

**EDO MBM TECHNOLOGY LIMITED**

**Report and Financial Statements**

**For the year ended 31 December 2012**

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**REPORT AND FINANCIAL STATEMENTS 2012**

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**REPORT AND FINANCIAL STATEMENTS 2012**

**OFFICERS AND PROFESSIONAL ADVISORS**

**Directors**

P Hills  
J Eaton  
A Roberts

**Secretary**

A Roberts

**Registered Office**

Emblem House  
Home Farm Business Park  
Home Farm Park  
Brighton  
East Sussex  
BN1 9HU

**Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2012

### **Results and dividends**

The profit, after tax, for the year amounted to £1,808,000 (2011 profit of £2,982,000) The directors made a dividend payment of £1.02 per ordinary share (2011 £0.36 per ordinary share)

### **Principal activities and review of the business**

The principal activity of the company during the year was the design, manufacture and assembly of a range of electro-mechanical equipment. The company continues to invest in the development of new and existing products.

Involvement of the staff in the business is considered by the directors to be extremely important and various methods of communication are undertaken including an Employees Involvement Council, monthly briefings and various committees.

The directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future and are confident that, having given consideration to the uncertain economic climate and to the principal risks and uncertainties as set out below, the 2013 activity will be in line with the reported results for 2012 as disclosed below. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Financial key performance indicators**

The directors consider the results achieved in the year to be satisfactory.

The company considers the following to be the key financial performance indicators:

	<b>2012</b>	<b>2011</b>
Sales	£15.7m	£17.2m
Operating profit	£2.3m	£3.9m
Order input	£14.2m	£13.1m
Cash flow from operations	£2.5m	£3.3m
Capital expenditure	£-m	£0.2m

### **Research and development**

During the year the Group has continued to invest in developing its core capabilities and product ranges. This investment is considered by the directors to be of a medium to long term nature and returns from this, are expected in a similar time frame.

### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's continued successful operational performance. Following the order intake in 2012 the directors consider that 2013 will be in line with the performance in 2012.

## DIRECTORS' REPORT (CONTINUED)

### Directors

The directors who served during the year and to the date of signing this report are shown below

P Hills

A Roberts

J Eaton

J Barber (resigned 28<sup>th</sup> February 2013)

D Rawlinson (resigned 30<sup>th</sup> June 2012)

The company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are as follows

#### Competitive Risk

The majority of our contracts are obtained through a competitive bidding process. The successful award of these contracts is uncertain. To continue to operate successfully the company relies on a diverse portfolio of specialist products and capabilities which enables us to support our prime contractors and commercial customers. The company continues to invest in capital equipment, research and development and focussed training to maintain product and program capabilities.

#### Legislative Risk

As a contractor and sub-contractor to the UK and US Governments we are subject to various laws and regulations that are more restrictive than those applicable to non-government contractors. Failure to comply with these regulations may impact on the performance of company. The company adopts best practice in all its transactions with governmental bodies. The company regularly reviews and audits these practices to ensure ongoing compliance.

#### Technical Skill Risk

There is a continuing demand for qualified technical personnel, and we believe that our future growth and success will depend upon our ability to attract, train and retain such personnel. Competition for personnel in the industry is intense, and there are a limited number of persons with knowledge of, and experience in, this industry. Although we currently experience relatively low rates of turnover for our technical personnel, the rate of turnover may increase in the future. An inability to attract or maintain a sufficient number of technical personnel could have a material adverse effect on our contract performance or on our ability to capitalise on market opportunities. The company seeks to maintain and expand upon its technical expertise through regular in-house and external training and by selective recruitment of experienced personnel and graduate trainees.

#### Financial Risk

The financial performance of the company may be at risk due to fluctuations in foreign currency rates and failure of counterparties to discharge their financial obligations.

To minimise the risk of foreign currency rate fluctuations the company may use forward foreign currency contracts to reduce exposure or may ensure foreign currency assets and liabilities are equally matched.

To minimise the risk of a customer failure to discharge its obligations the company employs stringent internal policies to ensure that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

**DIRECTORS' REPORT (CONTINUED)**

**Disclosure of information to the auditor**

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor

Approved by the Board of Directors and signed on behalf of the Board by



P Hills  
Director 23 May 2013

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 elected to prepare 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 judgments and 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, 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 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 AUDITOR'S REPORT TO THE MEMBERS OF EDO MBM TECHNOLOGY LIMITED**

We have audited the financial statements of EDO MBM Technology Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

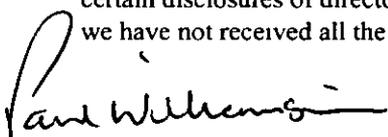
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Williamson BSC FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

30 May 2013

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2012**

	Note	2012 £000	2011 £000
<b>Turnover</b>	2	15,684	17,248
Cost of sales		(9,146)	(8,706)
		<hr/>	<hr/>
<b>Gross profit</b>		6,538	8,542
Administrative expenses		(4,203)	(4,589)
		<hr/>	<hr/>
<b>Operating profit</b>	3	2,335	3,953
Interest receivable and similar income	6	9	15
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		2,344	3,968
Tax charge on profit on ordinary activities	7	(536)	(986)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<u>1,808</u>	<u>2,982</u>

All results are from continuing operations in both the current and preceding year

There are no recognised gains or losses other than the profit of £1,808,000 attributable to the shareholder for the year ended 31 December 2012 (2011 profit of £2,982,000) Accordingly a statement of total recognised gains and losses has not been presented

**BALANCE SHEET**  
At 31 December 2012

	Note	2012 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	8	1,143	1,322
Investments	9	-	-
<b>Current assets</b>			
Stocks	10	1,448	2,890
Debtors	11	5,285	4,271
Cash at bank		2,139	5,566
<b>Creditors, amounts falling due within one year</b>	12	8,872 (3,264)	12,727 (3,364)
<b>Net current assets</b>		5,608	9,363
<b>Total assets less current liabilities</b>		6,751	10,685
<b>Provisions for liabilities and charges</b>	13	(234)	(695)
<b>Net assets</b>		6,517	9,990
<b>Capital and reserves</b>			
Called up share capital	15	5,200	5,200
Share premium account	17	10	10
Profit and loss account	17	1,307	4,780
<b>Shareholder's funds</b>	17	6,517	9,990

The financial statements of EDO MBM Technology Limited, registered number 00402684, were approved by the Board and authorised for issue on 23 May 2013 and signed on its behalf by



P Hills  
Director

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements of EDO MBM Technology Limited were approved for issue by the Board of Directors on the date shown on the balance sheet

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

**Going Concern**

The directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future and are confident that, having given consideration to the uncertain economic climate and to the principal risks and uncertainties as set out in the Directors' Report, the 2013 activity will be in line with the reported results for 2012 as disclosed below. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

**Preparation of group accounts**

The company has utilised the exemption available under section 401 of the Companies Act 2006, not to prepare group accounts. These accounts therefore present information about the company as an individual undertaking and not about its group

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement. The cash flows of the company are included in the group accounts of the ultimate parent undertaking Exelis, Inc

**Related party transactions**

EDO MBM Technology Limited is taking advantage of an exemption conferred by FRS 8 which provides exemption for disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly owned by the same group

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Buildings	-	over the life of the lease
Plant and machinery	-	10% to 33 1/3% straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

**Fixed asset investments**

Investments in subsidiary undertakings, which are held as fixed assets, are stated at cost less provision for any impairment. The carrying values are reviewed for impairment if events or changes in circumstances of the subsidiary undertaking indicate the carrying value may not be recoverable

**Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Provisions**

Provisions are recognised when the company has a present legal or constructive obligation in respect of a past event and it is probable that settlement will be required of an amount that can be reliably estimated. Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors best estimate of the expenditure required to settle the company's liability.

**Current 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 substantively enacted by the balance sheet date.

**Deferred tax**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Operating lease agreements**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Pension costs**

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

**Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT. Turnover from the sale of goods is recognised when the goods are delivered according to customer terms and conditions. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

**Research & Development**

Research & development expenditure is charged to the profit and loss account as and when incurred.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**2. TURNOVER**

Turnover, which is stated net of value added tax, represents sales to third parties, and arises from the principal activity of the company

An analysis of turnover by geographical market is given below

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
United Kingdom and Continental Europe	13,813	14,324
The Americas	1,871	2,924
	<u>15,684</u>	<u>17,248</u>

**3 OPERATING PROFIT**

This is stated after charging

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	36	32
Fees payable to the Company's auditor for other services	12	6
	<u>226</u>	<u>226</u>
Depreciation of owned fixed assets	226	226
Operating lease rentals		
Land and buildings	290	290
Other operating leases	50	50
Foreign exchange (gain)/loss	(23)	62
	<u>290</u>	<u>290</u>

**4. STAFF COSTS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,792	2,747
Social security costs	323	298
Other pension costs	423	406
	<u>3,538</u>	<u>3,451</u>

The monthly average number of employees (including directors) during the year was as follows

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
Production	85	86
Sales and distribution	2	2
Administrative	6	6
	<u>93</u>	<u>94</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**5. DIRECTORS' EMOLUMENTS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Emoluments	<u>282</u>	<u>243</u>
Value of company pension contributions to money purchase schemes	<u>77</u>	<u>96</u>

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
Members of money purchase pension schemes	<u>3</u>	<u>3</u>

The amounts in respect of the highest paid director are as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Emoluments	<u>114</u>	<u>92</u>
Value of company pension contributions to money purchase schemes	<u>51</u>	<u>51</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	<u>9</u>	<u>15</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge is made up as follows

(a) Tax on profit on ordinary activities

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Current tax		
United Kingdom corporation tax at 24.5% (2011: 26.5%)	551	1,010
Adjustment in respect of prior years	-	(19)
	<u>551</u>	<u>991</u>
Total current tax (note 7(b))	<u>551</u>	<u>991</u>
Deferred tax		
Origination and reversal of timing differences	(15)	2
Effect of changes in tax rates	-	(7)
	<u>(15)</u>	<u>(5)</u>
Total deferred tax	<u>(15)</u>	<u>(5)</u>
Tax on profit on ordinary activities	<u>536</u>	<u>986</u>

(b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the average standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are reconciled below

	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>
Standard rate of tax as a percentage of profit before tax	24.5	26.5
Effects of		
Expenses/income not deductible/taxable for tax purposes	(1.5)	(1.0)
Depreciation in excess of capital allowances	0.5	(0.1)
Prior period adjustments	-	(0.5)
	<u>23.5</u>	<u>24.9</u>
Current tax rate as a percentage of profit	<u>23.5</u>	<u>24.9</u>

(c) Deferred tax

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in advance of depreciation	81	96
	<u>81</u>	<u>96</u>
Provision for deferred taxation (see note 13)	<u>81</u>	<u>96</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact a future reduction in the main tax rate of 1% down to 22% by 1 April 2014. We estimate that the future rate change to 22% would further reduce our UK deferred tax liability recognised at 31 December 2012 from £81k to £76k. The actual impact will be dependent on our deferred tax position at that time.

**8. TANGIBLE FIXED ASSETS**

	<b>Buildings</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost			
At 1 January 2012	1,066	2,027	3,093
Additions	31	19	50
Disposals	(4)	(320)	(324)
At 31 December 2012	<u>1,093</u>	<u>1,726</u>	<u>2,819</u>
Accumulated depreciation			
At 1 January 2012	548	1,223	1,771
Charge for the year	89	137	226
Disposals	(2)	(319)	(321)
At 31 December 2012	<u>635</u>	<u>1,041</u>	<u>1,676</u>
Net book value			
At 31 December 2012	<u>458</u>	<u>685</u>	<u>1,143</u>
At 31 December 2011	<u>518</u>	<u>804</u>	<u>1,322</u>

**9. INVESTMENTS**

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Proportion of ordinary share held</b>	<b>Nature of business</b>
EDO Rugged Systems Limited	United Kingdom	100%	Design and sale of rugged computer equipment

In 2006, the investment in EDO Rugged Systems Limited was fully impaired to nil and the cost disclosed as an exceptional item in the profit and loss account of that year. EDO Rugged Systems Limited made a profit of £84,437, for the year ended 31 December 2012 and its aggregate capital and reserves at 31 December 2012 amounted to £96,991.

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**10 STOCKS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	709	570
Work in progress	677	2,232
Finished goods	62	88
	<u>1,448</u>	<u>2,890</u>

There are no material differences between the balance sheet value of stocks and their replacement cost.

**11. DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	3,292	2,342
Amounts owed by group undertakings (non interest bearing)	1,841	1,766
Prepayments and accrued income	152	163
	<u>5,285</u>	<u>4,271</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,576	2,259
Amounts owed to group undertakings (non interest bearing)	338	157
Corporation tax	233	439
Other taxation	710	92
Accruals and deferred income	407	417
	<u>3,264</u>	<u>3,364</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Taxation £000	Product Warranties £000	Other £000	Total £000
At 1 January 2012	96	270	329	695
(Released)/Charged to profit and loss account Utilised	(15)	-	100	85
	<u>          </u>	<u>(145)</u>	<u>(400)</u>	<u>(545)</u>
At 31 December 2012	<u>81</u>	<u>125</u>	<u>29</u>	<u>235</u>

**14. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £000	2011 £000	Other 2012 £000	2011 £000
Operating leases which expire				
Within one year	-		2	4
In two to five years	290	290	39	33
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15. CALLED UP SHARE CAPITAL**

	2012 £000	2011 £000
Allotted and called up Ordinary shares of £1 each 5,200,000	<u>5,200</u>	<u>5,200</u>

**16. DIVIDENDS ON EQUITY SHARES**

	2012 £000	2011 £000
Final dividend for the year ended 31 December 2011	<u>-</u>	<u>1,875</u>
Final dividend for the year ended 31 December 2012	<u>5,281</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2012**

**17. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES**

	<b>Share Capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total Shareholder's funds £000</b>
At 1 January 2011	5,200	10	3,673	8,883
Profit for the year	-	-	2,982	2,982
Dividends Paid	-	-	(1,875)	(1,875)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2012	5,200	10	4,780	9,990
Profit for the year	-	-	1,808	1,808
Dividends Paid	-	-	(5,281)	(5,281)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	<u>5,200</u>	<u>10</u>	<u>1,307</u>	<u>6,517</u>

**18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company's intermediate parent undertaking is EDO (UK) Limited, a company incorporated in England

Exelis, Inc is the ultimate parent undertaking of the largest and smallest consolidated group that includes the Company. Copies of its group financial statements are available from 1650 Tysons Blvd Suite 1700 McLean, VA 22102

The Directors regard Exelis, Inc as the ultimate controlling party