

**WOODALL-DUCKHAM INVESTMENTS  
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2004**

**Company number 970007**



**WOODALL-DUCKHAM INVESTMENTS LIMITED**

**DIRECTORS AND ADVISORS**

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**DIRECTORS**

W Tame  
F Martinelli

**SECRETARY**

S A Billiald

**REGISTERED OFFICE**

2 Cavendish Square  
London  
W1G 0PX

**AUDITORS**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

The directors present their report and the audited financial statements of the company for the year ended 31 March 2004.

### **Principal activity**

The principal activity of the company continues to be an investment holding company. There are no plans to alter significantly the business of the company.

### **Results and dividends**

The company's profit for the financial year is £48,166 (2003: £nil). The directors do not recommend the payment of a dividend (2003: £nil).

### **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 2004 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.

## WOODALL-DUCKHAM INVESTMENTS LIMITED

### DIRECTORS' REPORT (continued) for the year ended 31 March 2004

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#### Directors and their interests

The directors of the company during the year and since the year end were:-

W Tame  
F Martinelli

None of the directors had any beneficial interest in the shares of the company. At the 31 March 2004, Mr W Tame was also a director of the ultimate parent company and his interest in the shares and share options of that company are disclosed in that company's accounts.

The interests of the other directors in the shares of the company's ultimate parent company, Babcock International Group PLC, were as follows:

|              | Ordinary<br>shares<br>Number | Ordinary<br>shares<br>Number | Share<br>options<br>Number | Share<br>options<br>Number |
|--------------|------------------------------|------------------------------|----------------------------|----------------------------|
|              | 31 March<br>2004             | 31 March<br>2003             | 31 March<br>2004           | 31 March<br>2003           |
| F Martinelli | -                            | -                            | 115,000                    | 45,000                     |

During the year 70,000 share options were granted to F Martinelli.

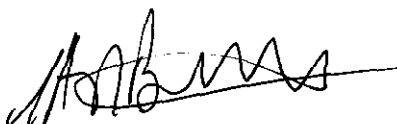
No director had any material interest during the year in any contract with the company or its subsidiaries requiring disclosure under Section 317 of the Companies Act 1985.

#### Auditors

The Company has elected to dispense with the obligation to appoint auditors annually in accordance with section 379A of the Companies Act 1985. In the absence of a notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will be deemed to be re-appointed for the next financial year.

This report was approved by the Board on 12 October 2004.

S A Billiald  
Secretary



**Independent auditors' report to the members of Woodall-Duckham Investments Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit 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.

**Independent auditors' report to the members of Woodall-Duckham Investments Limited  
(continued)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

12 October 2004

WOODALL-DUCKHAM INVESTMENTS LIMITED

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2004

|  | Notes    | 2004          | 2003     |
|--|----------|---------------|----------|
|  |          | £             | £        |
| Intercompany balance forgiven                        |          | 48,166        | -        |
| <b>Profit on ordinary activities before taxation</b> |          | <b>48,166</b> | <b>-</b> |
| Tax on profit on ordinary activities                 | 2        | -             | -        |
| <b>Retained profit for the year</b>                  | <b>6</b> | <b>48,166</b> | <b>-</b> |

During the year there were no recognised gains and losses other than those dealt with in the profit and loss account. All the above results derive from continuing activities. The retained profit in both the current and prior years represents the only movements in shareholders' deficit.

The accompanying notes form an integral part of this profit and loss account.

There were no material differences between profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalent.

**WOODALL-DUCKHAM INVESTMENTS LIMITED**

**BALANCE SHEET  
as at 31 March 2004**

|   | Notes | 2004         | 2003     |
|---|-------|--------------|----------|
|   |       | £            | £        |
| <b>Fixed assets</b>                                   |       |              |          |
| Investments   | 3     | -            | -        |
|   |       | -            | -        |
| <b>Creditors:</b> amounts falling due within one year |       |              |          |
| Amounts owed to group undertakings                    | 4     | -            | (48,166) |
| <b>Net liabilities</b>                                |       | -            | (48,166) |
| <b>Capital and reserves</b>                           |       |              |          |
| Called up share capital                               | 5     | <b>100</b>   | 100      |
| Profit and loss account                               |       | <b>(100)</b> | (48,266) |
| <b>Equity shareholders' deficit</b>                   |       | -            | (48,166) |

The financial statements on pages 7 to 11 were approved by the Board on 12 October 2004 and signed on its behalf by:



F Martinelli  
Director

The accompanying notes form an integral part of this balance sheet.



## **1 Accounting policies**

### **Basis of accounting**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

In considering the appropriateness of adopting the going concern basis in preparing the financial statements the directors have given due consideration to the future financial operating requirements of the company. They expect the company to remain in existence for the foreseeable future and are assured of the continued financial support of the ultimate parent company for the twelve months from the date of approval of the financial statements.

In these circumstances, the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

### **Cash flow statement**

A cash flow statement has not been prepared as the company has taken advantage of the exemption under FRS1, available to wholly owned subsidiaries of a company incorporated in the EU whose consolidated financial statements include a consolidated cash flow statement.

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

# WOODALL-DUCKHAM INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

During the year the Babcock International Group has continued its policy of surrendering tax losses and advance corporation tax to group undertakings for no consideration except where there is a minority interest in the subsidiary.

### 2 Tax on Profits on Ordinary Activities

The UK corporation tax for the period is nil (2003: nil). The difference between the effective tax rate in 2004 and the statutory rate is due to intragroup debt forgiven of £48,166 which does not give rise to a tax charge. There is no provided or unprovided deferred tax at the year end (2003: nil).

### 3 Investments

The company holds 40% of the ordinary shares in Saha Woodall-Duckham Pte Limited, an unlisted company incorporated in India which is non trading. This investment has been written down to £nil value in previous years.

| 4 | <b>Creditors: amounts falling due within one year</b> | <b>2004</b> | <b>2003</b> |
|---|---|-------------|-------------|
|   |   | <b>£</b>    | <b>£</b>    |
|   | Amounts owed to group undertakings                    | -           | 48,166      |

### 5 Called-up share capital

|   | <b>2004</b> | <b>2003</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| <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         |

**WOODALL-DUCKHAM INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6 Reserves**

|                            | Profit and loss<br>Account |
|----------------------------|----------------------------|
| As at 1 April 2003         | (48,266)                   |
| Profit for the year        | 48,166                     |
| <b>As at 31 March 2004</b> | <b>(100)</b>               |

**7 Reconciliation of movement in shareholders' funds**

|                             | 2004<br>£'000 | 2003<br>£'000 |
|-----------------------------|---------------|---------------|
| Opening shareholders' funds | (48,166)      | (48,166)      |
| Profit for the year         | 48,166        | -             |
| Closing shareholders' funds | -             | (48,166)      |

**8 Financial commitments**

At 31 March 2004 the company had no commitments for capital expenditure (2003: £nil).

**9 Directors' remuneration and employee costs**

No director received any remuneration during the year in respect of services to the company (2003: £nil). The company has no employees (2003: none).

**10 Related party transactions**

The company has taken advantage of the exemption granted to 90% subsidiaries, by FRS8 Related Party Disclosures, not to disclose transactions with group undertakings.

**11 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