

KIER INTERNATIONAL (INVESTMENTS) LIMITED
(formerly K.I. (INVESTMENTS) LIMITED)
Company Registration Number 1463191
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2012

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KIER INTERNATIONAL (INVESTMENTS) LIMITED

Company registration number 1463191

DIRECTORS' REPORT

The directors present their Directors' Report and audited financial statements for the year ended 30 June 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Principal Activities

The principal activity of the Company is an investment holding company. The Company changed its name on 29 May 2012.

Going concern The Company has considerable financial resources, together with long-term contracts with a number of customers and suppliers across its business activities. As a consequence, the directors believe that the Company is well placed to manage its business risks effectively.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Company's financial statements.

RESULTS AND DIVIDENDS

	2012	2011
	£	£
The (loss)/profit for the year after taxation dealt with in the accounts is	<u>(474,403)</u>	<u>452,434</u>

The directors do not recommend the payment of a dividend (2011: £Nil).

DIRECTORS

The Directors of the Company during the year were -

P J Cave	MBA MEng CEng MICE MIMarE
T P Davies	ACA
D J Durey	BSc CEng MICE
T W Tagg	BSc(Hons) CEng MICE

Subsequent to the 30 June 2012, P J Cave resigned with effect from 5 December 2012.

The Articles of Association of the Company provide for the indemnification of its Directors out of the assets of the Company in the event that they suffer any loss or liability in the execution of their duties as directors. The Company has insurance in favour of its officers in respect of certain losses or liabilities to which they may be exposed due to their office.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company did not make any political or charitable donations that require disclosure or incur any political expenditure during the year (2011: £Nil).

DISCLOSURE OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and each of us has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

AUDITOR

In accordance with section 485 of the Companies Act 2006 a resolution to reappoint the auditor, KPMG Audit Plc, will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



T P Davies
DIRECTOR

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

20 December 2012

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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).

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 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 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.

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIER INTERNATIONAL
(INVESTMENTS) LIMITED**

We have audited the financial statements of Kier International (Investments) Limited for the year ended 30 June 2012 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

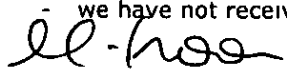
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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


M Froom (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date 20 December 2012

KIER INTERNATIONAL (INVESTMENTS) LIMITED
Company registration number 1463191

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Administrative expenses		-	(106)
OPERATING LOSS		-	(106)
Income from shares in subsidiary undertakings		683,399	1,456,047
Amounts (provided for diminution)/written back in value of investments in subsidiary undertakings	4	(1,622,576)	8
Amounts written back/(provided for against intercompany receivables	5	1,130,095	(1,006,880)
Amounts provided against losses in subsidiary undertakings	7	(695,157)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(504,239)	449,069
Taxation	3	29,836	3,365
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	9	(474,403)	452,434

There is no difference between the historical cost result and the result stated above

The results shown above relate to continuing operations

There are no recognised gains and losses other than the profit for the year

The notes of pages 6 to 10 form part of these financial statements.

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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BALANCE SHEET AT 30 JUNE 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Investments	4	6,426,391	204,594
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors due within one year	5	386,552	886,555
Debtors due after one year	5	57,067	-
Cash at bank and in hand		-	12,536
		<hr/>	<hr/>
		443,619	899,091
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	6	(5,575,407)	-
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(5,131,788)	899,091
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,294,603	1,103,685
Provision for liabilities and charges	7	(695,157)	(29,836)
		<hr/>	<hr/>
NET ASSETS		<u>599,446</u>	<u>1,073,849</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	599,346	1,073,749
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	10	<u>599,446</u>	<u>1,073,849</u>

The financial statements were approved by the Board of Directors on 20 December 2012 and were signed on its behalf by



T P Davies
Director

The notes of pages 6 to 10 form part of these financial statements.

KIER INTERNATIONAL (INVESTMENTS) LIMITED
Company registration number 1463191

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The Company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements and to deliver them to the Registrar of Companies as it is a wholly owned subsidiary of another company incorporated in Great Britain

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Kier Infrastructure & Overseas Limited, the Company's parent company. Kier Infrastructure & Overseas Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the balance sheet date unless they are covered by forward foreign exchange contracts in which case the contract rates are used. Exchange differences arising from foreign currency transactions are reflected in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date. Trading profits or losses are translated at the average exchange rates prevailing during the accounting period. Exchange differences arising from the re-translation of net investments in overseas subsidiary undertakings at the year end rates are taken directly to reserves. All other translation differences are reflected in the profit and loss account.

Investments

Investments are recognised at cost less any provisions for impairment.

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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Notes to the financial statements (continued)

2. (Loss)/profit on ordinary activities before taxation

The directors' emoluments are paid through holding companies

The directors of the Company participate in the Kier Group 1999 Long Term Incentive Plan, which is dependent upon performance of Kier Group plc over a three year period. Full details of the plan are disclosed in the Kier Group plc financial statements. There are no costs in respect of this scheme recorded in these financial statements

There is no direct charge for auditor's remuneration in the financial statements of the Company in the current year. Their remuneration as auditor is borne by a fellow subsidiary.

3. Taxation

(a) Analysis of charge in year	2012 £	2011 £
Current tax (FRS 16)		
UK corporation tax on (loss)/profit for the year at 25.5% (2011: 27.58%)	-	17,463
Adjustments in respect of previous years	-	(12,481)
	<hr/>	<hr/>
Total current tax (note 3 (b))	-	4,982
	<hr/>	<hr/>
Deferred tax (FRS 19)		
Origination and reversal of timing differences	-	(29)
Adjustments in respect of previous years	(29,836)	(8,960)
Rate change effect	-	642
	<hr/>	<hr/>
Total deferred tax (note 7)	(29,836)	(8,347)
	<hr/>	<hr/>
Tax (credit) on (loss)/profit on ordinary activities	<u>(29,836)</u>	<u>(3,365)</u>
	<hr/>	<hr/>
(b) Factors affecting the tax charge for year	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(504,239)</u>	<u>449,069</u>
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	(128,595)	123,500
Effects of		
Income from shares in subsidiary undertakings	(174,285)	(382,970)
Amounts provided for diminution in value of investments in subsidiary undertakings	413,801	(2)
Expenses not deducted for tax purposes	(110,921)	276,906
Short term timing differences	-	29
Adjustments in respect of previous years	-	(12,481)
	<hr/>	<hr/>
Current tax charge for year (note 3 (a))	<u>-</u>	<u>4,982</u>
	<hr/>	<hr/>

The tax figures disclosed above exclude any debt capitalisation and transfer pricing adjustments. Any unmatched differences arising from the debt capitalisation and transfer pricing adjustments will be borne by Kier Limited.

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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Notes to the financial statements (continued)

3. Taxation (continued)

(c) Factors that may affect future tax charges

The Chancellor announced the reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012.

The reduction in the main rate of UK corporation tax to 23 per cent which comes into effect from 1 April 2013 was substantively enacted after the balance sheet date on 3 July 2012.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore not included in the figures above.

4. Fixed asset investments

	Cost £	Provision for Diminution in Value £	Net Book Value £
Cost at 1 July	336,677	(132,083)	204,594
Additions in year	7,844,373	-	7,844,373
Movements during the year	-	(1,622,576)	(1,622,576)
	<u>8,181,050</u>	<u>(1,754,659)</u>	<u>6,426,391</u>

5. Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Amounts due from parent undertaking	-	760,904
Amounts due from subsidiary undertakings	115,340	-
Corporation tax	271,212	125,651
	<u>386,552</u>	<u>886,555</u>

During the year an amount of £1,130,095 has been written back against Amounts due from subsidiary undertakings (2011: impairment £1,006,880) which, together with current year trading increased their balance to £115,340 (2011 £Nil)

Amounts falling due after one year
Deferred tax (Note 7)

	57,067	-
Total debtors	<u>443,619</u>	<u>886,555</u>

KIER INTERNATIONAL (INVESTMENTS) LIMITED
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Notes to the financial statements (continued)

6. Creditors

	2012 £	2011 £
Amounts falling due within one year:		
Amounts due to parent undertaking	4,454,184	-
Amounts due to subsidiary undertakings	1,121,223	-
Corporation tax	-	-
	<hr/> 5,575,407 <hr/>	<hr/> - <hr/>

7. Provision for liabilities and charges

	2012 £	2011 £
Amounts provided against losses in subsidiary undertakings	695,157	-
Deferred tax	-	29,836
	<hr/> 695,157 <hr/>	<hr/> 29,836 <hr/>

Deferred tax

Balance at 1 July	29,836	-
Accounted for on behalf of subsidiaries (see note below)	(57,067)	38,183
Transfer (to) profit and loss account	(29,836)	(8,347)
Transferred to debtors	57,067	-
	<hr/> - <hr/>	<hr/> 29,836 <hr/>

Deferred tax assets are held with debtors due after one year (Note 5)

Amounts held on behalf of subsidiaries (see note below)	(57,067)	38,183
Short term timing differences	-	8,347
Deferred tax (asset)/liability	<hr/> (57,067) <hr/>	<hr/> 29,836 <hr/>

UK tax is not recognised in the Statutory Accounts of subsidiaries registered in the United Arab Emirates, and the Romanian subsidiary is not required to produce Statutory Accounts under current Romanian legislation. Therefore, these UK-tax resident companies' deferred tax is held in the books of Kier International (Investments) Limited and the tax charge is deducted from dividends received from those subsidiaries when credited to profit and loss.

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Notes to the financial statements (continued)

8. Called up share capital

	2012 £	2011 £
Ordinary shares of £1 each		
Allotted, called up and fully paid – 100 shares	100	100

9. Profit and loss account

	2012 £	2011 £
At 1 July	1,073,749	621,315
(Loss)/profit for the financial year	(474,403)	452,434
At 30 June	599,346	1,073,749

10. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
(Loss)/profit for the financial year	(474,403)	452,434
Shareholders' funds at 1 July	1,073,849	621,415
Shareholders' funds at 30 June	599,446	1,073,849

11. Transactions with related parties

The ultimate holding company is Kier Group plc. In accordance with paragraph 3 (c) of Financial Reporting Standard No.8 "Related Party Transactions", the Company is exempt from disclosing details of arrangements with other companies in the Group. There are no other related party transactions.

12. Contingent liabilities

There are contingent liabilities in respect of guarantees and claims under contracting and other agreements, including joint arrangements, entered into in the normal course of business.

13. Ultimate holding company

The Company's immediate parent company is Kier International Limited. The ultimate holding company and controlling party is Kier Group plc registered in England and Wales. The parent of the largest group for which group financial statements have been drawn up is Kier Group plc. Both these parent companies are registered in England and copies of their financial statements will be filed with Companies House, Crown Way, Cardiff where they will be available to the public.

14. Principal subsidiary companies, joint ventures and joint arrangements

Subsidiary companies	Country of Incorporation (operations if different)	Percentage Interest
Kier Dubai LLC	United Arab Emirates	49
Kier Construction LLC	Abu Dhabi	49
Kier Developments SRL	Romania	100