

EVE POWER LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

Company Registration number 03026309



DIRECTORS' REPORT for the year ended 31 March 2006

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 March 2006.

Principal activities and business review

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

Directors

The directors who served during the year were as follows:

F Martinelli	(appointed 11 May 2005)
S A R Billiald	(appointed 23 January 2006)
A R Robertson	(resigned 14 May 2005)

Directors' interests

None of the directors had any beneficial interest in the shares of the company. According to the register of directors' interests maintained under the Companies Act 1985, the directors who held office at 31 March 2006 and their immediate families have the following shares in and options to subscribe for shares in Babcock International Group PLC.

Details of directors' shares are set out in the table below:

	At 31 March 2006	At 1 April 2005
F Martinelli	724	-
S Billiald	4,092	3,443

Details of directors' share options are set out in the table below:

Director	Option scheme	Number of shares subject to options at 1 April 2005	Granted during the year	Exercised during the year	Lapsed during the year	Number of shares subject to options at 31 March 2006	Exercise price (p)	Exercisable (subject to vesting where not yet vested) from	Expiry Date
F Martinelli	a	28,214	-	-	-	28,214 *	106.33	Nov 2005	Nov 2012
	b	16,786	-	-	-	16,786 *	106.33	Nov 2005	Nov 2012
	b	70,000	-	-	420	69,580 *	115.66	Jun 2006	Jun 2013
	b	35,000	-	-	-	35,000	126.00	Jul 2007	Jul 2014
S Billiald	a	10,000	-	-	-	10,000	126.00	Jul 2007	Jul 2014

* All vested

a	Babcock	1999	Approved Executive Share Option Scheme
b	Babcock	1999	Unapproved Executive Share Option Scheme

No directors exercised share options in the year (2005: nil).

DIRECTORS' REPORT (continued)
for the year ended 31 March 2006

Directors' interests (continued)

Details of share awards made to directors under the Babcock International Group PLC L-TIP scheme are set out in the table below:

Director	Number of shares subject to award at 1 April 2005	Granted during the year	Number of shares subject to award at 31 March 2006	Market value of each share at date of award	Exercisable From	Expiry Date
F Martinelli	-	36,873	36,873	169.50p	Jul 2008	Jul 2015

The terms and conditions of the share awards and option can be found in the financial statements of Babcock International Group PLC for the year ended 31 March 2006.

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.

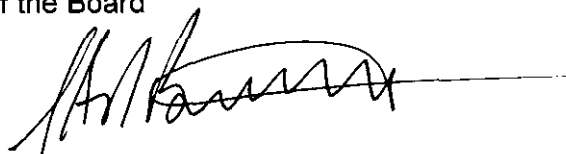
Statement of directors' responsibilities

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 year. 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

2 August 2006

BALANCE SHEET
as at 31 March 2006

	Notes	31 March 2006	31 March 2005
		£	£
Current assets			
Debtor – amount owed by group undertaking		2	2
Net assets		2	2
Capital and reserves			
Called-up share capital	2	2	2
Shareholders' funds		2	2

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 year 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.

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



F Martinelli
Director

2 August 2006

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

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 year and accordingly made neither a profit nor loss in the year.

2 Called-up share capital

	31 March 2006 £	31 March 2005 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid 2 ordinary shares of £1 each	2	2

3 Ultimate controlling party

At 31 March 2006 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.