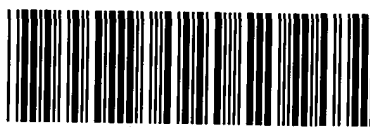


Gibraltar Investments (No. 7) Limited
Directors' report and financial statements
for the year ended 31 March 2015

Company registration number:
04540026

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Gibraltar Investments (No. 7) Limited

Directors and advisor

Directors

F Martinelli	(appointed 17 December 2014)
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

Gibraltar Investments (No. 7) 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 is to provide finance to other companies in the Babcock International Group PLC group ("the Group"), as its profile is considered to be appropriate to such activity.

Results

The profit for the year of £5,130,529 (2014: loss 4,082,283) has been transferred to reserves.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs 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 9 December 2015:



For and on behalf of
Babcock Corporate Secretaries Limited

Gibraltar Investments (No. 7) 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 alter significantly the business of the Company.

Dividends

No dividends were paid during the year (2014: £nil). The board does not recommend a dividend for the financial year (2014: £nil)

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. For further information refer to Note 2 of the Babcock International Group PLC financial statements.

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the Company are, and were during the 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 2014 and remain in force.

Directors of the Company

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

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

Gibraltar Investments (No. 7) 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;
- 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.

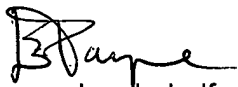
Auditors and the disclosure of information

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 9 December 2015:



For and on behalf of
Babcock Corporate Secretaries Limited

Gibraltar Investments (No. 7) Limited

Independent auditors' report to the members of Gibraltar Investments (No. 7) Limited

Report on the financial statements

Our opinion

In our opinion, Gibraltar Investments (No.7) 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 profit 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; 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.

Gibraltar Investments (No. 7) Limited

Independent auditors' report to the members of Gibraltar Investments (No. 7) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities 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
9 December 2015

Gibraltar Investments (No. 7) Limited

Independent auditors' report to the members of Gibraltar Investments (No. 7) Limited (continued)

	Note	2015 £	2014 £
Administrative expenses	3	<u>5,130,565</u>	<u>(4,082,283)</u>
Operating profit/(loss)		5,130,565	(4,082,283)
		-	-
Income from shares in group undertakings		-	-
Interest receivable and similar income	2	-	-
Interest payable and similar charges	2	<u>(36)</u>	-
Profit/(loss) on Ordinary activities before taxation	3	<u>5,130,529</u>	<u>(4,082,283)</u>
Tax on loss Ordinary activities	5	-	-
Profit/(loss) for the financial year	10	<u>5,130,529</u>	<u>(4,082,283)</u>

There is no difference between the profit/(loss) on Ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents.

There were no other recognised gains and 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.


Gibraltar Investments (No. 7) Limited

Company registration number: 04540026

Balance sheet as at 31 March 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Shares in group undertakings	6	100,000	100,000
CURRENT ASSETS			
Debtors falling due within one year	7	54,077,121	48,946,556
		<u>54,077,121</u>	<u>48,946,556</u>
Creditors: amounts falling due within one year	8	(5,173,684)	(5,173,648)
NET CURRENT ASSETS		<u>48,903,437</u>	<u>43,772,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>49,003,437</u>	<u>43,872,908</u>
NET ASSETS		<u>49,003,437</u>	<u>43,872,908</u>
CAPITAL AND RESERVES			
Called up share capital	9	611,195	611,195
Share premium account	10	-	-
Profit and loss account	10	48,392,242	43,261,713
TOTAL SHAREHOLDERS' FUNDS	10	<u>49,003,437</u>	<u>43,872,908</u>

The financial statements on pages 8 to 15 were approved by the board of directors and signed on its behalf by:



F Martinelli
Director

9 December 2015

Gibraltar Investments (No. 7) Limited

Notes to the financial statements

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

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 publically available.

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 period in which it arises.

Taxation

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by 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 periods 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 presented Group financial statements as it is a wholly owned subsidiary of Babcock International Group PLC which prepares consolidated financial statements which are publicly available.

Gibraltar Investments (No. 7) Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at 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.

2. Interest (payable)/receivable and similar (charges)/income

	2015 £	2014 £
Interest payable and similar charges:		
Bank interest	(36)	-
Loan interest payable to group undertakings	-	-
	<hr/> (36) <hr/>	<hr/> - <hr/>
Interest receivable and similar income:		
Loan interest receivable from group undertaking	-	-
	<hr/> - <hr/>	<hr/> - <hr/>
Net interest receivable and similar income	<hr/> (36) <hr/>	<hr/> - <hr/>

3. Profit/(loss) on Ordinary activities before taxation

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

	2015 £	2014 £
Foreign exchange gain	5,130,565	(4,082,283)
Legal and professional fees	-	-
Other exceptional item	-	-

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

4. Staff costs and directors remuneration

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

Gibraltar Investments (No. 7) Limited

Notes to the financial statements (continued)

5. 'Tax on profit/(loss) on Ordinary activities

	2015 £'000	2014 £'000
Current tax		
UK Corporation tax on loss for the year	-	-
Adjustment in respect of prior years	-	-
Group relief for consideration	-	-
Current tax for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Impact of change in UK tax rate	-	-
Tax charge	-	-

The tax assessed for the year is lower (2014: higher) than the standard rate of Corporation tax in the UK of 21% (2014: 23%). The differences are explained below.

	2015 £	2014 £
Profit/(Loss) on ordinary activities before tax	<u>5,130,529</u>	<u>(4,082,283)</u>
Tax on profit/(loss) on ordinary activities at standard UK Corporation tax rate of 21% (2014: 23%)	1,077,411	(938,925)
Effects of:		
Timing differences	-	-
Intangible amortisation not deductible for tax purposes	-	-
Expenses not deductible for tax purposes	-	-
Adjustments in respect of prior years	-	-
Group relief for nil consideration	(1,077,411)	938,925
Non-taxable gains	-	-
Current tax charged for the year	-	-

Factors affecting current and future tax charges

On 2 July 2013, Finance Act 2013 was substantively enacted, reducing the main rate of UK Corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. Closing deferred tax values have therefore been valued at 20% (2014: 20%).

Gibraltar Investments (No. 7) Limited

Notes to the financial statements (continued)

6. Fixed assets – Shares in group undertakings

	2015 £	2014 £
Cost and net book value	100,000	100,000

The investment in group companies of £100,000 relates to the investment in its wholly owned subsidiary, Babcock International Guarantee Company, an investment holding company incorporated in England and Wales.

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

A full list of related undertakings for the Company have been disclosed in note 13

7. Debtors

	2015 £	2014 £
Due within one year:		
Amounts owed by group undertakings	54,077,121	48,946,556
	54,077,121	48,946,556

Included in amounts owed by group undertakings are the following:

£54,077,121 (2014: £48,946,556) is non-interest bearing and repayable on demand.

8. Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	9,684	9,648
Amounts owed to group undertakings	5,164,000	5,164,000
	5,173,684	5,173,648

Included in amounts owed to group undertakings is a loan of £100,000 (2014: £100,000) bearing no interest and repayable on demand.

The remaining £5,064,000 (2014: £5,064,000) is non-interest bearing and repayable on demand.

Gibraltar Investments (No. 7) Limited

Notes to the financial statements (continued)

9. Called up share capital

	2015 £	2014 £
Authorised:		
50,000,000 (2014: 50,000,000) Ordinary shares of £1 each	<u>50,000,000</u>	50,000,000
Allotted, called up and fully paid:		
1,000 (2014: 1,000) Ordinary shares of £1 each	1,000	1,000
1,000,000 (2014: 1,000,000) Ordinary B shares of \$1 each	<u>610,165</u>	610,165
Allotted, called up and partly paid:		
30,000,000 (2014: 30,000,000) Ordinary shares of £1 each (0.0001p paid per share)	<u>30</u>	30

10. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 1 April 2014	611,195	-	43,261,713	43,872,908
Profit for the year	-	-	5,130,529	5,130,529
Capital Reduction	-	-	-	-
At 31 March 2015	<u>611,195</u>	-	<u>48,392,242</u>	<u>49,003,437</u>
At 1 April 2013	611,195	-	47,343,996	47,955,191
Loss for the year	-	-	(4,082,283)	(4,082,283)
Capital Reduction	-	-	-	-
At 31 March 2014	<u>611,195</u>	-	<u>43,261,713</u>	<u>43,872,908</u>

11. 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.

12. 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.

Gibraltar Investments (No. 7) Limited

Notes to the financial statements (continued)

13. Related undertakings

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

Company Name	Country	Interest	Direct Influence %	Ultimate %
Babcock International Guarantee Company	United Kingdom	100,000 Ordinary shares	100.0000000000%	100.0000000000%
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 UK Finance	United Kingdom	10 Ordinary shares	0.0005236775%	0.0024729215%
Chepstow Insurance Limited	Guernsey	1 Ordinary shares	0.0000352941%	0.0001666667%
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	8,614,325 Ordinary shares	21.1764705882%	100.0000000000%
Hiberna Limited	United Kingdom	102 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%

14. Parent undertakings

The Company's immediate parent undertaking is Babcock Overseas Investments Limited. 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 the Babcock International Group PLC financial statements are available from the following address:

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