

Company No 2426124

UNDERWATER MANAGEMENT ASSOCIATES LIMITED

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2006



UNDERWATER MANAGEMENT ASSOCIATES LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ended 31st December 2006

Activities

The Company has not traded on its own account during the year

Directors

The Directors of the Company during the year were

Mr D S Parkes
Mr P J Lynas

None of the Directors is due to retire from the Board under the provisions of the Company's Articles of Association

None of the Directors has (or has had) any beneficial interest in the share capital of the Company, (or any subsidiary company of the BAE SYSTEMS group of companies) The Directors interests in the share capital of the Company's ultimate holding company, BAE SYSTEMS plc, were as follows

Directors	Ord. Shares of 2.5p		Share Options			
	1.1.06	31.12.06	1.1.06	Exercised/ Lapsed	Granted	31.12.06
D S Parkes	2,866	4,550	54,050	11,133	8,504	51,421
P J Lynas	16,678	55,423	437,033	149,669	75,887	363,251

Name	Restricted Share Plan Matching Shares		Conditional Awards of Shares under BAE SYSTEMS Performance Share Plan			
	1.1.06	31.12.06	1.1.06	Exercised/ Lapsed	Granted	31.12.06
D S Parkes	-	-	15,200	-	5,669	20,869
P J Lynas	17,965	17,965	188,351	18,897	50,591	220,045

BY ORDER OF THE BOARD


D S Parkes
Secretary

Warwick House, P O Box 87
Farnborough Aerospace Centre
Farnborough
Hampshire
GU14 6YU

20 June 2007


UNDERWATER MANAGEMENT ASSOCIATES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2006

	<u>2006</u> £	<u>2005</u> £
Current assets		
Amounts due from group undertakings	2	2
	—	—
Capital and reserves		
Called up Share Capital (Note 4)	2	2
	—	—

- (a) For the year ended 31st December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985
- (c) 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 the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

These accounts were approved by the Board of Directors on 20 June 2007 and were signed on its behalf by



D S Parkes
Director

The notes on page 4 form part of these accounts

UNDERWATER MANAGEMENT ASSOCIATES LIMITED

NOTES TO THE ACCOUNTS

1 Profit and Loss Account

The Company has not traded during the accounting period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

2 Directors' Emoluments

No Director received any emoluments from the Company during the year (2005 £nil)

3 Amount Owed by Group Companies

The amount owed by group companies is in respect of a loan to BAE SYSTEMS plc. The loan bears no interest and is repayable on demand.

4 Share Capital

	Authorised £	Issued £
Share Capital		
At 1 January 2006 and 31 December 2006		
Shares of £1 each fully paid	<u>100</u>	<u>2</u>

5 Ultimate Holding Company

The immediate holding company is BAE SYSTEMS Marine (Holdings) Limited, the ultimate holding company is BAE SYSTEMS plc, a company incorporated in Great Britain, and registered in England and Wales. Copies of the group accounts of BAE SYSTEMS plc, the largest and smallest group in which the results of the company are consolidated, can be obtained from 6 Carlton Gardens, London, SW1Y 5AD.