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THE WORLD MARINE & GENERAL INSURANCE PLC

Report and Accounts

30 June 2007

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COMPANIES HOUSE

The World Marine & General Insurance PLC

Registered No 42652

DIRECTORS

A E Reynolds (Chairman)

M D Frost

G Wilby

SECRETARY

Chiltington International Limited

AUDITORS

KPMG Audit Plc

8 Salisbury Square

London EC4Y 8BB

UK

REGISTERED OFFICE

Holland House

1-4 Bury Street

London

EC3A 5AW

The World Marine & General Insurance PLC

DIRECTORS' REPORT

The directors present their annual report and the accounts for the year ended 30 June 2007

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company was authorised under the Insurance Companies Act 1982 to underwrite numerous classes of insurance business. The company ceased writing new business in 2001 and is concentrating on running off old claims in an orderly manner. The sixth year of run off has proceeded satisfactorily, with no material adverse claims movement and the Directors see no reason why the seventh year should not follow similarly.

RESULTS AND FUTURE PROSPECTS

The profit for the year after taxation amounted to £496k (2006 £397k). No dividend was paid during the year (2006 £nil). The directors do not recommend the payment of a dividend. There have been very few transactions in the year and the business is in line with expectations.

DIRECTORS AND THEIR INTEREST

Directors who served during the year and at present are listed on page 1. None of the directors has any interest in the shares of the company. As the ultimate parent is a body incorporated outside the United Kingdom (refer to note 15 to the accounts), the directors are exempt from the requirement to notify the company of interest in shares in the parent company.

CREDITOR PAYMENT POLICY

It is the Company's policy to settle non trade creditors within thirty days.

RISK EXPOSURE

The company is exposed to financial risk, mainly through its financial assets and technical provisions. The key financial risk is that proceeds from financial assets are not sufficient to fund claims as they fall due. The most important components of these risks are, timing and valuation risk in relation to technical provisions, and interest rate, currency, credit and liquidity risk in relation to financial assets. The company manages and monitors these risks by

- Appointing specialist claims handlers who perform the day-to-day monitoring of its insurance liabilities and reinsurance assets
- Regularly reviewing the credit worthiness of its re-insurers, monitoring overdue debts and reviewing ratings assigned to reinsurers by rating agencies
- Appointing external actuaries to establish adequacy of reserves
- Reviewing cash flow requirements to ensure its liquidity needs are met, monitoring net cashflow on a monthly basis
- Matching foreign currency liabilities with corresponding currency assets to minimise the impact of movements in foreign exchange rates
- Appointing investment managers with a view to ensuring adequate returns on investments and minimizing the impact of movements in interest rates. Their performance is measured through monitoring the investment return against the company benchmark.

KEY PERFORMANCE INDICATORS

The company principally monitors three key performance indicators. These are

- The relationship of paid claims to the movement on technical provisions, which indicates the sufficiency of prior period reserves in respect of settled claims and claim expenses
- The rate of investment return achieved against base rate
- The level of net operating expenses against prior years

DIRECTORS' REPORT

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

KPMG Audit Plc is willing to continue in office and a resolution to re-appoint them as auditors will be put to the members at the Annual General Meeting

By order of the board



for
Chilington International Limited
Company Secretary

19 September 2007

The World Marine & General Insurance PLC

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. The financial statements are required by law to 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 those accounts, 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with 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.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WORLD MARINE & GENERAL INSURANCE PLC

We have audited the financial statements of The World Marine & General Insurance Plc for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

THE WORLD MARINE & GENERAL INSURANCE PLC

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

26 September 2007

The World Marine & General Insurance PLC

PROFIT AND LOSS ACCOUNT

TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 30 June 2007

		2007	2006
	Notes	£000	£000
EARNED PREMIUMS, NET OF REINSURANCE			
Gross premiums written	2	-	-
Outward reinsurance premiums	2	-	-
EARNED PREMIUMS, NET OF REINSURANCE	2	-	-
Allocated investment return transferred from the non-technical account	4	728	625
CLAIMS INCURRED, NET OF REINSURANCE			
Claims paid			
Gross amount		(7)	(82)
Reinsurers' share		25	34
Net claims paid		18	(48)
Change in the provision for claims			
Gross amount		12	175
Reinsurers' share		(31)	(64)
Change in the net provision for claims		(19)	111
CLAIMS INCURRED, NET OF REINSURANCE	2	(1)	63
Net operating expenses	3	(18)	(121)
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS	2	709	567

The World Marine & General Insurance PLC

PROFIT AND LOSS ACCOUNT

NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 30 June 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Balance on the general business technical account	2	709	567
Investment income	4	728	625
Allocated investment return transferred to the general business technical account		(728)	(625)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>709</u>	<u>567</u>
Tax on profit on ordinary activities	8	(213)	(170)
PROFIT FOR THE FINANCIAL YEAR	13	<u>496</u>	<u>397</u>
RETAINED PROFIT BROUGHT FORWARD		1,659	1,262
RETAINED PROFIT CARRIED FORWARD		<u>2,155</u>	<u>1,659</u>

There are no recognised gains or losses in either the year ended 30 June 2007 or the year ended 30 June 2006 other than those reflected in the profit and loss account for each year and therefore no separate statement of total recognised gains and losses has been presented. All amounts in the profit and loss account relate to continuing operations.

The World Marine & General Insurance PLC

BALANCE SHEET

at 30 June 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
ASSETS			
INVESTMENTS			
Other financial investments	9	9,722	9,400
REINSURERS' SHARE OF TECHNICAL PROVISIONS			
Claims outstanding		70	101
DEBTORS			
Debtors arising out of insurance operations	10	93	72
Other debtors	11	4,630	4,396
		4,723	4,468
OTHER ASSETS			
Cash at bank and in hand		110	145
PREPAYMENTS AND ACCRUED INCOME			
Other prepayments and accrued income		96	76
TOTAL ASSETS		14,721	14,190

The World Marine & General Insurance PLC

BALANCE SHEET

at 30 June 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	12	11,400	11,400
Profit and loss account		2,155	1,659
EQUITY SHAREHOLDERS' FUNDS	13	13,555	13,059
TECHNICAL PROVISIONS			
Claims outstanding		923	935
		923	935
CREDITORS			
Other creditors including taxation and social security		213	170
		213	170
Accruals and deferred income		30	26
TOTAL LIABILITIES		14,721	14,190

Signed on behalf of the Board on 19 September 2007 by -



Director

The World Marine & General Insurance PLC

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and with the Guidance on Accounting for Insurance Business issued by the Association of British Insurers updated December 2006. The accounts have been prepared in accordance with Section 255 and Schedule 9A of the Companies Act 1985.

The accounts have been prepared in accordance with applicable accounting standards and with the requirements of the Companies Act 1985, except as explained in note 2 in relation to segmental information.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Annual basis

The technical result for property damage, general liability business and marine cargo business written is determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows.

Premiums written relate to business incepted during the year, together with any difference between booked premiums for prior years and those previously accrued, and includes estimates of premiums due but not yet receivable or notified to the company.

Claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and provisions for future claims handling expenses and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries. Business written for marine insurance (except marine cargo business as detailed above) together with proportional and non-proportional treaty reinsurance had previously been determined on a fund basis. However, current results are now recognised on an annual basis.

Outstanding claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. Such methods extrapolate the development of paid and incurred claims, average cost per claim and ultimate claim numbers for each underwriting year, based upon the observed development of earlier years and expected loss ratios. The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claim costs. Allowance for one off occurrences or changes in legislation, portfolio mix, is also used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome of taking account of all the uncertainties involved. Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of information available to them, the ultimate liability may vary as a result of subsequent information and may result in adjustments to the amounts provided. The timing of the conclusion on these estimates is unknown.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided at current rates using the liability method on all material timing differences to the extent that it is probable that a liability or asset will arise.

The World Marine & General Insurance PLC

NOTES TO THE ACCOUNTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Investment income and transfer of investment return

Income from investments is included in the non-technical account on an accruals basis. A transfer of investment return, including unrealised gains and losses, expenses and charges, is made from the non-technical account to the technical account – general business.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the rates of exchange ruling at that date. Transactions in foreign currencies during the year are translated into sterling using the rate of exchange prevailing at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction on unsettled items is included as an exchange gain or loss in the non-technical profit and loss account.

Cash flow statement

The company is a subsidiary of BHP Billiton Limited, a company which produces consolidated financial statements, including a cash flow statement, which are available to members of the public. Accordingly, the directors have taken advantage of the exemption provided under Financial Reporting Standard 1 (Revised) and have not prepared a cash flow statement in respect of the company.

2. SEGMENTAL INFORMATION

	2007			2006		
	Reinsurance			Reinsurance		
	Gross	ceded	Net	Gross	ceded	Net
	£000	£000	£000	£000	£000	£000
Written premiums						
Marine	-	-	-	-	-	-
Reinsurance acceptances	-	-	-	-	-	-
Property damage and general liability	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earned premiums						
Marine	-	-	-	-	-	-
Reinsurance acceptances	-	-	-	-	-	-
Property damage and general liability	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred claims						
Marine	10	(3)	7	(51)	30	(21)
Reinsurance acceptances	50	-	50	76	-	76
Property damage and general liability	(65)	9	(56)	(118)	-	(118)
	<u>(5)</u>	<u>6</u>	<u>1</u>	<u>(93)</u>	<u>30</u>	<u>(63)</u>
	<u>(5)</u>	<u>6</u>	<u>1</u>	<u>(93)</u>	<u>30</u>	<u>(63)</u>

The World Marine & General Insurance PLC

NOTES TO THE ACCOUNTS (CONTINUED)

2. SEGMENTAL INFORMATION (continued)

	2007	2006
	£000	£000
Balance on the technical account for general business		
Marine	(7)	21
Reinsurance acceptances	(50)	(76)
Property damage and general liability	56	119
Investment income net of net operating expenses	710	503
	<u>709</u>	<u>567</u>
Net technical provisions		
Marine	137	132
Reinsurance acceptances	557	508
Property damage and general liability	158	194
	<u>852</u>	<u>834</u>

An analysis of the profit before taxation and net assets by class of business has not been provided because, in the opinion of the directors, the above segmental analysis is the most appropriate to the business. Investment income and administrative expenses have not been allocated to specific classes of business in determining the segmental net underwriting result as these items are managed on a portfolio basis across all classes of business.

3. NET OPERATING EXPENSES

	2007	2006
	£000	£000
Administrative expenses	18	122
Net operating expenses include an amount of £96k relating to bad debt recoveries	<u></u>	<u></u>

4. INVESTMENT INCOME

	2007	2006
	£000	£000
Income from financial investments	728	625
	<u></u>	<u></u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2007	2006
	£000	£000
Profit on ordinary activities before tax is stated after charging:		
Amounts payable to auditors in respect of		
Statutory audit of the company's financial statements	8	-
Other services pursuant to legislation	9	9
Under accrual in previous years statutory audit	8	-
Foreign exchange movement	2	-
	<u></u>	<u></u>

The World Marine & General Insurance PLC

NOTES TO THE ACCOUNTS (CONTINUED)

6 STAFF COSTS

The average number of employees was nil in 2007 and 2006. The company had no employees at 30 June 2007.

7. DIRECTORS' EMOLUMENTS

The services of Messrs A E Reynolds, M D Frost and G Wilby were provided by BHP Billiton Limited, the ultimate parent undertaking, and no part of their remuneration was specifically attributed to their services to The World Marine & General Insurance PLC.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>a) Analysis of tax in the year</i>	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
The tax charge is made up as follows:		
UK corporation tax at 30% (2006 – 30%)	213	170
Adjustments to tax charge in respect of prior periods	-	-
	<u>213</u>	<u>170</u>
	<u><u>213</u></u>	<u><u>170</u></u>
 <i>b) Factors affecting the current tax charge for the year</i>	 <i>2007</i>	 <i>2006</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before tax	709	567
	<u>709</u>	<u>567</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax of 30%	213	170
Effects of Prior year adjustment	-	-
	<u>-</u>	<u>-</u>
Current tax charge for year	<u>213</u>	<u>170</u>
	<u><u>213</u></u>	<u><u>170</u></u>

9. FINANCIAL INVESTMENTS

The company's investments are held in a managed portfolio administered by BHP Billiton Finance BV. As at 30 June 2007 and 2006 the portfolio was comprised solely of term deposits. The market value and cost of these term deposits were £9,722,343 (2006 – £9,399,651).

10. DEBTORS ARISING OUT OF INSURANCE AND REINSURANCE OPERATIONS

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Intermediaries	93	72
	<u>93</u>	<u>72</u>

11 OTHER DEBTORS

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by group undertakings	4,630	4,396
	<u>4,630</u>	<u>4,396</u>

The World Marine & General Insurance PLC

NOTES TO THE ACCOUNTS (CONTINUED)

12. CALLED UP SHARE CAPITAL

	2007	2006
	£000	£000
Authorised:		
30,000,000 ordinary shares of £1 each	30,000	30,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
11,400,000 ordinary shares of £1 each	11,400	11,400
	<u> </u>	<u> </u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£000	£000
Profit for the financial year	496	397
Opening shareholders' funds	13,059	12,662
	<u> </u>	<u> </u>
Closing shareholders' funds	13,555	13,059
	<u> </u>	<u> </u>

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 "Related Party Transactions", as a wholly owned subsidiary, not to disclose transactions with other group entities

15. ULTIMATE PARENT COMPANY

The ultimate parent company is BHP Billiton Limited (BHP Billiton), which is incorporated in Australia. The only group in which the results of The World Marine and General Insurance PLC are consolidated is that headed by BHP Billiton which are available to the public and may be obtained from BHP Billiton Limited, BHP Billiton Centre, 180 Lonsdale Street, Melbourne, Victoria 3000, Australia.