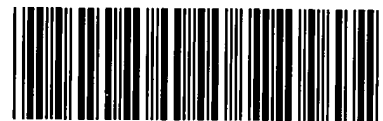


**KIER INTERNATIONAL (INVESTMENTS) LIMITED**

***Company Registration Number 1463191***  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 June 2015**

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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 2015.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

Principal Activities

The principal activity of the Company is an investment holding company.

Going concern

The Company has access to considerable financial resources and to numerous customers and suppliers across the business activities of its fellow subsidiaries. As a consequence, the directors believe that the Company is well placed to manage its business risks effectively.

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.

Risks and uncertainties

The Company is party to the Kier Group plc Risk Management and Internal Control systems. This requires each company within the group to:

- identify risks and record them in a risk register;
- diagnose and qualify the risks as to their likelihood and impact, record the controls established and monitor their effectiveness;
- develop a plan to mitigate the likelihood and impact of the identified risks;
- regularly review the risk registers and action plans; and
- report key issues upwards to Kier Group plc.

Risk description	Mitigation
People	The Company applies rigorous health and safety policies and procedures aimed at minimising health and safety incidents that may affect subcontractors and members of the public who come into contact with our business activities.

**RESULTS AND DIVIDENDS**

	2015 £	2014 £
The loss for the financial year after taxation dealt with in the financial statements is:	<u>(2,955,171)</u>	<u>(3,256,644)</u>

The directors do not recommend the payment of a dividend (2014: £Nil).

**DIRECTORS**

The directors of the Company who were in office during the year and up to the date of signing were:-

A S Harris	FCCA	Appointed 28 August 2013
T P Davies	ACA	Resigned 30 April 2015
D J Durey	BSc CEng MICE	
B Melges		Appointed 16 July 2015
T W Tagg	BSc(Hons) CEng MICE	
M Armitage		Appointed 9 December 2014, resigned 16 June 2015
D P Hamilton		Resigned 22 September 2014

**KIER INTERNATIONAL (INVESTMENTS) LIMITED**  
**Company registration number 1463191**

**DIRECTORS' REPORT CONTINUED**

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.

The Company continues to see opportunities in the main markets and expects to achieve its volume for the year ended June 2016.

**FINANCIAL RISK MANAGEMENT**

Cash management – Collecting our contractual entitlement on the due date is managed by well-defined policies and processes.

Contract selection – A robust process is in place to select opportunities which provide appropriate returns and cashflow to the business.

**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 (2014: £Nil).

**DISCLOSURE OF INFORMATION TO AUDITORS**

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of such information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**INDEPENDENT AUDITORS**

KPMG LLP resigned as auditor on 22 June 2015 pursuant to section 516 of the Companies Act 2006, subsequently the directors appointed PricewaterhouseCoopers LLP as auditors of the Company to fill the casual vacancy under section 485(3) of the Companies Act 2006.

On behalf of the Board

  
A S Harris  
DIRECTOR

*31 March 2016*

Tempsford Hall  
Sandy  
Bedfordshire  
SG19 2BD

**KIER INTERNATIONAL (INVESTMENTS) LIMITED**  
***Company registration number 1463191***

**Statement of directors' responsibilities**

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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;
- 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

**Report on the financial statements**

**Our opinion**

In our opinion, Kier International (Investments) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss 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.

**What we have audited**

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 30 June 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matter 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.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**What an audit of financial statements involves**


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Diane Walmsley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
31 March 2016

**KIER INTERNATIONAL (INVESTMENTS) LIMITED****Company registration number 1463191****PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 2015**

	Note	2015 £	2014 £
Administrative expenses		-	(200,349)
<b>OPERATING RESULT/(LOSS)</b>		-	(200,349)
Income from associated companies		123,913	-
Income from shares in subsidiary undertakings net of UK taxes of those undertakings (Note 5)	5	1,130,364	333,437
Amounts provided for diminution in value of investments in subsidiary undertakings	4	(3,847,551)	(1,718,420)
Amounts provided for against intercompany receivables		(326,364)	(1,184,694)
Amounts written back against losses in subsidiary undertakings	7	-	101,585
Share of profit in joint venture	4	-	(633,000)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(2,919,638)	(3,301,441)
Tax on loss on ordinary activities	3	(35,533)	44,797
<b>LOSS FOR THE FINANCIAL YEAR</b>	9	(2,955,171)	(3,256,644)

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

The results shown above relate to continuing operations.

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

The notes of pages 8 to 12 form part of these financial statements.

**KIER INTERNATIONAL (INVESTMENTS) LIMITED**  
**Company registration number 1463191**

**BALANCE SHEET AT 30 JUNE 2015**

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Investments	4	911,453	4,759,004
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	5	1,257,439	371,256
Debtors: amounts falling due after more than one year	5	-	93,645
		<u>1,257,439</u>	
		1,257,439	464,901
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	6	(8,254,709)	(8,386,395)
<b>NET CURRENT LIABILITIES</b>			
		<u>(6,997,270)</u>	<u>(7,921,494)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		(6,085,817)	(3,162,490)
Provisions for liabilities	7	(31,844)	-
<b>NET LIABILITIES</b>			
		<u>(6,117,661)</u>	<u>(3,162,490)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	100	100
Profit and loss account	9	(6,117,761)	(3,162,590)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>			
	10	<u>(6,117,661)</u>	<u>(3,162,490)</u>

The financial statements on pages 8 to 12 were approved by the Board of Directors on 31 March 2016 and were signed on its behalf by:

*AS Harris*

A S Harris  
Director

The notes of pages 8 to 12 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 the Companies Act 2006 and 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.

Under FRS 8, the Company has taken advantage of the exemption from disclosing related party transactions or balances with wholly owned subsidiaries that form part of the Group 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 and Overseas Limited, the Company's parent company. Kier Infrastructure and 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**  
**Company registration number 1463191**

**Notes to the financial statements (continued)**

**2. Loss on ordinary activities before taxation**

The directors' emoluments are paid through holding companies. None of the directors received remuneration for their services as the services supplied to the Company were considered to be incidental to those supplied to the 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 auditors' remuneration in the financial statements of the Company in the current year. The auditors remuneration for statutory audit is covered by another Group Company. It is neither practical nor meaningful to allocate these fees between Group companies and therefore disclosure are not made with reference to the amount of fee paid in respect of the Company.

**3. Tax on profit or loss ordinary activities**

**(a) Analysis of charge/ (credit) in year**

	2015 £	2014 £
Current tax (FRS 16)		
UK corporation tax on loss for the year at 20.75% (2014: 22.5%)	23,142	(44,797)
Overseas taxation	12,391	-
	<hr/>	<hr/>
Total current tax (note 3 (b))	35,533	(44,797)
	<hr/>	<hr/>

Tax charge/ (credit) on loss on ordinary activities

<hr/>	<hr/>
35,533	(44,797)
<hr/>	<hr/>

**(b) Factors affecting the tax charge/(credit) for year**

	2015 £	2014 £
The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)		
Loss on ordinary activities before tax	(2,919,638)	(3,301,441)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	(605,846)	(742,869)
Effects of:		
Income from shares in subsidiary undertakings	(234,558)	(75,028)
Amounts provided for diminution in value of investments in subsidiary undertakings	798,394	386,668
Expenses not deducted for tax purposes	65,152	243,998
Overseas taxation	12,391	-
Share of profit in joint venture	-	142,434
	<hr/>	<hr/>
Current tax for year (note 3 (a))	35,533	(44,797)
	<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**  
***Company registration number 1463191***

**Notes to the financial statements (continued)**

**3. Tax on profit or loss on ordinary activities (continued)**

**(c) Factors that may affect future tax charges**

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £Nil.

The deferred tax balance as at the year-end has been recognised at 20%.

**4. Investments**

	Cost £	Provision for Diminution in Value £	Net Book Value £
As at 1 July 2014	8,181,279	(3,422,275)	4,759,004
Movements during the year	<u>-</u>	<u>(3,847,551)</u>	<u>(3,847,551)</u>
As at 30 June 2015	<u>8,181,279</u>	<u>(7,269,826)</u>	<u>911,453</u>

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

**5. Debtors**

	2015 £	2014 £
(a) Amounts falling due within one year:		
Amounts owed by joint arrangements	24,728	-
Corporation tax	1,232,711	371,256
	<u>1,257,439</u>	<u>371,256</u>
	2015 £	2014 £
(b) Amounts falling due after one year:		
Deferred tax (see Note 7)	-	93,645
	<u>1,257,439</u>	<u>464,901</u>
Total debtors		
	<u>1,257,439</u>	<u>464,901</u>

**KIER INTERNATIONAL (INVESTMENTS) LIMITED****Company registration number 1463191****Notes to the financial statements (continued)****6. Creditors**

	2015 £	2014 £
Amounts falling due within one year:		
Amounts owed to parent undertaking	8,254,675	8,363,982
Other creditors	34	-
Accruals and deferred income	-	22,413
	<u>8,254,709</u>	<u>8,386,395</u>

During the year an amount of £326,364 (2014: £1,184,694) has been provided against Amounts owed by subsidiary undertakings to the parent undertaking, Kier International Limited and is included in the £8,254,675 (2014: £8,363,982) above.

**7. Provisions for liabilities and charges**

	2015 £	2014 £
Deferred tax	<u>31,844</u>	<u>-</u>
	<u>31,844</u>	<u>-</u>
	2015 £	2014 £
Balance at 1 July	-	101,585
Amounts written back	-	(101,585)
Balance at 30 June	<u>-</u>	<u>-</u>
	2015 £	2014 £
<b>Deferred tax</b>		
Balance at 1 July	(93,645)	(86,667)
Accounted for on behalf of subsidiaries (see note below)	125,489	(6,978)
Transferred to debtors (Note 5(b))	-	93,645
Balance at 30 June	<u>31,844</u>	<u>-</u>
Amounts held on behalf of subsidiaries	<u>31,844</u>	<u>(93,645)</u>
Deferred tax liability/(asset)	<u>31,844</u>	<u>(93,645)</u>

UK tax is not recognised in the statutory financial statements of subsidiaries registered in the United Arab Emirates or Caribbean. Therefore, these UK tax-resident companies' taxes, including deferred tax, is held in the books of Kier International (Investments) Limited and the tax charge is deducted from either the dividends received from those subsidiaries when credited to profit and loss, or the Company's investment in the subsidiary.

**KIER INTERNATIONAL (INVESTMENTS) LIMITED**  
**Company registration number 1463191**

**Notes to the financial statements (continued)**

**8. Called up share capital**

	2015 £	2014 £
Ordinary shares of £1 each:		
Allotted, called up and fully paid – 100 shares (2014:100)	100	100

**9. Profit and loss account**

	2015 £	2014 £
At 1 July	(3,162,590)	94,054
Loss for the financial year	(2,955,171)	(3,256,644)
At 30 June	(6,117,761)	(3,162,590)

**10. Reconciliation of movements in shareholders' deficit**

	2015 £	2014 £
Loss for the financial year	(2,955,171)	(3,256,644)
Shareholders' (deficit)/funds at 1 July	(3,162,490)	94,154
Shareholders' deficit at 30 June	(6,117,661)	(3,162,490)

**11. 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.

The Company is party to cross guarantees in respect of group banking arrangements in which the Kier Group has no net liability.

**12. Ultimate holding company and controlling party**

The Company's immediate parent company is Kier Infrastructure and Overseas Limited. The ultimate holding and controlling company is Kier Group plc registered in England and Wales. The only group for which group financial statements are prepared and of which the Company is a member is Kier Group plc, incorporated in England and Wales. Copies of the financial statements for this company can be obtained from Companies House, Crown Way, Cardiff where they will be available to the public.

**13. Subsidiary companies, joint ventures and joint arrangements**

Subsidiary companies	Country of Incorporation (operations if different)	Percentage Interest
<b>Trading:</b> Kier Dubai LLC	United Arab Emirates	49
Kier Construction LLC	Abu Dhabi	49
Saudi Kier Construction Ltd	Saudi Arabia	100
Kier Construction SA	Haiti	100
Kier Construction Ltd	St Kitts and Nevis	100
Saudi Comedat Joint Venture	Saudi Arabia	25
<b>Dormant:</b> Kier International SRL	Romania	90
Besix Kier Dabhol SA	Belgium	40