

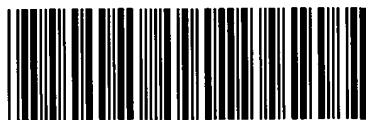
Registration number: 01463191

Kier International (Investments) Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2016

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Kier International (Investments) Limited

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Kier International (Investments) Limited

Company Information

Directors

Bethan Melges

Anita Suzanne Harris

Company secretary

Bethan Melges

Registered officeTempsford Hall
Sandy
Bedfordshire
SG19 2BD**Auditors**PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Kier International (Investments) Limited

Strategic Report for the Year Ended 30 June 2016

The directors present their strategic report for Kier International (Investments) Limited (the "Company") for the year ended 30 June 2016.

Fair review of the business

The Company is a holding company for the overseas incorporated construction subsidiaries.

Amounts written off against intercompany receivables in the year of £2,096,142 (2015 £326,364), amounts written off against losses in subsidiaries £51,730,619 (2015: £nil), and net amounts permanently written off investments of £670,700 (2015: £3,847,551) reflect a worsening on the previous year's difficult trading conditions for the Company's subsidiaries.

Corporate responsibility

The Kier Group attaches great importance to its corporate responsibility, as evidenced by the Resources and Relationships section in the Kier Group plc 2016 Annual Report and its full Corporate Responsibility Report for 2016, which is available on www.kier.co.uk. As a member of the Kier Group, the Company abides by the same principles.

Principal 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.

The principal risks and uncertainties of the Company, including financial risk and management, are consistent with the principal risks of the Kier Group plc group of companies (the "Group") and are not managed separately.

Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 27 to 31 of Kier Group plc's Annual Report for the year ended 30 June 2016.

The Company's financial risk management policies can be found on page 3 of the financial statements.

Approved by the Board on 31 March 2017 and signed on its behalf by:

.....
Anita Suzanne Harris
Director

Kier International (Investments) Limited
Directors' Report for the Year Ended 30 June 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Directors of the Company

The directors, who held office during the year, and up to the date of signing these financial statements were as follows:

Bethan Melges - Company secretary and director (appointed 16 July 2015).

Anita Suzanne Harris

David John Durey (resigned 24 October 2016)

Tom William Tagg (resigned 1 April 2016)

Financial instruments

Objectives and policies

The Board is responsible for the Company's system of risk management and internal controls and for ensuring that significant risks are identified and appropriately managed. The Board has delegated the review of the effectiveness of the Company's risk management processes to the Kier Group Risk Management and Audit Committee ("RMAC"), including the systems established to identify, assess, manage and monitor risk. The risks faced by the Company are reviewed by the RMAC on a quarterly basis.

The nature of the industries and the business environment in which the Company operates are inherently risky. Although it is recognised that it is not possible to eliminate all such risks and uncertainties, the Company has well-established risk management and internal control systems to manage them.

On behalf of the Board, the RMAC identifies the risks that it considers most likely, without effective mitigation, to have an impact on the Company and its strategic priorities. If emerging risks are identified in between these annual reviews, these are incorporated immediately into the risk management process.

Price risk, credit risk, liquidity risk and cash flow risk

The Company relies on Kier Group borrowing facilities. Cash flow is forecast regularly to provide up-to-date and accurate information on the Company's current cash position and its future requirements. The Kier Group borrowing facilities have been recently renegotiated and extended.

There are foreign currency risks arising from our international operations in different currencies. Currency exposure to international assets is managed through inter-company balances and borrowings, so that assets denominated in foreign currencies are matched, as far as possible, by liabilities. Where there may be further exposure to currency fluctuations, forward exchange contracts may be completed to buy and sell foreign currency.

Employment of disabled persons

The companies in the Kier Group of which the Company is a member, are equal opportunities employers. The Group considers applications for employment from disabled persons (having regard to their particular aptitudes and abilities) and encourages and assists, whenever practicable, the recruitment, training, career development and promotion of disabled people and the retention of, and appropriate training for, those who become disabled during their employment.

Kier International (Investments) Limited

Directors' Report for the Year Ended 30 June 2016 (continued)

Employee involvement

Key to sustainable growth for the Company will be attracting and retaining the best talent. A balanced business, which makes the most of the diversity of talent and experience available, will ensure we have the agility and resilience to deliver sustainable growth.

The Kier Group provides information to employees through newsletters, video addresses, the Group's intranet, social media and formal and informal meetings with various groups of employees and management. The Group operates the Kier Group plc 2006 Sharesave Scheme for eligible employees and a Share Incentive Plan for all employees, which includes a share-matching element. The Group also makes available a dealing service to enable employees to buy and sell its shares.

Environmental matters

The health and safety of all those who visit and work at the Group's sites, together with the protection of the environment are key priorities for the Kier Group. Accordingly, the Group has a well-established and robust governance structure, led by the Kier Group Safety, Health and Environment ('SHE') Committee, to ensure that safety, health and environment matters are appropriately managed.

The role of the SHE Committee includes:

- * Assisting the Kier board to review the Kier Group's strategy with respect to SHE matters;
- * Encouraging management accountability with respect to managing the Kier Group's SHE risks;
- * Reviewing and, as necessary, approving material group-wide SHE initiatives, policies and procedures;
- * Receiving reports on any major SHE incidents; and
- * Monitoring the Kier Group's performance against SHE targets.

For further information on Kier Group's activities with regards to Safety, Health and Environment, please see the Kier Group plc 2016 Annual Report (available at www.kier.co.uk).

Future developments

The Company continues to support the overseas business of the Kier Group plc.

Kier International (Investments) Limited

Directors' Report for the Year Ended 30 June 2016 (continued)

Going concern

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.

Adjusting events after the financial period

Amounts provided against losses in subsidiary undertakings includes a provision of £32,893,000 for losses incurred since 30 June 2016 in one of the contracts operated by the Company's subsidiary, Kier Construction Ltd, in St Kitts and Nevis.

Important non adjusting events after the financial period

On 13 July 2016 the Company sold its interest in the Saudi Comedat Joint Venture Limited for net proceeds of £3,736,689 after deduction for local Capital Gains Tax.

Directors' liabilities

The articles of association of the Company entitle the directors of the Company, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as directors of the Company.

In addition, Kier maintains insurance for the directors and officers of companies within the Kier Group to cover certain losses or liabilities to which they may be exposed due to their office.

Disclosure of information to the auditors

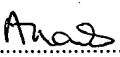
Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

The Company's auditor, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed to shareholders.

Approved by the Board on 31 March 2017 and signed on its behalf by:


Anita Suzanne Harris
Director

Kier International (Investments) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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.

Kier International (Investments) Limited

Independent Auditor's 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 2016 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 Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 30 June 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity 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, comprising FRS 101 "Reduced Disclosure Framework", 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 Strategic Report and 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.

Kier International (Investments) Limited

Independent Auditor's Report to the members of Kier International (Investments) Limited (continued)

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 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.

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

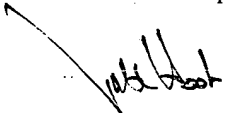
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Kier International (Investments) Limited

Income Statement for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Revenue		-	-
Administrative expenses		(17,195)	-
Other losses	4	<u>(54,497,461)</u>	<u>(4,173,915)</u>
Operating loss	5	<u>(54,514,656)</u>	<u>(4,173,915)</u>
Finance income	6	<u>3,622,240</u>	<u>1,254,277</u>
Loss before tax		<u>(50,892,416)</u>	<u>(2,919,638)</u>
Income tax receipt/(expense)	8	<u>23,142</u>	<u>(35,533)</u>
Loss for the year		<u><u>(50,869,274)</u></u>	<u><u>(2,955,171)</u></u>

The above results were derived from continuing operations.

Kier International (Investments) Limited

Statement of Comprehensive Income for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Loss for the year		<u>(50,869,274)</u>	<u>(2,955,171)</u>
Total comprehensive income for the year		<u>(50,869,274)</u>	<u>(2,955,171)</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

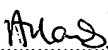
Kier International (Investments) Limited

(Registration number: 01463191)

Statement of Financial Position as at 30 June 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Investments	9	240,753	911,453
Deferred tax assets	8	251,264	(31,844)
		<u>492,017</u>	<u>879,609</u>
Current assets			
Trade and other receivables	10		24,728
Income tax asset	8	3,202,402	1,232,711
		<u>3,202,402</u>	<u>1,257,439</u>
Total assets		<u>3,694,419</u>	<u>2,137,048</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	13	8,950,735	8,254,709
Provisions	12	51,730,619	-
		<u>60,681,354</u>	<u>8,254,709</u>
Equity			
Called up share capital	11	100	100
Profit and (loss) account		(56,987,035)	(6,117,761)
		<u>(56,986,935)</u>	<u>(6,117,661)</u>
Total equity and liabilities		<u>3,694,419</u>	<u>2,137,048</u>

Approved by the Board on 31 March 2017 and signed on its behalf by:


 Anita Suzanne Harris
 Director

The notes on pages 13 to 22 form an integral part of these financial statements.

Kier International (Investments) Limited

Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital £	Profit and (loss) Account £	Total £
At 1 July 2015	100	(6,117,761)	(6,117,661)
Loss for the year	-	(50,869,274)	(50,869,274)
Total comprehensive income	-	(50,869,274)	(50,869,274)
At 30 June 2016	100	(56,987,035)	(56,986,935)
	Share capital £	Profit and (loss) Account £	Total £
At 1 July 2014	100	(3,162,590)	(3,162,490)
Loss for the year	-	(2,955,171)	(2,955,171)
Total comprehensive income	-	(2,955,171)	(2,955,171)
At 30 June 2015	100	(6,117,761)	(6,117,661)

The notes on pages 13 to 22 form an integral part of these financial statements.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in England.

The address of its registered office is:

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD
England

These financial statements were authorised for issue by the Board on 1 March 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

With effect from 1 July 2014, the date of transition, the financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101') and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company meets the definition of a qualifying entity under FRS100 'Application of Financial Reporting Requirements'. Accordingly in the year ended 30 June 2016, the Company has changed its accounting framework from UK Generally Accepted Accounting Practice ('GAAP') to FRS101 'Reduced Disclosure Framework' ('FRS101'). In doing so, the Company has applied the requirements of IFRS 1.6-33 and related appendices, but has taken advantage of the exemption in FRS101 (September 2015) not to present a third statement of financial position.

Foreign exchange

Exchange differences are recognised in the statement of comprehensive income, in the period in which they arise. The differences arise primarily from:

- Restatement of exchange differences on the entities foreign investments.
- Restatement of foreign currency bank balances at the period closing rate.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101.

- The requirement of paragraphs 45(b) and 46 to 52 of IFRS 'Share Based Payment'
- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS13 'Fair Value Measurement'
- The requirement in paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS1
- The requirement of paragraphs 10(d), 10a(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS1 'Presentation of Financial Statements'
- The requirements of paragraphs 134 to 136 of IAS1 'Presentation of Financial Statements'
- The requirements of IAS7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- The requirement of paragraphs 17 and 18A of IAS24 'Related Party Disclosures'
- The requirements in IAS24 'Related party disclosures' to disclose related party transaction entered into between two or more members of a group
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS36 'Impairment of Assets'

Going concern

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.

Adjusting events after the financial period

Amounts provided against losses in subsidiary undertakings includes a provision of £32,893,000 for losses incurred since 30 June 2016 in one of the contracts operated by the Company's subsidiary, Kier Construction Ltd, in St Kitts and Nevis.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Critical accounting judgements and key sources of estimation uncertainty

Profit

The impairment of intercompany balances is reviewed at each accounting period. Where the recovery of such balances is deemed to be unlikely the portion deemed as unrecoverable is written down through the income statement.

4 Other losses

	2016 £	2015 £
Amounts provided for diminution in value of investments in subsidiary undertakings	(670,700)	(3,847,551)
Amounts provided for against intercompany receivables	(2,096,142)	(326,364)
Amounts provided against losses in subsidiary undertakings	(51,730,619)	-
Total other losses	<u>(54,497,461)</u>	<u>(4,173,915)</u>

The Company makes full provision for the negative net assets in the balance sheets of its subsidiaries. The provision is allocated first against the fixed asset investment and then against intercompany receivables. Where those assets are insufficient to cover the provision, the residual amount is treated as a provision in the Company's balance sheet.

Adjusting post Balance Sheet event

Amounts provided against losses in subsidiary undertakings includes £32,893,000 (2015: £nil) in respect of losses incurred to 31 December 2016 in the Company's subsidiary trading in St Kitts & Nevis.

5 Operating profit

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.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

6 Other interest receivable and similar income

	2016 £	2015 £
Dividend income	159,872	123,913
Other finance income	3,462,368	1,130,364
	<u>3,622,240</u>	<u>1,254,277</u>

Other finance income represents tax credits (Income tax £3,179,260, deferred tax £283,108) owed to UK-tax resident subsidiaries registered in the United Arab Emirates or Caribbean - see note 8 (2015: Income tax £2,488,564, deferred tax £125,489).

7 Directors' remuneration

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 monthly average number of persons employed by the Company during the year, excluding directors, was nil (2015: nil).

8 Income tax

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax		35,533
UK corporation tax adjustment to prior periods	(23,142)	
	<u>(23,142)</u>	<u>35,533</u>

Income tax asset

	2016 £	2015 £
Corporation tax credit/(charge) for year (as above)	23,142	(35,533)
Corporation tax credits owed to UK-tax resident foreign subsidiaries (see note 6)	3,179,260	1,268,244
	<u>3,202,402</u>	<u>1,232,711</u>

Total income tax asset

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

8 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	2016 £	2015 £
Loss before tax	(50,892,416)	(2,919,638)
Corporation tax at standard rate	(10,178,483)	(605,825)
(Decrease)/Increase in current tax from adjustment for prior periods	(23,142)	-
(Decrease)/increase from effect of revenues exempt from taxation	(31,974)	(234,558)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	10,210,457	863,546
Increase arising from overseas tax suffered	-	12,392
Total tax (credit)/charge	(23,142)	35,555

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 Ltd.

Deferred tax

Deferred tax movement during the year:

	At 1 July 2015 £	Recognised in income £	At 30 June 2016 £
Other items	(31,844)	283,108	251,264

Deferred tax movement during the prior year:

	At 1 July 2014 £	Recognised in income £	At 30 June 2015 £
Other items	93,645	(125,489)	(31,844)

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

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

9 Investments

Subsidiaries

Cost or valuation

At 1 July 2015

£

8,181,279

At 30 June 2016

8,181,279

Provision

At 1 July 2015

7,269,826

Provision

670,700

At 30 June 2016

7,940,526

Carrying amount

At 30 June 2016

240,753

Details of the subsidiaries as at 30 June 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held		
			2016	2015	
Kier Dubai LLC	Construction	United Arab Emirates Dubai	49% 100%	/ 49% 100%	/
Kier Construction LLC *	Construction	United Arab Emirates Abu Dhabi	49% 100%	/ 49% 100%	/
Kier Construction SA	Construction	Haiti Haiti	100% 100%	/ 100% 100%	/
Kier Construction Limited *	Construction	St Kitts and Nevis St Kitts and Nevis	100% 100%	/ 100% 100%	/
Kier International SRL (awaiting strike off)	Dormant	Romania Romania	90% 100%	/ 90% 100%	/
Saudi Kier Construction Limited *	Construction	Saudi Arabia	10% 100%	/ 10% 100%	/
Kier Malaysia SDN BHD (in liquidation)	Dormant	Malaysia	100% 100%	/ 100% 100%	/

* indicates direct investment of Kier Infrastructure and Overseas Limited, the Company's parent company.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

9 Investments (continued)

Joint ventures

Details of the joint ventures as at 30 June 2016 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Saudi Comedat Co Limited * +	Co. Construction	Saudi Arabia	25% / 25%	25% / 25%
Besix Kier Dabhol SA + (in liquidation)	Dormant	Belgium	40% / 40%	40% / 40%
Rathenraw Limited (awaiting strike off)	Dormant	India		
		Northern Ireland	50% / 50%	50% / 50%
		Romania		

Saudi Comedat Co Limited * +

The financial period end for Saudi Comedat Co Limited * + is 31 December 2015.

Besix Kier Dabhol SA + (in liquidation)

The financial period end for Besix Kier Dabhol SA + (in liquidation) is 31 December 2015.

Rathenraw Limited (awaiting strike off)

The financial period end for Rathenraw Limited (awaiting strike off) is 31 December 2015.

* indicates direct investment of Kier Infrastructure and Overseas Limited, the Company's parent company.

+ indicates accounted for using the equity method

The Company's investment in Saudi Comedat Co Limited was sold on 13 July 2016.

10 Trade and other receivables

	2016 £	2015 £
Receivables from related parties	-	24,728

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

10 Trade and other receivables (continued)

Amounts receivable from related parties are short term and interest free amounts which are repayable on demand.

During the year the Company wrote down its intercompany receivables by £2,096,142 (2015: 326,364) to £nil (2015: £24,728).

11 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12 Other provisions

	Other provisions £	Total £
Provision for losses in subsidiaries	<u>51,730,619</u>	<u>51,730,619</u>
At 30 June 2016	<u>51,730,619</u>	<u>51,730,619</u>

For further explanation of the provision see note 4.

13 Trade and other payables

	2016 £	2015 £
Accrued expenses	385,556	-
Amounts due to related parties	8,565,179	8,254,675
Other payables	-	34
	<u>8,950,735</u>	<u>8,254,709</u>

Amounts payable to related parties represent short term and interest free amounts which are repayable on demand.

14 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.

Kier International (Investments) Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

15. Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Kier Group plc.

These financial statements are available upon request from Companies House and at www.kier.co.uk.

16. Parent and ultimate parent undertaking

The company's immediate parent is Kier International Limited.

The ultimate parent is Kier Group plc.

The most senior parent entity producing publicly available financial statements is Kier Group plc. These financial statements are available upon request from Companies House, Crown Way, Cardiff.

The ultimate controlling party is Kier Group plc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Kier Group plc, incorporated in England.

The address of Kier Group plc is:

Tempsford Hall, Sandy, Bedfordshire, SG19 2BD

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, and at www.kier.co.uk.

The parent of the smallest group in which these financial statements are consolidated is Kier Limited, incorporated in England.

The address of Kier Limited is:

Tempsford Hall, Sandy, Bedfordshire, SG19 2BD

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, and at www.kier.co.uk.

17. Non adjusting events after the financial period

The Company's investment in Saudi Comedate Co Limited was sold on 13 July 2016.

18. Transition to FRS 101

During the year the Company has transitioned to FRS101, this transition has not had a significant impact on the Company's financial statements at either 30 June 2016 or 30 June 2015.