

Brooke Marine Shipbuilders Limited

Financial statements for the year ended 31 March 2001
together with directors' and auditors' reports

Registered number: 2113314



Contents

	Page
Directors and advisers	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 8

Directors and advisers

Directors

TWM Liu
MS Easton
A Marsh
WA Cramond

Secretary

RS Martin

Registered Office

Badminton Court
Church Street
Amersham
Buckinghamshire
HP7 0DD

Auditors

Arthur Andersen
1 The Square
Temple Quay
Bristol
BS1 6DG

Directors' report

For the year ended 31 March 2001

Financial statements

The directors present their report and audited financial statements for the year ended 31 March 2001.

Principal activity

The principal activity of the company is the marketing of marine engineering and equipment related to craft in the Brooke Marine range.

Review of business and future developments

The profit and loss account is shown on page 5, the company has not traded in the year.

Babcock Rosyth Defence Limited has confirmed that it will provide financial support to the company and the directors have accordingly prepared the financial statements on the basis that the company is a going concern.

Results and dividends

The profit for the year after taxation amounted to £nil (2000 - loss £1,000). The directors recommend that no dividend be paid (2000 - £nil).

Directors and their interests

The directors of the company at 31 March 2001 were:

TWM Liu
MS Easton
A Marsh
WA Cramond

None of the directors had any beneficial interest in the company's shares. At 31 March 2001 Mr. M S Easton was also a director of the ultimate parent company, Babcock International Group PLC, and his interests in the shares and share options of that company are disclosed in that company's accounts.

The interests of the other directors in the shares of the company's ultimate parent company are shown in the accounts of FBM Babcock Marine Holdings (UK) Ltd.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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.
- 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 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.

Auditors

A resolution to appoint Arthur Andersen as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board



TWM Liu
Director

27 September 2001

Auditors' report

To the Shareholders of Brooke Marine Shipbuilders Limited

We have audited the financial statements on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

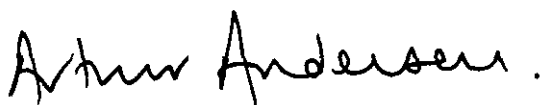
Basis of opinion

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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company at 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 The Square
Temple Quay
Bristol
BS1 6DG

27 September 2001

Profit and loss account

For the year ended 31 March 2001

	Note	2001 £	2000 £
Administrative expenses		-	(1,000)
Loss on ordinary activities before and after taxation, being retained loss	2	-	(1,000)

The accompanying notes are an integral part of this profit and loss account.

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet

31 March 2001

	Note	2001 £	2000 £
Current liabilities			
Creditors: amounts falling due within one year	3	(1,000)	(1,000)
Net current liabilities		(1,000)	(1,000)
Creditors: amounts falling due after more than one year	4	(458,644)	(458,644)
Net liabilities		<u>(459,644)</u>	<u>(459,644)</u>
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account	6	(459,646)	(459,646)
Equity shareholders funds	6	<u>(459,644)</u>	<u>(459,644)</u>

These financial statements were approved by the Board of Directors on 27 September 2001 and were signed on its behalf by:



TWM Liu

Director

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

For the year ended 31 March 2001

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting. Babcock Rosyth Defence Limited has undertaken to give such financial assistance as is necessary to the company. On the strength of this assurance, the financial statements have been prepared on the basis that the company is a going concern.

b) Cash flow statement

The company has taken advantage of the exemptions under Financial Reporting Standard No. 1 (revised), and has not produced a cash flow statement as its ultimate holding company produces a consolidated cash flow statement that includes the cash flows of the company and is publicly available.

c) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted by the balance sheet date.

2 Loss on ordinary activities before taxation

Audit fees in respect of the company were borne by other group companies.

There were no employees of the company and the directors did not receive emoluments in respect of their services to the company.

3 Creditors: amounts falling due within one year:

	2001 £	2000 £
Accruals	<u>1,000</u>	<u>1,000</u>

4 Creditors: amounts falling due after more than one year:

	2001 £	2000 £
Amounts owed to group undertaking	<u>458,644</u>	<u>458,644</u>

The amount due to the holding company is unsecured and the group undertaking has indicated that no repayment of these amounts will be sought within 12 months of the balance sheet date.

Notes to the financial statements (continued)

5 Called up share capital

	2001 £	2000 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

6 Reconciliation of the movement in equity shareholders' funds

	Share capital £	Profit and loss account £	Total equity shareholders funds £
At 1 April 2000, and 31 March 2001	<u>2</u>	<u>(459,646)</u>	<u>(459,644)</u>

7 Contingent liability

The company has a contingent liability with other group companies in respect of a group election for value added tax.

8 Related party transactions

The company, as a wholly owned subsidiary, has taken advantage of the exemption granted under Financial Reporting Standard No. 8, Related parties, by not disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC. Details of balances owed to other group companies is disclosed in note 4.

9 Immediate and ultimate parent company

Brooke Marine Shipbuilders Limited is a wholly owned subsidiary of FBM Babcock Marine Holdings (UK) Limited, a company incorporated in the United Kingdom.

The ultimate holding company, and parent of the only group which consolidates the company, is Babcock International Group PLC. Copies of Babcock International Group PLC's consolidated financial statements may be obtained from The Company Secretary, Babcock International Group PLC, Badminton Court, Church Street, Amersham, Buckinghamshire HP7 0DD.