
Babcock Brazil Investments Limited

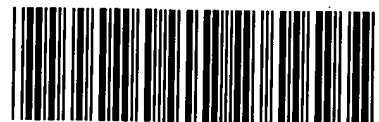
Directors' report and financial statements

For the year ended 31 March 2015

Company registration number:

4539887

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COMPANIES HOUSE

Babcock Brazil Investments Limited

Directors' and advisors

Directors

F Martinelli (appointed 17 December 2014)

A Dungate

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 Brazil Investments Limited

Strategic report

The directors present their Strategic report of the company for the year ended to 31 March 2015.

Principal activities

The principal activity of the company is that of an investment company. There are no plans to alter significantly the business of the company.

Results

The loss for the financial year was £319,790 (2014: profit £18,578,471) and this will be transferred to reserves.

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 30 September 2015



F Martinelli
Director

Babcock Brazil 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 alter significantly 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 financial support of the immediate parent company Babcock Investments Limited. The directors have received confirmation that Babcock Investments Limited intends to support the company for at least one period 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.

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/period and up to the date of signing the financial statements were as follows:

F Martinelli	(appointed 17 December 2014)
A Dungate	
W Tame	(resigned 17 December 2014)

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the company are, and were during the financial year/period 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.

Babcock Brazil 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
- 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.

Independent 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 30 September 2015:



F Martinelli
Director

Babcock Brazil Investments Limited

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

Report on the financial statements

Our opinion

In our opinion, Babcock Brazil 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 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.

Babcock Brazil Investments Limited

Independent auditors' report to the members of Babcock Brazil Investments 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

30 September 2015

Babcock Brazil Investments Limited**Profit and loss account****For the year/period ended 31 March 2015**

	Note	12 months to 31 March 2015 £	18 months to 31 March 2014 £
Administrative expenses		(147,630)	(1,631,311)
Other operating income		-	-
Operating loss		(147,630)	(1,631,311)
Income from shares in group undertakings		-	20,481,855
Interest payable and similar charges	2	(172,160)	(272,073)
Interest receivable and similar income	2	-	-
(Loss)/profit on ordinary activities before taxation	3	(319,790)	18,578,471
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the financial year/period	10	(319,790)	18,578,471

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

During the year/period, there were no other recognised gains or losses other than those dealt with 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.

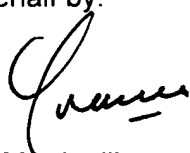
Babcock Brazil Investments Limited

Company registration number: 4539887

Balance Sheet as at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
Fixed assets			
Shares in group undertakings	6	<u>98,778,789</u>	<u>98,057,434</u>
Current assets			
Debtors	7	27,027,876	27,435,866
Cash at bank and in hand		<u>-</u>	<u>20,017</u>
		<u>27,027,876</u>	<u>27,455,883</u>
Creditors: amounts falling due within one year	8	<u>(54,623,529)</u>	<u>(54,010,392)</u>
Net current liabilities		<u>(27,595,653)</u>	<u>(26,554,509)</u>
Total assets less current liabilities		<u>71,183,135</u>	<u>71,502,925</u>
Capital and reserves			
Called up share capital	9	751,000	751,000
Share premium account	10	74,250,000	74,250,000
Profit and loss account	10	<u>(3,817,865)</u>	<u>(3,498,075)</u>
Total shareholders' funds	10	<u>71,183,135</u>	<u>71,502,925</u>

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



F Martinelli
Director

30 September 2015

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.

Going concern

The financial statements have been prepared on the basis that the company is a going concern due to support from Babcock Investments Limited

Investments in subsidiary undertakings

Fixed assets investments 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 periods 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 prepared group financial statements as it is a wholly owned subsidiary undertaking of Babcock International Group PLC, which prepares consolidated financial statements that are publicly available.

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.

Babcock Brazil Investments Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign Exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

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

	12 months to 31 March 2015 £	18 months to 31 March 2014 £
Interest payable and similar charges:		
Bank interest	(15,982)	-
Loan interest payable to group undertakings	(156,178)	(272,073)
	<u>(172,160)</u>	<u>(272,073)</u>
Interest receivable and similar income:		
Bank interest	-	-
Loan interest receivable from group undertaking	-	-
	<u>-</u>	<u>-</u>
Net interest payable	<u>(172,160)</u>	<u>(272,073)</u>

3. Profit on ordinary activities before taxation

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

	12 months to 31 March 2015 £	18 months to 31 March 2014 £
Legal and professional fees	-	(4,163)
Foreign exchange (loss)/gain	(147,630)	(1,011,851)
Tax compliance	-	(500)
Transaction costs	-	(614,797)
	<u>(147,630)</u>	<u>(1,631,311)</u>

4. Staff costs

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

Babcock Brazil Investments Limited

Notes to the financial statements (continued)

5. Tax on (loss)/profit on ordinary activities

	12 months to 31 March 2015 £	18 months to 31 March 2014 £
Current tax charge for the year/period	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior periods:	-	-
ACT irrecoverable written off	-	-
Impact of change in UK tax rate	-	-
Tax charge	-	-

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

	12 months to 31 March 2015 £	18 months to 31 March 2014 £
(Loss)/profit on ordinary activities before taxation	(319,790)	18,578,471
Tax on profit on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	(67,156)	4,334,863
Effects of:		
Income not subject to tax	-	(4,778,975)
Expenses not deductible for tax purposes	-	-
Group relief for nil consideration	67,156	444,112
Current tax charged for the year/period	-	-

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%).

Babcock Brazil Investments Limited

Notes to the financial statements (continued)

6. Fixed assets investments

Cost	Total £
At 1 April 2014	98,057,434
Additions	721,355
At 31 March 2015	98,778,789
Net book value	
At 31 March 2015	98,778,789
At 31 March 2014	98,057,434

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

On 5 November 2012 the Company acquired the entire share capital of Babcock International Holdings BV from Babcock Investments Limited for a consideration of £75,000,000. During the year ended 31 March 2015 it was increased by a further £721,355 (2014: £558,224).

On 22 July 2013 the Company acquired 99.99% of Conbras Engenharia Ltda for a total consideration payable of £22,499,210.

7. Debtors

	31 March 2015 £	31 March 2014 £
Amounts owed by group undertakings	27,027,197	27,435,187
Other debtors	679	679
	27,027,876	27,435,866

The loan of £27,027,197 (2014: £27,435,187) due from fellow subsidiary undertakings is repayable on demand and is non-interest bearing.

8. Creditors: amounts falling due within one year

	31 March 2015 £	31 March 2014 £
Amounts owed to group undertakings	(50,283,716)	(49,672,392)
Bank loans and overdraft	(4,339,813)	-
Other creditors	-	(4,338,000)
	(54,623,529)	(54,010,392)

The loan of ZAR 165,000,000 (2014: ZAR165, 000,000) due to group undertakings bears an interest rate of LIBOR + 1%. The remaining £41,110,170 (2014: £40,263,640) is non-interest bearing and is repayable on demand.

Babcock Brazil Investments Limited

Notes to the financial statements (continued)

9. Called up share capital

	31 March 2015 £	31 March 2014 £
Allotted, issued and fully paid		
751,000 (2014: 751,000) ordinary shares of £1 each	<u>751,000</u>	<u>751,000</u>

10. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds/(deficit) £
At 1 April 2014	751,000	74,250,000	(3,498,075)	71,502,925
Acquisition of subsidiaries	-	-	-	-
Loss for the year	-	-	(319,790)	(319,790)
At 31 March 2015	751,000	74,250,000	(3,817,865)	71,183,135
At 1 April 2013	1,000	-	(22,076,546)	(22,075,546)
Acquisition of subsidiaries	750,000	74,250,000	-	75,000,000
Profit for the year	-	-	18,578,471	18,578,471
At 31 March 2014	751,000	74,250,000	(3,498,075)	71,502,925

11. Contingent liabilities

The company at the year/period 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.

12. Related party disclosures

The company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

13. Related undertakings

Company Name	Country	Interest	Ultimate %	Direct %
Babcock International Holdings BV	Netherlands	18,002 Ordinary-A shares	100.0000%	100.0000%
Babcock Africa Investments (Pty) Ltd	South Africa	215,413 Ordinary shares	100.0000%	100.0000%
Babcock Africa Holdings (Pty) Ltd	South Africa	235,112 Ordinary shares, 1 Preference shares	90.0426%	90.0426%
Babcock Africa (Pty) Limited	South Africa	145,392 Redeemable Preference shares, 1,250,000 Ordinary shares	100.0000%	90.0425%
Babcock Africa Services (Pty) Ltd	South Africa	710,000 Ordinary shares	100.0000%	90.0425%
Babcock Target Plant Services (Pty) Ltd	South Africa	16,659 Ordinary shares	71.9953%	64.8264%
Rowmoor Investments 811 (Pty) Ltd	South Africa	49 Ordinary shares	49.0000%	31.7649%
Babcock Education and Training (Pty) Ltd	South Africa	85,000 Ordinary shares	100.0000%	90.0425%
Babcock Mozambique Limitada	Mozambique	35,000 Ordinary shares	100.0000%	90.0425%

14. Related undertaking (continued)

Company Name	Country	Interest	Ultimate %	Direct %
Babcock Namibia Services Pty Ltd	Namibia	100 Ordinary shares	100.0000%	90.0425%
Babcock Ntuthuko Aviation (Pty) Limited	South Africa	89 Ordinary shares	74.1667%	66.7816%
Babcock Ntuthuko Engineering (Proprietary) Limited	South Africa	300,000 Ordinary shares	75.0000%	67.5319%
Babcock Ntuthuko Powerlines (Proprietary) Limited	Botswana	100 Ordinary shares	100.0000%	67.7570%
Babcock TCM (Proprietary) Limited	Botswana	100 Ordinary shares, 1000 Redeemable Preference shares	100.0000%	90.0425%
Babcock Zambia Limited	Zambia	5,000,000 Ordinary shares	100.0000%	90.0425%
Nimplant (Pty) Ltd	South Africa	100 Ordinary shares	100.0000%	90.0425%
Inaer Aviation Mozambique Lda	Mozambique	4,200,000 Ordinary shares	100.0000%	90.0426%
Babcock Africa Investments BV	Netherlands	18,000 Ordinary shares	100.0000%	100.0000%
Conbras Servicos Tecnicos de Suporte Ltda	Brazil	757,999 Ordinary shares	99.9999%	99.9999%

With Conbras Servicos Tecnicos de Suporte Ltda, and, Babcock International Holdings BV being directly held subsidiaries.

15. Parent undertaking

The company's immediate parent company is Babcock Investments Limited, a company registered in England and Wales. The company's ultimate parent company and 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