

Registered number: 2658963

Rolls-Royce Overseas Holdings Limited

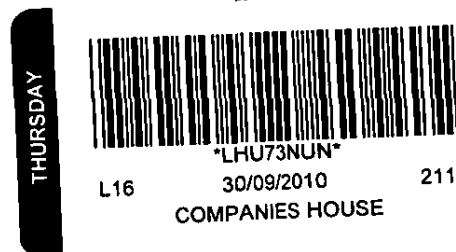
Annual report and financial statements
for the year ended 31 December 2009

**Directors on
27 September 2010:**

**D J Goma
M M Sufrin
K Waldron**

Secretary:

K Waldron



Registered Office: Moor Lane, Derby DE24 8BJ

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Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2009

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activities

The principal activity of the Company during the year was that of a holding company

Dividends

A dividend of £220,764k was paid during the year, (2008 £68,347k)

Directors

The directors, who served throughout the year except as noted, were as follows

D J Goma (resigned 23/10/09) (appointed 28/05/2010)

M M Sufrin

K Waldron (resigned 23/10/09) (appointed 28/05/2010)

Rolls-Royce Directorate Limited (appointed 23/10/09) (resigned 02/09/2010)

Directors' indemnities

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

Statement as to disclosure of information to auditors

So far as each of the persons who were directors of the company at the date of approval of this directors' report is aware, there is no relevant audit information of which the company's auditors are individually unaware. Each director has taken all the steps that s/he ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Approved by the Board and signed on its behalf by



K Waldron

27 September 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 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, 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 auditors' report to the members of Rolls-Royce Overseas Holdings Limited

We have audited the financial statements of Rolls-Royce Overseas Holdings Limited for the year ended 31st December 2009 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 Statement of directors' responsibilities 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 31st December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

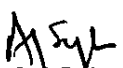
Opinion on other matter prescribed by the Companies Act 2006

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.

 17/9/2010
A. Sykes (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Administrative expenses		(6)	(4)
Operating loss		(6)	(4)
Loss on sale of discontinued operations		-	(3,675)
Income from shares in group undertakings		200,434	68,480
Income from participating interests		28,933	26,124
Profit on ordinary activities before finance charges		229,361	90,925
Finance charges (net)	4	(1,653)	4,180
Profit on ordinary activities before taxation	2	227,708	95,105
Tax on profit on ordinary activities	5	452	(4,273)
Profit for the financial year		<u>228,160</u>	<u>90,832</u>

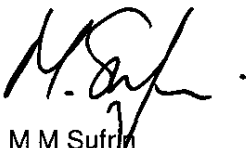
All results have been derived from continuing activities

There were no recognised gains or losses in either the current year or the previous year, other than the profit for the year and prior year as shown above

Balance sheet
31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	7	1,029,444	1,026,547
Current assets			
Debtors			
- due within one year	8	7,271	16,039
- due after one year	8	30,132	1,160
Cash at bank and in hand		12,942	30,431
		50,345	47,630
Creditors Amounts falling due within one year	9	(500,896)	(505,089)
Net current liabilities		(450,551)	(457,459)
Total assets less current liabilities		578,893	569,088
Creditors: Amounts falling due after more than one year	10	(132)	(434)
Net assets		578,761	568,654
Capital and reserves			
Called-up share capital	11	383,865	383,865
Share premium account	12	133,961	131,250
Profit and loss account	12	60,935	53,539
Shareholders' funds	13	578,761	568,654

The financial statements on pages 4 to 13 were approved by the board of directors on 27 September 2010 and signed on its behalf by


M M Sufrin
Director

Notes to the financial statements

31 December 2009

1 Significant accounting policies

The principal accounting policies are summarised below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, on the historical cost basis except where FRS requires an alternative treatment

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

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £450,551,000 (2008 £457,459,000), 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 Rolls-Royce plc, the parent of the company. Rolls-Royce plc 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 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 payment. 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 currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the year end. Exchange differences arising on foreign exchange transactions and the retranslation of assets and liabilities into sterling at the rate ruling at the year end are taken into account in determining profit before taxation.

Interest

Interest receivable/payable is credited/charged to the profit and loss account using the effective interest method.

Taxation

The tax charge on the profit or loss for the year comprises current and deferred tax.

Provision for taxation is made at the current rate and for deferred taxation at the projected rate on all timing differences which have originated, but not reversed at the balance sheet date.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Notes to the financial statements

31 December 2009

2 Auditors' remuneration

The fees for the audit of the company financial statements were £6,000 (2008 £6,000) and were paid by Rolls-Royce plc

Rolls-Royce Overseas Holdings Limited paid the audit fee for one of its subsidiaries, Rolls-Royce (Ireland) - £5,000 (2008 £3,000)

3 Staff costs and directors remuneration

The Company had no employees during the year ended 31 December 2009 (2008 Nil)

No remuneration has been received by the directors in respect of their services to the Company (2008 £Nil)

4 Finance charges (net)

	2009 £'000	2008 £'000
Exchange (loss)/gain	(1,841)	2,976
Interest from group undertakings	130	83
Bank interest	58	1,121
	<u>(1,653)</u>	<u>4,180</u>

Notes to the financial statements

31 December 2009

5 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax		
Corporation Tax payable at 28% (2008 28 5%)	3,769	5,633
Double Taxation Relief	(3,769)	(5,633)
Group relief (receivable)/payable at 28% (2008 28 5%)	(465)	4,273
Overseas Tax	13	-
Total tax on profit on ordinary activities	(452)	4,273

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	227,708	95,105
Nominal charge at UK Corporation tax rate of 28% (2008 28 5%)	63,758	27,105
Effects of		
Income not taxable	(60,981)	(19,481)
Gross up of foreign income for underlying tax	528	1,234
Expenses not deductible for taxation purposes	-	1,048
Double tax relief	(3,769)	(5,633)
Overseas Tax	13	-
Current tax charge for period	(452)	4,273

6 Dividends

	2009 £'000	2008 £'000
Dividends paid in respect of the current year	220,764	68,347

Notes to the financial statements

31 December 2009

7 Fixed asset investments

	2009 £'000	2008 £'000
Subsidiary undertakings	1,010,853	1,007,973
Joint ventures	18,372	18,355
Other investments	219	219
	<u>1,029,444</u>	<u>1,026,547</u>

Subsidiary undertakings

Cost	£'000
At 1 January 2009	1,011,002
Additions	2,880
At 31 December 2009	<u>1,013,882</u>
Provisions for impairment	
At 1 January 2009 & 31 December 2009	<u>(3,029)</u>
Net book value	
At 31 December 2009	1,010,853
At 31 December 2008	<u>1,007,973</u>

<i>Joint ventures</i>	Shares at cost £'000	Loans £'000	Total £'000
Cost			
At 1 January 2009	11,141	11,613	22,754
Additions	17	-	17
At 31 December 2009	<u>11,158</u>	<u>11,613</u>	<u>22,771</u>
Provisions for impairment			
At 1 January 2009 & 31 December 2009	<u>(4,399)</u>	<u>-</u>	<u>(4,399)</u>
Net book value			
At 31 December 2009	6,759	11,613	18,372
At 31 December 2008	<u>6,742</u>	<u>11,613</u>	<u>18,355</u>

Notes to the financial statements

31 December 2009

7 Fixed asset investments (continued)

Other investments

£'000

Cost & Net book value

At 1 January 2009 & 31 December 2009

219

Principal investments

The Company has investments in the following subsidiary undertakings and joint ventures. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Principal subsidiary undertakings	Country of incorporation	Principal activity
* Rolls-Royce Technical Support SARL Rolls-Royce Corporation	France USA	Civil aerospace – Project Support Civil aerospace – Design development and manufacture of gas turbine engines
Rolls-Royce Engine Services – Oakland Inc	USA	Civil aerospace – Repair and overhaul
Rolls-Royce Commercial Marine Inc	USA	Marine systems – Aftermarket support services
Rolls-Royce Naval Marine Inc	USA	Marine systems – Design and manufacture of ships propellers and ship lift systems
* Rolls-Royce India Private Limited	India	Energy – Project management and customer support
* Rolls-Royce Singapore Pte Limited	Singapore	Energy – Engine and turbine compression systems, spares
Rolls-Royce Energy Systems Inc	USA	Energy – Turbine generator packages
* DS&S France	France	Energy – Control systems
* Rolls-Royce Overseas Investments Limited	UK	Corporate – Holding company
* Nightingale Insurance Limited	Guernsey	Corporate – Insurance services
Rolls-Royce North America (USA) Holdings Co	USA	Corporate – Holding company
Rolls-Royce North America Holdings Inc	USA	Corporate – Holding company

*Held directly by Rolls-Royce Overseas Holdings Limited

All principal subsidiaries are 100% owned except for Rolls-Royce India Private Limited which is 99% owned

Joint ventures & principal activity	Country of incorporation	Class	% of class held	% of total equity held
Hong Kong Aero Engine Services Limited – Repair & Overhaul	Hong Kong	Ordinary	45	45
Techjet Aerofoils Limited – Manufacture of compressor aerofoils	Israel	A Ordinary B Ordinary	50 50	50

Notes to the financial statements

31 December 2009

8 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	6,806	364
Amounts owed by parent undertakings	465	10,596
Other debtors	-	5,079
	<u>7,271</u>	<u>16,039</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	132	1,160
Amounts owed by parent undertaking	30,000	-
	<u>30,132</u>	<u>1,160</u>

9 Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	500,730	500,730
Amounts owed to parent undertaking	166	4,359
	<u>500,896</u>	<u>505,089</u>

10 Creditors. Amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to parent undertaking	<u>132</u>	<u>434</u>

Notes to the financial statements

31 December 2009

11 Share capital

	2009 £'000	2008 £'000
<i>Authorised</i>		
300,000,000 ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
	\$'000	\$'000
240,000,000 'A' shares of US\$1 each	<u>240,000</u>	<u>240,000</u>
<i>Allotted, called-up and fully-paid</i>		
298,868,130 ordinary shares of £1 each	298,868	298,868
120,755,983 'A' shares of US\$1 each	<u>84,997</u>	<u>84,997</u>
	<u>383,865</u>	<u>383,865</u>

The 'A' shares do not carry the right to a dividend (fixed or otherwise), other than as a class dividend at the discretion of the directors

The 'A' shares carry the same right to assets on the winding up or other repayment of Capital as the Ordinary Shares. The 'A' shares shall not confer the right to any further or other participation in the profits of the assets of the Company

The 'A' shares shall not entitle the holders to receive notice of or attend or vote at any general meeting unless the business of the meeting includes the consideration of a resolution for

- winding up of the Company or reducing its authorised share capital, or
- sale of the undertaking of the Company, or
- varying or abrogating any of the rights attached to the 'A' shares

Notes to the financial statements

31 December 2009

12 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2009	131,250	53,539
Profit for the financial year	-	228,160
Issue of ordinary shares	2,711	-
Dividends paid on equity shares	-	(220,764)
At 31 December 2009	<u>133,961</u>	<u>60,935</u>

13 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	568,654	546,169
Profit for the financial year	228,160	90,832
Issue of ordinary shares	2,711	-
Dividends paid on equity shares	(220,764)	(68,347)
Closing shareholders' funds	<u>578,761</u>	<u>568,654</u>

14 Ultimate Parent Company

The Company is a subsidiary undertaking of Rolls-Royce plc, incorporated in Great Britain. The largest group in which the results of the Company are consolidated is that headed by Rolls-Royce Group plc. The smallest group in which the results of the Company are consolidated is that headed by Rolls-Royce plc, incorporated in Great Britain.

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