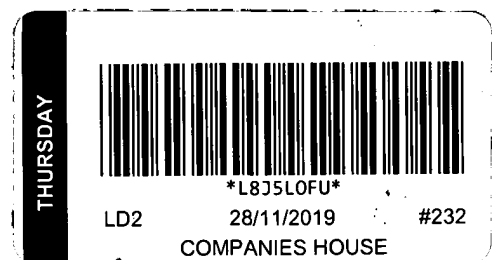


HALCROW INTERNATIONAL PARTNERSHIP
(a private unlimited Company)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

REGISTERED NUMBER: 02809680



HALCROW INTERNATIONAL PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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HALCROW INTERNATIONAL PARTNERSHIP
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Strategic report is prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Our Business

Halcrow International Partnership operates in Dubai and forms part of the Jacobs Engineering Inc Group (Jacobs). Jacobs is a professional engineering services firm providing engineering, consulting, design, design for design-build, procurement, operations and maintenance, programme management and technical services in select markets. The primary area of focus for the Company is in the field of civil engineering consultancy.

The following areas represent some of the fields in which the Company operates: construction engineering services, road and traffic engineering services, water and irrigation engineering services, ports engineering consultancies, airports engineering services, tunnels and bridges engineering services, onshore and offshore oil and gas fields and facilities services, power transmission and distribution engineering consultancy, comprehensive architectural planning engineering consultancy and foundations and soil mechanics engineering services. Key locations in which the Company currently operates include Dubai, Sharjah and Abu Dhabi.

We provide services to a diverse customer base. Our clients include public and private sector organizations around the world, including local, regional and national governments, asset owners, international funding agencies, regulators, financial institutions, contractors, developers and operators. We believe we provide our clients with innovative project delivery using cost-effective approaches and advanced technologies.

Our revenues are dependent upon our ability to attract and retain qualified and productive employees, identify business opportunities, allocate our labour resources to profitable markets, secure new contracts, execute existing contracts and maintain existing client relationships. Moreover, as a professional services Company, the quality of the work generated by our employees is integral to our revenue generation.

The ultimate parent undertaking is Jacobs Engineering Group Inc. ("Jacobs"), based in Texas, USA. The results of the Company have been consolidated by Jacobs commencing the accounting period ending 30 September 2018 and copies of Jacobs Financial Statements are available on the Group's website www.jacobs.com.

Principal Risks and Uncertainties Related to Our Business

Unpredictable economic cycles - demand for our engineering and other services is affected by the general level of economic activity in the markets in which we operate. Our customers and the markets in which we compete to provide services are likely to experience periods of economic decline from time to time. We are engaged in a highly competitive business in which most of our contracts with public sector clients are awarded through a competitive-bidding process. In both the private and public sectors, acting either as a prime contractor or as a subcontractor, we may join with other firms that we otherwise compete with to form a team to compete for a single contract. Because a team can often offer stronger combined qualifications than any firm standing alone, these teaming arrangements can be very important to the success of a particular contract competition or proposal. Consequently we maintain a network of relationships with other companies to form teams that compete for particular contracts and projects.

Regulatory challenges - the global nature of our business creates regulatory challenges, where failure to comply with anti-bribery and other governmental laws (whether directly or through acts of others, intentionally or through inadvertence) could, among other things, harm our reputation. While our staff are trained on the Foreign Corrupt Practices Act, the United Kingdom Bribery Act and other anti-corruption laws and we have procedures and controls in place to monitor compliance, situations outside of our control may arise that could potentially put us in violation of these regulations and thus negatively impact our business. Within the group we have ethics policies that are applicable to all employees that mandate rules of conduct to all employees including all senior executives and Directors. We maintain a confidential telephone and web-based hotline, where employees can seek guidance or report potential violations of laws, Jacobs policies or rules of conduct.

HALCROW INTERNATIONAL PARTNERSHIP
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

Foreign exchange risk - the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. We attempt to minimise our exposure to this by denominating our contracts in the currencies of our expenditures and obtaining escalation provisions for projects in inflationary economies.

Credit risk - this is primarily attributable to the Company's trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Key Performance Indicators

The Company has a number of key performance indicators (KPI's), both financial and non-financial. Financial KPI's such as turnover and gross margin are covered in the Business Review section; non-financial KPI's such as client focus, safety and people investment are covered in the Market Outlook section.

Business Review

Revenues - Turnover decreased from £92.8 million in 2017 to £81.6 million in 2018, a decrease of 12 per cent. Gross margin has increased in 2018 to 20%, margin was negative in 2017 due to large bad debt provisions required on project receivables. Increasing competition, has generally meant that new projects have been won with lower gross margins.

Administrative income/expense were net income of £13.3 million in 2018, compared with costs of £13.7 million in 2017. One of the main drivers for the fluctuation was a £0.3 million movement in exchange differences: with an exchange loss of £0.3 million recognised during 2018 compared to £0.6 million exchange loss recognised in 2017. The other driver is the application of the Jacobs global transfer pricing policy, which has led to a reduction of costs of £30.9 million in 2018 (2017: £6.7 million reduction). Costs were also reduced by reversal of Intercompany debtors in 2018 of £0.6 million (2017: £0.6m costs) and release of bonus accrual in 2018 of £2.4 million (2017: £nil)

Overall result - 2018 was a year with reduced revenues but increased margins on projects. The profit before taxation significantly increased to £29 million in 2018 from a loss of £16.4 million in 2017. Gross margin has increased in 2018 to 20%, margin was negative in 2017 due to large bad debt provisions required on project receivables.

HALCROW INTERNATIONAL PARTNERSHIP
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018
(continued)

Market Outlook

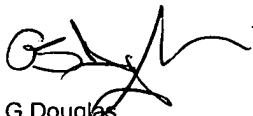
Overall GDP growth in the UAE is expected to be 1.9% in 2019, compared with 1.7% in 2018, and then to rise further to an average of 3% in 2020-2021. Oil production capacity is expected to increase and the strength of the non-oil economy will boost prospects as megaproject implementation ramps up ahead of Dubai's hosting of Expo 2020, which is expected to draw in 25 million visitors, boosting private consumption and services exports. The largest sectors for future projects are in infrastructure spending. Engineering Construction is among the top growth industries. The Etihad Rail network is being developed in line with the Abu Dhabi Economic Vision 2030 and UAE Vision 2021, the 1,200km railway network will be built in three stages to link the principal centres of population and industry of the UAE, as well as to form a vital part of the wider Gulf Cooperation Council (GCC) railway network that will connect the UAE with Saudi Arabia, Qatar, Oman, Bahrain and Kuwait. The company will benefit from CH2M being awarded the engineering and consultancy services contract for Etihad Rail in the UAE.

Client Focus - Enhancements continued to be made to the client service team to improve the ability to understand and respond to client issues and needs during the year. We aim for continued improvement to client relationship management, sales efficiency and cross market opportunities. We believe this will result in further improving the cost effectiveness of our offering to our clients.

Safety - The Halcrow group of which this Company is a member is proud to report hundreds of thousands of work hours without a lost time incident in 2018 due to a continuing and relentless focus on operating safely in all markets.

People Investment - Employees have access to a variety of learning opportunities, including through the Jacobs Learning Management System where there is a mandatory annual compliance training programme, ranging from risk management to business development. This is in addition to a variety of professional network groups within the group organisation, such as the Women's Network and one for junior to mid-level staff.

By order of the board of Directors on 22 November 2019



G Douglas

Director

HALCROW INTERNATIONAL PARTNERSHIP
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report on the affairs of the Company, together with the audited Financial Statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is the provision of services as consulting engineers in the Middle East. The Company is a private unlimited Company.

Results

The Company's results are outlined in the Strategic Report.

Going concern

The Financial Statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received confirmation in writing from its ultimate parent undertaking, Jacobs Engineering Group Inc., that it has directed the Company's inter-company creditors to, if required, not seek payment of amounts outstanding and any related interest thereon for a period of at least 12 months from the date of approval of the Financial Statements. In addition Jacobs Engineering Group Inc., has made additional funding commitments and agreed to provide support which may be required in connection with certain contingent liabilities during the 12 months from the date of approval of the Financial Statements. As a result, the Directors have a reasonable expectation that Company has adequate resources to meet any liabilities as they fall due during that period. For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

Dividend

The Directors have not recommended a dividend payment in respect of the year ended 31 December 2018 (2017: £nil).

Share capital

The ordinary share capital of the Company at 31 December 2018 was held beneficially as follows:

| | |
|-----------------------|-------------------------------|
| Halcrow Group Limited | 50,000 ordinary shares (100%) |
|-----------------------|-------------------------------|

Directors

The following served on the board of Directors during the period under review and to the current date:

B R Shelton (Resigned 3 June 2019)

S J Hannis (Resigned 3 June 2019)

A A Battikhi

G Douglas (Appointed 3 June 2019)

J R Shattock (Appointed 3 June 2019)

Employee involvement

The policy of the Company is one of continuing to develop effective means of consultation and communication within and between its operating constituents. Consultation is achieved through an Employee Forum, which is elected by employees and meets on a regular basis. Communication is achieved through a variety of means that deliver regular information relating to the finances, resources, technical developments and achievements of the group.

HALCROW INTERNATIONAL PARTNERSHIP
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018
(continued)

Disabled persons

The Company's policy is to give full and fair consideration to applications from disabled persons for positions in which they can perform the tasks required. Effectively, the same opportunities for training, career advancement and promotion are given to disabled persons employed by the Company as to all other staff, where this is practicable. The employment of those who become disabled whilst in the employment of the Company is continued wherever possible and appropriate training is arranged.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors Qualifying Third Party Indemnity Provisions

The Company has granted 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.

Approved by the Board and signed on
its behalf by:



G Douglas
Director
22 November 2019

Registered office:
Cottons Centre
Cottons Lane
London SE1 2QG
United Kingdom

Registered Number:
02809680

HALCROW INTERNATIONAL PARTNERSHIP
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT,
THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HALCROW INTERNATIONAL PARTNERSHIP

Opinion

We have audited the Financial Statements of Halcrow International Partnership for the year ended 31 December 2018 which comprises the Profit and Loss Account, Statement of Other Comprehensive Income, Statement of Changes in Equity, the Balance Sheet and related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HALCROW INTERNATIONAL PARTNERSHIP

(continued)

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 the audit:

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

Matters on which we are required to report by exception

In the 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 the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HALCROW INTERNATIONAL PARTNERSHIP

(continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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.

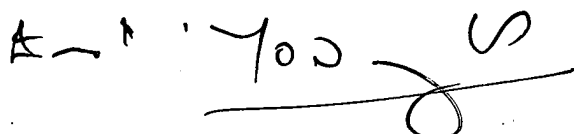
Auditor's responsibilities for the audit of the Financial Statements

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

A handwritten signature in black ink, appearing to read 'A. Mulea', with a large, stylized flourish underneath.

Adrian Mulea (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 November 2019

HALCROW INTERNATIONAL PARTNERSHIP
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | <u>2018</u> £ | <u>2017</u> £ |
|---|-------|---------------------|---------------------|
| Turnover | 2 | 81,565,741 | 92,827,752 |
| Cost of sales | | <u>(65,038,517)</u> | <u>(94,275,174)</u> |
| Gross profit / (loss) | | 16,527,224 | (1,447,422) |
| Administrative income / (expenses) | 3 | <u>13,285,099</u> | <u>(13,690,982)</u> |
| Operating profit / (loss) | 4 | 29,812,323 | (15,138,404) |
| Interest receivable and similar income | 5 | 6,699 | 3,344 |
| Interest payable and similar charges | 6 | <u>(865,259)</u> | <u>(1,246,123)</u> |
| Profit / (loss) on ordinary activities before taxation | | 28,953,763 | (16,381,183) |
| Tax on Profit / (Loss) on ordinary activities | 8 | <u>83,092</u> | <u>(42,389)</u> |
| Profit / (loss) for the financial year | | <u>29,036,855</u> | <u>(16,423,572)</u> |

All items in the above profit and loss account relate to continuing operations.

HALCROW INTERNATIONAL PARTNERSHIP
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | <u>2018</u> £ | <u>2017</u> £ |
|---|-------|--------------------------|----------------------------|
| Profit / (loss) for the year | | <u>29,036,855</u> | <u>(16,423,572)</u> |
| Other Comprehensive Income | | | |
| Remeasurement of the net defined benefit pension liability | 12 | (73,961) | (1,441,539) |
| Foreign exchange differences on translation of foreign operations | | <u>2,185,508</u> | <u>(3,154,529)</u> |
| Other Comprehensive Income for the year, net of income tax | | <u>2,111,547</u> | <u>(4,596,068)</u> |
| Total Comprehensive Income for the year | | <u><u>31,148,402</u></u> | <u><u>(21,019,640)</u></u> |

HALCROW INTERNATIONAL PARTNERSHIP
BALANCE SHEET AT 31 DECEMBER 2018

| | Notes | <u>2018</u> £ | <u>2017</u> £ |
|---|-------|--------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | <u>778,645</u> | <u>952,206</u> |
| | | <u>778,645</u> | <u>952,206</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 62,359,842 | 46,900,956 |
| Cash at bank and in hand | | <u>6,832,919</u> | <u>3,532,125</u> |
| | | 69,192,761 | 50,433,081 |
| Creditors: amounts falling due within one year | 11 | <u>(20,887,237)</u> | <u>(35,642,851)</u> |
| Net current assets | | <u>48,305,524</u> | <u>14,790,230</u> |
| Total assets less current liabilities and net assets excluding pension liability | | 49,084,169 | 15,742,436 |
| Pensions and similar obligations | 12 | <u>(12,197,509)</u> | <u>(10,004,178)</u> |
| Net assets | | <u><u>36,886,660</u></u> | <u><u>5,738,258</u></u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 50,000 | 50,000 |
| Translation reserve | | 5,023,974 | 2,838,466 |
| Profit and loss account | | <u>31,812,686</u> | <u>2,849,792</u> |
| Equity Shareholder's funds | | <u><u>36,886,660</u></u> | <u><u>5,738,258</u></u> |

The Financial Statements for Halcrow International Partnership, registered number 02809680, were approved by the board of Directors and authorised for issue on 22 November 2019. They were signed on its behalf by:



G Douglas
Director

HALCROW INTERNATIONAL PARTNERSHIP
STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2018

| | Notes | Called up share capital | Translation reserve | Profit and loss account | Total equity |
|---|-------|-------------------------------|------------------------|----------------------------|--------------|
| | | £ | £ | £ | £ |
| Balance at 1 January 2017 | | 50,000 | 5,992,995 | 20,737,571 | 26,780,566 |
| Total comprehensive income for the period | | | | | |
| Loss for the period | | - | - | (16,423,572) | (16,423,572) |
| Other comprehensive loss | | | | | |
| Remeasurement of the net defined benefit liability | 12 | - | - | (1,441,539) | (1,441,539) |
| Foreign exchange differences on translation of foreign operations | | - | (3,154,529) | - | (3,154,529) |
| Total comprehensive loss for the period | | - | (3,154,529) | (17,865,111) | (21,019,640) |
| Transactions with owners, recorded directly in equity | | | | | |
| Equity-settled share based payment transactions | | - | | (22,668) | (22,668) |
| Total contributions by and distributions to owners | | - | - | (22,668) | (22,668) |
| Balance at 31 December 2017 | | 50,000 | 2,838,466 | 2,849,792 | 5,738,258 |
| Balance at 1 January 2018 | | 50,000 | 2,838,466 | 2,849,792 | 5,738,258 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | | - | - | 29,036,855 | 29,036,855 |
| Other comprehensive income | | | | | |
| Remeasurement of the net defined benefit liability | 12 | - | - | (73,961) | (73,961) |
| Foreign exchange differences on translation of foreign operations | | - | 2,185,508 | - | 2,185,508 |
| Total comprehensive income for the period | | - | 2,185,508 | 28,962,894 | 31,148,402 |
| Transactions with owners, recorded directly in equity | | | | | |
| Equity-settled share based payment transactions | | - | - | - | - |
| Total contributions by and distributions to owners | | - | - | - | - |
| Balance at 31 December 2018 | | 50,000 | 5,023,974 | 31,812,686 | 36,886,660 |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

Halcrow International Partnership is a private unlimited Company incorporated and domiciled in the UK.

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these Financial Statements is sterling whereas the functional currency is Arab Emirates Dirhams. The functional currency is different from the presentation currency as the Company operates through branches based in the United Arab Emirates, where the local currency is Arab Emirates Dirhams.

The Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Financial Statements have been applied:

- (i) No Cash Flow Statement with related notes is included
- (ii) Key Management Personnel compensation is not disclosed
- (iii) Certain disclosures required by FRS 102.26 Share Based Payments are not disclosed
- (iv) Transactions with companies within the Jacobs group are not disclosed

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

(a) Measurement convention

The Financial Statements are prepared on the historical cost basis.

(b) Going concern

The Financial Statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received confirmation in writing from its ultimate parent undertaking, Jacobs Engineering Group Inc., that it has directed the Company's inter-company creditors to, if required, not seek payment of amounts outstanding and any related interest thereon for a period of at least 12 months from the date of approval of the Financial Statements. In addition Jacobs Engineering Group Inc., has made additional funding commitments and agreed to provide support which may be required in connection with certain contingent liabilities during the 12 months from the date of approval of the Financial Statements. As a result, the Directors have a reasonable expectation that Company has adequate resources to meet any liabilities as they fall due during that period. For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Use of critical estimates and judgements

The preparation of Financial Statements in conformity with FRS102 requires management to make certain estimates, judgements and assumptions. These estimates, judgements and assumptions can affect the reported amounts of assets and liabilities as of the date of the Financial Statements, as well as the reported amounts of revenue and expenses during the periods presented. Actual results could differ from these estimates. In the opinion of the Directors, there are no critical estimates or judgements, which have a material impact on the Financial Statements other than as included in the notes below and in respect of indefinite lived current assets. The Company has indefinite lived current assets in the form of amounts owed by group and related undertakings. The Company determines on an annual basis whether there are any internal or external conditions that may indicate that the carrying value is impaired and whether an impairment exercise is required.

(d) Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Company's investment in such operations, are reported in the statement of other comprehensive income. All other exchange differences are included in the profit and loss account.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. We attempt to minimise our exposure by denominating our contracts in the currencies of our expenditures and obtaining escalation provisions for projects in inflationary economies.

The assets and liabilities of the branches are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are taken to the profit and loss account.

(e) Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at cost plus attributable transaction costs. Subsequent to initial recognition, trade and other debtors are recognised at the amortised cost less any impairment provisions, with trade and other creditors being measured at amortised cost.

Interest bearing borrowings classified as basic financial instruments

Interest bearing borrowings repayable on demand are recognised at the transaction value, with interest being charged to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, together with bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(f) Tangible fixed assets

Fixed assets are stated at cost less depreciation and impairment provisions. Impairment provisions are determined by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is the higher of the amount that can be obtained from selling the asset or the value of expected discounted cash flows arising from owning the asset.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation of tangible fixed assets is by equal annual instalments calculated to write off the cost less estimated residual value of each asset on a straight-line bases over its anticipated useful life.

The annual rate of depreciation applied to each class of tangible fixed asset is as follows:

| | |
|--|-----------------|
| Improvements to short leasehold property | period of lease |
| Furniture and equipment: | |
| Computers | 20% - 33% |
| Others | 10% - 33% |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cashflows of that asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non financial assets

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(h) Employee benefits

Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by a qualified actuary using the projected unit credit method.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on defined benefit liability, and the cost of plan introduction, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Share based payment transactions

The group share option programmes allow employees to acquire beneficial ownership in the shares of the ultimate parent Company. The fair value of options granted is recognised as an equity settled share based payment. The fair value of the options granted is measured using an option pricing model at the date of grant, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

For the Common Stock plans the fair value of the stock granted is measured based on the market value of the stock. The amount recognised as an expense is adjusted to reflect the underlying change in market value.

(i) Provisions

Professional indemnity claims - where claims have been made against the Company, judgements are made by management to evaluate the claims and categorise these as either remote, possible or probable. Provisions are made to the extent that it is considered probable that an obligation will arise. In making these judgements, an inherent level of uncertainty is involved.

(j) Turnover and recognition of profit

Turnover represents amounts earned for professional services provided and items procured for clients, adjusted, where necessary, for the stage of completion of individual contracts. It excludes value added and similar taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the estimated total contract value.

Change orders are included in total estimated contract revenue only when approved by the client.

In making estimates of total contract value, judgements are required to evaluate potential variances in schedule, the cost of materials and labour, productivity, liability claims, contract disputes and achievement of contract performance standards. We record the cumulative effect of changes in contract revenue and forecast cost at completion in the period in which the changed estimates are determined to be reliably estimable. In making these judgements there is an inherent level of uncertainty involved.

(k) Amounts recoverable on contracts and Payments on account

Amounts recoverable on contracts represent the excess of contract revenue recognised over billings to date on contracts in progress. These amounts become billable according to the contract terms, which usually consider the passage of time, achievement of certain milestones or completion of the project.

Payments on account represent the excess of billings to date, per the contract terms, over revenue recognised on contracts in progress. As the projects near completion, the payments on account balance should decline.

(l) Allowance for uncollectible trade debtors

We reduce trade debtors by estimating an allowance for amounts that may become uncollectible in the future. Management determines the estimated allowance based on their judgement in evaluating the ageing of the receivables and the financial condition of our clients. Factors affecting management judgement will include the type of client and the client's current financial condition.

(m) Concentrations of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. Cash is primarily held with major banks and financial institutions and typically is insured up to a set amount. The Directors consider that the risk of any potential loss on deposits is minimal. Concentrations of credit risk relative to trade debtors is considered to be limited due to our diverse client base, which includes government, public and private sector clients across a number of markets.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest receivable and similar income includes interest receivable on short term bank deposits; interest receivable on loans to related parties and other interest receivable.

Interest payable and similar charges includes interest payable on bank loans and overdrafts; finance charges in respect of defined benefit pension liabilities; interest payable on loans from related parties and other interest payable.

Interest income and interest payable are recognised in profit or loss as they accrue.

(o) 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, including UK corporation tax and foreign 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.

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

(p) Transfer Pricing

Effective 1 January 2017, CH2M and Halcrow Group adopted a new global transfer pricing policy, developed in conjunction with advice from external consultants. The policy sets out a globally consistent transfer pricing approach, designed to align the Group to the new OECD BEPS recommendations that are being adopted by jurisdictions around the world.

2 TURNOVER

The Directors consider there to be one class of business, being consulting engineers. The geographical analysis of turnover is set out below:

| | <u>2018</u> | <u>2017</u> |
|-------------|-------------------|-------------------|
| | £ | £ |
| Middle East | <u>81,565,741</u> | <u>92,827,752</u> |

3 ADMINISTRATION INCOME / (EXPENSES)

Included in administration income/expenses is an amount of income of £30,869,282 (2017: income of £6,659,474) offsetting costs incurred by the company, which arises from the application of the Jacobs' Engineering Group Inc global transfer pricing policy.

4 OPERATING PROFIT / (LOSS)

| | <u>2018</u> | <u>2017</u> |
|--|----------------|------------------|
| | £ | £ |
| Included in profit / (loss) are the following: | | |
| Depreciation of tangible fixed assets | 329,726 | 376,603 |
| Increase in bad debt provisions | 790,800 | 7,393,505 |
| Exchange losses / (gains) | (443,100) | 589,069 |
| Operating leases | | |
| Rent of properties payable | <u>966,872</u> | <u>1,004,735</u> |

Ernst & Young LLP's remuneration for audit of the Financial Statements for the year was £5,356 (2017: £5,200). No other amounts were payable by the Company to its auditor for non audit services. In both 2018 and 2017, auditor remuneration has been borne by an intermediate parent undertaking, Halcrow Group Limited.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

| | | |
|---|-------------------|-------------------|
| 5 INTEREST RECEIVABLE AND SIMILAR INCOME | 2018 | 2017 |
| | £ | £ |
| Interest receivable on: | | |
| Short term bank deposits | 6,699 | 3,344 |
| | <u>6,699</u> | <u>3,344</u> |
| 6 INTEREST PAYABLE AND SIMILAR CHARGES | 2018 | 2017 |
| | £ | £ |
| Interest payable on: | | |
| Net interest charge on pension schemes | 322,636 | 524,091 |
| Loans from group undertakings | 542,623 | 722,032 |
| | <u>865,259</u> | <u>1,246,123</u> |
| 7 EMPLOYEE INFORMATION | 2018 | 2017 |
| | Number | Number |
| (a) The average number of persons, including Directors, employed by the Company during the year was: | | |
| Professional and technical | 592 | 523 |
| Administrative | 69 | 56 |
| | <u>661</u> | <u>579</u> |
| (b) Staff costs during the year were: | 2018 | 2017 |
| | £ | £ |
| Wages and salaries | 48,547,829 | 44,986,677 |
| Social security costs | 6,466 | 17,621 |
| Expenses related to defined benefit plans | 2,367,625 | 1,818,746 |
| Redundancy costs | 1,458,412 | 2,237,867 |
| | <u>52,380,332</u> | <u>49,060,911</u> |
| The level of qualifying services of the Directors of the Company is considered to be incidental and negligible compared to the services provided to the group. There are no management charges to the Company from the parent company for these services. Consequently it is determined that the remuneration for such qualifying services is £nil (2017: £nil) | | |
| 8 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES | 2018 | 2017 |
| | £ | £ |
| United Kingdom corporation tax | (80,933) | - |
| Overseas taxation | (2,159) | 42,389 |
| Total current tax | (83,092) | 42,389 |
| Total deferred tax | - | - |
| Total tax charge for the year | <u>(83,092)</u> | <u>42,389</u> |
| The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation. | | |
| | 2018 | 2017 |
| | £ | £ |
| Profit / (Loss) on activities before tax | 28,953,763 | (16,381,183) |
| Tax on (loss) / profit on ordinary activities at standard rate | 5,501,215 | (3,153,378) |
| Factors affecting charge for the year: | | |
| Expenses not deductible for tax purposes | 52,279 | - |
| Tax exempt overseas branch (profit) / loss | (5,634,427) | 3,443,679 |
| Group relief claimed | - | (290,300) |
| Overseas tax | (2,159) | 42,389 |
| Total tax charge for period | <u>(83,092)</u> | <u>42,389</u> |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (continued)

The Finance Act 2016 includes legislation to reduce the main UK corporation tax rate to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016. As all rate reductions were substantially enacted at the balance sheet date, deferred tax has been recognised at the applicable rates when the timing differences are expected to reverse.

Deferred tax assets have not been recognised, as the Company has made a tax election to exempt branch profit / (loss). Since all trading activities relating to this, no deferred tax has been recognised.

9 TANGIBLE FIXED ASSETS

| | Motor Vehicles | Improvements to short leasehold properties | Furniture and equipment | TOTAL |
|-------------------------|----------------|---|----------------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2018 | 39,515 | 124,616 | 2,295,604 | 2,459,735 |
| Exchange movement | 2,462 | 77,758 | 72,977 | 153,197 |
| Additions | - | - | 104,538 | 104,538 |
| Disposals | - | - | (9,256) | (9,256) |
| Transfer of asset class | - | 1,123,372 | (1,123,372) | - |
| At 31 December 2018 | 41,977 | 1,325,746 | 1,340,491 | 2,708,214 |
| Depreciation | | | | |
| At 1 January 2018 | 39,515 | 124,616 | 1,343,398 | 1,507,529 |
| Exchange movement | 2,462 | 49,771 | 43,654 | 95,887 |
| Charge for the year | - | 219,365 | 110,361 | 329,726 |
| Disposals | - | - | (3,573) | (3,573) |
| Transfer of asset class | - | 656,403 | (656,403) | - |
| At 31 December 2018 | 41,977 | 1,050,155 | 837,437 | 1,929,569 |
| Net Book Value | | | | |
| At 31 December 2018 | - | 275,591 | 503,054 | 778,645 |
| At 31 December 2017 | - | - | 952,206 | 952,206 |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

10 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 30,985,100 | 27,354,471 |
| Amounts recoverable on contracts | 29,090,857 | 17,323,126 |
| Amounts owed by group undertakings | 1,267,428 | 1,367,054 |
| Group Relief Receivable | 80,933 | - |
| Other debtors | 430,799 | 523,238 |
| Prepayments and accrued income | 504,725 | 333,067 |
| | <u>62,359,842</u> | <u>46,900,956</u> |

All amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Payments on account | 6,898,518 | 6,550,495 |
| Trade creditors | 6,322,844 | 6,936,434 |
| Amounts owed to group undertakings | 316,076 | 12,308,691 |
| Other taxation and social security | 209,491 | 10,064 |
| Other creditors | 491,156 | 1,340,042 |
| Accruals and deferred income | 6,649,152 | 8,497,125 |
| | <u>20,887,237</u> | <u>35,642,851</u> |

Amounts owed to group and related undertakings are unsecured, repayable on demand, and comprise both interest bearing and non-interest bearing balances.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

12 PENSIONS AND SIMILAR OBLIGATIONS

In the UAE, the Company provides end of service benefit plans that pay out a defined level of benefit based on the length of a member's service and salary. The plan is unfunded and is still open to new members.

The calculations for the end of service plans for UAE have been based on a valuation using full membership data at the census date of 31 December 2018. As required by FRS102, the value of the defined benefit liabilities has been measured using the projected unit method.

The following table sets out the key FRS102 assumptions as at 31 December 2018 used for the plans.

| Assumptions | 2018 | 2017 |
|----------------------------|-------------|-------------|
| Price inflation (RPI) | n/a | n/a |
| Price inflation (CPI) | n/a | n/a |
| Discount rate | 4.0% p.a. | 3.2% p.a. |
| Pension increases (fixed) | n/a | n/a |
| Pension increases (5% LPI) | n/a | n/a |
| Salary Growth (on average) | 5.0% p.a. | 4.2% p.a. |

Life expectancy is not a feature of the UAE plan as these arrangements pay out lump sums to individuals on leaving service or retirement. The key demographic assumptions for these plans is staff turnover. UAE is assumed to have on average 10% p.a. staff turnover (assumed 10% p.a. in 2017)

The UAE plans are unfunded and thus no interest on assets assumption is required

| | 2018 | 2017 |
|--|--------------------------|--------------------------|
| <u>Breakdown of Net Pension Liability</u> | <u>Fair Value</u> | <u>Fair Value</u> |
| | <u>(plan in</u> | <u>(plan in</u> |
| | <u>deficit)</u> | <u>deficit)</u> |
| | £ | £ |
| <u>Balance Sheet</u> | | |
| Total fair value of assets | - | - |
| Present value of liabilities | (12,197,509) | (10,004,178) |
| Deficit in the schemes | (12,197,509) | (10,004,178) |
| Related deferred tax | - | - |
| Net pension liabilities | <u>(12,197,509)</u> | <u>(10,004,178)</u> |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

12 PENSIONS AND SIMILAR OBLIGATIONS (continued)

The scheme liabilities under FRS102 moved over the period as follows:

| | <u>2018</u> £ | <u>2017</u> £ |
|---|---------------------|---------------------|
| Scheme liabilities at the beginning of the year | (10,004,178) | (9,138,456) |
| Current service cost | (2,044,989) | (1,294,655) |
| Interest on post-retirement liabilities | (322,636) | (524,091) |
| Remeasurement: actuarial (loss) | (73,961) | (1,441,539) |
| Benefits paid | 1,035,056 | 1,655,407 |
| Acquisitions | (84,848) | (139,978) |
| Currency gain/(loss) | (701,929) | 879,463 |
| Other adjustments | (24) | (329) |
| Scheme liabilities at the end of the year | <u>(12,197,509)</u> | <u>(10,004,178)</u> |

The value of the pension scheme assets moved over the period as follows:

| | <u>2018</u> £ | <u>2017</u> £ |
|--|------------------|------------------|
| Scheme assets at the beginning of the year | - | - |
| Employer contributions | 1,035,056 | 1,655,407 |
| Benefits paid | (1,035,056) | (1,655,407) |
| Scheme assets at the end of the year | <u>-</u> | <u>-</u> |

The following amounts have been included within operating profit under FRS102 in relation to the defined benefit schemes:

| | <u>2018</u> £ | <u>2017</u> £ |
|------------------------|------------------|------------------|
| Current service cost | 2,044,989 | 1,294,655 |
| Total operating charge | <u>2,044,989</u> | <u>1,294,655</u> |

The following amounts have been included as net finance costs under FRS102:

| | <u>2018</u> £ | <u>2017</u> £ |
|---|------------------|------------------|
| Interest on post-retirement liabilities | 322,636 | 524,091 |
| Interest on net defined benefit liability | <u>322,636</u> | <u>524,091</u> |

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(continued)

13 SHARE CAPITAL

| | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|
| | £ | £ |
| Allotted, Called-up and fully paid: | | |
| 50,000 (2017: 50,000) ordinary shares of £1 each | <u>50,000</u> | <u>50,000</u> |

14 LEASE COMMITMENTS

At 31 December 2018 the Company was committed to making the following payments in respect of operating leases:

| | <u>2018</u> | <u>2017</u> |
|--------------------------|------------------|------------------|
| | £ | £ |
| Land and buildings | | |
| Within one year | 963,380 | 961,182 |
| In second to fifth years | <u>55,911</u> | <u>874,077</u> |
| | <u>1,019,291</u> | <u>1,835,259</u> |

15 CONTINGENT LIABILITIES

We maintain a variety of commercial commitments that are generally made available to provide support for various provisions in our engineering contracts. Performance and advance payment bonds are issued by our banks, for the purpose of guaranteeing our performance on contracts.

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| | £ | £ |
| Performance and advance payment bonds provided by banks | <u>5,071,652</u> | <u>2,459,610</u> |

We are also party to various legal actions arising in the normal course of business. These actions often take years to complete and many result in no adverse action or alternatively could result in settlement. Damages assessed in connection with and the cost of defending such actions could be substantial. While the outcomes of pending proceedings and legal actions are often difficult to predict, management believes that proceedings and legal actions currently pending would not result in a material adverse effect on the results of operations or financial condition even if the final outcome is adverse to the Company.

16 RELATED PARTY TRANSACTIONS

In accordance with section 33.1A of FRS 102, 'Related Party Disclosures', transactions with other group undertakings within the Halcrow Holdings group have not been disclosed in these Financial Statements.

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Halcrow Group Limited, a company incorporated in England & Wales. The ultimate parent undertaking is Jacobs Engineering Group Inc. a Company incorporated in the United States of America. The smallest and largest group in which the results of this Company are consolidated is Jacobs Engineering Group Inc. Copies of the consolidated accounts of Jacobs Engineering Group Inc. may be obtained from www.jacobs.com. The postal address is 1999 Bryan Street, Suite 1200, Dallas, TX 75201, United States.