

Reg No :- 1463191

K.I. (INVESTMENTS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 30th June 2001.

1. **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

2. **RESULTS AND DIVIDENDS**

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The profit for the year after taxation dealt with in the accounts is: 54,525

The directors do not recommend the payment of a dividend.

3. **DIRECTORS**

The directors of the Company during the year were:-

R A Haller BSc MICE	Appointed 2 nd April 2001
G A Shennan BEng CEng MICE	Resigned 2 nd April 2001
D E Mattar BSc FCA	
P J Staniland BSc FCA	

Miss Mattar resigned as a director on 2nd July 2001.

4. **DIRECTORS' INTERESTS**

There were no directors' share interests recorded in the register kept in accordance with the provisions of Section 325 of the Companies Act 1985. Any interests or rights of directors who were also directors of the holding company or the ultimate holding company at 30th June 2001 appear in the directors' report of that company.

5. **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of affairs of the Company and of the profit or loss for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. They have a general responsibility for taking steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

6. **AUDITOR**

A resolution to reappoint the auditor, KPMG Audit Plc, will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



H L THOMPSON
SECRETARY

Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

7th September 2001

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PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	Notes	2001 £	2000 £
Income from shares in subsidiary undertakings		288,719	61,363
Amounts provided for diminution in value of investments in subsidiary undertakings	4	(217,800)	(34,614)
Write off investment in subsidiary undertaking	4	(15,529)	-
Administrative expenses		-	145,281
OPERATING PROFIT AND PROFIT BEFORE TAXATION		<hr/> 55,390	<hr/> 172,030
Taxation	3	(865)	(43,585)
PROFIT FOR THE FINANCIAL YEAR	8	<hr/> 54,525	<hr/> 128,445
Dividends - final proposed		-	(100,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	<hr/> 54,525	<hr/> 28,445

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

The notes on pages 4 to 6 form part of these accounts.

BALANCE SHEET AT 30 JUNE 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments	4	2,351,228	2,398,789
CURRENT ASSETS			
Debtors due within one year	5	288,719	61,447
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	6	(2,549,791)	(2,424,605)
NET CURRENT LIABILITIES			
		(2,261,072)	(2,363,158)
NET ASSETS			
		90,156	35,631
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	90,056	35,531
SHAREHOLDERS' FUNDS			
	9	90,156	35,631



P J Staniland Director

The accounts were approved by the Board of Directors on 7th September 2001.

The notes on pages 4 to 6 form part of these accounts.

NOTES TO THE ACCOUNTS**1. Principal accounting policies**

The accounting policies adopted are disclosed below.

Convention:

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

Investments:

Investments are stated at cost less amounts written off. No consolidated accounts have been prepared as the Company is itself a wholly owned subsidiary of a UK company.

Foreign currencies:

Assets and liabilities in foreign currencies have been expressed in sterling at the exchange rates ruling at the date of the balance sheet. The trading results of overseas branches have been expressed in sterling at the average rates of exchange for the period. All exchange differences are reflected in the profit and loss account.

Cash flow:

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly-owned subsidiary undertaking.

2. Information relating to directors and employees

The directors' emoluments and auditors' remuneration are paid through holding companies.

No persons were employed by the Company during the year (2000: Nil).

3. Taxation

Taxation based on results for the year:	2001 £	2000 £
UK corporation tax at 30%	-	43,585
Prior year taxation adjustments:		
UK corporation tax	865	-
	<hr/>	<hr/>
Charge to profit and loss account	865	43,585
	<hr/>	<hr/>

4. Fixed assets - investments

	Cost £	Provision for Diminution in Value £	Net Book Value £
At 1 July 2000	2,769,228	(370,439)	2,398,789
Movements during the year	(7,797)	(39,764)	(47,561)
	<hr/>	<hr/>	<hr/>
At 30 June 2001	2,761,431	(410,203)	2,351,228
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
(CONTINUED)

4. Fixed assets - investments (continued)

The Company has the following principal investments in overseas companies:

Name	Country of Incorporation (and operation)	Percentage Interest
Caribbean Construction Company Limited	Jamaica	99.8
Kier Afcons Limited	India	Written off
Kier Saudi Arabia Limited	Saudi Arabia	40
Kier (Malaysia) Sdn Bhd	Malaysia	100
Kier Dubai LLC	United Arab Emirates	49
The Jordan Economic Development and Trading Company Limited	Jordan	50
Besix Kier Dabhol SA	Belgium (India)	40
Mivan Kier (Romania) SRL	Romania	50
Kier/CCC St Croix Inc	St Croix	50

The principal activities of the companies are civil engineering and building construction overseas.

The Company's investment in the above companies comprises ordinary shares only. In the opinion of the directors the value of the Company's investments in subsidiary companies is not less than the amounts at which they are stated in the balance sheet. Provisions for diminution in excess of the cost of investment appear in creditors.

5. Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Dividends receivable from subsidiary undertakings	288,719	61,363
Other debtors	-	84
	<hr/>	<hr/>
	288,719	61,447
	<hr/>	<hr/>

6. Creditors

	2001 £	2000 £
Amounts falling due within one year:		
Amounts due to parent undertaking	2,370,890	1,914,020
Proposed dividend	-	100,000
Amounts due to other group undertaking	-	367,000
Corporation tax	865	43,585
Amount provided against losses in subsidiary undertaking	178,036	-
	<hr/>	<hr/>
	2,549,791	2,424,605
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NOTES TO THE ACCOUNTS
(CONTINUED)

7. Called up share capital

	2001 £	2000 £
Ordinary shares of £1 each:		
Authorised	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid	100	100
	<hr/>	<hr/>

8. Profit and loss account

	2001 £	2000 £
At 1 July 2000	35,531	7,086
Arising during the year	54,525	28,445
	<hr/>	<hr/>
At 30 June 2001	90,056	35,531
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9. Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Profit for the financial year	54,525	128,445
Dividends	-	(100,000)
	<hr/>	<hr/>
Net movement in shareholders' funds	54,525	28,445
Shareholders' funds at 1 July 2000	35,631	7,186
	<hr/>	<hr/>
Shareholders' funds at 30 June 2001	90,156	35,631
	<hr/>	<hr/>

10. 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.

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. Ultimate holding company

The Company is a wholly-owned subsidiary of Kier International Limited. The ultimate holding company is Kier Group plc. The parent of the largest group for which group accounts have been drawn up is Kier Group plc and the parent of the smallest group for which accounts, including the Company, have been drawn up is Kier International Limited. Both these parent companies are registered in England and copies of their accounts will be filed with Companies House, Crown Way, Cardiff where they will be available to the public.

AUDITOR'S REPORT TO THE MEMBERS OF K.I. (INVESTMENTS) LIMITED

We have audited the accounts on pages 2 to 6.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

7^m London
September 2001