Company Registration No. 04438080

CB&I UK Limited

Report and Financial Statements

31 December 2017

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CB&I UK Limited

GENERAL INFORMATION

DIRECTORS

F Budd
A Carne-Ross
B Hawley
K Forder (resigned 15 July 2017)
L Sheach
D Wigney

SECRETARY

J Stephenson

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

40 Eastbourne Terrace
London
W2 6LG

STRATEGIC REPORT

The directors present their Strategic Report for the year.

Review of business

The Company has recorded turnover of £26.4m (2016: £55.4m) and a gross loss of £5.0m in 2017 (compared to a £1.7m gross profit in 2016). This reflects a reduction in the level of business performed on offshore and pipeline projects in the period.

Financial Highlights	2017 £'000	2016 £'000	Change %
Turnover	26,416	55,413	-52.3%
Gross (loss)/profit	(4,983)	1,730	-388.0%
(Loss)/Profit on ordinary activities before taxation	(35,425)	75,421	-147.0%

New contract awards in the period included an Engineering and Procurement tank project in the Caspian region and a front end engineering project for a pipeline in Africa. In addition extensions have been awarded relating to additional workscope on an existing front end LNG project in North America and for front end design, detailed engineering design and follow on services for offshore platforms in the UK North Sea sector. The Company continued its involvement in the expansion of a pipeline network in the Caspian region with the award of additional engineering design services.

The Company recorded exchange losses totaling £8.3m (£28.9m of gains in 2016). These losses reflect principally the strengthening of the Pound Sterling relative to the US Dollar.

The Company's loss on ordinary activities after taxation for the financial year was £50.2m (2016: profit of £69.1m).

Health, safety and environment

Our operations are subject to UK and other relevant jurisdictions' laws and regulations that establish health, environmental, and quality standards. These standards, among others, relate to air, ground and water pollutants and the management and disposal of hazardous substances and wastes. We are exposed to potential liability for personal injury and/or property damage caused by any release, spill, exposure or other incident or accident involving such pollutants, substances or wastes. We have systems in place to manage or mitigate these risks.

Reportable Accident Rates	2017	2016
UK RIDDOR Reportable Injuries	-	-
Number of Personnel (direct and agency hire)	301	471
Work Hours (site)	514,446	813,581
Accident Frequency Rate*	0.00	0.00
Accident Incident Rate**	0.00	0.00

*Accident Frequency Rate = (No. Incidents / No. Work hours) x 100,000
**Accident Incident Rate = (No. Incidents / No. Employees) x 10,000

STRATEGIC REPORT (continued)

Other key performance measures

Aside from safety statistics, the main performance measures for our business are:

	2017	2016
New Contract Awards	£49.6m	£28.7m
Year End Order Book (Backlog)	£35.6m	£13.5m

The Company has experienced a reduced demand for services emanating from the slowdown in global energy demand and low oil price which has seen a reduction in the capital expenditure programs of the company's traditional client base. To replenish our backlog we have developed a prospect list comprising a balanced portfolio of front end design and EPC opportunities across each of our core business sectors. Many of those prospects are unlikely to start until the second half of 2018. We continue to manage our commercial exposure by maintaining a healthy commercial mix on our projects including fully reimbursable work, 'hybrid' contracts which allow for risk sharing between client and contractor and lump sum work.

Principal risk and uncertainties

The Group (Chicago Bridge & Iron Company N.V.) has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievements of the Company's performance objectives. The framework aims to ensure that significant long-term contracts are appropriately approved before tenders are submitted, to limit undue counterparty exposure, to ensure sufficient working capital exists (if necessary by recourse to assistance from fellow group undertakings) and to monitor the management of risk at a business unit level.

The principal risks and uncertainties affecting the Company are:

- Price and contract performance risk which impacts on expected contract profitability as a result of adverse variations relating to:
    - *estimating (including sub-contractor claims and variations)*;
    - project budget and schedule;
    - performance by suppliers and subcontractors; and
    - labour productivity.

Contract profitability and expected costs/revenues are reviewed on a monthly basis by management, using information provided by the relevant contract teams.

- Potential professional liability, product liability, or warranty or other claims. Appropriate insurance arrangements are made by the Board in this regard.

- Failure to recruit and retain key personnel and other essential resources. The Company is committed to retaining key personnel through competitive remuneration packages. The Company has the resources to recruit professional staff to meet new project requirements.

- Reduced market share and under utilisation of assets and people due to:
    - reduced activity in the oil and gas industry;
    - delayed or cancelled projects;
    - intense competition leading to a reduced market share.

  Historically, the Company has been able to manage its cost base through releasing contract staff and short term office space when activity levels drop.

- Potential environmental and safety liabilities, through failure to adhere to legal and other requirements. The Company's health, safety, security and environment procedures are designed to ensure the Company complies with its statutory obligations and that all accidents and dangerous occurrences are investigated and remedial actions taken.

STRATEGIC REPORT (continued)

On behalf of the Board

L Sheach
Director
9 October 2018

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Principal activities
The principal activities of the Company are to provide Engineering, Procurement and Construction Services ("EPC") to customers predominantly operating in the oil and gas industry sector. The Company designs projects for a worldwide client base.

Dividends
The directors are unable to recommend the payment of a dividend for the year (2016: £244,400,195).

Financial risks management

The directors consider the key risks to be:

- Credit risk – which arises from the failure of a client to honour their obligations in respect of contract settlement. The Company generally deals with multinational corporations and has little history of credit risk issues.

- Liquidity risk – the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to manage this risk by agreeing payments on contracts in accordance with agreed milestones. The Company also uses inter-company and external funding arrangements as appropriate.

Events since the balance sheet date
On 10 May 2018 Chicago Bridge & Iron Company NV, the ultimate controlling parent undertaking of CB&I UK Limited completed its combination with McDermott International, Inc. As a result of the combination McDermott International, Inc, a company incorporated in Panama, became the ultimate controlling parent undertaking of CB&I UK Limited.

Going concern
The Company's business activities, together with factors likely to affect its future development, its financial position and financial risk management objectives and its exposures to price, credit and liquidity risk are described in the Strategic Report on pages 2 to 4. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have completed an assessment of business and other risks for the year ended 31 December 2018 and concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has also received a letter from McDermott International, Inc, confirming that financial support will be provided for a period of at least 12 months from the date these financial statements are approved. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors
The directors who held office during the year and up to the date of this report are as follows:

F Budd
A Carne-Ross
B Hawley
K Forder (resigned 15 July 2017)
L Sheach
D Wigney

Directors' Indemnity
The Company has granted an indemnity to all its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DIRECTORS' REPORT (continued)

Employees
One of the Company's core values is the identification, development and retention of high calibre employees and the Company seeks to achieve this by maintaining market competitive compensation and benefits, continuous job-related training and development, and effective management systems.

It is the Company's policy and practice to welcome applications from disabled persons and to ensure that subsequent training, career development and promotion opportunities of new and existing employees are based on each individual's aptitude and abilities.

Consultation with employees and their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company. To facilitate this, the Company operates a staff consultative committee which meets on a bi-monthly basis, distributes a Group in-house magazine and maintains an internal website for the electronic dissemination of Company information.

Disclosure of information to the auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made inquiries of fellow directors and the Company's auditor, each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
The members have elected by resolution to dispense with the obligation to appoint auditors annually. In accordance with the election, the Company's current auditor, Ernst & Young LLP, shall be deemed to be re-appointed for each succeeding financial year.

On behalf of the Board

L Sheach

Director

9 October 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CB&I UK LIMITED

Opinion

We have audited the financial statements of CB&I UK Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, Balance Sheet and Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- o give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- o have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- o have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – uncertain outcome of a project arbitration matter and project investigations

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 17 to the financial statements concerning the uncertain outcome of: i) an arbitration, alleging costs overruns, where the Company is co-defendant; and ii) project related investigations, initiated by a number of foreign government bodies where in one instance the Company has been named as co-defendant. In regards to the project arbitration matter, the Company has filed a counter claim, and preliminary hearing on both claims are in progress. The project related investigations are also in progress. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditors' 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.

Ernst & Young LLP

Peter McIver (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 11 October 2018.

CB&I UK Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	26,416	55,413
Cost of sales		(31,399)	(53,683)
Gross (loss)/profit		**(4,983)**	**1,730**
Administration expenses		(22,037)	(11,901)
Net foreign exchange (loss)/gains		(8,264)	28,926
Operating (loss)/profit	3	**(35,284)**	**18,755**
Interest receivable and other income	6a	826	1,336
Interest payable and similar charges	6b	(417)	(625)
Other finance costs	6c	(550)	(378)
Gain on sale of investments	10	-	56,322
Dividends received		-	11
(Loss)/profit on ordinary activities before taxation		**(35,425)**	**75,421**
Tax charge on (loss)/profit on ordinary activities	7b	(14,760)	(6,365)
(Loss)/profit on ordinary activities after taxation and retained (loss)/profit for the financial year		**(50,185)**	**69,056**
Other Comprehensive Income			
Actuarial gain/(loss) relating to the pension schemes		5,524	(14,581)
Deferred tax (charge)/credit relating to Other Comprehensive Income		(939)	2,479
Total Comprehensive (Loss)/Income for the year		**(45,600)**	**56,954**

All results are derived from continuing operations.

CB&I UK Limited

BALANCE SHEET
as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible fixed assets	8	250	526
Investments in associated undertakings	9	-	-
Investments in subsidiary undertakings	10	94,109	94,109
		94,359	94,635
Current assets			
Debtors: amounts falling due within one year	11	38,545	45,711
Deferred tax asset	7c	5,110	21,024
Cash at bank and in hand		90,003	118,838
		133,658	185,573
Creditors: amounts falling due within one year	12	(21,816)	(19,391)
Net current assets		111,842	166,182
Total assets less current liabilities		206,201	260,817
Creditors: amounts falling due after one year	13	(8,360)	(8,360)
Net assets excluding defined benefit pension liability		197,841	252,457
Defined benefit pension liability	16	(14,146)	(23,162)
Net assets including defined benefit pension liability		183,695	229,295
Capital and reserves			
Called up share capital	15	127,705	127,705
Profit and loss account		55,990	101,590
Equity shareholders' funds		183,695	229,295

These financial statements were approved by the Board of Directors on 9 October 2018 and signed on its behalf by:

L Sheach
Director

STATEMENT OF CHANGES IN EQUITY
at 31 December 2017

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2016	415,128	(26,092)	389,036
Reduction in share capital	(315,128)	315,128	-
Contribution from immediate parent undertaking	27,705	-	27,705
Dividend	-	(244,400)	(244,400)
Profit for the year	-	69,056	69,056
Other comprehensive income for the year	-	(12,102)	(12,102)
Balance at 31 December 2016	127,705	101,590	229,295
Balance at 1 January 2017	127,705	101,590	229,295
Loss for the year	-	(50,185)	(50,185)
Other comprehensive income for the year	-	4,585	4,585
Balance at 31 December 2017	127,705	55,990	183,695

1. ACCOUNTING POLICIES

The company is a private company limited by shares and is incorporated and domiciled in England. The registered office is disclosed on page 1. The principal accounting policies are summarised below and have been applied consistently throughout the year.

Basis of preparation

These financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006 and in accordance with the going concern concept of accounting.
The presentation currency is £ sterling, rounded to the nearest £'000.

Consolidated financial statements

The financial statements contain information about the Company as an individual company. The Company has not prepared consolidated financial statements as it is a wholly owned subsidiary undertaking whose immediate parent is established under the law of a member state of the EU. The results of the Company are consolidated within the financial statements of Chicago Bridge & Iron Company N.V., a company drawn up under the law of a member state of the EU.

Going concern

The Company's business activities, together with factors likely to affect its future development, its financial position and financial risk management objectives and its exposures to price, credit and liquidity risk are described in the Strategic Report on pages 2 to 4. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have completed an assessment of business and other risks for the year ended 31 December 2018 and concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has also received a letter from McDermott International, Inc, confirming that financial support will be provided for a period of at least 12 months from the date these financial statements are approved. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Reduced Disclosures

In accordance with FRS 102, the Company is defined as a qualifying entity and has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows' – Presentation of Cash Flow Statement and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments and explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of its ultimate parent undertaking, Chicago Bridge & Iron Company N.V., which prepares publicly available financial statements, including a consolidated cash flow statement.

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and any provision for impairment. The carrying values of the tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation has been provided on a straight-line basis commencing in the year of acquisition at rates based on the estimated economic lives of the assets, as follows:

Furniture and fittings	2 – 10 years
Computer equipment and software	3 – 5 years
Leasehold improvements	The shorter of the lease term or the remaining useful life of the asset concerned.

Investments

Investments in subsidiaries and associated undertakings are stated at cost less any provision for impairment. Cost represents consideration paid or capital contributions made in connection with the assumption of obligations on behalf of subsidiary undertakings. The carrying values are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable. Income represents dividends or other distributions receivable and is accounted for when received.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Cash

Cash in the balance sheet comprises cash at bank and in hand, net of outstanding bank overdrafts.

Revenue recognition

Revenue represents amounts receivable for the services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the income statement profit based on percentage of completion. Revenue is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract. Losses on contracts are recognised as soon as they are foreseen.

Interest receivable

Interest receivable is accrued on a time-apportioned basis by reference to the principal outstanding at the effective interest rate.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Long term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Finance charges

Charges arising from interest bearing balances and other financial instruments are charged to the income statement on an accruals basis according to the contractual terms and conditions that apply to the instrument in question.

1. ACCOUNTING POLICIES (continued)

Government Grants

The Company has elected to use the performance model. Government grants relating to the UK Research and Development expenditure credit (RDEC) are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. RDEC credits are recognised when the application to HMRC has been submitted.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is calculated at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if and only if there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Derivative instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates as follows:

1. ACCOUNTING POLICIES (continued)

Forward foreign currency contracts

The criteria for the utilisation of forward foreign currency contracts are:

- the instrument must be related to a firm foreign currency commitment;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the Company's operations.

These derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value through profit or loss. Fair value is determined by comparing the cashflows associated with the forward foreign currency contract, using the foreign currency exchange rate at the balance sheet date to convert the cashflows to the reporting currency. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term. Lease incentives are recognised over the lease term. However the Company has taken advantage of the exemption contained within FRS 102 section 35.10 (p) such that if the term of the lease commenced before the date of the transition to FRS 102 the lease incentive will continue to be recognised over the shorter of the remaining lease term and the date of the next rent review.

Pensions

For defined benefit schemes the amounts charged to operating profit represent the current service costs. They are included within staff costs. The cost of providing amendments to benefits in respect of past service is charged to profit and loss. The net interest on the net defined liability is shown as other finance costs or income adjacent to interest. Actuarial gains and losses and return on plan assets (excluding the net interest cost) are recognised in other comprehensive income.

Defined benefit schemes are funded, with the assets of the schemes held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at closing bid values at the balance sheet date 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. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, gross of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes, the amounts charged to the income statement in respect of pension costs are the contributions payable in the year.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a number of the Group's own equity instruments.

1. ACCOUNTING POLICIES (continued)

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered likely to occur based on all available information at the time.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions may differ from those estimates. The estimates and assumptions that will have the most significant effect on the carrying amounts of assets and liabilities recognised in the financial statements are disclosed below.

- Revenue - In calculating revenue management makes judgements with regard to the final outturn forecast revenue and costs incurred in the completion of long term contracts.
- Pensions – In calculating the defined benefit pension liability management makes assumptions about inflation rates, discount rates and mortality rates. The major assumptions are disclosed in note 16 (d). Due to the complexity of the valuation and the long term nature of the defined benefit pension plans, these estimates are subject to uncertainty.
- Deferred tax asset – In determining the amount of deferred tax asset that can be recognised, management make estimations on likely timing and level of relevant future taxable profits.

2. TURNOVER ANALYSIS

(a) By class of business

All turnover, which is stated net of Value Added Tax, relates to the provision of engineering, procurement and construction services.

(b) By geographical area

	2017 £'000	2016 £'000
United Kingdom	2,129	15,107
Asia Pacific	42	15
Other Europe	528	-
Middle East, Asia and Africa	16,740	27,803
The Americas	6,977	12,488
	26,416	55,413

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets	131	253
Foreign exchange losses/(gains)	8,294	(28,843)
Fair value (gains)/losses in relation to foreign currency hedges	(30)	(83)
Net foreign exchange losses/(gains)	8,264	(28,926)
Onerous lease	3,341	1,328
Research & development expenditure	66	728
Auditors' remuneration		
- Audit of the company's financial statements	77	75
Operating lease rentals		
- Land and buildings	5,579	9,424

There were no fees for non-audit services during the year (2016: £Nil).

4. DIRECTORS' EMOLUMENTS

	2017 £'000	2016 £'000
Directors' emoluments including pension scheme contributions are as follows:		
Aggregate emoluments	1,338	1,575
Aggregate amounts receivable under long term incentive plans	153	149
Company pension contributions	53	57
	1,544	1,781
Number of directors who were members of the defined contribution pension scheme	6	6
Number of directors who were members of the defined benefit pension scheme	1	1
Number of directors who received Chicago Bridge & Iron Company NV shares under the Group's long term incentive scheme	4	4
In respect of the highest paid director:		
Aggregate emoluments	333	472
Aggregate amounts receivable under long term incentive plans	84	69
Company pension contributions	5	12
	422	553
Accrued defined benefit pension at the end of the year	44	44

The highest paid director also received Chicago Bridge & Iron Company NV shares under the Group's long term incentive scheme.

The directors' emoluments disclosed include all amounts paid to the directors in respect of their qualifying services to the company.

5. EMPLOYEES

The average monthly number of persons (full time equivalent) employed by the Company (permanent and fixed term contract) in the year was:

	2017 Number	2016 Number
By activity:		
Technical & operations	208	336
Finance & corporate support	37	44
	245	380

5. EMPLOYEES (continued)

Employee costs charged to the statement of comprehensive income were as follows:

	2017 £'000	2016 £'000
Wages and salaries	26,851	34,533
Social security costs	3,315	4,258
Pension costs	1,673	2,216
	31,839	41,007

Included in pension costs is £1,637,236 (2016: £2,215,949) in respect of contributions payable to the Company's defined contribution pension scheme.

6a. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Interest receivable on bank deposits	826	572
Interest receivable from fellow Group undertakings	-	764
	826	1,336

6b. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts	2	7
Interest payable to fellow Group undertakings	415	618
	417	625

6c. OTHER FINANCE COSTS

	2017 £'000	2016 £'000
Net cost of pension schemes	550	378

7. TAXATION

(a) Total tax expense recognised in the statement of comprehensive income

The tax charge for the year comprises:

	2017 £'000	2016 £'000
Current tax		
UK Corporation Tax at 19.25% (2016: 20.00%)	(222)	3,269
Adjustments in respect of prior periods	7	61
Irrecoverable Foreign Income taxes	-	-
	(215)	3,330
Deferred tax		
Origination and reversal of timing differences	17,074	1,146
Adjustments in respect of prior periods	(103)	(236)
Change in tax rate	(1,996)	2,125
	14,975	3,035
Total tax expense	14,760	6,365
Tax included in other comprehensive income	1,063	(2,916)
Change in tax rate included in other comprehensive income	(124)	437
Total tax charge	15,699	3,886

(b) Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are reconciled below:

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before tax	(35,425)	75,421
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(6,819)	15,084
Effects of:		
Expenses that are not deductible in determining taxable profit	76	53
Income not taxable	-	(11,265)
Utilisation of tax losses not previously recognised	-	(350)
De-recognition of previously recognised tax losses	23,595	-
Income in relation to Controlled Foreign Companies	-	892
Amounts related to change in tax rates	(1,996)	2,125
Adjustments to tax charge in respect of prior period UK corporation tax	(96)	(174)
Total tax expense for the year	14,760	6,365

7. TAXATION (continued)

(c) Deferred tax asset

	2017 £'000	2016 £'000
Movement in deferred tax asset balance		
Opening balance	21,024	21,579
Change in tax rate	2,120	(2,562)
Prior period adjustments	103	237
Origination and reversal of timing differences	(18,137)	1,770
Balance as at 31 December	5,110	21,024

	2017 £'000	2016 £'000
Recognised deferred tax asset		
Fixed asset timing differences	2,684	2,637
Deferred tax on defined benefit pension scheme	2,405	3,938
Short term timing differences	21	29
Losses and other deductions	-	14,420
At 31 December	5,110	21,024
Unrecognised deferred tax asset		
Losses and other deductions	20,654	-
Non trading losses	-	-
At 31 December	20,654	-

(d) Factors that may affect future tax charges

The UK corporation tax rate reduced from 20% to 19% from April 2017. The rate will reduce to 17% from April 2020. As at the balance sheet date the future tax rate reductions to 19% from April 2017 and to 17% from April 2020 have been substantially enacted.

8. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Furniture & fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2017	3,748	1,483	769	6,000
Disposals	(1,193)	(482)	(515)	(2,190)
At 31 December 2017	2,555	1,001	254	3,810
Accumulated depreciation				
At 1 January 2017	(3,734)	(1,171)	(569)	(5,474)
Charge for the year	(12)	(72)	(47)	(131)
Disposals	1,194	437	414	2,045
At 31 December 2017	(2,552)	(806)	(202)	(3,560)
Net book value				
At 31 December 2017	**3**	**195**	**52**	**250**
Net book value				
At 31 December 2016	**14**	**312**	**200**	**526**

9. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

The Company holds ordinary share capital in the following companies:

	Country of incorporation	Principal activity	Carrying value £'000	Percentage of ordinary shares %
Azerbaijan John Brown Ltd	Azerbaijan	Engineering consultancy	-	50%
K-WAC Ltd	United Kingdom	Engineering consultancy	-	25%
			-	

On 20 June 2016 CB&I UK Limited received a dividend of £10,500 from K-WAC Ltd, its Associated Undertaking.

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company holds ordinary share capital in the following unlisted undertakings:

	Percentage interest of ordinary shares	Country of incorporation	Principal activity	Nominal value £'000
John Brown Kish LLC	100%	Iran	Hydrocarbons consultancy	3
CB&I Houston LLC	100%	Delaware, USA	Investment company	2,074
CB&I Houston 06 LLC	100%	Delaware, USA	Investment company	7,388
CB&I Houston 07 LLC	100%	Delaware, USA	Investment company	7,029
CB&I Houston 08 LLC	100%	Delaware, USA	Investment company	9,742
CB&I Houston 09 LLC	100%	Delaware, USA	Investment company	8,830
CB&I Houston 10 LLC	100%	Delaware, USA	Investment company	9,234
CB&I Houston 11 LLC	100%	Delaware, USA	Investment company	9,191
CB&I Houston 12 LLC	100%	Delaware, USA	Investment company	8,972
CB&I Houston 13 LLC	100%	Delaware, USA	Investment company	5,743
CB&I Global LLC	100%	Delaware, USA	Investment company	25,904

Investments in subsidiary undertakings:

	2017 £'000	2016 £'000
At cost		
Cost at 1 January	94,109	240,850
Additions	-	25,904
Disposals	-	(172,645)
Balance at 31 December	94,109	94,109

On 26 August 2016, CB&I UK Limited acquired 100% of the ordinary share capital of CB&I Global LLC in exchange for an intra group loan note for the principal sum of $34,030,000 (£25,903,935).

On 30 August 2016, CB&I UK Limited sold its interests' in CB&I Overseas (Far East) Ltd and Shaw International Ltd to CB&I UK Cayman Acquisition Limited in exchange for an intra group loan note for the principal sum of $299,488,000 (£228,966,361). This resulted in a gain of £56,322,000.

11. DEBTORS: Amounts falling due within one year

	2017 £'000	2016 £'000
Trade debtors	844	8,426
Amounts recoverable on contracts: third party	120	30
Amounts recoverable on contracts: intercompany	39	14
Other amounts owed by fellow Group undertakings	34,693	34,455
VAT receivable	62	70
Corporation tax receivable	208	-
Derivative financial instruments	30	-
Other debtors	82	432
Prepayments and accrued income	2,467	2,284
	38,545	45,711

12. CREDITORS: Amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	1,876	495
Other amounts owed to fellow Group undertakings	1,356	1,690
Payments received on account: third party	7,767	9,007
Social security and other taxation	1,175	1,480
Other creditors	661	975
Corporation tax	-	2,908
Accruals and deferred income: third party	5,844	2,783
Accruals and deferred income: intercompany	3,137	53
	21,816	19,391

13. CREDITORS: Amounts falling due after one year

	2017 £'000	2016 £'000
Amounts owed to fellow Group undertakings	8,360	8,360

Amounts due to fellow Group undertakings represents the long term creditor of £8,359,806 which is the amount drawn down on a $20 million unsecured loan agreement between CB&I UK Limited and CB&I Hungary Limited, a Hungarian subsidiary undertaking of Chicago Bridge & Iron Company N.V. The amount drawn down is denominated in Sterling. Under the terms of the loan, interest is paid quarterly in arrears at the rate of 4.90% per annum. The loan is repayable on 3 May 2019.

14. GOVERNMENT GRANTS

The company has recognised grants from HMRC in relation to the UK research and development expenditure credit. In 2017 the company has recognised grants for £76,308 in relation to qualifying expenditure for the period from 1 January 2016 to 31 December 2016 (2016: £250,513).

15. SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid share capital		
127,704,958 ordinary shares of £1 each	127,705	127,705

16. PENSIONS

The company operates two defined benefit pension schemes:

	2017 £'000	2016 £'000
CB&I John Brown Pension scheme deficit	12,253	19,613
Shaw Group UK 1997 Pension Scheme deficit	1,893	3,549
Total liability in balance sheet	14,146	23,162

16. PENSIONS (continued)

CB&I John Brown Pension Scheme

A full actuarial valuation was carried out for this scheme at 31 December 2015 and was updated by Punter Southall Limited to take account of the requirements of FRS 102 in order to re-assess the liabilities of the scheme at 31 December 2017. Scheme assets are stated at their market values at the respective balance sheet dates.

The Company closed this scheme for future accrual of benefits on 1 August 2009. The affected employees were transferred automatically into the Company's defined contribution scheme as of the same date. As the defined benefit scheme is closed, service costs should increase in the future as members of the scheme approach retirement. Membership of the defined contribution scheme is via a separate section of the UK pension scheme that the Company has offered to all permanent employees who have joined the Company since October 2004.

Following the results of the December 2015 actuarial valuation, the Company and the Pension Trustees agreed to a new funding plan for the scheme. The Company agreed to increase monthly payments starting in January 2016 to £259,167, which will continue until September 2022.

The Company also operates a defined contribution plan. The assets of the Company's defined contribution plan are held in an independently administered fund. Contributions charged to the profit and loss account during the year were £1,637,236 (2016: £2,215,949) and as at the year end, there were £268,807 (2016: £307,793) of employers and employees contributions outstanding.

(a) Assets and liabilities of the defined benefit scheme:

	2017 £'000	2016 £'000
Scheme assets at fair value		
Equities	44,704	46,180
Bonds	32,858	34,304
Diversified Growth funds	31,690	28,148
Cash funds	471	305
Fair value of scheme assets	109,723	108,937
Present value of liability	(121,976)	(128,550)
Net pension liability	(12,253)	(19,613)

(b) Analysis of the amounts recognised in the income statement:

	2017 £'000	2016 £'000
Defined benefit scheme costs	3	4
Interest expense	470	288
Total expense recognised in the income statement	473	292

16. PENSIONS (continued)

CB&I John Brown Pension Scheme (continued)

(c) Movement in the net balance sheet position:

	2017 £'000	2016 £'000
Opening net liabilities	19,613	9,330
Expense charged to profit and loss	473	292
Amount recognised in other comprehensive income	(4,723)	13,101
Employer contributions	(3,110)	(3,110)
Closing net liabilities before tax	12,253	19,613

(d) Main financial assumptions:

	2017 %	2016 %
Rate of salary increases	n/a	n/a
Pension increase rate (RPI 5% pa)	3.1	3.1
Pension increase rate (LPI 2.5% pa)	2.1	2.1
Discount rate (% pa)	2.4	2.6
Retail Price Inflation (% pa)	3.2	3.3
Consumer Price Inflation (% pa)	2.2	2.3
Post-retirement mortality (in years)		
Male – retiring in 2017	24.8	25.1
Male – retiring in 2037	26.2	26.9
Female – retiring 2017	26.7	27.1
Female – retiring in 2037	28.1	29.0

(e) Changes in the present value of the defined benefit obligation:

	2017 £'000	2016 £'000
At 1 January	128,550	103,850
Interest on plan liabilities	3,199	3,745
Benefits paid	(11,034)	(5,296)
Actuarial losses	1,261	26,251
At 31 December	121,976	128,550

16. PENSIONS (continued)

CB&I John Brown Pension Scheme (continued)

(f) Changes in the fair value of the plan assets:

	2017 £'000	2016 £'000
At 1 January	108,937	94,520
Interest on plan assets	2,729	3,457
Actual return on plan assets less interest on plan assets	5,984	13,150
Contributions to the scheme	3,110	3,110
Running costs	(3)	(4)
Benefits paid	(11,034)	(5,296)
At 31 December	109,723	108,937

Shaw Group UK 1997 Pension Scheme

Effective 24 July 2014, the Company replaced Shaw Group UK Limited as the Principal Employer of the Shaw Group UK 1997 Pension Scheme. The pension scheme is a defined benefit scheme in the UK for which a full actuarial valuation was carried out by the scheme actuaries Punter Southall Limited at 31 December 2015 and was updated by Punter Southall Limited to take account of the requirements of FRS 102 in assessing the liabilities of the scheme at 31 December 2017. As the defined benefit scheme is closed to new entrants, service costs should increase in the future as members of the scheme approach retirement. The scheme has also been curtailed to the accrual of further benefits since July 2009.

Following the results of the 31 December 2015 actuarial valuation, the funding plan for the defined benefit scheme remained unchanged. With effect from 1 August 2014 the Company agreed to monthly payments of £74,118, increasing each 1 January in line with inflation, continuing to 31 August 2021. Payments from 1 January 2017 have increased with RPI to £77,958 per month.

(a) Assets and liabilities of the defined benefit scheme:

	2017 £'000	2016 £'000
Scheme assets at fair value		
Equities	7,544	6,646
Bonds	9,420	9,536
Property	2,019	1,850
Diversified growth funds	7,699	7,170
Cash funds	190	269
Fair value of scheme assets	26,872	25,471
Present value of liability	(28,765)	(29,020)
Net pension liability	(1,893)	(3,549)

16. PENSIONS (continued)

Shaw Group UK 1997 Pension Scheme (continued)

(b) Analysis of the amounts recognised in the income statement:

	2017 £'000	2016 £'000
Interest expense	80	90
Total expense recognised in the income statement	80	90

(c) Movement in the net balance sheet position:

	2017 £'000	2016 £'000
Opening net liabilities	3,549	2,896
Expense charged to profit and loss	80	90
Amount recognised in other comprehensive income	(801)	1,480
Employer contributions	(935)	(917)
Closing net liabilities before tax	1,893	3,549

(d) Main financial assumptions:

	2017 %	2016 %
Rate of salary increases	n/a	n/a
Pension increase rate (RPI or 3% if more)	3.8	3.9
Pension increase rate (RPI or 5% if less)	3.1	3.1
Pension increase rate (RPI 3% if less)	2.4	2.4
Pension increase rate (CPI or 5% if less)	2.2	2.3
Discount rate (% pa)	2.4	2.6
Retail Price Inflation (% pa)	3.2	3.3
Consumer Price Inflation (% pa)	2.2	2.3
Post-retirement mortality (in years)		
Male – retiring in 2017	21.9	22.0
Male – retiring in 2037	23.3	23.7
Female – retiring in 2017	23.8	24.1
Female – retiring in 2037	25.4	26.0

16. PENSIONS (continued)

Shaw Group UK 1997 Pension Scheme (continued)

(e) Changes in the present value of the defined benefit obligation:

	2017 £'000	2016 £'000
At 1 January	29,020	26,048
Interest cost	738	933
Benefits paid	(1,240)	(1,687)
Actuarial losses	247	3,726
At 31 December	28,765	29,020

(f) Changes in the fair value of the plan assets:

	2017 £'000	2016 £'000
At 1 January	25,471	23,152
Interest on plan assets	658	843
Actual return on plan assets less interest on plan assets	1,048	2,246
Contributions to the scheme	935	917
Benefits paid	(1,240)	(1,687)
At 31 December	26,872	25,471

17. GUARANTEES, CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

Contingencies and commitments

The Company faces contingent liabilities in the ordinary course of business in respect of performance guarantees and bonds and in respect of claims from sub-contractors and other third parties. The Company may also raise counter-claims in connection with such actions. Provision is made in respect of any liabilities where considered appropriate based on the evidence available and having taken legal and/or other professional advice.

Guarantees

The Company has also entered into a cash pooling agreement between a number of entities within the Group and Bank Mendes Gans N.V. ("BMG"), whereby the Company and the entities within the Group collectively have access to an overdraft facility of $50m. In accordance with the agreement, should the group default on loan and interest payments, the Company and the entities within the Group will be jointly and severally liable. The liability of the Company is limited to the positive cash balances held in the BMG account at the time of the declared default.

VAT

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group, and failure by other members of the Group may give rise to additional liabilities for the Company.

The directors are of the opinion that no liabilities are likely to arise from the failure of other Group undertakings to meet their liabilities as they fall due.

Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
Land and Buildings		
Within 1 year	5,028	6,490
Between 1 and 5 years	11,249	16,166
	16,277	22,656

17. GUARANTEES, CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS (continued)

Project Arbitration Matter

a) The customer for one of our large cost reimbursable projects has filed a request for arbitration with the International Chamber of Commerce for a significant claim alleging cost overruns on the project. The customer has not provided evidence to substantiate its allegations and we believe all amounts incurred and billed on the project are contractually due under the provisions of our contract.

   We do not believe a risk of material loss relating to this matter is probable, and accordingly, no amounts have been provided. While it is possible that a loss may be incurred, we are unable to estimate the range of potential loss, if any.

b) A number of foreign government bodies have initiated investigations under their local jurisdictions, in connection with the project mentioned above. These investigations are in their early stages and have not been substantiated.

   We do not believe a risk of material loss relating to these investigations is probable and accordingly no amounts have been provided. While it is possible that a loss may be incurred, we are unable to estimate the range of potential loss, if any.

18. DERIVATIVES

The Company does not engage in currency speculation. However it periodically uses forward contracts to mitigate certain operating exposures.

The fair values of the derivatives held at the balance sheet date are determined by reference to the market values.

The fair values of the forward foreign currency contracts to hedge cash flow currency risk are as follows:

Currency Sold	Currency purchased	2017 £'000	2016 £'000
United States dollars	Pound sterling	19	-
United States dollars	Euro	11	-
		30	-

19. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Chicago Bridge & Iron Company N.V., the Company has taken advantage of the exemption in Section 33.1A of FRS 102 not to disclose transactions with other 100% members of the group headed by Chicago Bridge & Iron Company N.V.

20. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Chicago Bridge & Iron Company (Netherlands) LLC., a company incorporated in the United States. The Company's ultimate controlling parent undertaking is Chicago Bridge & Iron Company N.V., a company incorporated in the Netherlands.

Chicago Bridge & Iron Company N.V. is the smallest and largest group in which the Company's results are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from Prinses Beatrixlaan 35, 2595AK The Hague, Netherlands.

20. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING (continued)

On 10 May 2018 Chicago Bridge & Iron Company NV, the ultimate controlling parent undertaking of CB&I UK Limited completed its combination with McDermott International, Inc. As a result of the combination McDermott International, Inc, a company incorporated in Panama, became the ultimate controlling parent undertaking of CB&I UK Limited.

21. SHARE BASED PAYMENTS

Chicago Bridge & Iron Company NV Long Term Incentive Plan

Under the above plan, Chicago Bridge & Iron Company N.V. can issue shares to employees and directors in the form of performance shares. The plan is administered by the Organisation and Compensation Committee of Chicago Bridge & Iron Company N.V. Board of Supervisory Directors, which selects those employees eligible to receive awards and determines the number of shares subject to each award, as well as the terms and conditions, performance measures, and other provisions for the awards.

The plan allows for the issuance of performance share awards that are subject to achievement of specific company performance goals and generally vest over three years. The total initial value is expensed ratably over the vesting term subject to retirement eligibility expense acceleration where applicable.

Expenses of the Long Term Incentive Plan are allocated by Chicago Bridge & Iron Company N.V. to CB&I UK Limited and other group companies based upon the estimated value of the awards for employees of CB&I UK Limited.