

HUWOOD LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the financial year ended 28th December 1986.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company did not trade during the period and acts solely as an agent on a non profit making basis for Babcock Mining UK Limited. The Directors do not expect any change in the Company's activity during the next financial year.

RESULTS AND DIVIDEND

As no income or expenses arose during the year, the Directors do not recommend the payment of a dividend.

DIRECTORS

The following Directors held office during the year:-

Mr B C Jones (resigned 30 June 1986)  
Mr T Fenton  
Mr J D Beadling (appointed 2 June 1986)  
Mr R B Lowery  
Mr K Moore  
Mr A Richmond  
Mr D Whitaker (resigned 30 June 1986)

In accordance with the Articles of Association, no Director is required to retire by rotation.

Having been appointed by the Board of Directors during the year, Mr J D Beadling will retire, and being eligible offers himself for re-election.

DIRECTORS' INTERESTS

No Director had any beneficial interest in the Company's own shares or debentures.

The interest of the Directors at 28 December 1986 and their families in the share capital of Babcock International plc, the Company's ultimate holding company were as follows:-

	28 December 1986		29 December 1985 (or date of appointment)	
Ordinary Shares of 25p each	Shares	Options	Shares	Options
J D Beadling	-	-	(2.6.86)-	-
R B Lowery	-	22,000 @171p	-	-
K Moore	-	-	-	-
A Richmond	-	-	-	-



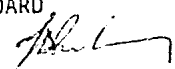
Mr T Fenton is a Director of Babcock Mining Limited and as such does not need to record his interest in this Company's Register of Directors' Interests.

AUDITORS

A resolution to re-appoint the auditors, Coopers and Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

J D Beadling  
Secretary



January 1987

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NUWOOD LIMITED  
BALANCE SHEET AT 28TH DECEMBER 1986

	£	29th December 1985 £
<u>FIXED ASSETS</u>		
<u>Investments</u>		
Loan to Group Holding Company	4,305,334	4,305,334
<u>CAPITAL AND RESERVES</u>		
Called up Share Capital (Note 2)	1,800,000	1,800,000
<u>Other Reserves</u>	£	£
Capital Redemption Reserve Fund	600,000	600,000
Other Capital Reserves	4,996	4,996
	604,996	604,996
<u>Profit and Loss Account</u>	1,900,338	1,900,338
	4,305,334	4,305,334

Approved by the Board of Directors on 8<sup>th</sup> January 1987

.....) }  
 .....) }  
 .....) } Directors

The notes on page 3 form part of these accounts

Auditors' Report - Page 4.

HUWOOD LIMITEDNOTES ON AND FORMING PART OF THE  
ACCOUNTS AT 28TH DECEMBER 19861. TRADING

The Company has not traded during the period and has made neither profit nor loss, any expenses having been borne by Babcock Mining UK Limited

2. SHARE CAPITAL

	<u>28th December 1986</u>		<u>29th December 1985</u>	
	<u>Authorised</u>	<u>Issued Called Up and Fully Paid</u>	<u>Authorised</u>	<u>Issued Called Up and Fully Paid</u>
Ordinary Shares of 25p each	£1,800,000	£1,800,000	£1,800,000	£1,800,000
4.9% Preference Shares of £1 each	£600,000	-	£600,000	-
	<u>£2,400,000</u>	<u>£1,800,000</u>	<u>£2,400,000</u>	<u>£1,800,000</u>

3. DIRECTORS' REMUNERATION

No director has received any remuneration during the period in respect of his services to the Company.

4. HOLDING COMPANY

The immediate holding company of this Company is Babcock Mining UK Limited

5. ULTIMATE HOLDING COMPANY

The ultimate holding company of this Company is Babcock International plc, which is incorporated in Great Britain and registered in England and Wales.

HUWOOD LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 2 and 3 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 28th December 1986 and comply with the Companies Act 1985.

Date...7 December 1987...

*Coopers & Lybrand*  
Chartered Accountants

HUWOOD LIMITED

Minutes of the Annual General Meeting of the Company held at the Registered Office, Gateshead, Tyne & Wear on 8 January 1987 at 9.00 am.

<u>Present</u>	:	Mr T Fenton	Chairman (Representing Babcock Mining UK) Ltd)
		Mr J D Beadling	Secretary (Representing Babcock Nominees Ltd)

Notice

The notice convening the meeting was taken as read.

Share Register Etc

The Share Register, Register of Charges and Register of Directors Shareholdings were tabled at the meeting.

Accounts for the 52 weeks ended 28 December 1986

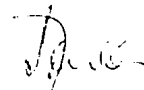
It was resolved that the accounts for the 52 weeks ended 28 December 1986, the Balance Sheet as at that date, together with the Directors and Auditors Reports thereon be and are hereby adopted.

Retiring Directors

Having been appointed by the Board of Directors on 2 June 1986, Mr J D Beadling will retire and being eligible offers himself for re-election.

Auditors

It was resolved that the Auditors of the Company, Coopers & Lybrand, be and are hereby re-appointed for the ensuing year.

  
CHAIRMAN OF THE MEETING