

Babcock Overseas Investments Limited

Directors' report and financial statements

For the year ended 31 March 2015

Company registration number:

2669327



Babcock Overseas Investments Limited

Directors and advisors

Directors

I Urquhart	(appointed 17 December 2014)
F Martinelli	
P Rogers	
W Tame	(resigned 17 December 2014)

Company Secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Babcock Overseas Investments Limited

Strategic report

The directors present their Strategic report of the Company, for the year ended 31 March 2015.

Principal activities

The principal activity of the Company continues to be that of an investment holding company.

Results

The loss for the financial year was £22,987,000 (2014: loss £20,411,000).

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The management of the business is subject to a number of risks. Procedures are in place across the Group to identify, assess and mitigate major business risks. The management of risk is an integral part of our operational review process and is supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 60 to 69 of the annual report of Babcock International Group PLC, which does not form part of this report.

By order of the Board 18 December 2015



I Urquhart
Director

Babcock Overseas Investments Limited

Directors' report

The directors present their Directors' report and the audited financial statements of the Company, for the year ended 31 March 2015.

Future direction of the Company

There are no plans to significantly alter the business of the Company.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued support of the immediate parent company Babcock Holdings Limited. The directors have received confirmation that Babcock Holdings Limited intends to support the Company for at least one year after these financial statements are signed.

Dividends

Dividends declared and paid in the current financial year were £nil (2014: £nil). There are no plans for a final dividend.

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the Company are, and were during the financial year to 31 March 2015, entitled to be indemnified by the Company against liabilities and costs incurred in connection with the execution of their duties or the exercise of the powers, to the extent permitted by the Companies Act 2006.

Babcock International Group PLC also provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of directors of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

Financial risk management

All treasury transactions are carried out only with prime rated counter-parties. Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 44 to 46 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

I Urquhart	(appointed 17 December 2014)
F Martinelli	
P Rogers	
W Tame	(resigned 17 December 2014)

Babcock Overseas Investments Limited
Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Auditors and the disclosure of information

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors' report, of which the auditors are unaware. Having made enquiries of fellow directors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Reappointment of independent auditors

A resolution proposing to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board on 18 December 2015



I Urquhart
Director

Babcock Overseas Investments Limited

Independent auditors' report to the members of Babcock Overseas Investments Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Overseas Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Balance sheet as at 31 March 2015;
- the Profit and loss account for the year then ended;
- the Reconciliation of movement in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

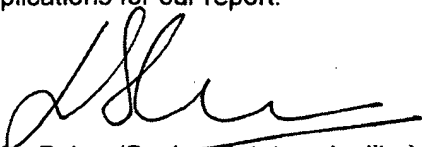
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2015

Babcock Overseas Investments Limited**Profit and loss account****For the year ended 31 March 2015**

	Notes	31 March 2015 £'000	31 March 2014 £'000
Administrative expenses	3	(12,446)	9,543
Other operating income – exceptional item	3	-	-
Operating (loss)/profit		(12,446)	9,543
Interest receivable and similar income	2	63,658	54,888
Amounts written off investments		-	(19,752)
Interest payable and similar charges	2	(74,199)	(65,090)
Loss on ordinary activities before taxation	3	(22,987)	(20,411)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	12	(22,987)	(20,411)

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

There were no other recognised gains or losses aside from those shown in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

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

Babcock Overseas Investments Limited

Company registration number: 02669327
Balance sheet as at 31 March 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Fixed assets			
Shares in group undertakings	6	1,956,574	1,878,833
Debtors: amounts falling due after more than one year	7	74,521	29,969
Current assets			
Debtors: amounts falling due within one year	7	361,289	347,731
Cash at bank and in hand		346	1,411
Creditors: amounts falling due within one year	8	(606,658)	(500,266)
Net current liabilities		(245,023)	(151,124)
Total assets less current liabilities		1,786,072	1,757,678
Creditors: amounts falling due after more than one year	9	(116,173)	(64,792)
Net assets		1,669,899	1,692,886
Capital and reserves			
Called up share capital	11	3,260	3,260
Share premium account	12	724,432	1,724,432
Profit and loss account	12	942,207	(34,806)
Total shareholders' funds	12	1,669,899	1,692,886

The financial statements on pages 8-24 were approved by the board of directors and signed on its behalf by:



I Urquhart
Director

18 December 2015

Babcock Overseas Investments Limited

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of preparation

The Company has net current liabilities at 31 March 2015. The directors of Babcock Holdings Limited have confirmed that they will continue to provide financial support for at least one year from the date of signing these financial statements, such that the Company continues to settle third party liabilities as they fall due accordingly, the financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 applicable accounting standards in the United Kingdom.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment. Any impairment is recognised in the Profit and loss account in the year in which it arises.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The taxation liabilities of certain group companies may be reduced, wholly or in part, by surrender of losses by fellow group companies. The decision to charge group relief is made on a case by case basis.

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 years 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 measured at the average tax rates that are expected to apply in the years 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. Deferred tax is measured on a non-discounted basis.

Group financial statements

The Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared group financial statements as it is a wholly owned subsidiary of Babcock International Group PLC, which prepares consolidated financial statements which are publicly available.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) to dispense with the requirement to prepare a cash flow statement in its financial statements, as a consolidated cash flow statement is included in the financial statements of the ultimate parent company, which are publicly available.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling on the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently re-measured at fair value. The Company designates certain of the derivative instruments to be hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that qualify as cash flow hedges, gains and losses are deferred in equity until such time as the firm commitment is recognised, at which point any deferred gain or loss is included in the assets' carrying amount. These gains and losses are then realised through the profit and loss account as the asset is sold.

Certain derivatives do not qualify or are not designated as hedging instruments and any movement in their fair values is recognised in the profit and loss account immediately.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

2. Interest payable and similar charges

	31 March 2015 £'000	31 March 2014 £'000
Interest payable and similar charges:		
Loan interest payable to group undertakings	(11,937)	(11,566)
Fair value changes of derivative financial instruments	(62,262)	(53,524)
	<u>(74,199)</u>	<u>(65,090)</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	1,396	1,364
Fair value changes of derivative financial instruments	62,262	53,524
	<u>63,658</u>	<u>54,888</u>
Net interest payable and similar charges	<u>(10,541)</u>	<u>(10,202)</u>

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	31 March 2015 £'000	31 March 2014 £'000
Tax Compliance	10	6
Auditors' remuneration		
- audit fees	5	5
Foreign exchange loss/(gain)	12,421	(9,564)
Amortisation	10	10
Other operating exceptional	-	-
	<u>12,446</u>	<u>(9,543)</u>

Auditors' remuneration in respect of audit services is borne by Babcock International Group PLC.

4. Staff costs and directors' remuneration

There were no staff employed during the current year or prior period and none (2014: none) of the directors received remuneration in respect of their services to the Company.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

5. Tax on loss on ordinary activities

	31 March 2015 £'000	31 March 2014 £'000
Current tax		
UK Corporation tax on loss for the year	-	-
Adjustment in respect of prior years	-	-
Group relief for consideration	-	-
Current tax charge for the year	-	-
Deferred tax charge	-	-
Adjustment in respect of prior years:	-	-
ACT irrecoverable written off	-	-
Impact of change in UK tax rate	-	-
Tax charge	-	-

The tax assessed for the year is higher (2014: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2015 of 21% (2014: 23%). The differences are explained below:

	31 March 2015 £'000	31 March 2014 £'000
Loss on ordinary activities before taxation	(22,987)	(20,411)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	(4,827)	(4,695)
Effects of:		
Timing differences	-	-
Intangible amortisation not deductible for tax purposes	-	-
Expenses not deductible for tax purposes	-	4,546
Income not subject to tax	-	-
Adjustments in respect of prior years	-	-
Group relief for nil consideration	4,827	149
Non-taxable gains	-	-
Current tax charged for the year	-	-

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2015 is included in the Finance Act 2014. Further changes to the UK corporation tax system were announced in the March 2014 Budget Statement. These included further reductions to the main corporation rate from 21% to 20% by 1 April 2015. These further changes have been substantively enacted at the balance sheet date and, therefore the impact is included in these financial statements. As a result of the above all deferred tax balances are restated at 20% at the balance sheet date.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

6. Fixed asset – Shares in group undertakings

	Total £'000
Cost	
At 1 April 2014	2,298,821
Additions	89,957
Disposals	(12,216)
At 31 March 2015	2,376,562
Provision for impairment	
At 1 April 2014	(419,988)
Charge for the year	-
At 31 March 2015	(419,988)
Net book value	
At 31 March 2015	1,956,574
At 1 April 2014	1,878,833

On the 30 January 2015 Babcock Overseas Investments Limited acquired the following entities:

Babcock New Zealand Pty Ltd (100%) for a consideration of £12,136,000;

Babcock Defence and Security Pty Ltd (100%) for a consideration of £80,000; and

New Aus Co No 1 Pty Ltd (100%) for a consideration of £77,741,000.

On the same date the Company disposed of the investments in both Babcock New Zealand Pty Ltd and Babcock Defence and Security Pty Ltd for proceeds equal to the consideration paid.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company's directly owned subsidiary undertakings, all of which are wholly-owned, except as stated, are:

<u>Company</u>	<u>Country of registration</u>	<u>Principal activities</u>
Babcock International Middle East Limited	England and Wales	Holding company
Babcock Southern Holdings Limited	England and Wales	Holding company
Babcock US Investments Limited	England and Wales	Holding company
Gibraltar Investments (No. 7) Limited	England and Wales	Holding company
PHG Insurance Limited (99.99%)	England and Wales	Holding company
New Aus Co No 1	Australia	Holding company

A full list of all subsidiary undertakings will be annexed to the ultimate parent company's next annual return filed with the Registrar of Companies.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

7. Debtors

	31 March 2015 £'000	31 March 2014 £'000
Amounts owed by group undertakings	382,370	368,840
Derivative financial instruments (note 7)	53,421	8,841
Other debtors	19	19
	435,810	377,700

Included in amounts owed by group undertakings are the following:

£18,469,000 due after more than one year (2014: £18,469,000). The loan is interest bearing at six month UK LIBOR plus one hundred basis points.

£2,631,000 due after more than one year (2014: £2,640,000). The loan is non-interest bearing.

£26,900,000 (2014: £26,900,000) which is repayable on demand and bears interest at six month UK LIBOR plus one hundred basis points.

£3,715,000 (2014: £3,715,000) which is repayable on demand and bears interest at UK LIBOR plus four hundred basis points.

£32,883,000 (2014: £32,883,000) which is repayable on demand and bears interest at UK LIBOR plus one hundred basis points.

The remaining £297,772,000 (2014: £284,233,000) is non-interest bearing and repayable on demand.

Included in Derivative financial instruments:

	31 March 2015		31 March 2014	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Cross-currency interest rate swaps	53,421	(53,421)	8,841	(8,841)
	53,421	(53,421)	8,841	(8,841)
Current portion	-	-	-	-
Non-current portion	53,421	(53,421)	8,841	(8,841)

These derivatives are fair valued based on discounted future cash flows (fair value hierarchy, level 2) with gains and losses passing through the profit and loss account as hedge accounting is not available. Amounts recorded in the profit and loss account are shown below.

	31 March 2015 £'000	31 March 2014 £'000
Loss in profit and loss	-	-

The notional principal amount of outstanding interest rate swap contracts at 31 March 2015 included interest rate swaps in relation to the US\$650 million US\$ to GBP cross currency.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

7. Debtors (continued)

The Company held the following interest rate derivatives at 31 March 2015:

	Amount		Amount at swapped rates		Swap %	Maturity
	US\$'000	£'000	£'000	US\$'000		
Cross currency and interest rate swap	150,000		92,100		Fixed 4.94% US\$ to fixed 5.4% GBP	19/3/2018
Cross currency and interest rate swap	200,000		122,900		Fixed 5.64% US\$ to fixed 5.95% GBP	17/3/2021
Cross currency and interest rate swap	300,000		184,300		Fixed 5.64% US\$ to floating 3 month LIBOR +margin GBP	17/3/2021
Cross currency and interest rate swap		92,100		150,000	Fixed 5.4% GBP to fixed 4.94% US\$	19/3/2018
Cross currency and interest rate swap		122,900		200,000	Fixed 5.95% GBP to fixed 5.64% US\$	17/3/2021
Cross currency and interest rate swap		184,300		300,000	Floating 3 month LIBOR +margin GBP to fixed 5.64% US\$	17/3/2021
Total cross currency and interest rate swaps	650,000	399,300	399,300	650,000		

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

8. Creditors: amounts falling due within one year

	31 March 2015 £'000	31 March 2014 £'000
Bank loans and overdrafts	-	1,078
Amounts owed to group undertakings	606,509	499,039
Corporation tax	149	149
	606,658	500,266

Included in amounts owed to group undertakings are the following:

Loans of £69,000,000 (2014: £69,000,000) repayable on demand and bearing interest at a rate of six month UK LIBOR plus one hundred basis points.

Loan of £163,863,000 (2014: £163,863,000) repayable on demand and bearing interest at a rate of six month UK LIBOR plus four hundred basis points.

Loan of £5,000,000 (2014: £5,000,000) repayable on demand and bearing interest at a rate of UK LIBOR plus one hundred points.

The remaining £368,646,000 (2014: £261,176,000) is non-interest bearing.

9. Creditors: amounts falling due after more than one year

	31 March 2015 £'000	31 March 2014 £'000
Amounts owed to group undertakings	62,044	55,245
Derivative financial instruments (note 7)	53,421	8,841
Other creditors	708	706
	116,173	64,792

Included in amounts owed to group undertakings are the following:

The loan of £62,044,000 (2014: £55,245,000) is due after more than one year and is non-interest bearing.

10. Deferred taxation

The major components of the deferred tax asset and the potential asset are as follows:

	Recognised 31 March 2015 £'000	Recognised 31 March 2014 £'000	Full Potential 31 March 2015 £'000	Full Potential 31 March 2014 £'000
Tax losses (revenue)	-	-	-	-
Capital tax losses	(705)	-	-	(705)
	(705)	-	-	(705)

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

11. Called up share capital

	31 March 2015 £'000	12 March 2014 £'000
Allotted, issued and fully paid	3,260	3,260

12. Reconciliation of movements in Shareholders' funds and reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 31 March 2014	3,260	1,724,432	(34,806)	1,692,886
Loss for the year	-	-	(22,987)	(22,987)
Ordinary shares issued	-	-	-	-
Capital Reduction	-	(1,000,000)	1,000,000	-
At 31 March 2015	3,260	724,432	942,207	1,669,99
At 31 March 2013	3,260	1,724,432	(14,395)	1,713,297
Loss for the year	-	-	(20,411)	(20,411)
Ordinary shares issued	-	-	-	-
At 31 March 2014	3,260	1,724,432	(34,806)	1,692,886

13. Contingent liabilities

The Company at the year end had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2014: £nil) provided to certain group companies.

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

14. Related party disclosures

The Company, as a wholly owned subsidiary, has taken advantage of the exemption granted under Financial Reporting Standards 8 "Related Party Disclosures" from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC, whose financial statements are publically available.

15. Related undertakings

The Company's directly owned subsidiary undertakings, all of which are wholly-owned unless otherwise stated are listed in note 6, all related undertakings are as follows

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Australia Holdings Pty Ltd	Australia	150,500,100 Ordinary shares	100.0000000000%	100.0000000000%
Babcock (NZ) Limited	New Zealand	2,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Marine Industrial Design Limited	New Zealand	100 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Defence & Security Pty Ltd	Australia	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock SSD (Australia) Pty Ltd	Australia	50 Ordinary shares	100.0000000000%	100.0000000000%
Bond Helicopters Australia Pty Limited	Australia	28,973,025 Ordinary shares	100.0000000000%	100.0000000000%
INAER Helicopter Australia Pty Ltd	Australia	100,824,631 Ordinary shares	100.0000000000%	100.0000000000%
AUH-Bidco Pty Limited	Australia	335,250 Ordinary shares	100.0000000000%	100.0000000000%
Australian Helicopters Pty Ltd	Australia	200,228 Ordinary shares	100.0000000000%	100.0000000000%
Babcock International Middle East Limited	United Kingdom	100 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Oman LLC	Oman	990,000 Ordinary shares	99.0000000000%	99.0000000000%
Babcock Southern Holdings Limited	United Kingdom	1,438,710,403,785 Ordinary shares	100.0000000000%	100.0000000000%
AirTanker 1 Limited	United Kingdom	8 Ordinary shares	13.3333333333%	13.3333333333%
AirTanker Holdings Limited	United Kingdom	12,000 Ordinary shares	13.3333333333%	13.3333333333%
AirTanker Finance Limited	United Kingdom	50,000 Ordinary shares	13.3333333333%	100.0000000000%
AirTanker Limited	United Kingdom	45,629,001 Ordinary shares	13.3333333333%	100.0000000000%
AirTanker Services Limited	United Kingdom	22,378 Ordinary shares	22.3333333333%	22.3333333333%
Babcock Critical Assets Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock Education & Training Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	7.0000000000%	7.0000000000%
Babcock Education Holdings Limited	United Kingdom	Holding Company > Subsidiary Company	7.0000000000%	100.0000000000%
Babcock 4S Limited	United Kingdom	801 Ordinary-A shares	5.6070000000%	80.1000000000%
Babcock Learning and Development Partnership LLP	United Kingdom	Holding Company > Subsidiary Company	5.6070000000%	80.1000000000%
Babcock Careers Guidance Limited	United Kingdom	1,050 Ordinary shares	7.0000058647%	100.0000000000%
Babcock Careers Guidance (North) Limited	United Kingdom	166,000 Ordinary shares	7.0000058647%	100.0000000000%
Careers Yorkshire and the Humber Limited	United Kingdom	Guarantor > Guarantee	1.4000011729%	20.0000000000%
Guidance Services Limited	United Kingdom	2 Ordinary shares	7.0000058647%	100.0000000000%
Babcock Careers Guidance (South) Limited	United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	7.0000058647%	100.0000000000%

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

15. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Capital Careers Limited	United Kingdom	8,825 Ordinary shares	6.1775051756%	88.2500000000%
Babcock Skills Development and Training Limited	United Kingdom	111 Ordinary shares	7.0000058647%	100.0000000000%
HCTC Limited	United Kingdom	17,621,361 Ordinary shares	7.0000058647%	100.0000000000%
KML (UK) Limited	United Kingdom	10,526 Ordinary shares	6.6983692483%	95.6909090909%
Touchstone Learning & Skills Limited	United Kingdom	2 Ordinary shares	6.6983692483%	100.0000000000%
National Training Institute LLC	Oman	350,000 Ordinary shares	4.9000041053%	70.0000000000%
Skills2Learn Ltd	United Kingdom	100 Ordinary shares	7.0000058647%	100.0000000000%
Babcock Environmental Services Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Group International Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Naiad Marine B.V	Netherlands	136,200 Ordinary shares	100.0000000000%	100.0000000000%
Saudi Vosper Thornycroft Company Limited	Saudi Arabia	980 Ordinary shares	49.0000000000%	49.0000000000%
Babcock Project Investments Limited	United Kingdom	5,000,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Emergency Services Limited	United Kingdom	2 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Fire Training (Avonmouth) Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Support Services (Canada) Inc.	Canada	1 Common Shares	100.0000000000%	100.0000000000%
Cura Classis Canada (Hold Co) Inc.	Canada	631,200 Common shares	48.0000000000%	48.0000000000%
Cura Classis (Canada) Inc.	Canada	1,315,000 Common shares	48.0000000000%	100.0000000000%
Cura Classis UK (Hold Co) Limited	United Kingdom	178,560 Ordinary shares	48.0000000000%	48.0000000000%
Cura Classis (UK) Limited	United Kingdom	372,000 Ordinary shares	48.0000000000%	100.0000000000%
Learning21 Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock2 Limited	United Kingdom	6,000,145 ORDINARY shares	100.0000000000%	100.0000000000%
Armstrong Technology Associates Limited	United Kingdom	50,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Defence Systems Limited	United Kingdom	10,000 ORDINARY shares	100.0000000000%	100.0000000000%
Chepstow Insurance Limited	Guernsey	600,000 Ordinary shares	99.9998686274%	100.0000000000%
Vosper Thornycroft (UK) Limited	United Kingdom	23,391,575 Ordinary 20p shares	100.0000000000%	100.0000000000%
Babcock Brisco Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Corporate Services Limited	United Kingdom	181,369,248 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Finance Limited	United Kingdom	1 Ordinary shares	0.0100000000%	0.0100000000%
Babcock Airports Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock B.V.	Netherlands	18,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Critical Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Chart Services Limited	United Kingdom	6,345,292 Ordinary shares	100.0000000000%	100.0000000000%

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

15. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Investments (Number Eight) Limited	United Kingdom	1 Ordinary shares	0.0000165400%	0.0000165404%
Chart Distribution Services Limited	United Kingdom	2,000 Ordinary shares	99.9977467628%	100.0000000000%
S.MacNeillie & Son Limited	United Kingdom	92 Ordinary-A shares, 108 Ordinary-B shares, 40 Ordinary-C shares, 4 Ordinary-D shares, 1 Ordinary-E shares, 1 Ordinary-F shares	100.0000000000%	100.0000000000%
Transfleet Distribution Limited	United Kingdom	20,000 Ordinary shares	100.0000000000%	100.0000000000%
Municipal Vehicle Hire Limited	United Kingdom	100 Ordinary shares	100.0000000000%	100.0000000000%
Transfleet Truck Rentals Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Defence & Security Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Airwork Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Airwork Advanced Group Company LLC	United Arab Emirates	98,000 Ordinary shares	49.0000000000%	49.0000000000%
Airwork Technical Services & Partners LLC	Oman	127,500 Ordinary shares	51.0000000000%	51.0000000000%
Babcock Aerospace Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock Defence and Security Investments Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
ALC (Superholdco) Limited	United Kingdom	5,000 Ordinary shares	50.0000000000%	50.0000000000%
ALC (FMC) Limited	United Kingdom	1 Ordinary shares	50.0000000000%	100.0000000000%
ALC (Holdco) Limited	United Kingdom	10,000 Ordinary shares	50.0000000000%	100.0000000000%
ALC (SPC) Limited	United Kingdom	10,000 Ordinary shares	50.0000000000%	100.0000000000%
Ascent Flight Training (Holdings) Limited	United Kingdom	799,000 Ordinary shares	50.0000000000%	50.0000000000%
Advanced Jet Training Holdings Limited	United Kingdom	68,000 Ordinary shares	50.0000000000%	100.0000000000%
Advanced Jet Training Limited	United Kingdom	68,000 Ordinary shares	50.0000000000%	100.0000000000%
Ascent Flight Training (Management) Limited	United Kingdom	1,500,000 Ordinary shares	50.0000000000%	100.0000000000%
Ascent Flight Training (Services) Limited	United Kingdom	30,000 Ordinary shares	50.0000000000%	100.0000000000%
Fixed Wing Training Holdings Limited	United Kingdom	1 Ordinary shares	50.0000000000%	100.0000000000%
Fixed Wing Training Limited	United Kingdom	1 Ordinary shares	50.0000000000%	100.0000000000%
Rear Crew Training Holdings Limited	United Kingdom	1,000 Ordinary shares	50.0000000000%	100.0000000000%
Rear Crew Training Limited	United Kingdom	1,000 Ordinary shares	50.0000000000%	100.0000000000%
Defence Integrated Supply Chain Solutions Limited	United Kingdom	2 Ordinary shares	50.0000000000%	50.0000000000%
Holdfast Training Services Limited	United Kingdom	740 Ordinary shares	74.0000000000%	74.0000000000%
Babcock Fire Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock Flagship Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Fast Holdings Limited	United Kingdom	54 Ordinary-B shares	4.9908000000%	4.9908000000%
Fast Training Services Limited	United Kingdom	2 Ordinary shares	4.9908000000%	100.0000000000%
Flagship Fire Fighting Training Limited	United Kingdom	100 ORDINARY shares	100.0000000000%	100.0000000000%

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

15. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Land (Whitefleet Management) Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Whitefleet Limited	United Kingdom	25,000 Ordinary-B shares	50.0000000000%	50.0000000000%
Babcock Support Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Active Management Limited	United Kingdom	100 Ordinary-A shares, 1 Ordinary-B shares	100.0000000000%	100.0000000000%
Air Power International Limited	United Kingdom	93,840 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Dyncorp Limited	United Kingdom	560 Ordinary-A shares	56.0000000000%	56.0000000000%
Babcock HSPS Trustees Limited	United Kingdom	2 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Money Purchase Trustees Limited	United Kingdom	12 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Partners No 2010 Limited	United Kingdom	50,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Support Services s.r.l.	Italy	10,000 Ordinary shares	100.0000000000%	100.0000000000%
Debut Services (Contracts) Limited	United Kingdom	1 Ordinary shares	9.0909090909%	9.0909090909%
Debut Services (South West) Limited	United Kingdom	500 Ordinary shares	50.0000000000%	50.0000000000%
Debut Services Limited	United Kingdom	150 Ordinary shares	15.0000000000%	15.0000000000%
Devonport Management Limited	United Kingdom	2 ORDINARY shares	100.0000000000%	100.0000000000%
Hiberna FM Limited	United Kingdom	2 ORDINARY shares	100.0000000000%	100.0000000000%
Mouchel Babcock Education Investments Limited	United Kingdom	1 Ordinary shares	50.0000000000%	50.0000000000%
Hackney Schools for the Future Limited	United Kingdom	40,000 Ordinary shares	40.0000000000%	80.0000000000%
Mouchel Babcock Education Services Limited	United Kingdom	1 Ordinary shares	50.0000000000%	50.0000000000%
Peterhouse GmbH	Germany	25,600 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Support Services GmbH	Germany	25,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Engine Controls Limited	United Kingdom	7,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Engineering Limited	United Kingdom	2,500,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Fire Services (SW) Limited	United Kingdom	50,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Infrastructure Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock Civil Infrastructure Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000000000%	100.0000000000%
Babcock International Support Services Limited	United Kingdom	26,250,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Careers Management Limited	United Kingdom	43,100 A ORDINARY shares, 43,100 B ORDINARY shares, 16,300 C ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Career Progressions Limited	United Kingdom	1,200 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Lifeskills Limited	United Kingdom	10,000 Ordinary shares	100.0000000000%	100.0000000000%
Surrey Careers Services Limited	United Kingdom	18,613 ORDINARY shares	75.0857235064%	75.0857235064%
Sussex Advice and Skills Limited	United Kingdom	Guarantor > Guarantee	50.0000000000%	50.0000000000%
Babcock Education and Skills Limited	United Kingdom	2 ORDINARY shares	100.0000000000%	100.0000000000%

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

15. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Project Services Limited	United Kingdom	25,000 Ordinary-A shares, 25,000 Ordinary-B shares	100.000000000000%	100.000000000000%
Babcock Southern Careers Limited	United Kingdom	15,020 Ordinary-A shares, 3,980 Ordinary-B shares, 1,000 Ordinary-C shares	100.000000000000%	100.000000000000%
Babcock Technical Services Limited	United Kingdom	2 ORDINARY shares	100.000000000000%	100.000000000000%
Babcock West Sussex Careers Limited	United Kingdom	80,100 Ordinary-A shares	80.100000000000%	80.100000000000%
Vesper Mantech Limited	United Kingdom	30,000 Ordinary-A shares, 20,000 Ordinary-B shares	100.000000000000%	100.000000000000%
Westminster Education Consultants Limited	United Kingdom	10,000 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Investments (Fire Services) Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Leasaco Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Malta Limited	Jersey	141 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Marine Products Limited	United Kingdom	5,500,000 Ordinary shares	100.000000000000%	100.000000000000%
Form Land Support Limited	United Kingdom	191,287 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Partner No 6 Limited	United Kingdom	45,309,880 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Partner No 7 Limited	United Kingdom	500,000 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Porchester Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Trustees Limited	United Kingdom	2 Ordinary shares	100.000000000000%	100.000000000000%
Vesper Thornycroft (Malaysia) Sdn Bhd	Malaysia	9 Ordinary shares	100.000000000000%	100.000000000000%
VT Insurance Services Limited	Guernsey	20,999,999 Ordinary shares	99.9999952381%	99.9999952381%
Babcock US Investments Limited	United Kingdom	2,610 Ordinary shares	100.000000000000%	100.000000000000%
Babcock US Investments Inc.	United States	100 Ordinary-A shares, 100 Ordinary-B shares	100.000000000000%	100.000000000000%
Babcock US Investments (Number Two) LLC	United States	100 Ordinary-A shares, 100 Ordinary-B shares	100.000000000000%	100.000000000000%
Babcock Group (US Investments) Limited	United Kingdom	2,000 Ordinary shares	100.000000000000%	100.000000000000%
Babcock International US Inc	United States	1,000 Ordinary shares	100.000000000000%	100.000000000000%
Vesper Thornycroft Controls Inc	United States	1,000 Ordinary shares	100.000000000000%	100.000000000000%
VT Maritime Dynamics, Inc	United States	325,500 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Holdings (USA) Incorporated	United States	5,292 Redeemable Preference shares, 3,712 Common shares	100.000000000000%	100.000000000000%
Babcock Support Services (USA) LLC	United States	1 Ordinary shares	100.000000000000%	100.000000000000%
Context Information Security LLC	United States	50 Ordinary-A shares, 50 Ordinary-B shares	100.000000000000%	100.000000000000%
Cura Classis (US) Hold Co LLC	United States	1 Ordinary shares	100.000000000000%	100.000000000000%
Cura Classis (US) LLC	United States	1 Ordinary shares	100.000000000000%	100.000000000000%
Gibraltar Investments (No. 7) Limited	United Kingdom	1,000 Ordinary shares, 1,000,000 Ordinary-B shares	100.000000000000%	100.000000000000%

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

15. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Tyneham Investments Limited	United Kingdom	36 ORDINARY shares	26.4705882353%	26.4705882353%
Birchill Investment Co. Limited	United Kingdom	8 ORDINARY shares	21.1764705882%	80.0000000000%
Babcock International Limited	United Kingdom	100,000,000 ORDINARY shares, 5,000,000 Preference shares	21.1764705882%	100.0000000000%
Babcock Contractors Limited	United Kingdom	6,700,000 ORDINARY shares	21.1764705882%	100.0000000000%
Babcock Nominees Limited	United Kingdom	700,000 ORDINARY shares	21.1764705882%	100.0000000000%
Babcock Overseas Investments Limited	United Kingdom	1 ORDINARY shares	100.0000000000%	0.0000306694%
Babcock UK Finance	United Kingdom	10 ORDINARY shares	0.0005235610%	0.0024723713%
Chepstow Insurance Limited	Guernsey	1 Ordinary shares	99.9998686274%	100.0000000000%
Babcock Woodall-Duckham (Overseas) Limited	United Kingdom	108,485 'B' ORDINARY shares, 51,515 ORDINARY shares, 180,000 6% CUMULATIVE PREFERENCE shares	21.1762588235%	99.9990000000%
Babcock-Moxey Limited	United Kingdom	20,447 ORDINARY shares	21.1764705882%	100.0000000000%
BMH (2002) Limited	United Kingdom	129,572 ORDINARY shares	21.1764705882%	100.0000000000%
Hiberna Contract Services Limited	United Kingdom	8,614,327 ORDINARY shares	21.1764705882%	100.0000000000%
Hiberna Limited	United Kingdom	100 ORDINARY shares	21.1764705882%	100.0000000000%
St Helen's Securities Limited	United Kingdom	11,361,934 ORDINARY shares	21.1764705882%	100.0000000000%
The Stirling Boiler Company Limited	United Kingdom	15,000 ORDINARY shares	21.1764705882%	100.0000000000%
PHG Insurance Limited	Guernsey	99,999 Ordinary shares	99.9990000000%	99.9990000000%

16. Parent undertakings

The Company's immediate parent company is Babcock Holdings Limited, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC financial statements are available from the following address:

The Company Secretary
Babcock International Group PLC
33 Wigmore Street
London, W1U 1QX