

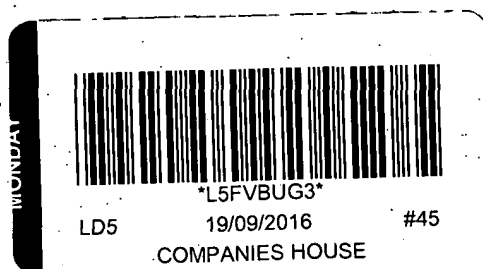
Company Registration No. 02438136

MWH EUROPE LIMITED

Annual Report and Financial Statements

For the 52 week period ended 1 January

2016



MWH EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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MWH EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C Schefer
D Smith
D Barnes

COMPANY SECRETARIES

V Hall-Sturt
S Moist
G Maloney

REGISTERED OFFICE

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BANKERS

Bank of America NA
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Barclays Bank plc
PO Box 41
16 High Street
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HP11 2BG

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans
United Kingdom

MWH EUROPE LIMITED

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Activities

MWH Europe Limited is part of a global, strategic consulting, technical engineering and construction management firm focused on wet infrastructure. MWH Europe Limited is dedicated to innovation and committed to mastering and applying emerging technologies to create client-focused results. It has engaged in the consulting, engineering, construction, and management of some of the largest and most technically significant wet infrastructure projects in the world all supporting its overall mission of Building a Better World. The group has active branches in Dubai, Abu Dhabi and Qatar.

Events after the balance sheet date

On 6 May 2016, MWH Global Inc., the ultimate parent company of MWH Europe Ltd, entered into an agreement and plan of merger with Stantec Inc. in which Stantec Inc. acquired all of MWH Global Inc's issued and outstanding capital stock.

Financial review

Below is a summary of the consolidated group financial performance over the last two periods:

	52 week period ended 1 January 2016	52 week period ended 2 January 2015
	£000s	(Restated) £000s
Gross revenues	162,326	144,596
Gross profit	56,533	47,665
Operating profit	14,437	6,756
Operating profit margin	8.9%	4.7%

Gross revenues for the 52 week period to 1 January 2016 increased for the group by 12.3% from 2014 (prior period: decrease of 2.5%). Revenues increased for MWH UK, which is the most significant subsidiary in the group. The group is part of numerous water client Asset Management Plan ("AMP") frameworks in the United Kingdom which cover 5 year cycles and the increased revenue is in line with the Directors' expectations at this stage of the current AMP cycle. Revenues for the rest of the group also increased in line with expectation.

MWH EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

Financial review (continued)

The operating profit for the 52 week period was £14,437,000 (prior period £6,756,000). This profit has increased compared to 2014 as a result of higher volume, lower business development costs, positive close out of AMP5 positions and above the line R&D tax credits (ATL Scheme).

The after – tax profit for the 52 week period of £12,084,000 (prior period: £3,787,000) has been transferred to reserves.

The financial position of the group is set out on page 14. The cash balance has increased from £14,726,000 to £16,190,000 as a result of the cash generated from operations.

Market conditions and trends

Water Sector

The UK Water industry operates on five yearly asset management cycles, known as 'AMP's. The sixth AMP cycle began on 1 April 2015.

The group benefits within the UK from being a member of some significant AMP6 frameworks with water companies such as Southern Water, Northumbrian Water, Severn Trent & Thames Water where work is allocated without the need for repeat competitive bidding. Revenue opportunity is also expected to continue through 2016 as new projects are released on existing contracts.

Energy Sector

There is significant increased investment required in the UK to meet current and future energy demands and increase energy security. The medium-range trend for the energy sector is very good.

Solid Waste Sector

This market sector has a strong portfolio of work in the short and medium-term in the UK.

Infrastructure Sector

Public and private investment is targeted at national infrastructure and the medium-range trend for the infrastructure sector is good in the UK.

Overseas

The MWH Europe group has overseas subsidiaries, as outlined in note 15 of the financial statements. The main three subsidiaries are MWH Spa, MWH BV and MWH SA.

MWH Spa, Italy is ranked among the largest Italian Engineering Companies. MWH Spa has a diverse portfolio of clients which enables them to balance the risk of facing the financial crisis of the EU region. Thanks to the efforts both in commercial and management areas, 2015 was another positive year for the Company confirming the last 6 years trend. Most of the previous year performance targets were confirmed while gross revenue grew by 5%. Thanks to the maintenance of strong business disciplines the Company is able to continue to invest in the marketing and development areas, which included new resources dedicated to expand the business both in the African region and in commercially promising areas of the Italian territory. For the current and the following years it is expected that the Marketing and Business Development will continue to drive the company growth, also in new geographical and in new business areas.

MWH EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

Overseas (continued)

MWH BV, based in the Netherlands is an environmental consultancy business employing 140 people. The Company has a diverse portfolio of clients and services with a primary focus on Soil, Compliance and Asset Management Services. Since 2014 the results have shown an improving trend with the positive results highly driven by the success of our Soil Risk Map. Because of the success of the Soil Risk Map, the results in 2015 were above expectation. For 2016 it is anticipated that the Dutch economy will continue to improve, resulting in increased opportunities and growth for the Dutch consultancy business.

MWH SA (the MWH Belgium operation) specialises in providing international development consulting services mainly to prestigious institutions, such as the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development, the World Bank, the United Nations and the Millennium Challenge Corporation. Services include program management, project management, management consulting and strategic consulting in projects within the Energy, Water and Climate Change sectors.

Market conditions in Belgium in the period ended 1 January 2016 saw intense market competition and high pressure on prices, resulting in the bidding for work at significantly reduced margins in order to secure revenue. Even when revenues have significantly grown, the operations remain in a loss situation, due to important restructuring costs. These one off items were necessary in order to align the cost structure to a low margin business model. Despite this, the overall outlook for the Belgian market remains positive, with the sector protected from recession and Government budgets already secured for the next 7 years for development aid and future accession. This has resulted in a healthy pipeline of potential business for MWH Belgium, already seeing gains as a result of this with a large proportion of 2016 revenue already secured through existing projects and recent bidding success. This leaves the MWH Belgium business optimistic about the future.

MWH ResourceNet (India) Pvt Limited (based in India) provides support to the MWH Europe Limited Group as well as to other subsidiaries within the MWH Global Inc. group.

Joint arrangements

The group has four joint arrangements in the UK: Three AMP5 joint arrangements - 4Delivery (a JA between Veolia, Costain and MWH) delivering work for Southern Water; Watermark (a JA between Black & Veatch and MWH) delivering work for Yorkshire Water; and Optimise (a JA between Clancy Docwra, Drilton Ltd, Barhale and MWH) delivering work for Thames Water and one AMP6 joint arrangement – ESH-MWH (a JV between ESH and MWH).

There are also three current joint arrangements outside of the UK: Montgomery Watson Gulf Consult (a Kuwait JA between MWH UK and Gulf Consult); MWH Khonji (a Bahrain JA between MWH Europe and Ismail Khonji Consultants) and MWH & I (a Cypriot JA between MWH SA and Antonis Ioannou).

Regulatory environment

In our major water sector market, OFWAT regulation remains stable. The situation is similar for the regulated energy market.

Business objectives and strategies and plans for growth (organic vs acquisitions)

The group continues to invest in research and development as the directors regard this investment as important for the success of the business. The Directors expect to continue to grow the business mainly through targeted organic growth in 2016.

MWH EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPLE RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors expect the principal risks and uncertainties within the group to be:

- In current market conditions, speed of growth in our other key sectors of energy, solid waste and infrastructure remains challenging and is an area of risk against our plans. The Company continues to focus on development in these areas of the business.
- Incentive based arrangements on a number of our contracts are linked to meeting performance targets and are another principal area of uncertainty as these only get determined on completion of the contract. Continued focus and review is in place with all relevant stakeholders of the business to ensure we have timely and accurate records to offset any potential risk liabilities.
- Continuing economic unrest in the Middle East still poses a risk to the longer term plan for these operations. However, the current situation is that the Middle East Branches are continuing to generate cash for the overall group and local teams are in place to ensure continuation of services and understanding of local market conditions.

Financial risk management

The group is exposed to financial risks including credit risk, cash flow risk and liquidity risk.

Foreign exchange risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. No mitigating policies are in place at company level but are in place at ultimate parent company level to mitigate significant exposures to the overall group.

Credit risk

The group's principal financial assets are bank balances, cash and trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables, with exposure spread over a large number of counterparties, customers and diversified markets. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, MWH Europe Ltd has access to direct borrowing under the group facility held by our ultimate parent company Stantec plc of up to \$800 million.

MWH EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

Going concern

The Directors consider it appropriate to adopt the going concern basis in preparing the 2015 financial statements for the following reasons:

- The group has traded profitably during 2015;
- Medium term business prospects are good during the current AMP cycle and this is consistent with the Directors forecasts for the business; and
- Cash resources remain adequate throughout the forecast period.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies Note, page 21 of the financial statements.

Employees

We encourage the involvement of all employees in the performance of the group through the global employee share and bonus schemes.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should be, as much as possible, identical to that of a person who does not suffer from a disability.

Each year the Group conducts its' staff engagement survey. The purpose is to benchmark the level of staff engagement.

In addition, consultation with employees occurs at all levels, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests, and so that all employees are aware of the financial performance of their own business units and of the group as a whole.

Regular meetings are held with employees to discuss the group's financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters that concern employees.

The introduction of our Well-Being campaign in the UK has been very well received by our employees providing support and opportunity to improve lifestyle, health and general well-being.

Staff resourcing

Staff numbers have seen a small decrease during the period to ensure we are correctly positioned to enable the group to meet the demands of current workloads.

MWH EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

Corporate social responsibility

MWH Europe has a long track record of corporate responsibility that can be tracked back 160 years to the pioneering of large schemes that brought a continuous supply of water to homes in England, thereby preventing illness because of the lack of a clean water supply and effective sanitation. Sixteen decades later we are continuing to help meet these basic human requirements through projects and programmes across the continents. Also, through our support for organisations such as the international charity WaterAid and the Register of Engineers for Disaster Relief (RedR), we are helping to provide clean water and sanitation to those in need in developing countries.

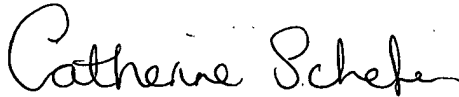
Environment and climate change initiatives

MWH Europe is proud to be part of the Clinton Global Initiative and we are continuing to deliver on our climate change commitment. We have pledged to cut our own carbon emissions, to help clients cut theirs and to educate communities on the need to tackle climate change. Our pioneering work in carbon measurement, flood adaptation and renewable energy projects has placed us at the vanguard of global efforts to combat climate change. We also have a strong commitment to social care, investing in people and contributing to communities. We are proud of the many ways in which our staff give back to the communities we serve through volunteering and fundraising activities.

Two key initiatives relate to climate change and community. MWH Europe has adopted a global climate change commitment based on three key objectives: client engagement to raise awareness and action; carbon footprint reduction and offsetting; and education of the communities that we work in. Community involvement is coordinated locally in each of our offices, involving many of our staff in volunteering and fundraising activities.

Approved by the Board of Directors and signed on behalf of the Board.

C Schefer
Director
15 September 2016



MWH EUROPE LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the 52 week period ended 1 January 2016.

DIVIDENDS AND TRANSFERS FROM RESERVES

No dividends were proposed or paid in the current period or prior period.

DIRECTORS

The Directors who served during the period and since the period end are shown below:

C Schefer	
D Smith	(appointed 18 June 2015)
D Barnes	(appointed 7 July 2016)
J Abraham	(resigned 17 February 2015)
W Drossaert	(resigned 8 June 2015)
J Kuiken	(resigned 15 June 2016)

STRATEGIC REPORT

Information relating to the business review of performance; future prospects; going concern and post balance sheet events of the entity, as well as its' policy on the employment of disabled persons and employee consultation can be found in the Strategic Report on pages 2 to 7 which are included in this report by reference.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in Note 30 to the financial statements.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

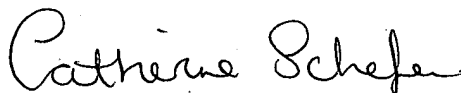
1. so far as the Director is aware, there is no relevant information of which the Company's auditor is unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their interest in continuing as independent auditor and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

C Schefer
Director
15 September 2016



DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MWH EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWH EUROPE LIMITED

We have audited the financial statements of MWH Europe Limited for the 52 week period ended 1 January 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 31. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements, is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 1 January 2016 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

MWH EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWH EUROPE LIMITED (CONTINUED)

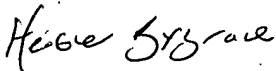
Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Heather Bygrave (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans
United Kingdom
15 September 2016

MWH EUROPE LIMITED

CONSOLIDATED INCOME STATEMENT 52 week period ended 1 January 2016

	Note	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Continuing operations			
Revenue	5	162,326	144,596
Cost of sales		(105,793)	(96,931)
Gross profit		56,533	47,665
Administrative expenses		(43,368)	(40,909)
Other operating income	10	1,272	-
Operating profit		14,437	6,756
Investment revenue	8	614	544
Finance costs	9	(466)	(442)
Profit on ordinary activities before taxation		14,585	6,858
Tax on profit on ordinary activities	11	(2,512)	(2,994)
Profit for the financial period from continuing operations	6	12,073	3,864
Discontinued operations			
Profit / (loss) for the period from discontinued operations	23	11	(77)
Profit for the financial period		12,084	3,787

MWH EUROPE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 52 week period ended 1 January 2016

	Note	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Profit for the financial period		12,084	3,787
Items that may be reclassified subsequently to profit or loss:			
Currency translation gain		57	139
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on the defined benefit pension scheme	24	(176)	(4,236)
Deferred taxation movement attributable to the actuarial loss	11,20	31	847
Deferred taxation movement attributable to the change in tax rate	11,20	(302)	-
Other comprehensive loss for the financial period		(390)	(3,250)
Total comprehensive income for the financial period		11,694	537

The notes on pages 19 to 63 form part of these financial statements.

MWH EUROPE LIMITED

CONSOLIDATED BALANCE SHEET As at 1 January 2016

	Note	1 January 2016 £'000	2 January 2015 (Restated) £'000	3 January 2014 (Restated) £'000
Non-current assets				
Goodwill	12	240	240	240
Other intangible assets	13	141	-	-
Property, plant and equipment	14	3,214	2,545	3,346
Investments	15	12	13	14
Deferred tax asset	20	2,754	3,665	2,433
		<u>6,361</u>	<u>6,463</u>	<u>6,033</u>
Current assets				
Trade and other receivables	16	76,779	67,024	62,634
Cash and bank balances		16,190	14,726	10,393
		<u>92,969</u>	<u>81,750</u>	<u>73,027</u>
Total assets		<u>99,330</u>	<u>88,213</u>	<u>79,060</u>
Current liabilities				
Trade and other payables	17	(45,720)	(42,901)	(37,755)
Deferred revenue		(1,054)	(1,924)	(1,348)
Obligations under finance leases	19	(1)	(33)	(61)
Current tax liabilities		(389)	-	-
		<u>(47,164)</u>	<u>(44,858)</u>	<u>(39,164)</u>
Net current assets		45,805	36,892	33,863
Non-current liabilities				
Obligations under finance leases	19	-	(7)	(35)
Other non-current payables	18	(360)	(414)	(480)
Non-current tax liabilities		(670)	(1,308)	-
Retirement benefit obligations	24	(4,926)	(7,110)	(5,402)
		<u>(5,956)</u>	<u>(8,839)</u>	<u>(5,917)</u>
Total liabilities		<u>(53,120)</u>	<u>(53,697)</u>	<u>(45,081)</u>
Net assets		<u>46,210</u>	<u>34,516</u>	<u>33,979</u>
Equity				
Share capital	21	10,000	10,000	10,000
Retained earnings		36,210	24,516	23,979
Equity attributable to owners of the Company		<u>46,210</u>	<u>34,516</u>	<u>33,979</u>

The notes on pages 19 to 63 form part of these financial statements.

These financial statements of MWH Europe Limited, (registered number 02438136) were approved by the Board of Directors on 15 September 2016 and authorised for issue.

Signed on behalf of the Board of Directors: C Schefer, Director

Catherine Schefer

MWH EUROPE LIMITED

COMPANY BALANCE SHEET As at 1 January 2016

	Note	1 January 2016 £'000	2 January 2015 (Restated) £'000
Non-current assets			
Property, plant and equipment	14	7	10
Investments	15	13,040	13,631
Deferred tax asset	20	626	1,155
		<u>13,673</u>	<u>14,796</u>
Current assets			
Trade and other receivables	16	18,339	16,588
Cash and bank balances		771	1,778
		<u>19,110</u>	<u>18,366</u>
Total assets		<u>32,783</u>	<u>33,162</u>
Current liabilities			
Trade and other payables	17	(23,685)	(22,973)
Net current liabilities		<u>(4,575)</u>	<u>(4,607)</u>
Non-current liabilities			
Non-current tax liabilities		(670)	(1,308)
Other non-current payables	18	(360)	(414)
		<u>(1,030)</u>	<u>(1,722)</u>
Total liabilities		<u>(24,715)</u>	<u>(24,695)</u>
Net assets		<u>8,068</u>	<u>8,467</u>
Equity			
Share capital	21	10,000	10,000
Retained earnings		(1,932)	(1,533)
Equity attributable to owners of the Company		<u>8,068</u>	<u>8,467</u>

The notes on pages 19 to 63 form part of these financial statements.

These financial statements of MWH Europe Ltd, (registered number 02438136) were approved by the Board of Directors on 15 September 2016 and authorised for issue.

Signed on behalf of the Board of Directors

C Schefer, Director

Catherine Schefer

MWH EUROPE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 4 January 2014 (Restated)	31	10,000	23,979	33,979
Profit for the period		-	3,787	3,787
Other comprehensive income for the period		-	(3,250)	(3,250)
Total comprehensive income for the period		-	537	537
Balance at 2 January 2015 (Restated)	31	10,000	24,516	34,516
Profit for the period		-	12,084	12,084
Other comprehensive income for the period		-	(390)	(390)
Total comprehensive income for the period		-	11,694	11,694
Balance at 1 January 2016		10,000	36,210	46,210

MWH EUROPE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 4 January 2014 (Restated)	31	10,000	(452)	9,548
Profit for the period		-	(1,120)	(1,120)
Other comprehensive income for the period		-	39	39
Total comprehensive income for the period		-	(1,081)	(1,081)
Balance at 2 January 2015 (Restated)	31	10,000	(1,533)	8,467
Profit for the period		-	(518)	(518)
Other comprehensive income for the period		-	119	119
Total comprehensive income for the period		-	(399)	(399)
Balance at 1 January 2016		10,000	(1,932)	8,068

MWH EUROPE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	Note	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Net cash from operating activities	27	3,244	4,726
Investing activities			
Interest received		629	567
Development expenditures capitalized		(157)	-
Purchase of property, plant and equipment		(2,220)	(881)
Proceeds on disposal of property, plant and equipment		10	4
Net cash used in investing activities		(1,738)	(310)
Financing activities			
Repayments of obligations under finance leases		(39)	(56)
Net cash used in financing activities		(39)	(56)
Net increase in cash and cash equivalents		1,467	4,360
Cash and cash equivalents at beginning of the period		14,726	10,393
Effect of foreign exchange rate changes		(3)	(27)
Cash and cash equivalents at end of the period		16,190	14,726

NOTES TO THE FINANCIAL STATEMENTS
52 week period ended 1 January 2016

1. GENERAL INFORMATION

MWH Europe Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 7.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 3.

2. ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current period, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- The Company has adopted the amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* for the first time in the current period. The amendments to IAS 19 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments require the Company to account for employee contributions as follows:
 - Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.
 - Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Company recognises the reduction in the service cost in the period in which the related services are rendered.
- Annual improvements: 2010 – 2012 cycle
Amendments to : IFRS2: *Share-based Payments*, IFRS 3 *Business Combinations*, IFRS 8 *Operating Segments*, IFRS 13 *Fair Value Measurement*, IAS 16 *Property, Plant and Equipment*, IAS 24 *Related Party Disclosures* and IAS 38 *Intangible Assets*.
- Annual improvements: 2011 – 2013 cycle
Amendments to: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations*, IFRS 13 *Fair Value Measurement* and IAS 40 *Investment Property*.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 9: Financial Instruments
- IFRS 14: Regulatory Deferral Accounts
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases
- Amendments to the following standards:
 - IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
 - IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
 - IAS 27: Equity method in separate financial statements
 - Annual improvements: 2012 – 2014 cycle
 - IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation exemption

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company has applied International Financial Reporting Standards (IFRSs) as adopted by the European Union issued by the International Accounting Standards Board (IASB), for the first time in the current period for its' Group financial statements. Accordingly, in the period ended 1 January 2016, the Company has changed its accounting framework from pre-2015 UK GAAP to IFRS.

For its' individual Company accounts, MWH Europe Limited has transitioned to Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) in the current period. Accordingly, these Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard:

- i) The requirements of IFRS 7 Financial Instruments: Disclosures
- ii) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - a) Paragraph 79(a)(iv) of IAS 1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting (continued)

- b) Paragraph 73(e) of IAS 16 Property, Plant and Equipment
- c) Paragraph 118(e) of IAS 38 Intangible Assets
- iii) The requirements of IAS 7 Statement of Cash Flows
- iv) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- v) The requirements of paragraphs 10(d), 10(f), and 134 to 136 of IAS 1 Presentation of Financial Statements.
- vi) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Where relevant, equivalent disclosures are given in these financial statements at consolidated level.

The prior period financial statements have been restated for material adjustments on adoption of IFRS and FRS 101 in the current period. For more information, see Note 31 (Transition to IFRS and FRS 101).

The financial statements are prepared under the historical cost convention. In the current period, the financial statements are made up to the Friday nearest to the year end. Since this is within seven days of 31 December each year, the requirements of the Companies Act with regard to the dating of the financial statements are met. Comparative data is for the period ended 2 January 2015.

Going concern

Whilst the future economic outlook appears uncertain, after making enquiries, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. In considering the basis of preparation with regard to going concern, the Directors have prepared forecasts including cash flows for a period of not less than 12 months from the date of approval of these financial statements. The Directors have considered the impact of current economic conditions and have taken account of possible changes in the level and timing of cash flows.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The financial statements of all subsidiaries are prepared to 1 January 2016. The results of subsidiaries acquired are included in the income statement from the date that control passes to the Group. Intra-group transactions are eliminated fully on consolidation.

The Group's share of profits or losses of joint operations are included on a line by line basis in the consolidated income statement and the Group's share of the joint operations assets and liabilities are included on a line by line basis in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion is computed as follows:

- costs incurred to date divided by the estimated total costs at completion, multiplied by the estimated revenue at completion date;
- revenue at completion is determined primarily by the terms of the contract and the original basic contract value; and
- the other major factors that are considered in determining revenue at completion are contract options, orders, claims and contract provisions for penalties and incentive payments, including awards fees and performance incentives;

Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of current liabilities on the face of the Balance Sheet.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on translation of the opening net assets and results of foreign branches are reported in the statement of comprehensive income. All other exchange differences are taken to the income statement.

Goodwill

Goodwill arising on consolidation represents the excess of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is not amortised but is reviewed for impairment on an annual basis, or more frequently when there is an indication that the cash generating unit to which it is attached may be impaired. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Property, plant and equipment

Freehold land and buildings; plant and equipment and motor vehicles are all stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years on original building and over 10 years on improvements
Freehold land	Not depreciated
Motor vehicles	4 years
Plant and equipment	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Fixed asset investments

Investments are carried on a historical cost basis, subject to adjustments for impairment.

Amounts recoverable on contracts

Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is calculated as that part of the total profit currently estimated to arise over the duration of the contract that fairly reflects the profit attributable to that part of the work performed at the accounting date. Where losses on contracts are expected, full provision is made for the estimated losses to the end of contracts in question.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Research and development

The Company incurs expenditure on which research and development credits are claimed for tax purposes. The expenditure is based on the internal staff costs associated with projects identified as involving genuine research and development. Due to the nature of the expenditure, all research and development costs relate to the period in which the claim is made.

Retirement benefit obligations

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, is presented separately under non-current assets or liabilities on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit obligations (continued)

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's software development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful economic life of other intangibles are as follows:

Development of soil risk map	3.25 years
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Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective bases.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY.

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i) **Revenue recognition**

Accounting for revenue involves determining both the total revenue that will be earned on a contract and how and when that revenue should be allocated to specific accounting periods. The revenue recognition process involves considerable use of judgements and estimates in determining revenues, costs, and profits, and in assigning the amounts to relevant accounting periods.

The process is complicated by the need to evaluate continually the uncertainties inherent in the performance of contracts and by the need to rely on estimates of revenues, costs, and the extent of progress toward completion.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

i) **Defined benefit obligation**

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used are discussed in detail in Note 24.

ii) **Impairment of goodwill and investment in subsidiaries**

Determining whether the goodwill balance and investment in subsidiaries are impaired, requires an estimation of the value in use of the relevant cash generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. An impairment loss of £85,000 was recorded at the transition date to bring the carrying value of goodwill down to £240,000. A discount rate of 12% was used in the value in use calculation. No impairment losses on goodwill were considered necessary for the 2014 and 2015 financial periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty (continued)

ii) Impairment of goodwill and investment in subsidiaries (continued)

For the investments in subsidiaries, at a Company level, value in use calculations were prepared for MWH India, MWH SA and MWH BV in both the 2014 and 2015 financial periods. In the 2014 period, impairments were booked for both the MWH India and MWH SA investments and in the 2015 period, an impairment has again been booked for the MWH India investment. The discount rates used in the 2014 and 2015 value in use calculations were 12% and 10% respectively. Further details of the impairment losses can be found in Note 15.

iii) Recoverability of assets

Assets are assessed for recoverability on an annual basis. Non-financial assets (which include property, plant and equipment) are assessed on an annual basis for any indication of an impairment loss. As at 1 January 2016, all property, plant and equipment is considered to be recoverable and no impairment losses have been booked (2 January 2015: same). Financial assets (which include trade and other receivables) are assessed for impairment on a collective basis and an allowance for doubtful debts account is used to record an estimated impairment loss. Doubtful accounts are provided for as soon as information available indicates that it is probable that amount due from the customer is doubtful of collection. Collectability of a receivable becomes doubtful when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the receivable. Recording an allowance for doubtful accounts represents use of estimation. As the estimate changes from one reporting date to another, the allowance amount is adjusted for by increasing or decreasing the doubtful debt expense as necessary. As at 1 January 2016, an allowance for doubtful debt balance of £705,000 has been recorded (2 January 2015: £1,133,000).

5. REVENUE

All turnover for the 52 week period ended 1 January 2016 and the 52 week period ended 2 January 2015 is attributable to the principal activity of the Group being management consultancy, programme management, engineering and consultancy to the infrastructure industry. Turnover is split geographically as follows:

	52 week period ended 1 January 2016 £'000	52 week period ending 2 January 2015 £'000
United Kingdom	75,362	68,911
Rest of Europe	51,781	47,316
Rest of the world	35,183	28,369
	<u>162,326</u>	<u>144,596</u>

There is no material difference between the analysis of turnover by geographical origin and geographical market.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

6. PROFIT FOR THE FINANCIAL PERIOD

	52 week period ended 1 January 2016 £'000	52 week period ending 2 January 2015 £'000
Profit for the period is stated after charging/(crediting):		
Amortisation of intangibles	16	-
Depreciation		
Owned assets	1,448	1,633
Leased assets	32	53
Redundancy costs	238	150
Loss on disposal of property, plant and equipment	30	4
Impairment loss on trade and other receivables	285	179
Reversal of impairment losses recognised on trade receivables	(534)	(105)
Foreign exchange loss	266	408
	<u> </u>	<u> </u>

The analysis of auditor's remuneration is as follows:

	52 week period ended 1 January 2016 £'000	52 week period ending 2 January 2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	43	36
Fees payable to the Company's auditor and associates for other services to the Group:		
- The audit of the Company's subsidiaries pursuant to legislation	190	191
Total audit fees	<u>233</u>	<u>227</u>
Taxation compliance services	103	71
Total non-audit fees	<u>103</u>	<u>71</u>
Total fees	<u>336</u>	<u>298</u>

As permitted by section 408 of The Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements. The loss of the parent Company for the financial period was £518,000 (period ending 2 January 2015 (restated): loss £1,120,000).

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

7. STAFF COSTS AND ANALYSIS

	52 week period ended 1 January 2016 £'000	52 week period ending 2 January 2015 £'000
Directors' remuneration		
Short-term employee benefits	423	507
Post-employment employee benefits	48	37
	<u>471</u>	<u>544</u>
 Emoluments of the highest paid Director	 <u>170</u>	 <u>302</u>

The highest paid Director's pension contributions in the period amounted to £2,968 (period ended 2 January 2015: £15,542). They are not a member of the defined benefit pension scheme and therefore have no accrued entitlements (period ended 2 January 2015: £nil). There is no accrued lump sum (period ended 2 January 2015: £nil).

	52 week period ended 1 January 2016 £'000 No.	52 week period ending 2 January 2015 £'000 No.
Number of Directors who are members of the defined benefit pension scheme	<u>2</u>	<u>2</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

7. STAFF COSTS AND ANALYSIS (CONTINUED)

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
All employees (including Directors)		
Wages and salaries	52,170	51,052
Social security costs	6,060	6,399
Other pension costs (Note 24)	5,439	5,668
	<u>63,669</u>	<u>63,119</u>
	52 week period ended 1 January 2016 No.	52 week period ended 2 January 2015 No.
Average monthly number of persons employed (including Directors)		
Engineering	1,484	1,553
Marketing	15	17
Administration	144	153
	<u>1,643</u>	<u>1,723</u>

8. INVESTMENT REVENUE

Continuing operations:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Interest revenue		
Bank interest	78	109
Interest received from tax authorities	-	47
Interest receivable from group undertakings	536	388
	<u>614</u>	<u>544</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

9. FINANCE COSTS

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Interest payable on bank loans and overdrafts	156	79
Finance charges payable under finance leases and hire purchase contracts	-	32
Interest payable to group undertakings	108	153
Other finance costs (Note 24)	202	178
	<u>466</u>	<u>442</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

10. OTHER OPERATING INCOME

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Research and development credits	1,272	-

Other operating income consists solely of research and development credit grants accrued from HMRC.

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge on continuing operations comprises:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Corporation tax		
United Kingdom corporation tax at 20.25% (period ended 2 January 2015: 21.48%) based on the profit for the period	1,494	583
Overseas taxation	665	1,142
Movement in overseas tax provision	(500)	1,000
Interest on overseas tax provision	(138)	308
Adjustments in respect of prior periods	362	361
Total corporation tax charge	1,883	3,394
Deferred tax		
Timing differences, origination and reversal	(220)	96
Changes in deferred tax on pension liability	425	506
Effect of change in tax rate – non pension	87	-
Effect of change in tax rate – pension	(160)	-
Prior period adjustment	(3)	(2)
Movement in overseas tax provision	500	(1,000)
Total deferred tax charge/(credit)	629	(400)
Tax charge on profit on ordinary activities	2,512	2,994

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

11. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

FACTORS AFFECTING THE CURRENT TAX CHARGE FOR THE PERIOD

Corporation tax is calculated at 20.25% (period ended 2 January 2015: 21.48%) of the estimated taxable profit for the period. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions. The charge for the period can be reconciled to the income statement as follows:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Profit on ordinary activities before tax	14,585	6,858
Tax at 20.25% (period ended 2 January 2015: 21.48%) thereon	2,953	1,473
Effects of:		
Expenses not deductible for tax purposes	161	545
Non taxable income	(771)	(712)
Differences in overseas tax rates and basis	(76)	985
Adjustments in respect of prior years	359	361
Changes in tax rates	(145)	(106)
Overseas tax incurred at higher rates	169	140
Interest on overseas tax provision	(138)	308
Total tax charge for period	2,512	2,994

Amounts recognised in other comprehensive income:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 (Restated) £'000
Deferred tax		
Items that will not be reclassified subsequently to profit or loss:		
Movement in retirement benefit obligation	31	847
Change in tax rate - pension	(302)	-
Tax (charge) / credit on profit on ordinary activities	(271)	847

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

11. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was not substantively enacted as at 1 January 2016 the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 18% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax will be reduced.

12. GOODWILL

Group	Goodwill (Restated) £'000
Cost	
At 4 January 2014	325
At 2 January 2015	325
At 1 January 2016	325
Accumulated impairment losses	
At 4 January 2014	(85)
At 2 January 2015	(85)
At 1 January 2016	(85)
Carrying amount	
At 1 January 2016	240
At 2 January 2015	240
At 4 January 2014	240

Goodwill arose on acquisition of business in 2007. The above cost and carrying amount represent the value at the date of transition to IFRS on 4 January 2014.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

13. OTHER INTANGIBLE ASSETS

Group	Other Intangibles £'000
Cost	
At 4 January 2014	-
At 2 January 2015	-
Additions	157
At 1 January 2016	157
Amortisation	
At 4 January 2014	-
At 2 January 2015	-
Charge for the period	16
At 1 January 2016	16
Carrying amount	
At 1 January 2016	141
At 2 January 2015 and 4 January 2014	-

Other intangibles consist of capitalised costs incurred on the development of a new soil risk map.

The amortisation charge is included in the administration expenses line in the consolidated profit and loss account.

The remaining amortisation period for these development costs incurred is 3 years.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 4 January 2014 (Restated)	145	12,633	104	12,882
Exchange differences	7	48	(6)	49
Additions	-	870	11	881
Disposals	-	(91)	(8)	(99)
At 2 January 2015 (Restated)	152	13,460	101	13,713
Exchange differences	1	(83)	(5)	(87)
Additions	-	2,211	9	2,220
Disposals	-	(163)	(78)	(241)
At 1 January 2016	153	15,425	27	15,605
Depreciation				
At 4 January 2014 (Restated)	86	9,362	88	9,536
Exchange differences	4	37	(4)	37
Charge for the period	5	1,672	9	1,686
Disposals	-	(83)	(8)	(91)
At 2 January 2015 (Restated)	95	10,988	85	11,168
Exchange differences	1	(53)	(4)	(56)
Charge for the period	5	1,469	6	1,480
Disposals	-	(126)	(75)	(201)
At 1 January 2016	101	12,278	12	12,391
Carrying amount				
At 1 January 2016	52	3,147	15	3,214
At 2 January 2015 (Restated)	57	2,472	16	2,545
At 4 January 2014 (Restated)	59	3,271	16	3,346

Balances at 4 January 2014 and 2 January 2015 have been restated on transition to IFRS due to certain joint ventures being reclassified as joint operations and the results above now including the Group's share. Further detail on the transition can be found in Note 31.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance leases and capitalised in plant and machinery include:

	1 January 2016 £'000	2 January 2015 £'000	3 January 2014 £'000
Cost	1,111	1,111	1,111
Depreciation	(1,109)	(1,077)	(1,024)
Net book value	2	34	87

Company	Plant and equipment £'000
Cost	
At 2 January 2015 (Restated)	220
Additions	7
At 1 January 2016	227
Depreciation	
At 2 January 2015 (Restated)	210
Charge in period	10
At 1 January 2016	220
Carrying amount	
At 1 January 2016	7
At 2 January 2015 (Restated)	10

Balances at 2 January 2015 have been restated on transition to FRS 101 due to certain joint ventures being reclassified as joint operations and the results above now including the Company's share. Further detail on the transition can be found in Note 31.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

15. INVESTMENTS

	1 January 2016 £'000	2 January 2015 (Restated) £'000
Group		
Investments at 3 January / 4 January	13	14
Foreign Exchange loss	(1)	(1)
Investments at 1 January / 2 January	<u>12</u>	<u>13</u>

Investments are held at amortised cost.

Associates	Share holding % in ordinary shares	Country of Incorporation	Principal Activity
4 Delivery Limited	20	UK	Consultant Engineers
Joint operations	Share holding % in ordinary shares	Country of Incorporation	Principal Activity
Montgomery Watson Gulf Consult	50	Kuwait	Consultant Engineers
Watermark (Yorkshire) Limited	50	UK	Consultant Engineers
Optimise (Water) LLP	10	UK	Consultant Engineers
MWH & I	49	Cyprus	Consultant Engineers
MWH Khonji	49	Bahrain	Consultant Engineers

The Company accounts for its' own assets, liabilities, turnover and expenses in the joint operations, as well as it's' share of any joint assets, liabilities, turnover and expenses measured in accordance with the terms of each arrangement.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

15. INVESTMENTS (CONTINUED)

Joint ventures	Share holding % in ordinary shares	Country of Incorporation	Principal Activity
ESH – MWH Limited	50	UK	Consultant Engineers

These joint operations, joint ventures and associates are either directly owned by MWH Europe Limited or by its subsidiaries.

The accounting periods for 4Delivery Limited and Optimise (Water) LLP end on 31 March and for Watermark (Yorkshire) Limited ends on 30 April. These financial statements incorporate the appropriate MWH share of unaudited results of these companies for the period ending 1 January 2016.

Company	1 January 2016 £'000	2 January 2015 (Restated) £'000
Investments at 3 January / 4 January	13,631	14,072
Capital injection into MWH SA	-	860
Capital injection into MWH India	100	590
Impairment of MWH India	(100)	(1,000)
Impairment of MWH SA	-	(891)
Disposal of MWH Pardevo SA (Note 22)	(591)	-
Investments at 1 January / 2 January	<u>13,040</u>	<u>13,631</u>

Impairments have been booked in the current period for the investment held in MWH India and in the prior period for both MWH India and MWH SA. This is due to the value of the future estimated cash flows being generated by these Companies not being sufficient to substantiate the investment value held.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

15. INVESTMENTS (CONTINUED)

Subsidiary Undertakings

Company	Country of incorporation	Status	% of Equity Owned (all ordinary shares)
MWH UK Limited	UK	Trading	100%
MWH SPA	Italy	Trading	100%
MWH SA	Belgium	Trading	100%
Thomas Hawksley Consulting Limited	UK	Dormant	100%
MWH India Pvt Limited	India	Trading	99.99%
MWH BV	Netherlands	Trading	100%
MWH ResourceNet (India) Pvt Limited	India	Trading	99.89%

The main activities of all the subsidiaries include acting as consultants in civil engineering concerned with the design and construction of public health facilities, chiefly in the areas of water supply, pollution control, waste disposal and management and protection of the environment. A large portion of work for each company is traded in their country of registration.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

16. TRADE AND OTHER RECEIVABLES

	Group		
	1	2	3
	January	January	January
	2016	2015	2014
	(Restated)	(Restated)	(Restated)
	£'000	£'000	£'000
Trade debtors	24,044	23,179	19,702
Allowance for doubtful debts	(705)	(1,133)	(1,274)
Amounts recoverable on contracts	22,805	21,243	20,420
Amounts owed by group undertakings	22,920	15,098	14,771
Amounts owed by joint operations	486	457	421
Corporation tax	1,013	1,625	2,282
Other debtors	3,383	2,870	2,840
Prepayments and accrued income	2,833	3,685	3,472
	<u>76,779</u>	<u>67,024</u>	<u>62,634</u>

	Company	
	1	2
	January	January
	2016	2015
	(Restated)	(Restated)
	£'000	£'000
Trade debtors	1,208	835
Amounts owed by group undertakings	15,008	13,872
Other debtors	2,111	1,870
Prepayments and accrued income	12	11
	<u>18,339</u>	<u>16,588</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Allowance for doubtful debts movement

	Group £'000
At 4 January 2014	1,274
Impairment losses recognised	181
Amounts recovered	(224)
Amounts written off	(73)
Effect of foreign exchange	(25)
At 2 January 2015	1,133
Impairment losses recognised	254
Amounts recovered	(505)
Amounts written off	(151)
Effect of foreign exchange	(26)
At 1 January 2016	705

There are no allowances for doubtful debts at Company level.

Ageing of past due but not impaired trade receivables

	Group		
	1 January 2016 £'000	2 January 2015 £'000	3 January 2014 £'000
Neither past due nor impaired	9,767	9,190	7,203
Past due but not impaired:			
31 – 60 days	3,484	1,979	4,512
61 – 90 days	2,104	1,543	499
91 – 120 days	319	1,462	346
> 120 days	7,665	7,872	5,868
	<u>23,339</u>	<u>22,046</u>	<u>18,428</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

17. TRADE AND OTHER PAYABLES

	Group		
	1	2	3
	January	January	January
	2016	2015	2014
	(Restated)	(Restated)	(Restated)
	£'000	£'000	£'000
Trade creditors	9,973	8,412	5,190
Bank loans and overdrafts	-	-	43
Amounts owed to group undertakings	13,734	10,373	8,693
Amounts owed to joint operations	112	30	45
Other taxes and social security	4,196	3,648	4,179
Other creditors	3,325	2,889	2,557
Accruals	14,380	17,549	17,048
	<u>45,720</u>	<u>42,901</u>	<u>37,755</u>

	Company	
	1	2
	January	January
	2016	2015
	(Restated)	(Restated)
	£'000	£'000
Trade creditors	18	84
Amounts owed to group undertakings	23,173	22,331
Other taxes and social security	27	86
Other creditors	25	36
Accruals	442	436
	<u>23,685</u>	<u>22,973</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

18. OTHER NON - CURRENT PAYABLES

	Group and Company		
	1	2	3
	January	January	January
	2016	2015	2014
	£'000	£'000	£'000
Annuity payable	360	414	480

The Company and Group have a liability for annuity payments that are due to retired partners (or their spouses) of the old Watson Hawksley Partnership.

19. OBLIGATIONS UNDER FINANCE LEASES

	Group		
	1	2	3
	January	January	January
	2016	2015	2014
	£'000	£'000	£'000
Amounts payable under finance leases:			
Within one year	1	33	61
Between one and five years	-	7	35
	1	40	96
Present value of minimum lease payments	1	40	96

There are no obligations under finance leases at Company level.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

20. DEFERRED TAXATION

As at 1 January 2016 and 2 January 2015 no amounts have been provided in respect of deferred taxation liabilities.

No deferred tax assets have been recognised for accumulated tax losses within the MWH SA subsidiary.

The recoverability of these losses depends on there being sufficient taxable profits within these entities. This is not currently considered sufficiently certain for the recoverability of these losses to be regarded as more likely than not and hence no deferred tax asset has been recognised.

The unprovided deferred tax asset is:

MWH SA £1,447,000 (period ended 2 January 2015: £1,389,000)

The following are the major deferred tax assets recognised by the Group and movements thereon during the current and prior reporting period:

	Group				
	Capital allowances in excess of depreciation £'000	Short term timing differences £'000	Overseas tax provision £'000	Retirement benefit obligations £'000	Total £'000
At 4 January 2014 (Restated)	615	737	-	1,081	2,433
(Charged)/credited to the profit and loss account	(68)	(26)	1,000	(506)	400
Credited to the statement of comprehensive income	-	-	-	847	847
Foreign exchange differences	-	(15)	-	-	(15)
At 2 January 2015 (Restated)	547	696	1,000	1,422	3,665
(Charged)/credited to the profit and loss account	(58)	281	(500)	(425)	(702)
Credited to the statement of comprehensive income	-	-	-	31	31
Foreign exchange differences	-	(11)	-	-	(11)
Effect of change in tax rate:					
- Profit and loss account	(55)	(32)	-	160	73
- Other comprehensive income	-	-	-	(302)	(302)
At 1 January 2016	434	934	500	886	2,754

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

20. DEFERRED TAXATION (CONTINUED)

	Company			
	Capital allowances in excess of depreciation £'000	Short term timing differences £'000	Overseas tax provision £'000	Total £'000
At 2 January 2015	10	145	1,000	1,155
Charged to the profit and loss account	(1)	(12)	(500)	(513)
Effect of change in tax rate:				
- Profit and loss account	(1)	(15)	-	(16)
At 1 January 2016	<u>8</u>	<u>118</u>	<u>500</u>	<u>626</u>

21. SHARE CAPITAL

Group and Company	1 January 2016 £'000	2 January 2015 £'000	3 January 2014 £'000
Authorised			
10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Issued and fully paid			
10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

22. DISPOSAL OF SUBSIDIARY

As referred to in Note 15, the Company disposed of its' interest in MWH Pardevo Societe Anonyme (SA) on 2 September 2015 due to the Company being dissolved on that date. The net assets of MWH Pardevo SA at the date of dissolution were as follows:

	2 September 2015
	£'000
Cash	574
Net assets	<u>574</u>

A dividend was paid out of the above as follows:

MWH Europe Limited	£573,800
MWH Holding BV	£300

In addition, MWH Europe Limited reduced its' investment in MWH Pardevo SA of £591,000 to nil on dissolution, resulting in an overall net loss of £17,200 in MWH Europe Limited Company's P&L. Both the dividend receipt and loss on dissolution have been eliminated at consolidated Group level.

23. DISCONTINUED OPERATIONS

As disclosed in Note 22, the MWH Pardevo SA subsidiary was dissolved on 2 September 2015. The results of this discontinued operation, which are included in the consolidated profit and loss account, were as follows:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Administrative expenses	(4)	(100)
Interest receivable	15	23
Profit/(loss) for the financial period	<u>11</u>	<u>(77)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

24. PENSION SCHEME

The Group operates pension schemes as set out below:

(a) Defined Contribution Pension Plan

The assets of the UK defined contribution plan are held separately from those of the Company in an independent fund by AEGON UK Limited. During the period, the Company contributed £4,512,360 (period ended 2 January 2015: £4,765,380) to the UK defined contribution plan. There were no unpaid contributions to the Defined Contribution scheme at 1 January 2016 (2 January 2015: £nil). Various overseas companies also pay contributions on behalf of employees. For the period ended 1 January 2016 these amounted to £727,048 (period ended 2 January 2015: £702,619).

(b) Defined Benefit Pension Plan

The assets of the defined benefit plan are held separately from those of the Company in an independent fund administered by Clerical Medical Investment Group Limited. This plan was closed to new members on 31st March 2005 and from that date existing members no longer accrued further benefits for pensionable service. The defined benefit plan has been replaced by the new defined contribution plan for service from 1 April 2005 onwards.

As with all defined benefit schemes, risks exist based upon the variable conditions of the scheme, including (but not limited to): changes to long term UK interest rates and inflation expectations, movements in global investment markets and regulatory risk from UK pension legislation. The Company uses internal knowledge, alongside independent stakeholders and subject matter experts to ensure the assets and liabilities of the pension scheme are fully understood and controlled.

The plan is subject to triennial actuarial valuations. Results from the last triennial valuation, which was carried out by a qualified actuary as at 31 March 2014, indicated that there was a deficit (i.e. the plan's assets existing on the effective date did not fully cover its liabilities as at that date). The market value of the assets of the plan (including members' Additional Voluntary Contributions) at the date of the actuarial valuation was £65,847,000. However the actuarial total liabilities at the valuation date (including members' Additional Voluntary Contributions) were £71,943,000. Consequently the assets covered only 92% of the liabilities. In accordance with actuarial advice that the trustee received, the Company intends to fund this deficit by making contributions each year.

A group contribution of approximately £3,000,000 per annum is currently being paid, covering all divisions of the plan. The approximate employer contributions of £3,000,000 reflect a Recovery Plan of approximately 2 years agreed with the Plan Trustees requiring a contribution of 8.6% of total pensionable salaries per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

24. PENSION SCHEME (CONTINUED)

The result of the triennial valuation is based on:

Method of funding:

The defined benefits plan does not provide any future service benefits, so the contribution rate to fund the deficit is based on amortising the difference between the value placed on the plan assets and the present value of all accrued past service benefits earned up to the valuation date, with allowance for future indexation on the accrued benefits and taking into account the cost of securing the benefits at retirement with an annuity under the terms of the contract held with Clerical Medical Investment Group Limited.

Assumptions used:

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds and interest rates set by the Bank of England. Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% p.a or more in the long term and such anticipated outperformance has been taken into account in delivering the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes and a deduction to allow for investment expenses has been made.

The last valuation was updated at each balance sheet date by the actuary using the following assumptions:

	2015	2014	2013
Discount rate at the end of the period	3.70%	3.40%	4.40%
Rate of increase in salaries	n/a	n/a	n/a
Rate of future inflation – RPI (% pa)	2.70%	2.75%	3.25%
Rate of increase in future pensions in payment, split:			
Inflation linked up to 5% pa			
Inflation linked up to 2.5% pa	3.50%	3.50%	3.50%
Mortality table pre retirement	n/a	n/a	n/a
Mortality table post retirement, split:	None	None	None
Members not yet retired			
Current pensioners	PA92 C2020	PA92 C2020	PA92 C2020
Allowance for early retirements	PA92 C2020	PA92 C2020	PA92 C2020
Allowance for members to commute pension for tax free cash	No	No	No
	Yes	Yes	Yes

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

24. PENSION SCHEME (CONTINUED)

The fair value of the assets of the defined benefit scheme, the present value of the liabilities in the scheme and the expected rate of return for each category of assets at each balance sheet date were:

	2015 Value of assets £'000	2014 Value of assets (Restated) £'000	2013 Value of assets (Restated) £'000
Group pension contract	63,952	68,736	66,963
Total fair value of assets	63,952	68,736	66,963
Present value of liabilities	(68,878)	(75,846)	(72,365)
Deficit in the plan	(4,926)	(7,110)	(5,402)

The scheme has purchased a number of annuities in respect of past retirements. These are understood to fully match the associated liabilities and so have been excluded from both the assets and liabilities at each accounting date.

Analysis of the defined benefit cost charged to operating profit:

	1 January 2016 £'000	2 January 2015 £'000
Current service cost	(200)	(200)
Total operating charge	(200)	(200)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

Analysis of the amount charged to other finance costs:

	1 January 2016 £'000	2 January 2015 (Restated) £'000
Expected return on scheme assets	2,276	2,905
Interest cost	(2,478)	(3,083)
Other finance costs	(202)	(178)

As the scheme is closed, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

Analysis of amount recognised in statement of comprehensive income:

	1 January 2016 £'000	2 January 2015 (Restated) £'000
Actual return less expected return on assets	(3,627)	786
Experience gains and losses arising on the scheme liabilities	813	1,418
Effects of changes in assumptions underlying the present value of scheme liabilities	2,638	(6,440)
Actuarial loss recognised in the statement of comprehensive income	(176)	(4,236)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
52 week period ended 1 January 2016

24. PENSION SCHEME (CONTINUED)

The actual return on the plan assets during the period was (£1,351,000) (period ended 2 January 2015: £3,691,000).

The major categories of plan assets, measured at fair value at the balance sheet date were:

	Value 2015	Value 2014	Value 2013
	£'000	£'000	£'000
Equities and property	37,284	42,685	41,785
Corporate bonds	11,192	14,435	19,151
Cash	15,476	11,616	6,027
	<u>63,952</u>	<u>68,736</u>	<u>66,963</u>

History of experience gains and losses:

	2015 £'000	2014 (Restated) £'000	2013 (Restated) £'000
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	(3,627)	786	679
Percentage of scheme assets	<u>(5.7%)</u>	<u>1.1%</u>	<u>1.0%</u>
Experience gains and losses on scheme liabilities:			
Amount (£'000)	813	1,418	125
Percentage of the present value of scheme liabilities	<u>1.2%</u>	<u>1.9%</u>	<u>0.2%</u>
Total actuarial gain/(loss) in the statement of total recognised gains and losses:			
Amount (£'000)	(176)	(4,236)	(1,497)
Percentage of the present value of scheme liabilities	<u>(0.3%)</u>	<u>(5.6%)</u>	<u>(2.1%)</u>

The Company expects to pay contributions of £2,700,000 to the plan during the next accounting period.

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income is £14,771,000 (2014: £14,595,000).

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

24. PENSION SCHEME (CONTINUED)

Movements in the fair value of scheme assets were as follows:

	1 January 2016 £'000	2 January 2015 (Restated) £'000
Opening fair value of plan assets	68,736	66,963
Expected return on plan assets	2,276	2,905
Actuarial (losses)/gains on assets	(3,627)	786
Contributions paid by the employer	2,762	2,906
Administration expenses and levies met from the Scheme	(200)	(200)
Benefits paid	(5,995)	(4,624)
Closing fair value of plan assets	<u>63,952</u>	<u>68,736</u>

Movements in the present value of defined benefit obligations were as follows:

	1 January 2016 £'000	2 January 2015 (Restated) £'000
Opening defined benefit obligation	75,846	72,365
Interest cost	2,478	3,083
Actuarial (gains)/losses on obligation	(3,451)	5,022
Benefits paid	(5,995)	(4,624)
Closing defined benefit obligation	<u>68,878</u>	<u>75,846</u>

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 week period ended 1 January 2016

25. OPERATING LEASE COMMITMENTS

The Group as lessee:

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Lease payments under operating leases recognised as an expense in the period:		
Plant and equipment	1,308	867
Land and buildings	2,955	2,996
	<u>4,263</u>	<u>3,863</u>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 1 January 2016 £000	Plant and equipment 1 January 2016 £000	Land and buildings 2 January 2015 (Restated) £000	Plant and equipment 2 January 2015 (Restated) £000
Within one year	2,469	901	2,484	966
Within two to five years	3,379	998	6,695	2,310
After five years	4	-	-	-
	<u>5,852</u>	<u>1,899</u>	<u>9,179</u>	<u>3,276</u>

The Company has no operating lease commitments.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

26. CONTINGENT LIABILITIES AND CAPITAL EXPENDITURE

At 1 January 2016, the Group had contingent liabilities in respect of normal trading guarantees given to its bankers amounting to £1,754,555 (2 January 2015: £1,901,862). The Company and the Group had no capital expenditure commitments as at 1 January 2016 (2 January 2015: £nil).

27. NOTES TO THE CASH FLOW STATEMENT

	52 week period ended 1 January 2016 £'000	52 week period ended 2 January 2015 £'000
Profit before tax	14,597	6,781
Adjusted for:		
Investment revenue	(629)	(567)
Finance costs	466	442
Depreciation of property, plant and equipment	1,480	1,686
Amortisation of intangible assets	15	-
Loss on sale of property, plant and equipment	30	4
Net unrealised foreign exchange differences	102	169
Pension service costs	200	200
Movement in pension obligation	(2,762)	(2,905)
Movement in deferred revenue	(870)	576
Movement in annuity valuation	(54)	(66)
Operating cash flows before movements in working capital	12,575	6,320
Increase in trade and other receivables	(10,367)	(5,046)
Increase in trade and other payables	2,820	5,146
Cash generated by operations	5,028	6,420
Income taxes paid	(1,520)	(1,430)
Interest paid	(264)	(264)
Net cash from operating activities	3,244	4,726

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

28. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its' subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its' associates are disclosed below.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the group, is disclosed in Note 7: Staff costs and analysis.

Trading transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

	Transactions to		Transactions from	
	52 week period ended 1 January 2016 £000	52 week period ended 2 January 2015 £000	52 week period ended 1 January 2016 £000	52 week period ended 2 January 2015 £000
MWH Americas Inc	1,746	1,281	2,021	892
MWH Treatment Ltd	1,341	1,169	12	62
Konsultan MWHC	185	5	-	-
MWH Australia Pty Ltd	301	52	65	33
MWH New Zealand Ltd	302	210	59	14
MWH Farrer Ltd	209	-	773	465
MWH Turkey	-	-	209	-
MWH Global, Inc	-	-	2,642	2,445
MWH Constructors Ltd	401	401	-	-
MWH Holding B.V	-	-	105	151
4 Delivery Ltd	2,146	6,155	-	-
	<u>6,631</u>	<u>9,273</u>	<u>5,886</u>	<u>3,323</u>

Transactions with related parties consist mainly of labour sold and/or borrowed between Companies within the MHW Group; management fees payable to MWH Global Inc and interest income and expense on intercompany loan balances.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Labour transactions sold to and purchased from related parties have been made at their standard cost plus 5% whilst intercompany interest income and expense has been charged at rates comparable to the average rates of interest.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

28. RELATED PARTY TRANSACTIONS (CONTINUED)

The following amounts were outstanding at the balance sheet date:

Amounts owed by related parties			
	1 January 2016 £000	2 January 2015 £000	3 January 2014 £000
MWH Americas Inc	286	205	81
MWH Treatment Ltd	1,006	311	317
MWH Farrer Ltd	50	11	2
MWH Turkey	117	34	44
MWH Global Inc	15	183	227
MWH New Zealand Ltd	22	61	14
MWH Australia Pty Ltd	66	137	143
MWH Constructors Ltd	426	426	71
Konsultan MWHC	94	5	3
4 Delivery Ltd	662	2,031	1,508
	<u>2,744</u>	<u>3,404</u>	<u>2,410</u>

Amounts owed to related parties			
	1 January 2016 £000	2 January 2015 £000	3 January 2014 £000
MWH Americas Inc	1,017	276	1,227
MWH Treatment Ltd	1,245	1,509	589
MWH Farrer Ltd	139	78	90
MWH Global Inc	1,869	792	686
MWH New Zealand Ltd	499	432	454
MWH Australia Pty Ltd	214	45	176
MWH Constructors Ltd	1,066	1,270	727
MWH Holding B.V	43	34	44
Montgomery Engineers Ltd	2,109	1,349	-
MWH Consultants (Singapore) Pte Ltd	226	230	130
Hawksley Consulting Inc	78	-	-
4 Delivery Ltd	1,002	4,248	3,388
	<u>9,507</u>	<u>10,263</u>	<u>7,511</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Loans to/from related parties

	Loans to related parties		
	1 January 2016 £000	2 January 2015 £000	3 January 2014 £000
MWH Treatment Ltd	7,000	-	-
MWH Constructors Ltd	13,400	13,400	13,400
MWH Turkey	-	194	207
	<u>20,400</u>	<u>13,594</u>	<u>13,607</u>

Loans from related parties

	Loans from related parties		
	1 January 2016 £000	2 January 2015 £000	3 January 2014 £000
MWH Holding B.V	4,981	4,169	4,373
	<u>4,981</u>	<u>4,169</u>	<u>4,373</u>

Loans to and from associates have been provided at rates comparable to the average rate of interest.

All of the above mentioned entities, apart from 4 Delivery Ltd, are considered to be related parties because they share the same ultimate parent Company, being MWH Global, Inc. 4 Delivery Ltd is considered to be a related party due to it being an associate of the Company.

29. CONTROLLING PARTY

The Company's ultimate parent, controlling undertaking and the largest and smallest group company in which its results are consolidated for the 2015 period is MWH Global Inc., a company incorporated in the United States of America. Refer to Note 30 for a subsequent change in ownership.

The immediate parent undertaking is MWH Holding BV, a company incorporated in the Netherlands.

The financial statements of MWH Holding BV are available to the public from Forum Administrators BV, Weena 336, 3012 NJ, Rotterdam, The Netherlands.

30. SUBSEQUENT EVENTS

On 6 May 2016, MWH Global Inc., the ultimate parent company of MWH Europe Limited, entered into an agreement and plan of merger with Stantec Inc. in which Stantec Inc. acquired all of MWH Global Inc's issued and outstanding capital stock. Stantec Inc. is a publicly traded corporation and its' shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol STN.

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

31. TRANSITION TO IFRS AND FRS 101

This is the first period that the Group and Company has presented its financial statements under IFRS and FRS101 respectively. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the 52 week period ended 2 January 2015 and the date of transition to IFRS and FRS 101 was therefore 4 January 2014.

Reconciliation of Equity

	Group	
	At 4 January 2014 £'000	At 2 January 2015 £'000
Equity reported under previous UK GAAP	34,038	34,249
Adjustments to equity on transition to IFRS:		
1) Impairment of goodwill on transition date	(85)	(85)
2) Reclassify joint ventures as joint operations	26	26
3) Add back 2014 goodwill amortisation	-	326
Equity reported under IFRS	33,979	34,516

Reconciliation of total comprehensive income

	Group
	52 week period ended 2 January 2015 £'000
Total comprehensive income for the period under previous UK GAAP	211
Adjustments to other comprehensive income on transition to IFRS:	
1) Adjustment to profit from goodwill amortisation add back	326
Total comprehensive income for the period under IFRS	537

MWH EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 52 week period ended 1 January 2016

31. TRANSITION TO IFRS AND FRS 101 (CONTINUED)

Reconciliation of Equity

Company

	At 4 January 2014 £'000	At 2 January 2015 £'000
Equity reported under previous UK GAAP	9,207	8,027
Adjustments to equity on transition to FRS 101:		
1) Reclassify joint venture as a joint operation and include results in Company accounts	341	440
Equity reported under FRS 101	9,548	8,467

Reconciliation of total comprehensive income for the period

	Company 52 week period ended 2 January 2015 £'000
Total comprehensive loss for the period under previous UK GAAP	(1,180)
Adjustment to profit and loss from joint operation re-class	60
Currency translation gain	39
Total comprehensive loss for the period under FRS 101	(1,081)