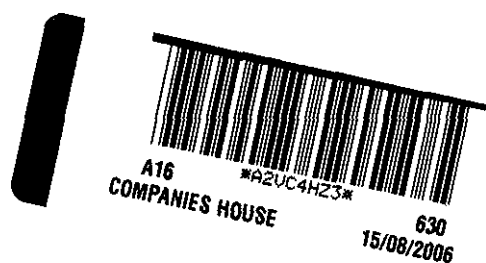


**WOODALL-DUCKHAM INVESTMENTS
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2006

Company number 970007



WOODALL-DUCKHAM INVESTMENTS LIMITED

DIRECTORS' REPORT for the year ended 31 March 2006

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

Principal activity

The company has been dormant as defined in Section 249AA of the Companies Act 1985, throughout the year. There are no plans to alter significantly the non-trading status of the company.

Directors

The directors who served during the year were as follows:

W Tame
F Martinelli

Directors' interests

None of the directors had any beneficial interest in the shares of the company. The interests of W Tame who is also a director of the ultimate parent company, Babcock International Group PLC, is shown in that company's financial statements. According to the register of directors' interests maintained under the Companies Act 1985, the remaining directors who held office at 31 March 2006 and their immediate families have the following shares in and options to subscribe for shares in Babcock International Group PLC.

Details of directors' shares are set out in the table below:

	At 31 March 2006	At 1 April 2005
F Martinelli	724	-

Details of directors' share options are set out in the table below:

Director	Option scheme	Number of shares subject to options at 1 April 2005	Granted during the year	Exercised during the year	Lapsed during the year	Number of shares subject to options at 31 March 2006	Exercise price (p)	Exercisable (subject to vesting where not yet vested) from	Expiry date
F Martinelli	a	28,214	-	-	-	28,214 *	106.33	Nov 2005	Nov 2012
	b	16,786	-	-	-	16,786 *	106.33	Nov 2005	Nov 2012
	b	70,000	-	-	420	69,580 *	115.66	Jun 2006	Jun 2013
	b	35,000	-	-	-	35,000	126.00	Jul 2007	Jul 2014

* All vested

a Babcock 1999 Approved Executive Share Option Scheme
b Babcock 1999 Unapproved Executive Share Option Scheme

No directors exercised share options in the year (2005: nil).

DIRECTORS' REPORT (continued)
for the year ended 31 March 2006

Directors' interests (continued)

Details of share awards made to directors under the Babcock International Group PLC L-TIP scheme are set out in the table below:

Director	Number of shares subject to award at 1 April 2005	Granted during the year	Number of shares subject to award at 31 March 2006	Market value of each share at date of award	Exercisable from	Expiry Date
F Martinelli	-	36,873	36,873	169.50p	Jul 2008	Jul 2015

The terms and conditions of the share awards and option can be found in the financial statements of Babcock International Group PLC for the year ended 31 March 2006.

No director had any material interest during the period in any contract with the company or its subsidiaries requiring disclosure under Section 317 of the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 14 August 2006.



S A Billiald
Secretary

Registered office:
 2 Cavendish Square
 London
 W1G 0PX

WOODALL-DUCKHAM INVESTMENTS LIMITED

BALANCE SHEET
as at 31 March 2006

	Notes	2006	2005
		£	£
Capital and reserves			
Called up share capital	2	100	100
Profit and loss account	3	(100)	(100)
Equity shareholders' deficit		-	-

For the year ended 31 March 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985. Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit or loss for the financial year, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 4 to 5 were approved by the Board on 14 August 2006 and signed on its behalf by:



F Martinelli
Director

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The company did not trade during the year and accordingly it made neither a profit nor loss in the year.

2 Called-up share capital

	2006	2005
	£	£
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
<i>Allotted, called-up and fully paid</i>		
100 Ordinary shares of £1 each	100	100

3 Reserves

	Profit and loss Account
As at 1 April 2005	(100)
Profit for the year	-
As at 31 March 2006	(100)

5 Ultimate parent company

The company's ultimate parent company is Babcock International Group PLC, a company registered in England and Wales. Copies of the Babcock International Group PLC accounts are available to the public at the following address:

Company Secretary
Babcock International Group PLC
2 Cavendish Square
London
W1G 0PX