

Fluor Projects Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

Fluor Projects Limited

Registered No: 06364708

Directors

M J McKee

K E White

D L Gibson

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 year ended 31 December 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The loss for the year, after taxation, amounted to £28,256 (2007: loss of £3,081).

The directors are unable to recommend the payment of a dividend (2007: £nil).

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 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.

Review of the business and future developments

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

Turnover for the year amounted to £811,771 (2007: £nil). This increase was due to commencement of a refinery project in Portugal. The company also commenced activities on a mining project in Kazakhstan. Activities are still at early stages in both countries.

The directors do not anticipate any major change from the company's trading activities outlined above in the foreseeable future.

Financial instruments and financial risk management objectives and policies

The company's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, and liquidity risk.

Various financial instruments, for example trade receivables, trade payables, accruals and prepayments, arise directly from its operations. The company finances its operations through its retained reserves and a mixture of short term bank credit facilities and intercompany borrowings.

Compliance with the company's policies and exposure limits is reviewed periodically.

- Foreign currency risk

The company's revenue and costs are predominately transacted in Euro, with a percentage being transacted in alternative currencies such as the Sterling and Kazak Tenge. The company reports in sterling and therefore is subject to the risk of foreign exchange differences arising on translation. The directors of the company continually monitor exchange rates and will, where deemed appropriate, enter into foreign currency forward contracts in order to mitigate any exchange rate risk.

- Price risk

The risk is monitored both as part of the tender process for an individual contract and throughout the duration of the contract by reference to regular projections of outturn profitability and effective management of contract variations and claims.

Directors' report

for the year ended 31 December 2008

- **Credit risk**

The company's policy is to trade only with recognised, creditworthy third parties. It is the policy of the company that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, both at operating unit and company level, with the objective of minimising the company's exposure to bad debts.

Credit risks arising from other financial assets of the company have a maximum exposure equal to the carrying amount of these instruments. Other financial assets consist of cash and cash equivalents.

- **Liquidity risk**

The company's objective is to maintain a balance between continuing funding and flexibility through the use of bank overdrafts and intercompany borrowings. The directors continually monitor the company's performance and liquidity profile.

Directors and their interests

The directors who served during the period 1 January 2008 to the date of this report are as follows:

M J McKee

K E White

D L Gibson (appointed 13 January 2009)

None of the directors had a beneficial interest in any contract to which the company was a party at any time during the period.

Qualifying third party indemnity provisions for directors

The company's ultimate parent undertaking, Fluor Corporation, has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

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

Pursuant to section 386 of the Companies Act 1985, the company has elected to dispense with the obligations to appoint auditors annually. Accordingly, Ernst & Young LLP shall be deemed to be reappointed as auditors.

On behalf of the Board



Keri White
Director

Date: 24/9/09

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to 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 these 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 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 MEMBERS OF FLUOR PROJECTS LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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).

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.

In addition 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 judgements 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.

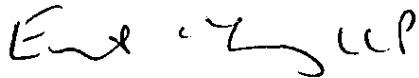
INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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 2008 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
Registered auditor
London

Date: 24 September 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover – continuing operations	2	811,771	-
Cost of sales		(758,752)	-
Gross profit		53,019	-
Administrative expenses		(65,510)	(4,401)
Operating loss - continuing operations	3	(12,491)	(4,401)
Interest payable and similar charges	5	(4,801)	-
Loss on ordinary activities before taxation		(17,292)	(4,401)
Tax on loss on ordinary activities	6	(10,964)	1,320
Loss for the financial year	10	(28,256)	(3,081)

Statement of total recognised gains and losses

for the year ended 31 December 2008

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £28,256 for the year ended 31 December 2008 and the loss of £3,081 for the period ended 31 December 2007.

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Current assets			
Debtors	7	1,701,193	1,420
Cash at bank and in hand		358,112	-
		<u>2,059,305</u>	<u>-</u>
Creditors: amounts falling due within one year	8	(2,090,542)	(4,401)
Net liabilities		<u>(31,237)</u>	<u>(2,981)</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(31,337)	(3,081)
Equity shareholder's deficit	10	<u>(31,237)</u>	<u>(2,981)</u>

These financial statements were approved by the Board of Directors for issue on 24 September 2009 and are signed on their behalf by:



Keri White
Director

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

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

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, the company's ultimate parent undertaking, to maintain its financial support to enable the company to meet its liabilities as they fall due.

Statement of cash flows

The company is a wholly owned subsidiary of Fluor International Limited, whose ultimate parent undertaking is Fluor Corporation. As Fluor Corporation prepares publicly available consolidated financial statements within which the company is included, the company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a statement of cash flows.

Long-term contracts

Revenue from construction contracts, including long-term services provision contracts, is recognised by reference to the stage of completion of contract activity at the balance sheet date. This is determined by the proportion that contract costs incurred to date bear to the estimated total contract costs. When the outcome of a contract cannot be reliably measured, revenue is recognised only to the extent that contract costs incurred are likely to be recoverable and contract costs are expensed as incurred. Full provision is made for all known or expected losses on all contracts as soon as they are foreseen and is included within creditors as provisions for liabilities and charges.

Variations in contract work, claims and incentive payments are included in revenue from construction contracts when certain criteria are met. Variations are included when the customer has agreed to the variation or acknowledged liability for the variation in principle. Claims are included when negotiations with the customer have reached an advanced stage such that the customer is certain to accept the claim. Incentive payments are included when a contract is sufficiently advanced that it is probable that the performance standards triggering the incentive will be achieved.

The amounts by which recorded turnover are in excess of gross amounts due from customers are classified as "payments received on account" and are separately disclosed within creditors.

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, or a right to pay less 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 tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

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. Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax) and, in the case of long-term contracts, the value of the work done during the year.

Turnover is attributable to one continuing activity, which is the provision of engineering and construction services including design, engineering, procurement, project management, construction and technical support to industrial, commercial and government clients.

All turnover in the year was generated within Europe.

3. Operating loss

This is stated after charging:

	2008 £	2007 £
Auditors' remuneration – audit services	3,500	2,500
Foreign exchange losses	4,613	40
	<u>8,113</u>	<u>2,540</u>

4. Staff costs and directors' remuneration

The company did not employ any staff during the year (2007: nil). No director received any remuneration during the year (2007: £nil).

5. Interest payable and similar charges

	2008 £	2007 £
Bank interest	4,801	-
	<u>4,801</u>	<u>-</u>

Notes to the financial statements

at 31 December 2008

6. Tax charge / (credit) on ordinary activities

(a) The tax charge / (credit) is as follows:

	2008 £	2007 £
<i>UK Corporation tax</i>		
UK Corporation tax on loss for year	(3,399)	(1,320)
Adjustments in respect of previous years	543	-
	<u>(2,856)</u>	<u>(1,320)</u>
<i>Foreign tax</i>		
Current year	13,820	-
Current tax charge / (credit) (see note 6(b))	<u>10,964</u>	<u>(1,320)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	2008 £	2007 £
Loss on ordinary activities before tax	<u>(17,292)</u>	<u>(4,401)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(4,928)	(1,320)
Effects of:		
Expenses not deductible for tax purposes	1,529	-
Losses surrendered to other group companies	3,399	1,320
Consideration receivable for losses surrendered	(3,399)	(1,320)
Adjustments in respect of previous years	543	-
Higher taxes on overseas earnings	13,820	-
Total current tax charge / (credit) (note 6(a))	<u>10,964</u>	<u>(1,320)</u>

(c) Factors affecting future tax charge

As at 31 December 2008, there were no deferred tax items.

The surrender of allowable losses for group relief for the year ended 31 December 2007 means that there were no unrecognised deferred tax assets as at 31 December 2007.

(d) Unrelieved foreign tax

As at 31 December 2008 there were unrelieved foreign taxes amounting to £13,820 (2007: £nil).

Notes to the financial statements

at 31 December 2008

7. Debtors

	2008 £	2007 £
Trade debtors	1,180,730	-
Amounts recoverable on contracts	508,716	-
Amounts owed by fellow group undertakings	11,747	1,420
	<u>1,701,193</u>	<u>1,420</u>

There are no debtors falling due after more than one year (2007: £nil). Amounts owed by fellow group undertakings have no specified terms of settlement and is therefore considered current.

8. Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	378,235	-
Trade creditors	536,083	-
Payments received on account	926,060	-
Amounts owed to fellow subsidiary undertakings	33,026	1,901
VAT payable	196,570	-
Corporation tax	16,096	-
Accruals	4,472	2,500
	<u>2,090,542</u>	<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.

9. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2008 <i>No.</i>	2007 <i>No.</i>	2008 £	2007 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Notes to the financial statements

at 31 December 2008

10. 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 31 December 2007	100	(3,081)	(2,981)
Loss for the financial year	-	(28,256)	(28,256)
At 31 December 2008	<u>100</u>	<u>(31,337)</u>	<u>(31,237)</u>

11. Related party transactions

The company is a wholly owned subsidiary of Fluor International Limited, and as such has taken advantage of the exemption under FRS 8 from disclosing transactions with entities which are at least 90% owned within the group.

12. Parent undertakings and controlling party

The company's immediate parent undertaking is Fluor International Limited, registered in England and Wales. Its registered office is Fluor Centre, Watchmoor Park, Riverside Way, Camberley, Surrey, GU15 3YL.

The smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared is Fluor Corporation, a company incorporated in the USA. A copy of Fluor Corporation group financial statements can be obtained from 6700 Las Colinas Boulevard, Irving, Texas 75039, USA.