

SPECTRA ALIGNMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

Company Registration number 1130106



DIRECTORS' REPORT
for the period ended 31 March 2005

The directors present their annual report on the affairs of the company, together with the financial statements for the period ended 31 March 2005. The company changed its accounting date from 31 December to 31 March.

Principal activities and business review

The company has been dormant as defined in Section 249AA of the Companies Act 1985, throughout the period.

Directors

The directors who served during the period were as follows:

| | |
|---------------|--|
| P L Rogers | (appointed 16 July 2004) |
| F Martinelli | (appointed 11 May 2005) |
| A R Robertson | (appointed 16 July 2004, resigned 14 May 2005) |
| N A Barker | (resigned 30 September 2004) |
| P E Palmer | (resigned 16 July 2004) |

Directors' interests

The directors' interests in the share capital of the ultimate parent company, Babcock International Group PLC, are disclosed in the financial statements of that company, except as disclosed below:

| | Ordinary shares 31 March 2005 | Ordinary shares 31 December 2003 | Share options 31 March 2005 | Share options 31 December 2003 |
|---------------|--|---|--|---|
| A R Robertson | 1,462 | - | 163,492 | - |
| F Martinelli | - | - | 150,000 | 115,000 |

During the period 35,000 share options were granted to F Martinelli.

During the period 163,492 share options were granted to A R Robertson.

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.

There are no other interests required to be disclosed under section 234 of the Companies Act 1985.

DIRECTORS' REPORT (continued)
for the period ended 31 March 2005

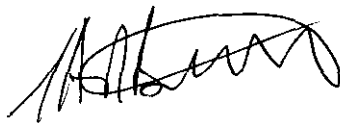
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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; 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 maintaining proper accounting records which 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.

By order of the Board



S Billiald

22 August 2005


BALANCE SHEET
as at 31 March 2005

| | Notes | 31 March 2005 £ | 31 December 2003 £ |
|----------------------------------|-------|-----------------------|--------------------------|
| Current assets | | | |
| Debtors | | | |
| Amounts due from holding company | | 10,500 | 10,500 |
| Net assets | | | |
| | | 10,500 | 10,500 |
| Capital and reserves | | | |
| Called-up share capital | 2 | 10,500 | 10,500 |
| Shareholders' funds | | | |
| | | 10,500 | 10,500 |

Directors' statement

In preparing these unaudited financial statements advantage has been taken of the exemption under section 249AA(1) of the Companies Act 1985. Members have not required the company to obtain an audit under section 249B(2).

Company law requires the directors to prepare financial statements for each financial year which 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 and which comply with the provisions of the Companies Act 1985. The directors are responsible for keeping 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 Companies Act. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.



F Martinelli

22 August 2005

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of accounting

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

2 Called-up share capital

| | 31 March 2005 £ | 31 December 2003 £ |
|--|--------------------------------|--------------------------|
| Authorised, allotted, called-up and fully paid | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| 10,000 ordinary shares of 5p each | 500 | 500 |

3 Ultimate controlling party

At 31 March 2005 the directors regarded Babcock International Group PLC as the parent company of the largest group of which the company is a member and also the parent company of the largest group for which group financial statements are drawn up.

Group financial statements for Babcock International Group PLC can be obtained from the Company Secretary, 2 Cavendish Square, London W1G 0PX.

At the date of signing the accounts the directors regard Babcock International Group PLC, a company incorporated in England and Wales, as the ultimate parent and ultimate controlling party.