

BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

DIRECTORS' REPORT AND

FINANCIAL STATEMENTS

for the period ended 31 March 1995

Company number 2955502

BINDER HAMLYN



BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

DIRECTORS AND ADVISORS

DIRECTORS

Dr TJ Parker
NR Salmon
EAS Porter

SECRETARY

J Allen

REGISTERED OFFICE

Badminton Court
Church Street
Amersham
Bucks HP7 ODD

AUDITORS

Binder Hamlyn
Chartered Accountants
20 Old Bailey
London EC4M 7BH

BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

DIRECTORS' REPORT
for the period ended 31 March 1995

FINANCIAL STATEMENTS

The directors present their report and financial statements for the period ended 31 March 1995.

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 the profit or loss 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 to 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.

ACTIVITIES

The company did not trade during the year under review and made neither a profit nor a loss. The company changed its name from Sharewill Limited on 20 October 1994 to Babcock Holdings Limited.

SIGNIFICANT EVENTS DURING THE YEAR

As part of the reorganisation of the UK based subsidiaries of Babcock International Group PLC, the company acquired investments in various group companies during the period. The details of the transactions undertaken by the company during the period are set out in Note 3.

BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

DIRECTORS' REPORT
for the period ended 31 March 1995

DIRECTORS

The members of the Board during the period and since the period end were:

Dr TJ Parker	(appointed 29 September 1994)
NR Salmon	(appointed 29 September 1994)
EAS Porter	(appointed 29 September 1994)

No director has any beneficial interest in the company's own shares. At 31 March 1995 Dr TJ Parker, Mr NR Salmon and Mr EAS Porter were also directors of the ultimate parent company and their interests in the shares of that company are disclosed in that company's financial statements.

TAX STATUS

In the opinion of the directors the company is not a close company within the meaning of Section 414 Income and Corporation Taxes Act 1988.

AUDITORS

During the period Binder Hamlyn were appointed as auditors. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30 June 1995.



Secretary

BINDER HAMLYN

20 Old Bailey
London EC4M 7BH

AUDITORS' REPORT

to the members of Babcock Holdings Limited
(formerly Sharewill Limited)

We have audited the financial statements on pages 4 to 8 which have been prepared on the basis of the accounting policy set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

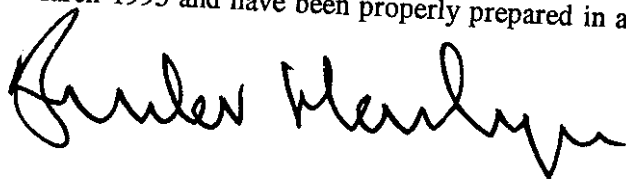
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1995 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

20 June 1995

BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

BALANCE SHEET
as at 31 March 1995

	Notes	1995 £000
FIXED ASSETS		
Investments	3	122,231
CREDITORS: amounts falling due within one year		
Amounts owed to fellow subsidiary undertakings		(44,449)
Net assets		77,782
CAPITAL AND RESERVES		
Called up share capital	4	77,782

The financial statements on pages 4 to 8 were approved by the Board on 30 June 1995.

Director



BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICY

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

2 DIRECTORS' REMUNERATION

No director received remuneration in respect of his services to the company during the period under review.

3 FIXED ASSET INVESTMENTS

Fixed asset investments, which are carried at cost less provision for permanent diminution in value represent 100% of the issued share capitals of Babcock International Limited and Babcock Overseas Investments Limited which were acquired at book value from Babcock International Group PLC on 21 October 1994 as part of a reorganisation of the UK subsidiaries of Babcock International Group PLC.

4 SHARE CAPITAL

	Number	Authorised £	Number	Allotted, issued and fully paid £
Authorised capital				
Ordinary shares of £1 each	77,785,000	77,785,000	-	-
Issued at par to Babcock International Group PLC on 21 October 1994	-	-	1,000	1,000
Issued at par to Babcock International Group PLC in exchange for shares in Babcock Overseas Investments Limited on 21 October 1994.	-	-	77,781,000	77,781,000
As at 31 March 1995	77,785,000	77,785,000	77,782,000	77,782,000

BABCOCK HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

5 CONTINGENT LIABILITIES

- (a) The company has joint and several liability for bank facilities of £60.0 million in respect of certain fellow Babcock International Group companies.
- (b) Throughout the Babcock International Group, contingent liabilities exist in respect of guarantees, performance bonds and indemnities issued on behalf of group companies by banks and insurance companies in the ordinary course of business. At 31 March 1995 the company had counter-indemnified a total of £55.1 million in respect of these contingent liabilities.

6 PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Materials handling

Babcock Holdings (Sweden) AB (Sweden)
BMH Wood Technology AB (Sweden)
Limited
BMH Marine AB (Sweden)
BMH Kellve AB (Sweden)
BMH Wood Technology OY (Finland)
Babcock Holdings (USA), Inc (USA)
BMH Wood Technology Inc (USA)
Babcock MH, Inc (Canada)
BMH Americas Inc (USA)
BMH Iberica SA (Spain)
BMH Italiana Srl (Italy)
BMH SA (France)
SN PHB Someral SA (France)
BMH AG (Germany)
BMH Process Technology GmbH
(Germany)
BMH Pacpal Systems GmbH (Germany)
BMH Division GmbH (Germany)
BMH Wood Technology GmbH (Germany)
BMH Trading GmbH (Germany)
BMH China Ltd (Hong Kong)
BMH Asia Pacific (Pte) Limited Singapore

Process

Babcock King-Wilkinson Limited
Babcock Woodall-Duckham (Overseas)
Limited
Babcock Contractors Limited
King-Wilkinson (Saudi Arabia) Limited
(Saudi Arabia) (50%)

Process continued

Babcock Arabia Limited (Saudi Arabia) (50%)
Babcock K-W Sdn Bhd (Malaysia)
Babcock Contractors (West Africa)
Limited (Nigeria)
King-Wilkinson (Nigeria) Limited
(Nigeria) (60%)
Foster Wheeler Babcock (Pty) Limited
(South Africa) (50%) •
Saha Woodall-Duckham Pte Limited
(India) (40%)
Babcock Water Engineering Limited (50%) •
Babcock Environmental, Inc (USA)
ZTT Minerals, Inc (USA) (80%)
Babcock Transenviro Limited Partnership
(USA) (50%)

Energy

Babcock Energy (Management) Limited
Babcock Energy Limited
Babcock Energy Services Limited
Babcock Calorizing Limited
Babcock Power (Overseas Projects)
Limited
Babcock Welding Products Limited
(Scotland)
Diamond Power Specialty Limited (38%) •
Volund Babcock Energy A/S (Denmark) (50%)
BPA Joint Venture (66.7%)
5a Hospital Street, Nantwich, Cheshire
Babcock Flow Control Limited (Scotland)

BABCOCK HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

6 PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS *continued*

Africa

Babcock Africa (Pty) Limited
(South Africa)
Babcock Africa Contracting (Pty) Limited
(South Africa)
Babcock Triplejay (Pty) Limited
Identity Devices (Pty) Limited
(South Africa)
BCG Engineering Contractors (Pty)
Limited (South Africa)
Babcock Properties Holdings (Pty)
Limited (South Africa)

Facilities Management

Babcock Rosyth Defence Limited
(Scotland)
Rosyth Royal Dockyard Plc (Scotland)
Tickford Rail Limited
Babcock Rail Limited
Babcock OGL Joint Venture (50%)
Laing Oil & Gas
Belmont House
1 Berry Street
Aberdeen AB1 1DL
Rosyth 2000 Limited (25%) ●
Babcock New Zealand Holdings Limited
(New Zealand)
Babcock New Zealand Limited
(New Zealand) (70%)

Others

Babcock International Limited
Babcock International Holdings Limited
Cleveland Insurance Limited (Isle of Man)
Babcock Overseas Investments Limited
Babcock International Holding BV
(Netherlands)

All undertakings are wholly owned unless otherwise stated. With the exception of Babcock International Limited and Babcock Overseas Investments Limited which are owed by the company, all group undertakings are owned by subsidiary undertakings. Except as otherwise stated, all shares held comprise ordinary share capital.

All undertakings are incorporated and operated in Great Britain and are registered in England unless otherwise stated. Undertakings located overseas operated principally in the country of incorporation.

● Denotes associated undertakings.

BABCOCK HOLDINGS LIMITED
(formerly Sharewill Limited)

NOTES TO THE FINANCIAL STATEMENTS

7 ULTIMATE PARENT COMPANY

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

Company Secretary
Babcock International Group PLC
Badminton Court
Church Street
Amersham
Buckinghamshire
HP7 0DD