retirements | – | (3) | – | (1) | – | (1) | (5) |
| As at 31 December 2014 | 2,424 | 569 | 179 | 136 | 110 | 123 | 3,541 |
| **Amortisation** | | | | | | | |
| As at 1 January 2014 | 35 | 85 | 19 | 7 | – | 29 | 175 |
| Exchange and other movements | (1) | 2 | – | – | – | 1 | 2 |
| Provided during the year | – | 24 | 3 | 6 | 1 | 15 | 49 |
| Disposals and retirements | – | (3) | – | (1) | – | – | (4) |
| As at 31 December 2014 | 34 | 108 | 22 | 12 | 1 | 45 | 222 |
| **Cost** | | | | | | | |
| As at 1 January 2013 | 831 | 197 | 35 | 12 | – | 53 | 1,128 |
| Exchange and other movements | (52) | (5) | (1) | – | – | (1) | (59) |
| Acquired through business combinations | 13 | 5 | 1 | – | – | – | 19 |
| Additions | – | – | – | – | – | 15 | 15 |
| Disposals and retirements | – | (5) | (12) | (3) | – | (1) | (21) |
| As at 31 December 2013 | 792 | 192 | 23 | 9 | – | 66 | 1,082 |
| **Amortisation** | | | | | | | |
| As at 1 January 2013 | 40 | 61 | 27 | 10 | – | 21 | 159 |
| Exchange and other movements | (5) | (2) | (1) | (1) | – | (1) | (10) |
| Provided during the year | – | 31 | 5 | 1 | – | 10 | 47 |
| Disposals and retirements | – | (5) | (12) | (3) | – | (1) | (21) |
| As at 31 December 2013 | 35 | 85 | 19 | 7 | – | 29 | 175 |
| **Net book value** | | | | | | | |
| As at 31 December 2014 | 2,390 | 461 | 157 | 124 | 109 | 78 | 3,319 |
| As at 31 December 2013 | 757 | 107 | 4 | 2 | – | 37 | 907 |
| As at 1 January 2013 | 791 | 136 | 8 | 2 | – | 32 | 969 |

The carrying value of software held under deferred payment arrangements which are similar to  nance leases as at 31 December 2014 was £30m (2013: £nil). Additions during the year include £33m (2013: £nil) of software held under deferred payment arrangements.

## 12 Intangible assets continued

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 against the three core geographies of Americas, Europe and Growth Regions, along with the two new reportable segments of Foster Wheeler, E&C Services and Global Power Group being the lowest level of cash-generating units (CGU) monitored for goodwill purposes.

The goodwill arising on the acquisition of Foster Wheeler has been allocated to the CGUs expected to bene t from the synergies of the acquisition. This has resulted in an allocation of goodwill generated by the acquisition to the Americas, Europe and Growth Regions CGUs.

## 13 Interests in joint ventures

### Interests in joint ventures

The Group does not hold any individual material interests in joint ventures in either the current or prior year.

Details in aggregate of the Group's interests in all individually immaterial joint ventures that are accounted for using the equity method are as follows:

| | £m |
|---|---|
| **Net book value** | |
| As at 1 January 2014 | 52 |

## 14 Retirement bene t assets and liabilities

### De ned bene t schemes

The Group operates a number of pension schemes for UK and overseas employees.

Following the acquisition of Foster Wheeler AG, there are three principal de ned bene t schemes. In the UK these are the AMEC Sta  pension scheme, (which also has an associated executive top-up scheme) and the Foster Wheeler Pension Plan and in the US, The Foster Wheeler Inc. Salaried Employees Pension Plan. The AMEC Sta  and Executive pension schemes are closed to new members but remain open to further accrual. The Foster Wheeler Pension Plan is a hybrid bene t arrangement. The de ned bene t section is closed to new members and further accrual, but the de ned contribution section remains open to further accrual. The Foster Wheeler Inc. Salaried Employees Pension Plan is also closed to new members and further accrual. Contributions by the Group into de ned contribution schemes are disclosed in note 6.

The AMEC Sta  and Executive pension schemes are average salary plans for UK employees. The Foster Wheeler Pension Plan was a  nal salary pension plan. All three schemes require contributions to be made to a separately administered fund. These schemes are governed by the employment laws of the UK. The level of bene ts provided depends on the member’s length of service and salary each year. Once the bene ts are in payment, the pension is adjusted each year relative to the UK’s Retail Prices Index for the AMEC Sta  and Executive pension schemes. The Foster Wheeler Pension Plan is adjusted each year relative to the UK’s Consumer Price Index. Each scheme is established under trust law and are governed by a Board of Trustees, which consists of employers’ and employees’ representatives. In addition, the AMEC Sta  and Executive pension schemes have two independent trustees. The Board of Trustees is responsible for the administration of the plan assets and for the de nition of the investment strategy.

Every three years, the Board of Trustees is required by legislation to review the level of funding in the pension plans. The Board of Trustees decides the contribution levels in consultation with the employers’ based on the results of this triennial review. In the event that there is a funding de cit, the Trustees and the employer will agree a recovery plan to eliminate that de cit over as short a period as is reasonably a ordable.

Due to the nature of the liabilities, the pension plans are exposed to in ation, interest rate risk and changes in the life expectancy for pensioners. As the plan assets include signi cant investments in quoted equities, the Group is also exposed to equity market risk.

The valuations used have been based on the preliminary valuation of AMEC Sta  pension scheme and the  nal valuation of the AMEC Executive pension scheme as at 31 March 2014 and 31 March 2011 respectively. The Foster Wheeler Pension Plan’s most recent valuation took place as at 1 April 2013. These schemes have been updated by the schemes’ actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2014. The assets of the schemes are stated at their aggregate market value as at 31 December 2014.

The Foster Wheeler Inc. Salaried Employees Pension Plan provides pension bene ts to certain full-time employees. Under the pension plan, retirement bene ts are primarily a function of both years of service and level of compensation. The pension plan is closed to new members and further accrual.

## 14 Retirement bene t assets and liabilities continued

### De ned bene t schemes continued

The principal assumptions made by the actuaries are as follows:

| | 31 December 2014 % | 31 December 2013 % | 31 December 2012 % |
|---|---|---|---|
| **The AMEC Sta  pension scheme and the AMEC Executive pension scheme** | | | |
| Rate of discount | 3.6 | 4.6 | 4.5 |
| Rate of in ation | 3.0 | 3.3 | 2.9 |
| Rate of increase in salaries | 3.0 | 3.3 | 2.9 |
| Rate of increase in pensions in payment (service before/after 1 January 2008) | 2.9/2.0 | 3.2/2.2 | 2.8/2.0 |

The Foster Wheeler Pension Planf 41.461 0 Td [(2.9/2.)40(0)]TJ893Pan<0pm 105[(4.)-17(5)ion Planf 41.461 (e)9(a-21 0 04 T/T1_h l 97.4130 cs

## 14 Retirement bene t assets and liabilities continued

### De ned bene t schemes continued

The amounts recognised in the balance sheet are as follows:

| | 31 December 2014 £m | 31 December 2013 £m | 31 December 2012 £m |
|---|---|---|---|
| Retirement bene t assets | 102 | 102 | 86 |
| Retirement bene t liabilities | (188) | (62) | (93) |
| Retirement bene t net (liability)/asset | (86) | 40 | (7) |

The retirement bene t net (liability)/asset is analysed as follows:

| | 31 December 2014 £m | 31 December 2013 £m | 31 December 2012 £m |
|---|---|---|---|
| The AMEC Sta  and the AMEC Executive pension scheme | 65 | 102 | 86 |
| The Foster Wheeler Pension Plan | 37 | – | – |
| The Foster Wheeler Inc. Salaried Employees Pension Plan | (57) | – | – |
| Other smaller pension schemes | (131) | (62) | (93) |
| | (86) | 40 | (7) |

The retirement bene t liabilities of £188m (2013: £62m; 2012: £93m) re ect primarily the de cits on the smaller overse5l(rT) q 1 0 0 19(s on 9;6t.9(  /T1

## 14 Retirement bene t assets and liabilities continued

### De ned bene t schemes continued

Changes in the present value of the de ned bene t liability are as follows:

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| As at 1 January | 1,743 | 1,652 | 1,618 |
| Exchange and other movements | 3 | (14) | (6) |
| Acquired through business combinations | 898 | – | – |
| Current service cost | 29 | 31 | 29 |
| Interest cost | 84 | 72 | 75 |
| Plan participants’ contributions | 12 | 12 | 12 |
| Actuarial charges arising from changes in  nancial assumptions | 278 | 58 | 8 |
| Actuarial (gains)/charges arising from changes in demographic assumptions | (19) | 7 | – |
| Settlements | (12) | (4) | (13) |
| Bene ts paid | (85) | (71) | (71) |
| As at 31 cm 0 07af | 2,931 | 1,743 | 1,652 |

The de ned bene t obligation can be allocated to the plans’ participants as follows:

| | 2014 % | 2013 % | 2012 % |
|---|---|---|---|
| Active plan participants | 22.0 | 25.2 | 23.4 |
| cm 0 0m 0 ferred plan participants | 31.3 | 33.8 | 32.5 |

## 14 Retirement bene t assets and liabilities continued

### De ned bene t schemes continued

The movement in the scheme net (liability)/asset during the year is as follows:

| | 2014 £m | 2013 £m | 2012 £m |
|---|---|---|---|
| Scheme net asset/(liability) as at 1 January | 40 | (7) | (49) |
| Exchange and other movements | – | 6 | 3 |
| Acquired through business combinations | (72) | – | – |
| Total charge as per note 6 | (31) | (32) | (32) |
| Employer contributions | 32 | 29 | 30 |
| Settlements | 3 | 4 | 4 |
| Actuarial (losses)/gains recognised in other comprehensive income | (58) | 40 | 37 |
| Scheme net (liability)/asset as at 31 December | (86) | 40 | (7) |

The impact on the de ned bene t obligation of the principal pension schemes of changes in the most signi cant assumptions as at 31 December 2014 is shown below:

| | The AMEC Sta and the AMEC Executive pension schemes £m | The Foster Wheeler Pension Plan £m | The Foster Wheeler Inc. Salaried Employees Pension Plan £m |
|---|---|---|---|
| **Discount rate** | | | |
| -10 bps | (32) | (9) | (3) |
| +10 bps | 32 | 9 | 3 |
| **In ation** | | | |
| -10 bps | 26 | 6 | – |
| +10 bps | (26) | (6) | – |
| **Salary increase** | | | |
| -10 bps | 4 | 1 | – |
| +10 bps | (4) | (1) | – |
| **Mortality** | | | |
| +1 year | (61) | (13) | (10) |
| - 1 year | 61 | 15 | 10 |

The sensitivity analysis above is based on a method that extrapolates the impact on the de ned bene t obligation of reasonable changes in key assumptions occurring as at 31 December 2014.

The de ned bene t obligations of the other bene t schemes are signi cantly lower than those of the principal de ned bene t schemes. Sensitivity analysis of reasonable changes in the key assumptions as at 31 December did not indicate any signi cant changes to the de ned bene t obligations of those schemes.

Expected bene t payments from the de ned bene t plans in future years are as follows:

| | £m |
|---|---|
| Year 1 | 126 |
| Year 2 | 128 |
| Year 3 | 132 |
| Year 4 | 136 |
| Year 5 | 140 |
| Next ve years | 751 |
| | 1,413 |

The Group expects to contribute £33m to its de ned bene t pension schemes in 2015. This includes special contributions of £6m.

## 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

### Recognised deferred tax assets and liabilities

Strategic report

Governance

Financials

Additional information

## 15 Deferred tax assets and liabilities continued

### Factors a ecting the tax charge in future years

There are a number of factors that may a ect 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.

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | 31 December 2014 £m | 31 December 2013 £m |
|---|---|---|
| Deductible temporary di erences | 259 | 33 |
| Tax losses | 103 | 20 |
| | 362 | 53 |

In addition, claims have been made to HM Revenue & Customs (HMRC) to o set tax losses of up to £79m against the Group's UK taxable pro ts. These losses were generated in a legacy German business in accounting periods up to 31 December 2002. If successful, the claims will result in a refund of UK corporation tax. The amount and availability of the refund depends on a number of factors which are currently being discussed with HMRC. This potential refund is not included as an asset in the accounts.

As at 31 December 2014 the expiry dates of unrecognised deferred tax assets carried forward are as follows:

| | Tax losses £m | Deductible temporary di erences £m | Total £m |
|---|---|---|---|
| Expiring within 5 years | 5 | 28 | 33 |
| Expiring within 6-10 years | 2 | 55 | 57 |
| Expiring within 11-20 years | 51 | – | 51 |
| Unlimited | 45 | 176 | 221 |
| | 103 | 259 | 362 |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable pro ts 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 £1,440m (2013: £355m) 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 di erence and it is not probable that such di erences will reverse in the foreseeable future.

The amount of unrecognised deferred tax liabilities in respect of these unremitted earnings is estimated to be £29m (2013: £16m).

## 16 Inventories

| | 31 December 2014 £m | 31 December 2013 £m |
|---|---|---|
| Raw materials and consumables | 14 | – |
| Development land and work in progress | – | 3 |
| | 14 | 3 |

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## 19 Capital and  nancial risk management

### Capital management

The objective of the Group’s capital management is to ensure that it has a strong  nancial 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 pro le and strategy,  nancial policies and availability and cost of funding.

Following the acquisition of Foster Wheeler, the Group is currently in a net debt position. The long-term net debt is targeted to

## 19 Capital and  nancial risk management continued

### Foreign currency exchange risk

## 19 Capital and  nancial risk management continued

## 19 Capital and financial risk management continued

### Other financial derivative assets and liabilities

The Group has other financial derivative assets of £1m (2013: £1m) and financial derivative liabilities of £6m (2013: £1m).

### 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

## 19 Capital and  nancial risk management continued

### Counterparty credit risk continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

# 19 Capit al and  nancial risk management continued

## Interest rate risk – contractual maturity and e ective interest rates

In respect of interest-earning  nancial assets and interest-bearing  nancial liabilities, the following table indicates their e ective interest rates at the balance sheet date and the periods in which they mature:

| | | | | | | | 2014 |
|---|---|---|---|---|---|---|---|
| | E ective interest rate % | Total £m | 6 months or less £m | 6 to 12 months £m | 1 to 2 years £m | 2 to 5 years £m | Over 5 years £m |
| Bank deposits (more than three months) | 0.80 | 21 | 18 | – | 2 | 1 | – |
| Cash and cash equivalents (excluding bank overdrafts) | 1.24 | 495 | 495 | – | – | – | – |
| Fees capitalised against bank facilities | – | 9 | 4 | 1 | 2 | 2 | – |
| Bank overdrafts | 1.00 | – | – | – | – | – | – |
| Bank loans | 1.49 | (1,267) | (633) | (73) | (5) | (545) | (11) |
| Finance leases | 6.54 | (61) | (3) | (6) | (9) | (26) | (17) |
| | | (803) | (119) | (78) | (10) | (568) | (28) |

| | | | | | | 2013 |
|---|---|---|---|---|---|---|
| | E ective interest rate % | Total £m | 6 months or less £m | 6 to 12 months £m | 1 to 2 years £m | 2 to 5 years £m |
| Bank deposits (more than three months) | 0.56 | 18 | 13 | 3 | 1 | 1 |
| Cash and cash equivalents (excluding bank overdrafts) | 0.82 | 232 | 232 | – | – | – |
| Bank overdrafts | 0.21 | (9) | (9) | – | – | – |
| Bank loans | 1.25 | (120) | (120) | – | – | – |
| | | 121 | 116 | 3 | 1 | 1 |

Interest payments of £11m are expected to be paid within one year, £13m between one and two years, £22m between two and  ve years and £1m over  ve years.

## Group borrowing

The Group’s bank overdrafts are all denominated in US Dollars (2013: US Dollars) and the bank loans are denominated in Sterling and US Dollars (2013: Sterling).

All covenants attached to borrowings have been complied with throughout the current and prior years.

## Fair values

Fair values are determined using observable market prices (level 2 as de ned by IFRS 13 ‘Fair Value Measurement’) as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the di erence between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate; and
- The fair value of interest rate swaps and cross currency interest rate swaps are estimated by discounting estimated future cash  ows based on the terms and maturity of each contract and using market rates.

All derivative fair values are veri ed 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 2014.

## 20 Other non-current receivables and payables

### Other non-current receivables

| | 2014 £m | 2013 £m |
|---|---|---|
| Asbestos related insurance recovery debtor | 90 | 12 |
| Indemnities receivable | 13 | 12 |
| Insurance receivables | 4 | – |
| Lease incentives | 28 | – |
| Other non-current receivables | 14 | – |
| | 149 | 24 |

### Other non-current payables

| | 2014 £m | 2013 £m |
|---|---|---|
| Deferred consideration on acquisition | 2 | 3 |
| Lease incentives | 7 | 8 |
| Other payables | 35 | – |
| Other post employment bene ts | 11 | – |
| Other non-current accruals | 28 | – |
| | 83 | 11 |

## 21 Provisions

## 21 Provisions continued

### Indemnities and retained obligations

As described in note 26, 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 2014, we recognised indemnity provisions totalling £87m (2013: £71m). Indemnity provisions principally relate to the indemni cation of the purchasers of SPIE in 2006, and the Built Environment and other peripheral businesses that were sold in 2007. During 2014, the Group recognised additional indemnity provisions of £20m in relation to businesses sold in previous years, which included a provision of £11m in respect of a new claim received relating to a contract completed by the Built Environment business.

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 a ected the property on which those facilities are or were situated. The Group also have 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 2014, the Group held provisions totalling £33m (2013: £nil) 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  ows is typically uncertain, the Group expect that certain of our remediation obligations may continue for up to 60 years.

### Property-related provisions

Property-related provisions comprise provisions for onerous leases, certain leases held by acquired businesses and dilapidation of leasehold buildings.

On the acquisition of a business, provisions are recognised to the extent that the terms of any property leases held by the acquired business are unfavourable relative to prevailing market terms. During 2014, the Group recognised provisions for unfavourable leases totalling £65m on the acquisition of Foster Wheeler, which are expected to be utilised by 2024.

The Group has discounted the provision using discount rates determined by reference to appropriate risk-free market interest rates.

### Other provisions

Other provisions include £2m (2013: £2m) 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 £28m (2013: £27m) 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.

## 22 Share capital and reserves

Movements in share capital and reserves are shown in the consolidated statement of changes in equity on pages 99 to 101.

### 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 2013 | 307,997,570 | 154 |
| Cancellation of shares acquired under the buyback programme | (4,174,716) | (2) |
| As at 31 December 2013 | 303,822,854 | 152 |
| Issued during the year | 85,052,989 | 42 |
| As at 31 December 2014 | 388,875,843 | 194 |

### Share buyback programme

During 2013, £4m ordinary shares were purchased at an average price of £10.84 and a total cost of £45m, this completed the £400m share buyback programme. Of the shares acquired, 34 million, including all of the share acquired in 2013 were subsequently cancelled.

### Reserves

As at 1 January 2014, there were 6,186,965 shared held in treasury (2013: 7,291,522), during the year 755,651 shares were transferred to share scheme participants (2013: 1,104,557) leaving a balance held in treasury as at 31 December 2014 of 5,431,314 (2013: 6,186,095). £57m (2013: £62m) has been deducted from equity in respect of these shares.

The hedging reserve comprises the e ective portion of the cumulative net change in the fair value of cash  ow hedging instruments related to hedged transactions that have not yet occurred.

The translation reserve comprises all foreign exchange di erences 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.

### Share-based payments

O ers 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 o er. 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 Performance Share Plan, annual awards are 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. Detailed terms of this plan are included in the Directors' remuneration report on pages 61 to 74.

Under the Restricted Share Plan, awards are 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 will be equivalent in all material respects to the terms of the Foster Wheeler Omnibus Plan. All employees of Foster Wheeler and its subsidiaries and/or a liates, 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 equity settled and, other than in de ned good leaver circumstances, require participants to be still in employment with the Group at the time of vesting.

## 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 2014 pence | Number of options 2014 | Weighted average exercise price 2013 pence | Number of options 2013 |
|---|---|---|---|---|
| Outstanding on 1 January | 794 | 6,691,883 | 751 | 6,954,967 |
| Lapsed/cancelled | 822 | (777,995) | 789 | (901,776) |
| Exercised | 777 | (765,267) | 644 | (1,127,999) |
| Granted | 874 | 2,563,374 | 866 | 1,766,691 |
| Outstanding on 31 December | 819 | 7,711,995 | 794 | 6,691,883 |
| Exercisable on 31 December | 902 | 200,948 | 760 | 283,867 |

Number of
options

Options were exercised on a regular b.a55Eis durdingthe yrsangthe (a)10(v)25(er)19(ag)20( shaer)29(e pric)9(efg)20orgthe yrs1,22pencf (2019(3

## 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) | | | Performance Share Plan (Monte Carlo model) | | | Restricted Share Plan (Monte Carlo model) | | | Foster Wheeler Omnibus plan |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 |
| Weighted average fair value at measurement date | 198p | 217p | 239p | 1,006p | 948p | 1,053p | 949p | 960p | 990p | 1,027p |
| Weighted average share price at measurement date | 1,014p | 1,061p | 1,103p | 1,105p | 1,060p | 1,139p | 1,082p | 1,070p | 1,106p | 1,081p |
| Exercise price | 874p | 866p | 927p | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Expected share price volatility | 27% | 27% | 28% | 26% | 28% | 29% | n/a | n/a | n/a | n/a |
| Option life | 3.3 years | 3.3 years | 3.3 years | 3.1 years | | | | | | |

3.3
3.1
years3.3 3.3 28%
n/a

## 24 Acquisitions and disposals

### Acquisitions in 2014

### Foster Wheeler

### Background

On 6 October 2014, the Group launched a public tender o er to acquire the entire issued share capital of Foster Wheeler AG, the ultimate parent company of Foster Wheeler. Pursuant to the tender o er, which closed on 13 November 2014 (the acquisition

# 24 Acquisitions and disposals continued

## Acquisitions in 2014 continued

### Summary of  nancial e ect

Purchase consideration was provisionally allocated as follows:

| | £m |
|---|---|
| **Assets acquired** | |
| Property, plant and equipment | 117 |
| Identi able intangible assets | 738 |
| Interests in joint ventures | 73 |
| Current tax asset | 11 |
| Deferred tax assets | 27 |
| Inventories | 11 |
| Trade and other receivables | 771 |
| Gross contractual amounts receivable | 801 |
| Allowance for doubtful debts | (30) |
| Derivative  nancial instruments | (12) |
| Cash and cash equivalents | 265 |
| **Liabilities assumed** | |
| Bank loans | (39) |
| Finance lease obligations | (32) |
| Trade and other payables | (772) |
| Current tax liability | (53) |
| Net retirement bene t liabilities | (72) |
| Deferred tax liabilities | (138) |
| Provisions | (533) |
| Net identi able assets acquired | 362 |
| Non-controlling interests | (30) |
| Goodwill | 1,583 |
| | 1,915 |
| **Consideration** | |
| Share based payments | 17 |
| Cash paid on completion | 979 |
| Shares issued including share premium | 919 |
| | 1,915 |

Management estimates 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 £5,807m. Management is, however, unable to estimate reliably what the Group's pro t or loss for the year would have been on this basis, principally because it is not practicable to retrospectively apply the signi cant 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 e ects of those adjustments.

### 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.

## 24 Acquisitions and disposals continued

### Acquisitions in 2012
### Unidel

## 25 Commitments

### Operating lease commitments

The total obligations under non-cancellable operating lease rentals for continuing operations are as follows:

| | 31 December 2014 £m | 31 December 2013 £m |
|---|---|---|
| In one year or less | 99 | 66 |
| Between one and  ve years | 249 | 157 |
| Over  ve years | 124 | 61 |
| | 472 | 284 |

Amec Foster Wheeler enters into the following types of lease: short-term plant hires; leases for motor vehicles and o ce equipment with lease periods of two to  ve years; and longer-term property leases. None of the leases include any contingent rentals.

### Finance lease and hire purchase commitments

The Group has  nance leases and hire purchase contracts for various items of property and deferred payment arrangements which are similar to  nance leases for software. These leases have terms of renewal, but no purchase options and escalation clauses. Renewals are at the option of the speci c entity that holds the lease. Future minimum lease payments under  nance leases and hire purchase contracts together with the present value of the net minimum lease payments are, as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Minimum payments £m | Present value of payments £m | Minimum payments £m | Present value of payments £m |
| In one year or less | 12 | 9 | – | – |
| Between one and  ve years | 47 | 35 | – | – |
| Over  ve years | 20 | 17 | – | – |
| Total minimum lease payments | 79 | 61 | | |

## 27 Related party transactions

During 2014 there were a number of transactions with the senior management group, joint venture entities and subsidiary companies.

### Transactions with the senior management group

Following the acquisition of Foster Wheeler in late 2014, the senior management group now consists of Amec Foster Wheeler plc board members and the presidents of the Americas, Europe and Growth Regions geographies along with the presidents of the Foster Wheeler segments of E&C Services and Global Power Group. In 2013 the senior management group consisted of Amec Foster Wheeler plc board members and the presidents of the Americas, Europe and Growth Regions geographies.

The senior management group and relatives controlled 0.64% of the voting rights of the company as at 31 December 2014.

## 27 Related party transactions continued

### Transactions and related balances outstanding with joint ventures continued

The Group will be exempting the following companies from an audit in 2014 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 Hedge Co 1 Limited (Registered number: 07870120).

AMEC Kazakhstan Holdings Limited (Registered number: 4530056).

Amec Foster Wheeler Property and Overseas Investments Limited (Registered number: 1580678).

AMEC USA Finance Limited (Registered number: 5299446).

AMEC USA Holdings Limited (Registered number: 4041261).

AMEC USA Limited (Registered number: 4044800).

PI Energy & Emissions Limited (Registered number: SC209704).

Sandiway Solutions (No 3) Limited (Registered number: 5318249).

Sigma Financial Facilities Limited (Registered number: 3863449).

| | Note | 2014 £m | 2013 £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 2 | 32 | 27 |
| Investment in subsidiaries | 3 | 4,480 | 2,353 |
| | | 4,512 | 2,380 |
| **Current assets** | | | |
| Debtors: including amounts falling due after one year of £1,102m (2013: £nil) | 4 | 1,149 | 40 |
| Cash at bank and in hand | | 93 | 76 |
| | | 1,242 | 116 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 5 | (2,026) | (154) |
| **Net current liabilities** | | (784) | (38) |
| **Total assets less current liabilities** | | 3,728 | 2,342 |
| Creditors: amounts falling due after one year | 6 | (1,324) | (761) |
| **Net assets** | | 2,404 | 1,581 |
| **Capital and reserves** | | | |
| Called up share capital | 7, 8 | 194 | 152 |
| Share premium account | 8 | 978 | 101 |
| Capital redemption reserve | 8 | 34 | 34 |
| Pro t and loss account | 8 | 1,198 | 1,294 |
| **Equity shareholders' funds** | | 2,404 | 1,581 |

The accounts on pages 156 to 162 were approved by the board of directors on 26 March 2015 and were signed on its behalf by:

Samir Brikho
Chief Executive

Ian McHoul
Chie

## 1 Accounting policies

### Basis of accounting
The accounts have been prepared under the historical cost convention, except that derivative  nancial instruments are stated at fair value, in accordance with applicable accounting standards and the Companies Act 2006.

The company has not presented its own pro t and loss account, as permitted by Section 408 of the Companies Act 2006.

### Cash  ow statement
The company is exempt from the requirement of FRS 1 'Cash Flow Statements' to prepare a cash  ow statement as its cash  ows are included within the consolidated cash  ow of the Group.

### Depreciation
Depreciation is provided on all tangible assets, other than assets in the course of construction, at rates calculated to write o  the cost or valuation, less estimated residual value, of each asset on a straight line basis over its estimated useful life. The estimated lives of tangible assets as at 31 December 2014 are as follows:

| | |
|---|---|
| Plant and equipment | Three to  ve years |
| Software | Three to seven years |

Depreciation is provided from the month in which the asset is available for use.

### 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 instruments. Cash, deposits and short-term investments are held at amortised cost. Derivative  nancial instruments are accounted for as described in note 1 to the consolidated accounts.

The company is exempt from the disclosure requirements of FRS 29 'Financial Instruments: Disclosures' as the  nancial instruments disclosures of IFRS 7 'Financial Instruments: Disclosures' and IFRS 13 'Fair Value Measurement' are included in the notes to the consolidated accounts.

### 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 di erences are taken to pro t and loss accounts 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.

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## 1 Accounting policies continued

## 3 Investments (held as  xed assets)

| | Shares in subsidiaries £m | Amounts owed by subsidiaries £m | Total investment in subsidiaries £m |
|---|---|---|---|
| **Cost** | | | |
| As at 1 January 2014 | 1,525 | 874 | 2,399 |
| Exchange and other movements | – | (15) | (15) |
| Additions | 2,537 | 2 | 2,539 |
| Loan repayment | – | (397) | (397) |
| **As at 31 December 2014** | 4,062 | 464 | 4,526 |
| **Provisions** | | | |
| **As at 1 January and 31 December 2014** | 46 | – | 46 |
| **Net book value** | | | |
| **As at 31 December 2014** | | | |

## 5 Creditors: amounts falling due within one year

| | 31 December 2014 £m | 31 December 2013 £m |
|---|---|---|
| Bank overdrafts | 8 | 1 |
| Bank and other loans | 693 | 120 |
| Trade creditors | 37 | 2 |
| Derivative financial instruments | 12 | 5 |
| Other taxation and social security costs | – | 14 |
| Other creditors | – | 4 |
| Accruals | – | 8 |
| Amounts owed to subsidiaries | 1,276 | – |
| | 2,026 | 154 |

The company has committed banking facilities of £1,826m (2013: £477m). This consists of a £377m multi-currency revolving facility that was taken out on 18 July 2012. The facility is committed for five years and is available for general corporate purposes. In addition on 13 February 2014 the company entered into acquisition facilities totalling $2,260m (£1,449m). This comprises of the following:

- $250m (£160m) bridge to cash facility maturing August 2015;
- $830m (£532m) bridge facility which matured February 2015 with two further six month extensions at the company's option;
- $830m (£532m) term loan maturing in equal instalments in 2017, 2018 and 2019; and
- $350m ($225m) revolving credit facility maturing May 2016.

It is the intention of the Company to refinance the $830m (£532m) bridge facility in the capital markets during 2015.

Previously the company had a £100m Sterling term loan for a period of 12 months. This was settled in full during the year. As at 31 December 2014, £1,230m (2013: £120m) of the loans and facilities were utilised by way of debt and £159m (2013: nil) was utilised by way of Letter of Credit.

## 6 Creditors: amounts falling due after one year

| | 31 December 2014 £m | 31 December 2013 £m |
|---|---|---|
| Amounts owed to subsidiaries | 794 | 761 |
| Bank and other loans | 528 | – |
| Derivative financial instruments | 2 | – |
| | 1,324 | 761 |

## 7 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.

## 9 Contingent liabilities

### Guarantees and indemnities

Guarantees given by the company in respect of borrowings of subsidiaries amounted to £nil as at 31 December 2014 (2013: £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 2014 was £94m (2013: £20m).

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 Hedge Co 1 Limited (Registered number: 07870120).

AMEC Kazakhstan Holdings Limited (Registered number: 4530056).

Amec Foster Wheeler Property and Overseas Investments Limited (Registered number: 1580678).

AMEC USA Finance Limited (Registered number: 5299446).

AMEC USA Holdings Limited (Registered number: 4041261).

AMEC USA Limited (Registered number: 4044800).

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.

## 10 Related party transactions

During the year the only related party transactions for which disclosure is required under FRS 8 'Related Party Disclosures' were with the senior management group. As allowed by FRS 8 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.

# History and development

## Details of incorporation

Amec Foster Wheeler plc (formerly AMEC plc) is a public limited company that is incorporated in England and Wales with the registered number 01675285.

AMEC plc changed its name to Amec Foster Wheeler plc on 13 November 2014 when it took control of Foster Wheeler AG.

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 plc 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.
- 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 qedi, 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.
- In 2013, we acquired Automated Engineering Services Corp., a US design engineering nuclear services firm which provides support to existing nuclear utilities.

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.

## Developments during 2014

### Acquisition of Foster Wheeler

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, through a wholly-owned subsidiary, 95.3% of the issued share capital of Foster Wheeler AG. Details of the acquisition are set out in note 24 to the consolidated financial statements.

During January 2015, the Company acquired the remaining shares in Foster Wheeler AG by way of a so-called 'squeeze-out merger' conducted under Swiss law and Foster Wheeler AG merged with and into one of the Company's wholly-owned subsidiaries.

At the time of the acquisition, Foster Wheeler had around 12,000 employees and operated in over 30 countries. Foster Wheeler operates through two business groups:

- E&C Services, which designs, engineers and constructs onshore and offshore upstream oil and gas processing facilities, natural gas liquefaction facilities and receiving terminals, gas-to-liquids facilities, oil refining, chemical and petrochemical, pharmaceutical and biotechnology facilities and related infrastructure, including power generation facilities, distribution facilities, gasification facilities and processing facilities associated with the minerals and metals sector, and is also involved in the design of facilities in developing market sectors, including carbon capture and storage, solid fuel-fired integrated gasification combined-cycle power plants, coal-to-liquids, coal-to-chemicals and biofuels; and
- Global Power Group, which designs, manufactures and installs steam generators and auxiliary equipment for electric power generating stations, district heating and power plants and industrial facilities worldwide and also provides a wide range of aftermarket services.

### Acquisition of Scopus

In December 2014, the Company 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. Details of the acquisition are set out in note 24 to the consolidated financial statements.

We describe below those risks and uncertainties that we consider to be signi cant because their outcome may have a material adverse e ect on the Group's business, nancial condition, results of operations or cash ows. 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 considered by us to be signi cant, could also have such material adverse e ects.

### Adverse global economic conditions or other macro-economic developments in the geographic regions and markets in which we operate.

We expect to derive the majority of our revenue from the Oil & Gas market. Combining Foster Wheeler's mid- and downstream capabilities with our existing upstream capabilities has resulted in greater exposure across the Oil & Gas value chain. Many Oil & Gas companies are reducing their capital expenditure in response to market and investor pressure.

In our other markets, such as Clean Energy, spending by customers will depend on cost developments for new technologies, support for government initiatives and the availability of funding for projects; whilst demand for raw materials from China may have a signi cant impact on Mining projects. We have experienced increased competition for new contracts and some customers have requested di erent, less favourable contract terms due to these conditions.

We expect to derive the majority of our revenue from Europe, the US and Canada and will be exposed to the impact of global and local economic conditions a ecting these regions. We may, therefore, be adversely a ected if conditions in these regions deteriorate.

Adverse or volatile economic conditions may impact liquidity and the availability of credit, as well as the demands of investors for greater returns in these markets, which may in turn in uence customer spending on capital investment and/or asset maintenance and may result in delays or cancellation of projects.

If we are unable to successfully anticipate changing economic and political conditions a ecting the jurisdictions and markets in which we operate, we may be unable to e ectively plan for or respond to those changes.

### Risks associated with operating in emerging markets.

We conduct a portion of our operations in emerging markets. Going forward, we expect that our operations will be more heavily focused in the Middle East, as well as in other emerging markets, such as Latin America and parts of Asia. Our operations in these markets are exposed to risks that may not be encountered in countries with more well-established economic and political systems, which include, to a greater or lesser extent, changes in international governmental regulations, trade restrictions and laws, tari s and other barriers, the potential for nationalisation of enterprises or government policies favouring local production, renegotiation or nulli cation of existing agreements, uctuations in interest rates and currency exchange rates, the introduction of exchange controls and other restrictions by foreign governments, timeliness of client payments, di ering protections for intellectual property and enforcement thereof and divergent environmental laws and regulations.

Continuing political and social unrest in the Middle East may have a negative impact on existing and future opportunities in the region.

### Changes in commodity prices may impact demand for our services.

Commodity prices are volatile and are in uenced by a number of external factors, including the supply of and demand for commodities, speculative activities by market participants, global political and economic conditions, the levels of production in major commodity-producing countries and the costs of exploring for, developing, producing and delivering the commodities. Fluctuations in commodity prices may impact customer spending on capital investment and asset maintenance and may result in delays or cancellation of projects.

A sustained reduction in oil prices may adversely impact investment in both oil and gas production by driving international oil companies to focus on ways in which they can be more capital e cient. Such companies may choose to reduce overall levels of upstream capital expenditure and look at options to improve the e ciency of operating expenditure. 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 customer spending as a result of a reduction in commodity prices could negatively impact our operations. Any delay, deferral or size reduction in our customers' projects may restrict the opportunities available to us for organic growth and the achievement of our targets.

### Expected cost, revenue and tax synergies in relation to the acquisition of Foster Wheeler may not be achieved or may be materially lower than has been estimated.

We expect that the acquisition of Foster Wheeler will produce signi cant cost and revenue synergies. We estimate that the acquisition will create cost synergies of at least US$125m per year, principally from overhead reduction and the removal of other administrative cost duplication, with the full bene t of the cost synergies estimated to be realised by the third year after completion of the acquisition. We also believe that the acquisition will result in a number of operational bene ts, such as greater scale in Latin America, the Middle East and Asia and cross-selling opportunities to a combined customer base. If we are not able to successfully complete the integration process in an e cient and e ective manner, the anticipated synergies may not be realised fully, or at all, or may take longer to realise than expected.

Furthermore, any expected revenue synergies may not materialise, or may be o set by competing commercial considerations arising out of the acquisition: for example, our existing business and Foster Wheeler may act for competing private sector customers which, for con dentiality reasons, may not wish to award work to businesses that also provide services to their competitors.

### Integration of Foster Wheeler involves numerous challenges that may be more time-consuming and costly than expected.

Our future success may, in part, depend upon our ability to integrate Foster Wheeler without disruption to our existing businesses. The integration process is complex and will require the co-ordinated e orts of our management teams and employees. Integration may take longer than expected, may prove more di cult than currently anticipated or unanticipated di culties may arise, thereby posing a risk to our pro tability.

A signi cant amount of management's time will be required to achieve the integration of the businesses, and this may distract the management team from running our ongoing businesses. In addition, it is possible that certain key personnel may leave during the integration period and the management team may be required to spend additional time and money hiring suitable replacements.

We currently estimate that we will incur approximately US$75m to US$90m in costs over the rst two years following completion of the acquisition in order to achieve the expected cost synergies. However, the costs of achieving the expected synergies may be higher than we anticipate or there may be signi cant additional unanticipated costs that we may not be able to recover.

### Adverse changes in macro-economic, market and other conditions could result in the impairment of goodwill and other intangible assets.

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 ows that are expected to be derived from it, either 9(et c)4.9(w)4indicsseother r7(om it)-2sea(x a)]TJ An impairment test is anequired ty0(ement t)9(e)9(ao0
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### Lump-sum contracts are more subject to unanticipated modifications, technical problems and delays.

Prior to the acquisition of Foster Wheeler, we usually entered into reimbursable contracts, but in limited circumstances, where the customer and project are well known to us, such as with work for the US federal government or in the Clean Energy business in the Americas or on occasion in other AMEC businesses, we have entered into lump-sum contracts in which we contracted based upon specifications and other design information provided by the customer.

Comparatively, Foster Wheeler historically entered into a higher percentage of lump-sum contracts, including lump-sum turnkey contracts and other fixed-price contracts, mostly within its Global Power Group.

Lump-sum contracts carry different risks than reimbursable contracts because the selling price of the project is agreed

### A major safety incident could lead to reputational damage and increase potential liabilities.

We are 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. Our projects are increasingly complex and place employees and others near large equipment, dangerous processes, highly regulated materials or in remote and challenging environments. We are responsible for the safety and security of our employees travelling on company business and while working at project sites and of third-party personnel while working at project sites under our supervision, and, accordingly, must implement safety procedures.

Failure to comply with such procedures may cause us to be subject to losses and liability under client contracts or statutory regulations. Any failure in health and safety performance which results in a major or significant health and safety or environmental incident is likely to result in additional costs in terms of potential liabilities or remediation costs. Such failure could generate significant adverse publicity, resulting in employee turnover and damage to our reputation which may adversely impact our ability to win new business.

### Failure or security breaches of our IT systems and/or data security or failure to effectively integrate Foster Wheeler's IT systems may result in losses.

We are dependent on the efficient operation of our IT systems. Such systems may fail and/or sensitive data held by them may be lost. Information and communication systems are, by their nature, susceptible to internal and external security breaches, including computer hacker and cyber terrorist breaches, employee wilful breaches and the risk of 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 the Group's IT systems could lead to loss of control over critical business, project 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 and the incurring of significant remedial costs.

Our operations are especially dependent on the use of internal data and customer data. We have 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 we will unintentionally disclose protected or sensitive data, including important intellectual property, which could lead to the violation of client confidentiality agreements, reputational harm and the loss of critical data.

We have developed a plan to harmonise Foster Wheeler's IT systems with our own. As a result of the differences between our existing IT systems and Foster Wheeler's, there can be no assurance that this harmonisation will be successful. We may experience failures in either Foster Wheeler's IT systems or our own as we work to integrate them.

### Failure to comply with anti-corruption laws and regulations, economic sanction programmes or other laws

### Funding risks in relation to de ned bene t pension schemes.

We operate a number of de ned bene t pension schemes, where careful judgement is required in determining the assumptions for future salary and pension increases (for those plans that are not frozen), discount rate, in ation, investment return and member longevity. We expect to continue to operate these schemes, although the most signi cant schemes are now closed to new entrants. Based on our current assumptions, we expect that we will be able to fund these pension schemes without seeking recourse to additional external nancing. Actual outcomes could, however, di er from our assumptions. For example, a prolonged period of lower than expected asset returns and/or unexpected increases in longevity could create or worsen a funding shortfall on one or more of the schemes, in which circumstances we may agree or be required to make additional cash contributions to the schemes to eliminate the funding shortfall. If signi cant, such additional contributions may constrain our ability to invest in acquisitions or undertake capital expenditure, thereby adversely impacting our growth and pro tability.

### If the actual number and/or cost to the Group of resolving asbestos-related claims is higher than expected, there may be an adverse e ect on our cash ows and our results to the extent that the additional cost is not covered by insurance, or expected insurance recoveries are not, in fact, realised.

Certain of the Company's subsidiaries have been named as defendants in numerous lawsuits and out-of-court administrative claims in which the plainti s claim damages for alleged bodily injury or death arising from exposure to asbestos primarily in connection with asbestos placed by others on steam-generating units and auxiliary equipment assembled, installed and/or sold, by those subsidiaries. In the US, certain of Foster Wheeler's subsidiaries have received claims alleging personal injuries due to contracting work performed by them and more rarely from exposure to asbestos-containing components installed in their steam-generating units and auxiliary equipment. We expect that these subsidiaries will be named as defendants in additional and/or similar suits and that new claims will be led 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 have provided for the estimated indemnity amounts and defence costs that we expect to incur in relation to open and expected future asbestos-related claims in each year in the period to 2050. We have also recognised the estimated future recoveries under our insurance arrangements against the costs of resolving these claims.

It is possible that the actual number of future claims brought against us 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 led and increases in the number of new claimants;
- adverse changes in the mix of diseases alleged to be su ered by the claimants;
- adverse changes in the mix of claimants making allegations;
- increases in indemnity payments or defence costs associated with asbestos-related claims;
- decreases in the proportion of claims dismissed with zero indemnity payments;
- indemnity payments being required to be made sooner than expected;
- adverse uctuations 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; and
- adverse changes in legislative or judicial standards governing the ling, handling or resolution of asbestos-related claims.

Whilst certain of these claims are covered by insurance, the settlements that we made with our insurers were sometimes for xed monetary amounts and/or provide cover only for claims made before a speci ed future date. Accordingly, a future increase in the Group'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 us for open and expected future asbestos-related claims are not covered by insurance proceeds, we would be responsible for the payment of those costs, which would adversely a ect our cash ows.

### Obligations and liabilities relating to divested and non-core businesses.

We remain at risk to potential litigation and business claims in relation to divested and non-core businesses where we have provided customary warranties to the purchaser or have continuing obligations such as to carry out environmental remediation. Where appropriate, we have made provision for these obligations but it is possible that the actual costs incurred in settling any claims will materially exceed those provisions.

We assess the  nancial 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  nancial 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.

### Scope revenue

Scope revenue represents reported revenue less  ow-through procurement revenue.

Flow-through procurement revenue and costs are recognised when we purchase materials, equipment or third-party services for our customers on a reimbursable basis. We do not recognise any pro t on  ow-through procurement costs. Scope revenue is a non-IFRS measure that we present because it represents the revenue that we have earned from providing services to our customers. We use scope revenue in the calculation of trading margin because our margins would otherwise be reduced by  ow-through revenue on which we earn no pro t and would  uctuate from one period to another depending on the extent of procurement activities.

| | 2014<br>£m | 2013<br>£m | 2012<br>£m |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenuent t(-ts;)prnt tructeain()(e flo0 CS 1  S [(s)9omer)o(f tr)dispo0 CS 1  Salwgin bectuat<edsent s;e fgd-p(ain()(e flo0 CS 1  S [(s)9omer)o(f tr | | | |

# Performance measures continued

## Trading margin

Trading margin represents trading pro t expressed as a percentage of scope 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 pro tability.

## 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 de ne the underlying change as the year-on-year change excluding the e ect of  ow-through procurement, acquisitions and disposals of businesses and currency exchange rate movements.

### Underlying change – 2014 compared with 2013

| | 2013 £m | Currency translation £m | Change in ow-through procurement £m | Acquisitions £m | Underlying change £m | 2014 £m | Underlying change % |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| Americas | 2,247 | (193) | (70) | 17 | | | |

### 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.

## Continuing operations

In Americas, trading pro t and trading pro t margin increased as a result of the successful close-out (i.e. the settlement of  nal accounts) of a number of projects within the oil and gas and mining markets, which enabled the release of contingencies and provisions related to certain projects. Trading margin also bene ted from the reduction in  ow-through procurement. By contrast, in Europe trading pro t and trading margin were adversely a ected by the reduction in contribution from the NMP joint venture and losses incurred from contract delays at the Teesside Gas Processing Plant. Trading pro t margin was also a ected by changes in business mix. In the Growth Regions, the positive impact on trading pro t and trading margin of cost e ciencies arising from integrating the business into the new geographic structure was o set by di cult market conditions in Australia.

Currency exchange rate movements reduced trading pro t by £2m in 2013 compared with 2012.

### Net  nancing expense

Net  nancing expense was £2m (2012: £1m) and comprised net bank interest payable of £2m (2012: £2m receivable), net foreign exchange losses of £1m (2012: £nil) and net interest income on pension assets and liabilities of £1m (2012: £3m expense).

A net currency exchange loss of £1m (2012: gain of £1m) was recognised in the translation reserve in respect of derivatives held in designated net investment hedging relationships.

### Share of results of joint ventures

The Group's share of joint ventures' pro t for the year was £14m (2012: £12m).

### Pro t before tax

Pro t before tax was broadly unchanged at £255m (2012: £254m) after intangibles amortisation of £47m (2012: £44m), exceptional costs and losses of £25m (2012: £24m) and the Group's share of joint ventures' tax expense of £5m (2012: £5m).

Adjusted pro t before tax was 2% ahead at £332m (2012: £327m).

### Taxation

Income tax on continuing operations was £69m (2012: £47m). During 2013, there was an exceptional income tax expense of £16m (2012: £nil) and a tax charge on other exceptional items of £6m (2012: tax credit of £9m), the e ect of which was partially o set by an increase in the tax credit on intangibles amortisation to £20m (2012: £12m).

The Group's share of joint ventures' income tax expense was £5m (2012: £5m).

The Group's e ective tax rate on continuing operations (including its share of joint ventures' income tax expense but before exceptional items and intangibles amortisation) declined to 21.9% (2012: 22.5%). The reduction principally re ected decreases in statutory tax rates, a reduction in the tax rate applied to the UK pension surplus, changes in the recognition of tax losses and the agreement of historical items with various tax authorities.

### Pro t for the year from continuing operations

Pro t for the year from continuing operations was £186m (2012: £207m) after intangibles amortisation of £47m (2012: £44m), exceptional costs and losses of £25m (2012: £24m), an income tax credit on those items of £14m (2012: £21m) and, in 2013, an exceptional income tax expense of £16m.

Adjusted pro t for the year from continuing operations increased by 2% to £265m (2012: £259m).

### Results by operating segment
### Americas

| £m unless stated | 2013 | 2012 | Change | Underlying change[1] |
|---|---|---|---|---|
| Revenue | 2,247 | 2,500 | -10% | |
| Flow-through procurement | (120) | (320) | | |
| Scope revenue[1] | 2,127 | 2,180 | -2% | -2% |
| Pro t before net  nancing expense | 211 | 212 | | |
| Intangibles amortisation | 18 | 18 | | |
| Exceptional items | 10 | 1 | | |
| Share of trading pro t | 10.7-5010 Tc 0 Tw -21.5093.85[(-1)-40(+60bp5.s s)_1 1 | | | |

## Europe

| £m unless stated | 2013 | 2012 | | |
|---|---|---|---|---|
| | | | | |

## Holders of ADSs

### ADSs and ADRs

The Company’s ordinary shares are traded in the form of ADSs on the NYSE. Each ADS represents one ordinary share.

The ADSs are evidenced by 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 State Street Bank & Trust Company, as custodian for the Depositary.

ADSs may be held directly by having an ADR (a certi cate evidencing a speci c number of ADSs) registered in your name or by holding ADSs in the Direct Registration System, or indirectly through a broker or other  nancial 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 speci cally requests to receive certi cated 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 bene cial 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; and
- records and maintains the register of ADS holders.

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| 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; and
- 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 US$0.01 per ADS was levied on the 2014 interim dividend that was paid in January 2015.

### 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.

In the period from 2 October 2014 (the date of the deposit agreement with the Depositary) to 25 March 2015, the Company did not receive any amounts from the Depository but it expects to receive reimbursement of certain costs incurred in that period during the fourth quarter of 2015.

### 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 25 March 2015, the Company's issued share capital was £196,565,907 divided into 393,131,813 ordinary shares of 50 pence each. Of this number, 4,291,115 ordinary shares were registered as treasury shares, leaving a balance of 388,840,698 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 25 March 2015, there were 5,976,299 share options outstanding under the Company's UK and International SAYE schemes and 5,783,597 shares reserved for share awards under the Company's share-based compensation plans (in relation to which 2,015,070 shares were held in the Company's Employee Share Trust).

The Articles authorise the Company to purchase its own shares. A resolution passed at the Company's General Meeting on 23 October 2014 provides the directors with the authority to purchase up 35,896,172 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 2015, whichever is earlier. A resolution will be proposed at the Company's AGM in May 2015 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 25 March 2015, the Company's total market capitalisation was approximately £3.8bn 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 (as derived from the Daily Official List of the UK Listing Authority) and the highest and lowest sales price of its ADSs on the NYSE (as reported on the NYSE composite tape) were as follows:

| | £ per ordinary share | | US$ per ADS[1] | |
|---|---|---|---|---|
| Year ended 31 December | High | Low | High | Low |
| 2010 | 11.68 | 7.34 | n/a | n/a |
| 2011 | 12.51 | 7.41 | n/a | n/a |
| 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 |

| | £ per ordinary share | | US$ per ADS[1] | |
|---|---|---|---|---|
| Quarter | High | Low | High | Low |
| 2013 | | | | |
| First quarter | 11.24 | 10.10 | n/a | n/a |
| Second quarter | 10.98 | 9.66 | n/a | n/a |
| Third quarter | 11.10 | 10.02 | n/a | n/a |
| Fourth quarter | 12.07 | 10.40 | n/a | n/a |
| 2014 | | | | |
| First quarter | 11.24 | 10.20 | n/a | n/a |
| Second quarter | 12.62 | 11.65 | n/a | n/a |
| Third quarter | 12.45 | 10.59 | n/a | n/a |
| Fourth quarter | 11.05 | 7.89 | 16.97 | 12.25 |
| 2015 | | | | |
| First quarter [2] | 9.95 | 7.77 | 14.83 | 12.75 |

| | £ per ordinary share | | US$ per ADS[1] | |
|---|---|---|---|---|
| Month | High | Low | High | Low |
| September 2014 | 11.20 | 10.59 | n/a | n/a |
| October 2014 | 10.92 | 9.90 | n/a | n/a |
| November 2014 | 11.05 | 9.35 | 16.97 | 14.47 |
| December 2014 | 9.36 | 7.90 | 14.47 | 12.25 |
| January 2015 | 8.62 | 7.77 | 13.11 | 11.89 |
| February 2015 | 9.03 | 8.31 | 13.83 | 12.39 |
| March 2015 [2] | 9.95 | 8.73 | 14.79 | 13.00 |

1 From 13 November 2014.

2 Up to and including 25 March 2015.

### Shareholdings

As at 25 March 2015, 17,130,827 ADSs equivalent to 4.4% of the number of the Company's ordinary shares in issue were outstanding and were held by 1,321 registered holders.

As at 25 March 2015, 154,517 ordinary shares were held by 386 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 DTRs (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:

| | Percentage of voting rights held | | | |
|---|---|---|---|---|
| As at 31 December | 2014 | 2013 | 2012 | 2011 |
| Artisan Partners Limited Partnership | n/a | 5.20% | n/a | n/a |
| Mondrian Investment Partners Limited | 5.28% | 5.15% | n/a | n/a |
| BlackRock, Inc. | 5.01% | n/a | 9.97% [1] | 9.94% |
| Legal & General Assurance | n/a | n/a | 3.98% | 3.96% |

1 In response to a disclosure request under Section 793 of the Companies Act 2006, Blackrock, Inc. advised the Company on 19 December 2012 that their holding had reduced to 5.52%.

On 23 March 2015, pursuant to DTR 5, BlackRock, Inc. notified the Company of their interest in 5.63% of the voting rights in the Company. Otherwise, there were no notifications received under DTR 5 between 31 December 2014 and 25 March 2015.

Each of the Company's ordinary shares, including those held by major shareholders, carries equal voting rights.

### Purchase of ordinary shares

In February 2013, the Company completed a £400m share buy-back programme. During 2014, 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 2014 were satisfied by the transfer to the participants of the shares held by the Company in treasury or by the trustee of the relevant scheme. 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 quali ed in its entirety by reference to the Companies Act 2006 and the Articles. Please refer to Documents on display on page 187 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 a airs 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 o ce 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 o ce, and is considered eligible by the board, actually o ers himself or herself for re-election at every AGM.

Under the Articles, there are no age limits relating to a person’s quali cation to hold o ce 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 bene t 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 a scn /oymed(at)9(e Go)25e ArticletTD [(int)9 0 0 of obligArticle

## 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 t 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

Following completion of the O er, on 8 December 2014, AMEC (through its subsidiaries) and Foster Wheeler entered into a merger agreement, which provided for the squeeze-out merger of Foster Wheeler AG under Swiss law. The squeeze-out merger was subject to the approval of the merger agreement by at least 90% of the outstanding voting rights of Foster Wheeler AG, which was received on 19 January 2015.

### Agreements with former Foster Wheeler directors

Pursuant to the Implementation Agreement, AMEC entered into letters of appointment with Kent Masters and Stephanie Newby regarding their appointment as non-executive directors of Amec Foster Wheeler following the completion of the acquisition. Amec Foster Wheeler also entered into a co-ordination and settlement agreement with Kent Masters relating to his termination arrangements as CEO of Foster Wheeler.

### Credit facility agreement

In February 2014, the Group entered into a US$2,160m credit facility agreement 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. In July 2014, the facility was amended to increase the  nancing available to US$2,260m. The credit facility comprises three loan facilities totalling US$1,910m and a multi-currency revolving credit facility of US$350m. Further details of the terms and conditions of the credit facility agreement are set out in note 19 to the consolidated  nancial statements.

### Exchange controls and other limitations a ecting security holders

There are no UK government laws, decrees or regulations that restrict or a ect the export or import of capital or that a ect 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 by the UK Treasury pursuant to legislation, such as the United Nations Act 1964 and the Emergency Laws Act 1964, against the government or residents of certain countries.

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 (de ned 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 IRC known as the Medicare Contribution tax or the tax consequences for holders subject to other special rules, such as:

- certain  nancial 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;
- partnerships or other entities classi ed as partnerships for US federal income tax purposes;
- persons liable to the alternative minimum tax;
- persons who hold ordinary shares or ADSs in individual retirement accounts or other tax-deferred accounts;
- 

### 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  ve 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

### 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.

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$ |
|---|---|
| 2010 | 1.54 |
| 2011 | 1.60 |
| 2012 | 1.59 |
| 2013 | 1.57 |
| 2014 | 1.65 |

For the periods indicated in the table below, the high and low exchange rate between sterling and the US dollar were as follows:

| | £1=US$ | |
|---|---|---|
| Month | High | Low |
| September 2014 | 1.66 | 1.61 |
| October 2014 | 1.62 | 1.59 |
| November 2014 | 1.60 | 1.56 |
| December 2014 | 1.57 | 1.55 |
| January 2015 | 1.54 | 1.50 |
| February 2015 | 1.55 | 1.50 |
| March 2015[1] | 1.54 | 1.47 |

1 Up to and including 25 March 2015.

At the close of business in London on 25 March 2015, the sterling/US dollar exchange rate was £1=US$1.49.

## Signi cant di erences between corporate governance practices and NYSE listing standards

### Background

Our corporate governance practices are designed to be compliant with the principles and provisions speci ed by the UK Corporate Governance Code. Our statement of compliance with the principles and provisions of the Code is set out on page 44.

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 signi cant di erences 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

| Item | Form 20–F caption | Location in this document | Page |
|---|---|---|---|
| 1 | Identity of directors, senior management and advisers | Not applicable | n/a |
| 2 | O er statistics and expected timetable | Not applicable | n/a |
| 3 | Key information | | |
| | A – Selected nancial data | Five-year record | 192 |
| | | Foreign currency translation | 186 |
| | B – Capitalisation and indebtedness | Not applicable | n/a |
| | C – Reasons for the O er and Use of Proceeds | Not applicable | n/a |
| | D – Risk Factors | Risk Factors | 164-168 |
| 4 | Information on the Company | | |
| | A – History and de[(No(1)1052l 0 Tdl23.12 0 Td [(Not applic))]T m(4)-2062(I9Td [(F)79(or)29(eig0.1 TcBDC 8.746 Td [(4)-2062(Inf)20(ormat | | |

| Item | Form 20–F caption | Location in this document | Page |
|---|---|---|---|
| 8 | Financial information | | |
| | A – Consolidated nancial statements and other nancial information | Consolidated nancial statements | 96-155 |
| | | Report of independent registered public accounting rm | 95 |
| | – Legal proceedings | Note 26 – Contingent liabilities | 153 |
| | – Dividends | Financial Review – Dividend | 33 |
| | B – Signi c ant changes | None | n/a |
| 9 | The o er and listing | | |
| | A | | |

We set out below details of the Company's principal trading subsidiaries and joint ventures. Except where indicated, all subsidiaries listed below are wholly owned, incorporated in England & Wales 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. A full

### Subsidiaries continued

^Foster Wheeler Colombia S.A.S. (Colombia)

^Foster Wheeler E&C (Malaysia) Sdn. Bhd. (Malaysia) (70%)

^Foster Wheeler Energia Oy (Finland)

^Foster Wheeler Energia Polska Sp. z.o.o. (Poland)

^Foster Wheeler Engineering A.G. (Switzerland)

^Foster Wheeler Hellas Engineering & Construction Societe Anonyme (Greece)

^Foster Wheeler Inc. (US)

^Foster Wheeler Intercontinental Corporation (US)

^Foster Wheeler International Corporation (US)

^Foster Wheeler Limited

^Foster Wheeler LLC (US)

^Foster Wheeler (Philippines) Corporation (Philippines) (99.962%)

^Foster Wheeler South Africa (PTY) Limited (South Africa) (70%)

^Foster Wheeler (Thailand) Limited (Thailand)

^Foster Wheeler Services (Thailand) Limited (Thailand)

^Foster Wheeler USA Corporation (US)

Kromav Engenharia S.A. (Brazil) (50%)

^OOO Foster Wheeler (Russia)

^Martinez Cogen Limited Partnership (US) (99%)

^Mossel Bay Energy IPP Limited (South Africa) (90%)

^†PT Amec Foster Wheeler Indonesia (Indonesia) (55%)

^PT Foster Wheeler O&G Indonesia (Indonesia) (90%)

QEDI Commissioning and Completions (Canada) Limited (Canada)

QED International (UK) Limited (Scotland)

Rider Hunt International Limited

Rider Hunt International (USA) Inc. (US)

Terra Nova Technologies, Inc. (US)

*Directly owned.

^ Entity acquired with Foster Wheeler in November 2014. The Company initially acquired a 95.3% interest in Foster Wheeler but acquired the non-controlling interest on 19 January 2015. In the above table, the interest shown is that owned by the Company as at 19 January 2015. In each case, the Company owned only 95.3% of the interest shown as at 31 December 2014.

† Name shown is the entity's name at 25 March 2015, which is di erent from its name at 31 December 2014.

### Joint ventures

AMEC Black Cat LLC (Qatar) (49%)

AMEC Black & McDonald Limited (Canada) (50%)

AMEC Larastia Sdn Bhd (Malaysia) (49%)

AMEC Samsung Oil and Gas LLC (US) (49%)

^Centro Energia Ferrara S.p.A (Italy) (41.65%)

^Centro Energia Teverola S.p.A (Italy) (41.65%)

Clough AMEC Pty Ltd (Australia) (50%)

^Construccion e Ingenieria Chile FI Limitada (Chile) (50%)

^Construccion e Ingenieria FIM Chile, Limitada (Chile) (33.33%)

Core Tech-AMEC-SKEC, LLC (Guam) (50%)

^Foster Wheeler and Partners Engineering Company

(Saudi Arabia) (50%)

^Foster Wheeler Energy FAKOP Sp. z.o.o. (Poland) (53.35%)

^Foster Wheeler Kentz Energy Services DMCC (UAE) (50%)

^Foster Wheeler Power Machinery Company Limited (China) (52%)

^FW (Hebei) Engineering Design Co Ltd (China) (49%)

^FWP Joint Venture (Singapore) (50%)

Incheon Bridge Co. Ltd (Korea) (23%)

^Lomellina Energia S.r.l. (Italy) (39.2%)

Nuclear Management Partners Limited (UK) (36%)

Paragon Angola Engenharia E Serviços, Limitada (Angola) (60%)

^Petropower Energia Limitada (Chile) (85%)

^Project Management Holdings Limited (Ireland) (25%)

PT AMEC Berca Indonesia (50%)

Shanghai Zone Petrochemical Engineering Co., Ltd. (China) (50%)

^Socar-Foster Wheeler Engineering LLC (Azerbaijan) (35%)

^Voreas S.r.l. (Italy) (50%)

## Consolidated income statement data

| £m unless stated | 2014 | 2013 | Restated[1] 2012 | Restated[1] 2011 | Restated[1] 2010 |
|---|---|---|---|---|---|
| | | | | | Year ended 31 December |
| **Continuing operations** | | | | | |
| Revenue | 3,993 | 3,974 | 4,088 | 3,133 | 2,786 |
| Adjusted pro t before tax [2] | 317 | 332 | 327 | 316 | 282 |
| Exceptional items | (98) | (25) | (24) | (6) | 11 |
| Amortisation of intangible assets | (49) | (47) | (44) | (39) | (25) |
| Net asbestos-related expense | (9) | – | – | – | – |
| Share of tax of joint ventures | (6) | (5) | (5) | (7) | (7) |
| Pro t before tax | 155 | 255 | 254 | 264 | 261 |
| Income tax | (49) | (69) | (47) | (53) | (25) |
| **Pro t from continuing operations** | 106 | 186 | 207 | 211 | 236 |
| **(Loss)/pro t from discontinued operations** | (27) | (8) | 2 | 16 | (9) |
| **Pro t for the year** | 79 | 178 | 209 | 227 | 227 |
| Earnings per ordinary share | | | | | |
| Continuing operations: | | | | | |
| – Basic | 36.1p | 63.8p | 65.2p | 64.4p | 73.0p |
| – Adjusted diluted [3] | 79.5p | 87.2p | 78.6p | 71.6p | 62.6p |
| Total operations: | | | | | |
| – Basic | 27.2p | 61.1p | 65.8p | 69.2p | 70.1p |
| – Diluted | 26.5p | 59.8p | 64.6p | 67.8p | 68.5p |
| Dividends per ordinary share [4] | 43.3p | 42.0p | 36.5p | 30.5p | 26.5p |
| Dividend cover [5] | 1.8x | 2.1x | 2.2x | 2.3x | 2.4x |

## Consolidated balance sheet data

| £m unless stated | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | | | | | As at 31 December |
| Goodwill and other intangible assets | 3,319 | 907 | 969 | 848 | 621 |
| Other non-current assets | 593 | 253 | 245 | 203 | 199 |
| Current assets | 2,066 | 1,224 | 1,304 | 1,404 | 1,443 |
| **Total assets** | 5,978 | 2,384 | 2,518 | 2,455 | 2,263 |
| Current liabilities | (2,237) | (1,004) | (1,151) | (828) | (746) |
| Non-current liabilities | (1,717) | (256) | (284) | (253) | (242) |
| **Net assets** | 2,024 | 1,124 | 1,083 | 1,374 | 1,275 |
| Share capital | 194 | 152 | 154 | 169 | 169 |
| Other reserves | 1,801 | 970 | 925 | 1,204 | 1,103 |
| Equity attributable to holders of the parent | 1,995 | 1,122 | 1,079 | 1,373 | 1,272 |
| Non-controlling interests | 29 | 2 | 4 | 1 | 3 |
| **Total equity** | 2,024 | 1,124 | 1,083 | 1,374 | 1,275 |
| Number of ordinary shares in issue (millions) | 389 | 304 | 308 | 338 | 338 |
| Net working capital | 23 | 99 | 54 | 55 | (43) |
| Net (debt)/cash | (803) | 121 | 99 | 521 | 740 |

1 The selected nancial data set out above has been extracted from the consolidated nancial statements for the relevant year prepared in accordance with IFRS except that the income statement data for 2012, 2011 and 2010 has been restated to re ect the reclassi cation in 2013 of the UK conventional power business as a discontinued operation and the adoption of IAS 19 (Revised 2011) 'Employee Bene ts'.

2 Adjusted pro t before tax represents pro t before tax before exceptional items, the amortisation 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.

3 Adjusted diluted earnings per share represents pro t 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 e ect of those items, divided by the diluted number of ordinary shares.

4

| | |
|---|---|
| ADSs | American Depositary Shares, evidenced by ADRs, the form in which the Company's ordinary shares are traded on the NYSE |
| ADRs | American Depositary Receipts, issued in respect of ordinary shares deposited |

Registered o ce
Booths Park