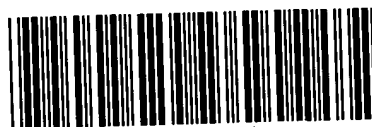

NEI OVERSEAS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

TUESDAY



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COMPANIES HOUSE

NEI OVERSEAS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	Rolls-Royce Directorate Limited W Mansfield
COMPANY SECRETARY	Rolls-Royce Secretariat Limited
REGISTERED NUMBER	01189545
REGISTERED OFFICE	Moor Lane Derby DE24 8BJ

NEI OVERSEAS HOLDINGS LIMITED

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NEI OVERSEAS HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

NEI Overseas Holdings Limited is a holding company.

RESULTS

The profit for the year, after taxation, amounted to £NIL (2013 - £10 thousand).

DIRECTORS

The directors who served during the year were:

Rolls-Royce Directorate Limited
W S Mansfield

PROPOSED DIVIDENDS

The directors do not recommend the payment of a dividend.

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.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, KPMG LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Rolls-Royce Secretariat Limited

Secretary

Date: 16/9/15

NEI OVERSEAS HOLDINGS LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S 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 2014, 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its results 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 from the requirement to prepare a strategic report.



Jimmy Daboo (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

Date: 21/9/2015

NEI OVERSEAS HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
Income from shares in group undertakings		-	10
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	10
Tax on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR	8	-	10

All amounts relate to continuing operations.

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

NEI OVERSEAS HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
PROFIT FOR THE FINANCIAL YEAR		-	10
Unrealised deficit on revaluation of fixed asset investments	8	<u>(6)</u>	<u>(16)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>(6)</u></u>	<u><u>(6)</u></u>

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

NEI OVERSEAS HOLDINGS LIMITED
REGISTERED NUMBER: 01189545

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 £000	2013 £000
FIXED ASSETS			
Investments	5	7,265	7,271
CURRENT ASSETS			
Debtors	6	3,372	3,372
NET ASSETS		<u>10,637</u>	<u>10,643</u>
CAPITAL AND RESERVES			
Called up share capital	7	36,013	36,013
Investment revaluation reserve	8	7,263	7,269
Profit and loss account	8	(32,639)	(32,639)
SHAREHOLDERS' FUNDS	9	<u>10,637</u>	<u>10,643</u>

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



Rolls-Royce Directorate Limited

Director

Date: 16/9/15

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

NEI OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by a revaluation reserve of £7,263 thousand (2013 - £7,269 thousand), and in accordance with applicable accounting standards. The revaluation reserve relates to revaluation of investments as described in 1.5 below.

1.2 Group financial statements

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

1.3 Cash flow statement

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.

1.4 Related party transactions

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

1.5 Investments

Investments in subsidiary undertakings have been revalued each 31 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.

Other investments held as fixed assets are shown at cost and are assessed for impairment annually.

1.6 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.

NEI OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2. AUDITOR'S REMUNERATION

The fees for the audit of the company financial statements were £6,000 (2013 - £6,000) and were paid by Rolls-Royce plc.

3. STAFF COSTS

The Company has no employees. The directors did not receive any remuneration (2013 - £NIL).

4. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - lower than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	-	10
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	-	2
Effects of:		
Non-taxable income	-	(2)
Current tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may significantly affect future tax charges.

5. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 January 2014	58	7,213	7,271
Revaluations	(6)	-	(6)
At 31 December 2014	52	7,213	7,265
Net book value			
At 31 December 2014	52	7,213	7,265
At 31 December 2013	58	7,213	7,271

NEI OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

5. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Kalvet Engineering (Proprietary) Limited	Ordinary	100%

Name	Business	Registered office
Kalvet Engineering (Proprietary) Limited	Dormant	South Africa

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 (2013: £Nil).

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.

Unlisted investments

The company has the following unlisted investment:

Name	Country of incorporation	Holding
Northern Engineering Industries Africa Limited *	South Africa	24%
Rolls-Royce Holdings Canada Inc.**	Canada	0%

* in liquidation (held at nil cost)

** 1 class B share (held at £7,213k)

6. DEBTORS

	2014 £000	2013 £000
Amounts owed by group undertakings	3,372	3,372

7. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
36,013,100 Ordinary shares of £1 each	36,013	36,013

NEI OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. RESERVES

	Investment revaluation reserve £000	Profit and loss account £000
At 1 January 2014	7,269	(32,639)
Revaluation of investments	(6)	-
	<u>7,263</u>	<u>(32,639)</u>
At 31 December 2014	<u><u>7,263</u></u>	<u><u>(32,639)</u></u>

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	10,643	10,649
Profit for the financial year	-	10
Revaluation of investments	(6)	(16)
	<u>10,637</u>	<u>10,643</u>
Closing shareholders' funds	<u><u>10,637</u></u>	<u><u>10,643</u></u>

10. CONTINGENT LIABILITIES

On 6 December 2012, Rolls-Royce Holdings plc (the ultimate parent company of the company) announced that it had passed information to the Serious Fraud Office (SFO), an independent United Kingdom government department, following a request from the SFO for information about allegations of malpractice in overseas markets.

On 23 December 2013, Rolls-Royce Holdings plc (RRHPLC) announced that it had been informed by the SFO that it had commenced a formal investigation. Since the initial announcement, RRHPLC has continued its investigations and is engaging with the SFO and other authorities in the UK, the USA and elsewhere in relation to the matters of concern.

The consequence of these disclosures will be decided by the regulatory authorities. It is too early to predict the outcomes, but these could include the prosecution of individuals and of the RRHPLC Group, the potential for fines, penalties or other consequences cannot currently be assessed. As the investigation is ongoing, it is not yet possible to identify the timescale in which these issues might be resolved.

11. CONTROLLING PARTY

The immediate parent undertaking is Rolls-Royce Power Engineering plc.

The ultimate parent undertaking and controlling party is Rolls-Royce Holdings 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 62 Buckingham Gate, London, SW1E 6AT.