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**NEI OVERSEAS HOLDINGS LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**NEI OVERSEAS HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	G Allan Rolls-Royce Directorate Limited
<b>COMPANY SECRETARY</b>	Rolls-Royce Secretariat Limited
<b>COMPANY NUMBER</b>	1189545
<b>REGISTERED OFFICE</b>	Moor Lane Derby DE24 8BJ

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**NEI OVERSEAS HOLDINGS LIMITED**

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**NEI OVERSEAS HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and the financial statements for the year ended 31 December 2010

**PRINCIPAL ACTIVITY**

NEI Overseas Holdings Limited is a holding company

**DIRECTORS**

The directors who served during the year were

G Allan  
Rolls-Royce Directorate Limited

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

**PROVISION OF INFORMATION TO AUDITORS**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**AUDITORS**

Under section 487(2) of the Companies Act 2006, KPMG Audit Plc will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board and signed on its behalf



G Allan  
Director

Date 21st September 2011

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## NEI OVERSEAS HOLDINGS LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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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 the directors have elected to prepare 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 judgments 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,
- 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEI OVERSEAS HOLDINGS LIMITED**

We have audited the financial statements of NEI Overseas Holdings Limited for the year ended 31 December 2010, set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Auditors' 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 AUDITORS**

As explained more fully in the Directors' responsibilities statement, 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 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 31 December 2010 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.

### **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.

### **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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report.



A J Sykes (Senior statutory auditor)  
for and on behalf of

**KPMG Audit Plc**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
Date

21/9/11

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NEI OVERSEAS HOLDINGS LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010

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	Note	2010 £000	2009 £000
Administrative expenses		(4)	(10)
<b>OPERATING LOSS</b>	2	(4)	(10)
Income from shares in group undertakings		-	126
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(4)	116
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	9	(4)	116

All amounts relate to continuing operations

The notes on pages 7 to 10 form part of these financial statements

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**NEI OVERSEAS HOLDINGS LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	<b>Note</b>	<b>2010 £000</b>	<b>2009 £000</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(4)</b>	<b>116</b>
Unrealised surplus/(deficit) on revaluation of fixed asset investments	<b>9</b>	<b>9</b>	<b>(100)</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>5</b>	<b>16</b>

The notes on pages 7 to 10 form part of these financial statements



**NEI OVERSEAS HOLDINGS LIMITED**  
**REGISTERED NUMBER 1189545**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£000	2010 £000	£000	2009 £000
<b>FIXED ASSETS</b>					
Investments	6		7,323		7,314
<b>CURRENT ASSETS</b>					
Debtors	7		3,339		3,343
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>10,662</b>		<b>10,657</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		36,013		36,013
Investment revaluation reserve	9		7,321		7,312
Profit and loss account	9		(32,672)		(32,668)
<b>SHAREHOLDERS' FUNDS</b>	10		<b>10,662</b>		<b>10,657</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

G Allan  
Director  
Date

*G Allan*  
21st September 2011

The notes on pages 7 to 10 form part of these financial statements

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## NEI OVERSEAS HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, except for investments in subsidiary companies (see below), and in accordance with applicable accounting standards

The company is a wholly owned subsidiary of Rolls-Royce plc and is included in the consolidated financial statements of Rolls-Royce plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1

The company has taken advantage of the exemption in FRS8 not to disclose related party transactions with other group companies

The company is exempt by virtue of section 399 of the Companies Act 2006 from the requirement to prepare group financial statements

##### 1.2 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### 1.3 Investments

Investments in subsidiary undertakings have been revalued each 31st December with the surplus arising on revaluation being taken to an Investment revaluation reserve. Deficits not covered by prior revaluations are written-off through the profit and loss for the year

#### 2. OPERATING LOSS

The operating loss is stated after charging

	2010 £000	2009 £000
Difference on foreign exchange	-	9

#### 3. AUDITORS' REMUNERATION

The fees for the audit of the company financial statements were £6,000 (2009 £6,000) and were paid by Rolls-Royce plc

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**NEI OVERSEAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**4 STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2009 - £NIL)

**5 TAXATION**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £000	2009 £000
(Loss)/profit on ordinary activities before tax	(4)	116
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	(1)	32
<b>Effects of</b>		
Non-taxable income	-	(35)
Group relief not paid for	1	3
<b>Current tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

There were no factors that may significantly affect future tax charges

**6 FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2010	101	7,213	7,314
Revaluations	9	-	9
At 31 December 2010	110	7,213	7,323
<b>Net book value</b>			
At 31 December 2010	110	7,213	7,323
At 31 December 2009	101	7,213	7,314

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**NEI OVERSEAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**6. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
KALVET ENGINEERING (PROPRIETARY) LIMITED	Ordinary	100 %
ROLLS-ROYCE INDUSTRIAL POWER (MALAYSIA) SDN BHD	Ordinary	100 %
NEI (THAILAND) LIMITED	Ordinary	100 %

<b>Name</b>	<b>Business</b>	<b>Registered office</b>
KALVET ENGINEERING (PROPRIETARY) LIMITED	Dormant	South Africa
ROLLS-ROYCE INDUSTRIAL POWER (MALAYSIA) SDN BHD	Dormant	Malaysia
NEI (THAILAND) LIMITED	Dormant	Thailand

The amount at which the above fixed asset investments would have been included in the financial statements under the historical cost accounting rules is £NIL (2009 £NIL)

The unlisted investment is an investment in another Rolls-Royce group company. It has not been revalued during the year as it is not a direct subsidiary of the company.

In the opinion of the directors these fixed asset investments are worth at least the amounts at which they are stated in the balance sheet.

**7 DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	<b>3,339</b>	<b>3,343</b>

**8 SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
36,013,100 Ordinary shares of £1 each	<b>36,013</b>	<b>36,013</b>

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**NEI OVERSEAS HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**9 RESERVES**

	Investment revaluation reserve £000	Profit and loss account £000
At 1 January 2010	7,312	(32,668)
Loss for the year	-	(4)
Revaluation of investments	9	-
	<u>7,321</u>	<u>(32,672)</u>
At 31 December 2010	<u>7,321</u>	<u>(32,672)</u>

**10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £000	2009 £000
Opening shareholders' funds	10,657	10,641
(Loss)/profit for the year	(4)	116
Other recognised gains and losses during the year	9	(100)
	<u>10,662</u>	<u>10,657</u>
Closing shareholders' funds	<u>10,662</u>	<u>10,657</u>

**11 CONTROLLING PARTY**

The immediate parent undertaking is Rolls-Royce Power Engineering plc

The ultimate parent undertaking and controlling party is Rolls-Royce Group plc, which is the parent undertaking of the largest group to consolidate these financial statements. Rolls-Royce plc is the parent undertaking of the smallest group to consolidate these financial statements.

The consolidated financial statements of these groups are available to the public and may be obtained from 65 Buckingham Gate, London, SW1E 6AT.