

Registered Number 652822

Westland Industries Limited
Annual report and financial statements
for the year ended 31 December 2005



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Westland Industries Limited

Annual report and financial statements for the year ended 31 December 2005

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Westland Industries Limited

Directors and auditors for the year ended 31 December 2005

Directors

A G Brookes

A J Johnston

Secretary

D L May

Registered Office

Lysander Road

Yeovil

Somerset

BA20 2YB

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Westland Industries Limited

Directors' report for the year ended 31 December 2005

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2005.

Directors' responsibility for the preparation of the accounts

At the end of each financial year the Directors are required by the Companies Act 1985 to prepare accounts 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 the accounts for the year ended 31 December 2005, the Directors have chosen to adopt International Financial Reporting Standards (IFRS) for the first time. Details of the accounting policies adopted and exemptions applied under IFRS1 "First time adoption" are described in notes 2 and 3 to the financial statements. In presenting these financial statements appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently applied.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985. In addition, the Directors are responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are properly safeguarded and to ensure that reasonable steps are taken to prevent or detect fraud and other irregularities.

The auditors' responsibilities in relation to the accounts are set out in their report on page 3.

Principal activities and review of business

The principal activities of the Company were to provide manufacturing and support services to defence, aerospace and other advanced technology industries. The operations of the company ceased during 2002 following the decision to consolidate the UK operations of the AgustaWestland group at Yeovil.

Results and dividends

The profit and loss account of the Company shows a net profit attributable to equity shareholders of £500,000 (2004: £9,000). No dividend is recommended for the year (2004: £nil).

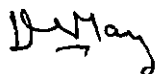
Directors and their interests

The Directors of the Company are detailed on page 1. During the year none of the Directors had any interest in the shares of the Company or its parent or subsidiary companies which are required to be disclosed.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



D L May
Secretary
16 February 2006

Westland Industries Limited

Independent Auditors' report to the members of Westland Industries Limited

We have audited the financial statements of Westland Industries Limited for the year ended 31 December 2005 which comprise the Profit and Loss account, the Statement of Changes in Shareholders' Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

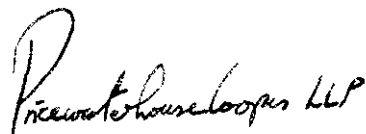
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
16 February 2006

Westland Industries Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Note	Discontinued Operations	
		2005 £000	2004 £000
Operating profit	4	500	-
Financial income	5	-	33
Profit before taxation		500	33
Taxation	6	-	(24)
Net profit for the year attributable to equity shareholders		500	9

Westland Industries Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2005

	Share capital £000	Accumulated profits £000	Total equity £000
At 1 January 2004	9,163	(10,702)	(1,539)
Net profit for the year	-	9	9
At 31 December 2004	9,163	(10,693)	(1,530)
Net profit for the year	-	500	500
At 31 December 2005	9,163	(10,193)	(1,030)

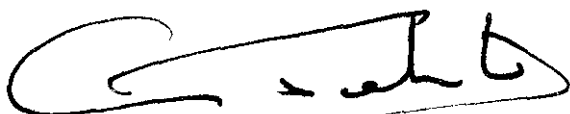
Westland Industries Limited

BALANCE SHEET

At 31 December 2005

	Note	2005 £000	2004 £000
Share capital	8	9,163	9,163
Accumulated profits		(10,193)	(10,693)
Total equity		(1,030)	(1,530)
Trade payables	10	1,030	1,020
Current tax payable	9	-	10
Provisions	11	-	500
Current liabilities		1,030	1,530
Total liabilities		1,030	1,530
Equity and liabilities		-	-

The financial statements on pages 4 to 12 were approved by the Board of Directors on 16 February 2006 and were signed on its behalf by:



A J Johnston
Director

Westland Industries Limited

CASH FLOW STATEMENT

For the year ended 31 December 2005

	2005	2004
	£000	£000
CASH FLOWS FROM/(USED BY) OPERATING ACTIVITIES		
Operating profit	500	-
Increase / (decrease) in other operating payables	10	(441)
Decrease in provisions	(500)	(18)
Net cash provided/(used) by operations	10	(459)
Taxation (paid) / received	(10)	426
Interest received	-	33
Net cash provided/(used) by operating activities	-	459
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	-	-

Westland Industries Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. INTRODUCTION

The Company is a subsidiary of Finmeccanica S.p.A. of Italy which is a listed company required to follow IFRS for its 2005 financial statements. In view of this, the Company has decided to also adopt IFRS in 2005 in order to avoid the preparation of financial information under more than one set of accounting principles and to take advantage in the same year as its parent of the transitional arrangements made available under IFRS1. The Finmeccanica S.p.A. group accounting policies and criteria used in the first time adoption of IFRS have been followed by the Company.

A summary of the significant accounting policies flowed by the Company is shown below together with specific information on the Company's application of the exemptions available to it as a first time adopter of IFRS under IFRS 1.

The Company is domiciled and incorporated in the United Kingdom. The principal activities of the Company were to provide manufacturing and support services to defence, aerospace and other advanced technology industries. The operations of the company ceased during 2002 following the decision to consolidate the UK operations of the AgustaWestland group at Yeovil.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Standards and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act, 1985 applicable to companies under IFRS.

The Company's financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) until 31 December 2004. UK GAAP differs in some areas from IFRS. In preparing the Company's 2005 financial statements, management has amended certain accounting, valuation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments. A description of the effect of the transition from UK GAAP to IFRS is given in note 15.

The financial statements have been prepared under the historical cost convention.

Westland Industries Limited

Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3. TRANSITION TO IFRS

The Company's financial statements for the year ended 31 December 2005 are the first annual financial statements that comply with IFRS. The Company's transition date is 1 January 2004. The Company prepared its opening IFRS balance sheet at that date. The Company's IFRS adoption date is 1 January 2005.

In preparing these financial statements in accordance with IFRS 1 'First-time adoption of International Financial reporting standards' the Company has applied a mandatory exception from full retrospective application of IFRS. Estimates under IFRS at 1 January 2004 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error. No amendments to previous estimates have been made in the financial statements.

4. OPERATING PROFIT

The operating profit for the year consisted of the unused provision relating to the cessation of the Company's activities.

5. FINANCIAL INCOME

	2005	2004
	£000	£000
Interest receivable on loans from group companies	-	33

Westland Industries Limited

6. TAXATION

Analysis of charge in period	2005 £000	2004 £000
Total tax charge – Current tax	-	24

The tax on the Company's profit before tax differs to the theoretical amount that would arise using the standard rate of corporation tax in the UK (30%) as follows:

Reconciliation of tax charge to standard UK tax rate	2005 £000	2004 £000
Profit before tax	500	32
Profit before tax multiplied by rate of corporation tax in the UK of 30% (2004: 30%)	150	10
Adjustments to tax in respect of prior periods	-	14
Potential deferred tax asset not previously recognised	(150)	-
Total tax charge	-	24

7. INVESTMENTS

	Group companies £
Investment in shares	
<i>Cost:</i>	
At 1 January 2004, 31 December 2004 and 31 December 2005	100

Westland Industries Limited

8. SHARE CAPITAL

	At 31 December 2004 and 2005 £
Authorised, allotted, called up and fully paid	
Ordinary shares of £1 each	9,162,521
Total called up share capital	9,162,521

9. CURRENT TAX PAYABLE

	2005 £000	2004 £000
UK corporation taxation – current year	-	10

10. TRADE PAYABLES

	2005 £000	2004 £000
Amounts owing to Westland Helicopters Limited	1,030	1,020

11. PROVISIONS

	2005 £000	2004 £000
Provisions for Company cessation costs	-	500

Westland Industries Limited

12. PRINCIPAL SUBSIDIARY COMPANY

	Country of registration or incorporation	Principal activity	Aggregate amount of Share capital and reserves	By the Company
Westland Industrial Products Ltd	England	Management company	£100	100%

Description of share held: Ordinary and 8% Non-Cumulative preference shares

13. RELATED PARTY TRANSACTIONS

The following transactions were entered into in the normal course of business with Westland Helicopters Limited, which are the Company's only related party transactions : Corporation tax paid £9,745 . At 31 December 2005 the aggregate amounts due to Westland Helicopters Limited included in trade payables were £1,030,000.

14. ULTIMATE AND PARENT UNDERTAKING

Finmeccanica SpA. which is incorporated in Italy is the ultimate parent company, copies of their financial statements may be obtained from Piazza Montegrappa 4, 00195 Rome, Italy. In accordance with IAS27, as the company is a wholly owned subsidiary of Finmeccanica SpA it is exempt from preparing consolidated financial statements. Westland Helicopters Limited incorporated in the United Kingdom is the immediate parent company, copies of their financial statements may be obtained from Lysander Road, Yeovil, Somerset, UK, BA20 2YB.

15. EFFECT OF IFRS ADOPTION

There have been no significant changes as a result of the Company's adoption of IFRS other than in the description of certain assets and liabilities and in the format of the financial statements.