

Fluor Projects Limited

Report and Financial Statements

for the period 7 September 2007 to 31 December 2007

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Fluor Projects Limited

Registered No 6364708

Directors

M J McKee

K E White

Secretary

M J McKee

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered office

Fluor Centre

Watchmoor Park

Riverside Way

Camberley

Surrey GU15 3YL

Directors' report

for the period 7 September 2007 to the 31 December 2007

The directors present their first report and financial statements for the company for the period from incorporation on 7 September 2007 to 31 December 2007

Results and dividends

The loss for the period, after taxation, amounted to £3,081

The directors are unable to recommend the payment of a dividend

Principal activities and future developments

The company has been established to provide a variety of engineering and construction services, including design, engineering, procurement, project management, construction and technical support to industrial, commercial and government clients, initially in Portugal

The company intends to continue to develop its activities in Portugal and other areas outside the UK

The financial statements have been prepared on the going concern basis as the company's ultimate parent undertaking has agreed to maintain its financial support to enable the company to meet its liabilities as they fall due

Directors and their interests

The directors who served during the period 7 September 2007 to the date of this report are as follows

M J McKee (Appointed 7 September 2007)

K E White (Appointed 7 September 2007)

None of the directors had a beneficial interest in any contract to which the company was a party nor any disclosable interest in the share capital of any UK group company at any time during the period

Qualifying third party indemnity provisions for directors

The company's ultimate parent undertaking maintains liability and indemnity insurance for its directors and officers and for those of its subsidiaries. This provision has been in place throughout the period

Statement as to disclosure of information to auditors

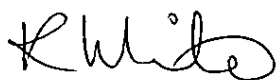
Each of the directors serving as at the date of the approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Ernst & Young LLP were appointed auditors to the company on 7 September 2007. Pursuant to section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Ernst & Young LLP shall be deemed to be reappointed as auditors

On behalf of the Board

Director



Date

6/3/08

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with laws applicable in the United Kingdom and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 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 which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FLUOR PROJECTS LIMITED

We have audited the company's financial statements for the period 7 September 2007 to 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

In addition, we report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FLUOR PROJECTS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date 6 March 2008

Profit and loss account

for the period ended 31 December 2007

	<i>Notes</i>	<i>2007</i> <i>£</i>
Administrative expenses		(4,401)
Operating loss	3	(4,401)
Loss on ordinary activities before taxation		(4,401)
Tax credit on loss on ordinary activities	4	1,320
Retained loss for the financial period	8	(3,081)

Statement of total recognised gains and losses

for the period ended 31 December 2007

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £3,081 in the period ended 31 December 2007

Balance sheet

at 31 December 2007

		2007 £
Current assets		
Debtors	5	1,420
Creditors: amounts falling due within one year	6	(4,401)
		<u>(2,981)</u>
Capital and reserves		
Called up share capital	7	100
Profit and loss account	8	<u>(3,081)</u>
Equity shareholder's deficit	8	<u>(2,981)</u>

Director



Date

6/3/08

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Going concern

The financial statements have been prepared on the going concern basis as the directors have obtained confirmation of the intention of Fluor Corporation Inc, the company's ultimate parent undertaking, to maintain its financial support to enable the company to meet its liabilities as they fall due

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Statement of cash flows

The company is a wholly owned subsidiary of Fluor International Limited, whose ultimate parent undertaking is Fluor Corporation Inc. As Fluor Corporation Inc, prepares consolidated financial statements, the company has taken advantage of the exemption provided under FRS1 (Revised) not to prepare a statement of cash flows

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in the asset is realised or the liability settled, based on tax rates and laws enacted or substantially enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate

All differences are taken to the profit and loss account

2. Staff costs and directors' remuneration

The company did not employ any staff during the period. No director received any remuneration during the period

3. Operating loss

This is stated after charging

	2007
	£
Auditors' remuneration – audit services	2,500
Foreign exchange losses	40
	<u>2,540</u>

Notes to the financial statements

at 31 December 2007

4. Tax credit on loss on ordinary activities

(a) The tax credit is made up as follows:

	2007 £
UK corporation tax credit (note 4(b))	(1,320)

(b) Factors affecting the current tax credit

	2007 £
Loss on ordinary activities before tax	(4,401)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(1,320)
Effects of	
Losses surrendered to other group companies	1,320
Consideration receivable for current period losses surrendered	(1,320)
Total current tax credit (note 4 (a))	(1,320)

(c) Factors affecting future tax charge

In 2007, the UK Government announced its intention to propose that Parliament reduce the UK Corporation tax rate from 30% to 28% with effect from 1 April 2008

5. Debtors

	2007 £
Amount owed by fellow group undertaking	1,420

There are no debtors falling due after more than one year. The above amount does not have specified terms of settlement and is therefore considered current.

Notes to the financial statements

at 31 December 2007

6. Creditors: amounts falling due within one year

	2007 £
Amounts owed to fellow group undertakings	1,901
Accruals	2,500
	<u>4,401</u>

There are no creditors falling due after more than one year. Amounts owed to fellow group undertakings, have no specified terms of settlement and are therefore considered current.

7. Share capital

Authorised

	2007 £
← Ordinary shares of £1 each	<u>100</u>

Allotted, called up and fully paid

	2007 £
Ordinary shares of £1 each	<u>100</u>

Notes to the financial statements

at 31 December 2007

8. Reconciliation of shareholder's deficit and movement on reserves

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>share- holder's deficit £</i>
At 7 September 2007 – on incorporation	100	-	100
Loss for the financial period	-	(3,081)	(3,081)
At 31 December 2007	<u>100</u>	<u>(3,081)</u>	<u>(2,981)</u>

9. Related party transactions

The company is a wholly owned subsidiary of Fluor International Limited, and as such has taken advantage of the exemption under FRS8 from disclosing transactions with entities which are 90% owned within the group

10. Parent undertaking and controlling party

The company's immediate parent undertaking is Fluor International Limited, registered in England and Wales

The company's ultimate parent undertaking and controlling party is Fluor Corporation Inc, which is incorporated in the USA. Copies of its group financial statements, which include the company, can be obtained from 6700 Las Colinas Boulevard, Irving, Texas 75039, USA