

COMPANY NUMBER 2658963

**ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED**

**Annual Report  
for the Year Ended 31 December 1997**

Directors on  
3 March 1998 :

J.R. Ashfield  
M.M. Sufrin  
A.E. West

Secretary :

J.R. Ashfield



Registered Office : Moor Lane, Derby DE24 8BJ

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## REPORT OF THE DIRECTORS

The directors present their Annual Report for the year ended 31 December 1997.

### DIRECTORS RESPONSIBILITY FOR FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then 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 financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

### PRINCIPAL ACTIVITY

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

### RESULTS

The results for the year are given on page 5 of the financial statements. The directors do not recommend payment of a dividend.

### DIRECTORATE

The directors of the Company during the year were as follows.

J.R. Ashfield  
M.M. Sufrin  
A.E. West

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## DIRECTORS' SHARE INTERESTS

None of the directors, or their immediate family, had any beneficial interest in the shares of the Company during the year.

The beneficial interests of directors holding office at 31 December 1997, including immediate family, in the ordinary share capital of Rolls-Royce plc are as follows.

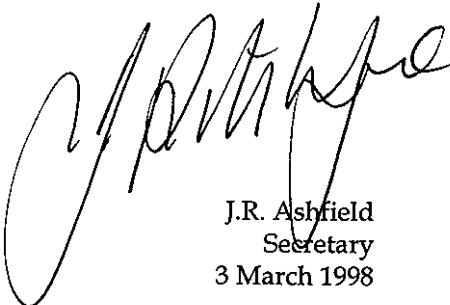
	<u>HOLDINGS</u>		<u>OPTIONS</u>			
	* <u>1. 1. 97</u>	<u>31. 12. 97</u>	* <u>1. 1. 97</u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.97</u>
J.R. Ashfield	2,360	403	-	3,386	-	3,386
M.M. Sufrin	665	665	61,284	-	-	61,284
A.E. West	7,851	7,851	4,704	-	-	4,704

\* or date of appointment if later

## AUDITORS

Elective Resolutions are in force to dispense with the obligation of laying the Annual Report before the Company in general meeting, appointing auditors annually, and holding Annual General Meetings.

By Order of the Board



J.R. Ashfield  
Secretary  
3 March 1998

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## REPORT OF THE AUDITORS TO THE MEMBERS OF ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 10.

### **Respective responsibilities of directors and auditors**

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **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 31 December 1997 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**

**London**  
**3 March 1998**

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	<u>1997</u> £000	<u>1996</u> £000
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities	3	511	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		511	-
Dividends paid and proposed		-	-
		<hr/>	<hr/>
Transfer to reserves		511	-
		<hr/>	<hr/>

All results have been derived from continuing activities.

There are no recognised gains or losses other than those disclosed in the profit and loss account above.

The results for the year have been derived on an unmodified historical cost basis.

The notes on pages 8 to 10 form part of these financial statements.

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1997

	Notes	<u>1997</u> £000	<u>1996</u> £000
<b>Fixed assets</b>			
Investments - subsidiary undertakings	5	66,032	66,032
- associated undertakings	5	15,457	12,978
		<u>81,489</u>	<u>79,010</u>
<b>Current assets</b>			
Debtors	6	505	1,550
Creditors - amounts falling due within one year	7	(135)	(1,120)
		<u>370</u>	<u>430</u>
<b>Net current assets</b>			
		<u>370</u>	<u>430</u>
<b>Total assets less current liabilities</b>		<u>81,859</u>	<u>79,440</u>
Provisions for liabilities and charges - deferred taxation		-	(511)
		<u>-</u>	<u>(511)</u>
<b>Net assets</b>		<u>81,859</u>	<u>78,929</u>
<b>Capital and reserves</b>			
Called up share capital	9	10	10
Share premium account	10	81,338	78,919
Profit and Loss account		511	-
		<u>81,859</u>	<u>78,929</u>
<b>Equity shareholders' funds</b>		<u>81,859</u>	<u>78,929</u>

These financial statements were approved by the Board of Directors on 3 March 1998, and are signed on its behalf by :



A.E. West  
Director

The notes on pages 8 to 10 form part of these financial statements.

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>1997</u> £000	<u>1996</u> £000
Profit for the financial year	511	-
New share capital subscribed	2,419	12,903
	<hr/>	<hr/>
Net addition to shareholders' funds	2,930	12,903
Opening shareholders' funds	78,929	66,026
	<hr/>	<hr/>
Closing shareholders' funds	81,859	78,929
	<hr/>	<hr/>

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

### 1. Principal Accounting Policies

#### a) Basis of accounting

The financial statements have been prepared on the historical cost basis, and in accordance with applicable accounting standards.

#### b) Cash Flow Statement

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

#### c) Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with the Rolls-Royce group and its associates on the grounds that it is a wholly owned subsidiary undertaking.

#### d) Taxation

Provision is made at the rate for the year for United Kingdom Corporation Tax, for overseas taxation on profits of overseas branches and for deferred taxation at the projected rate on all timing differences, where a liability is expected to arise in the foreseeable future.

#### e) Group accounts exemption

The Company is exempted from preparing group accounts under Section 228, Companies Act 1985, as it is a wholly-owned subsidiary of Rolls-Royce plc.

### 2. Employee Information

The Company had no employees during the year ended 31 December 1997 (1996; NIL). All necessary services are provided by Rolls-Royce plc.

### 3. Taxation on Profit on Ordinary Activities

	<u>1997</u>	<u>1996</u>
	<u>£000</u>	<u>£000</u>
In respect of the year:		
Group Relief @ 31.49%	480	-
Group Relief not paid for	(480)	-
Deferred Taxation	(511)	-
	<u>(511)</u>	<u>-</u>

### 4. Directors' Emoluments

No emoluments were paid to the directors by the company in respect of their services.



# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## 5. Fixed Asset Investments

	Shares in Subsidiary Undertakings	Shares in Associated Undertakings	Total
<u>Cost</u>	£000	£000	£000
At beginning of year	66,032	12,978	79,010
Additions	-	2,504	2,504
Disposals	-	(25)	(25)
At end of year	<u>66,032</u>	<u>15,457</u>	<u>81,489</u>

During the year the Company acquired/disposed of shares in the associated undertakings listed below:

Associated Undertakings	Number of shares acquired/ (disposed)	Class	Cost of Investment £000
International Engine Component Overhaul Pte Ltd	3,750,000	Ordinary	2,419
Jordanian Electrical Switchgear Ltd	100,000	Ordinary	<u>85</u>
			2,504
EPE Reyrolle (Malaysia) Sdn Bhd	(100,000)	Ordinary	(25)
			<u>2,479</u>

A full list of the Company's interest in subsidiary and associated undertakings is contained in the attached Group Hierarchy.

## 6. Debtors

	<u>1997</u> £000	<u>1996</u> £000
Amounts owed by group undertakings:		
Fellow subsidiary undertakings	-	1,550
Parent undertaking	505	-
	<u>505</u>	<u>1,550</u>

## 7. Creditors: Amounts falling due within one year

	<u>1997</u> £000	<u>1996</u> £000
Amounts owed to group undertakings:		
Parent Company	-	1,039
Fellow subsidiary undertakings	135	81
	<u>135</u>	<u>1,120</u>

# ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

## 8. Auditors' Remuneration

Auditors' remuneration is borne by the company's parent undertaking Rolls-Royce plc.

## 9. Share Capital

	1997 £	1996 £
Authorised	10,000,000	10,000,000
Issued	10,444	10,133

Ordinary shares of £1 each

All issued shares are fully paid with the exception of 1233 shares issued at a premium of £11,353.42 per share of which £1,621.03 per share is paid up.

On 19 December 1997, the Company issued 311 ordinary shares of £1 each at a premium of £7786.10 per share to finance its investment in International Engine Component Overhaul Pte. Ltd. These shares are fully paid with the exception of 1 share which is partly paid to the value of £5,354.84.

## 10. Share Premium

	£000
At January 1, 1997	78,919
Arising on share issues	2,419
At December 31, 1997	<u>81,338</u>

## 11. Group Treasurership Agreement

The Company participates in the Rolls-Royce Group banking agreement under which cleared sterling funds are borrowed from or deposited with the Parent Company via a daily transfer. Under the agreement the Company bears or earns interest at the National Westminster Bank plc base rate.

## 12. Deferred Taxation

The full potential liability for deferred taxation which represents the provision made is:

	1997 £	1996 £
Other timing differences	-	511
	<u>          </u>	<u>          </u>
Full potential liability and provision	-	511
	<u>          </u>	<u>          </u>

## 13. Ultimate Parent Company

The Company's ultimate parent company is Rolls-Royce plc, registered in England and Wales. Copies of Rolls-Royce plc's accounts are available from Rolls-Royce plc, PO Box 31, Derby, DE24 8BJ.

# Group Hierarchy

## ROLLS-ROYCE OVERSEAS HOLDINGS LIMITED

Company Name		Trading Status	(%) Held Company	(%) Held Ultimate	Country Description
1	→ EPE REYROLLE (MALAYSIA) SDN BHD	Trading - JV	30.00	30.00	Malaysia
1	→ HONG KONG AERO ENGINE SERVICES LIMITED	Trading- JV	50.00	50.00	Hong Kong
1	→ INTERNATIONAL ENGINE COMPONENT OVERHAUL PTE LTD	Trading - JV	50.00	50.00	Singapore
1	→ JORDANIAN ELECTRICAL SWITCHGEAR COMPANY LIMITED	Trading - JV	40.00	40.00	Jordan
1	→ NIGHTINGALE INSURANCE LIMITED	Trading	100.00	100.00	Guernsey
1	→ PT DWIPANGGA REYROLLE INDONESIA	JV - In process of formation	40.00	40.00	Indonesia
1	→ ROLLS-ROYCE (EUROPEAN INVESTMENTS) LIMITED	Holding Company	100.00	100.00	England
2	→ LYULKA ROLLS-ROYCE LIMITED	JV- in process of formation	50.00	50.00	Russia
1	→ ROLLS-ROYCE (INTERNATIONAL INVESTMENTS) LIMITED	Holding Company	100.00	100.00	England
2	→ THE GULF REYROLLE LIMITED	JV - In process of formation	49.00	49.00	Saudi Arabia
1	→ ROLLS-ROYCE INVESTMENTS INC.	Non Trading	100.00	100.00	United States of America
1	→ ROLLS-ROYCE NORTH AMERICA INC.	Non Trading	100.00	100.00	United States of America
2	→ ALLISON ENGINE COMPANY, INC	Trading	100.00	100.00	United States of America
3	→ ALLISON ADVANCED DEVELOPMENT COMPANY, INC	Trading	100.00	100.00	United States of America
3	→ LIGHT HELICOPTER TURBINE ENGINE COMPANY	Trading - Joint Venture	50.00	50.00	United States of America
2	→ GEAR SYSTEMS INC	Trading	100.00	100.00	United States of America
2	→ PEBBLES ELECTRIC INC	Dormant	100.00	100.00	United States of America
3	→ NEI FERRANTI-PACKARD TRANSFORMERS INC	Trading	100.00	100.00	United States of America
2	→ ROLLS-ROYCE ASSET MANAGEMENT INC	Non Trading	100.00	100.00	United States of America
2	→ ROLLS-ROYCE CAPITAL INC	Trading	100.00	100.00	United States of America
2	→ ROLLS-ROYCE CREDIT CORPORATION	Trading	100.00	100.00	United States of America
2	→ ROLLS-ROYCE INC	Trading	100.00	100.00	United States of America
3	→ R-H COMPONENT TECHNOLOGIES, L.C.	Trading - JV	50.00	50.00	United States of America
3	→ ROLLS-ROYCE INDUSTRIAL POWER INC	Trading	100.00	100.00	United States of America
4	→ THAILAND INVESTMENT COMPANY	Investment Company	100.00	100.00	Thailand
5	→ NEI (THAILAND) LIMITED	Dormant	51.00	51.00	Thailand
3	→ ROLLS-ROYCE PRODUCT SUPPORT CANADA INC	Trading	100.00	100.00	Canada
3	→ FRD CORP	Trading	100.00	100.00	United States of America
4	→ SOUTH FLORIDA COGENERATION ASSOCIATES	Trading - JV	50.00	50.00	United States of America
2	→ ROLLS-ROYCE INDUSTRIAL & MARINE POWER INC	Trading	100.00	100.00	United States of America
2	→ SYNCROLIFT INC	Trading	100.00	100.00	United States of America
1	→ ROLLS-ROYCE TECHNICAL SUPPORT SARL	Trading	100.00	100.00	France
1	→ RFG-RR POWER ENGINEERING LIMITED	Trading - JV	50.00	50.00	India