

Kongsberg Maritime Limited

Annual report and financial statements
for the year ended 31 December 2011



Kongsberg Maritime Limited

Annual report and financial statements for the year ended 31 December 2011

CONTENTS

	Page
Officers and professional advisers	1
Directors' report	2 - 6
Independent Auditors' report	7 - 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11-20

Kongsberg Maritime Limited

Annual report and financial statements for the year ended 31 December 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Thorsen
B Jalving
J Mastervik
A H Olsen

SECRETARY

A Adams

REGISTERED OFFICE

Campus 1
Innovation Park
Balgownie Road
Bridge of Don
Aberdeen

BANKERS

DnB NOR Bank ASA
20 St Dunstons Hill
London

SOLICITORS

Ledingham Chalmers LLP
Johnstone House
52-54 Rose Street
Aberdeen

AUDITORS

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen

Kongsberg Maritime Limited

Directors' report (SC107343) for the year ended 31 December 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

Principal activities and review of the business

The principal business activities during the year continued to be the resale of Kongsberg Maritime sister company products and systems within the UK, sale of own-equipment manufacture worldwide, provision of customer support, including service and training and the rental of a broad range of marine instrumentation. Primary market areas addressed included the offshore oilfield related sector, marine and vessel markets, oceanographic, scientific, government and military naval markets.

The company's key financial and performance indicators during the year were as follows:

	2011 £'000	2010 £'000	Change %
Company Turnover	39,366	37,742	+4.3
Operating Profit	3,599	2,424	+48.5
Profit after Tax	2,846	1,795	+58.5
Shareholders' Funds	15,810	12,964	+21.9
Current assets/current liabilities ratio	2.7 :1	2.4 :1	+12.5
Average number of employees	158	151	+4.6

Turnover showed a 4.3% growth compared with the previous year. Business activity in the company's core offshore vessel and marine systems markets continued to show some good growth. Activities in the core offshore product related markets saw good performance in this area, both in the purchase of new equipment and in the turnover achieved from rental equipment to supplement customers' operational capability on offshore related projects. Government and military system shipments remained challenging throughout the year, with uncertain budget allocations and some project delays as a result of government and military spending reviews.

The company expects that the offshore and marine market areas will continue to offer significant growth opportunities in 2012 while government and military business opportunities will continue to be challenging as a result of spending reviews and budget restrictions.

Operating profit increased by 48.5% over the previous year and the company achieved a 21.9% increase in shareholders' funds. This increase in profitability was mainly due to the strong product sales performance, together with the increase in customer support business including training and rental.

The average number of employees in the company increased by 4.6% from 151 to 158 over the course of the year. This increase reflected the overall growth in the offshore, marine and vessel business levels and to assist diversification into new business areas. It is expected that there will be a limited increase in employee numbers in 2012 in order to meet future business development plans.

Kongsberg Maritime Limited

Directors' report (continued) for the year ended 31 December 2011

The company has continued to work steadily to improve the efficiency and effectiveness of its products, its systems and processes and to minimise waste and scrap. The company operates an equipment return and recycling scheme to help minimise the environmental impact of the company's operations. The company began work to develop an integrated management system for all Quality, Health & Safety and Environmental Management processes

Principal risks and uncertainties

Market risks

The main business of the company is the sale and rental of marine equipment and the provision of support services including repair, maintenance and training. The primary market driving this business activity relates both directly and indirectly to the offshore oil and gas industry. In general, market activity in this area correlates with the price of oil, and with the level of exploration and drilling activity, which is outside the company's direct control or influence. The medium and long term prospects for the offshore oil and gas market sector are deemed to continue to be strong due to increasing energy demands worldwide, and political uncertainty in various strategic geographic regions for energy supplies. The company is also addressing emerging markets for the supply of equipment and services related to renewable energy supplies.

Customer in this market area purchase globally and there are a number of competitors of various sizes in Europe, North America and Asia. The company seeks to minimise the competitive risk by being a leader in product design and development, redesigning business processes, managing information and providing dependable and innovative products, services and solutions that deliver a competitive advantage to our customers. The company also endeavours to utilise the strengths of being a part of a large and successful multinational company.

Other risks and uncertainties

When designing a new product or system the company ensures that the legislative and contractual requirements of the end user are met fully.

When renting products to the client the company ensures that the equipment has been properly configured and fully tested and is accompanied with any necessary certification before being sent to the customer

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of foreign exchange movements, interest rate risk, liquidity risk, credit risk and price risk.

Foreign exchange risk

The company is exposed to foreign currency exchange rate fluctuations, mainly between sterling and the Norwegian kroner, the US dollar and the Canadian dollar. Where applicable, the company uses forward foreign currency contracts to reduce this exposure. A large percentage of the company's foreign currency transactions are with its parent and sister companies, thereby retaining the risk within the group.

Kongsberg Maritime Limited

Directors' report (continued) for the year ended 31 December 2011

Interest rate risk

Exposure to interest rate risk is limited to movements in the UK base rate. However, as the company has no external debt, its exposure to interest rate risk is considered low.

Liquidity risk

The company has high levels of cash reserves and no external debt. As such the directors consider the company's exposure to liquidity risk to be low.

Credit risk

The company does have an element of credit risk attributable to its trade receivables, but has procedures in place to review the financial position of potential customers before entering into sales contracts. The company has a large number of contracts where the credit risk lies with its parent company, which also mitigates the potential exposure on receivables. A number of the company's key customers are government and military organisations which do not pose a significant credit risk. The amounts presented in the balance sheet are shown net of provisions for doubtful receivables. An allowance for impairment has been made where there is an identifiable loss event, or the likelihood of failure to be able to collect amounts based on previous experience and the current business situation for specific customers.

Price risk

The directors do not consider the company to be exposed to commodity price risk to any significant extent as the goods and services supplied to customers are normally delivery based on fixed price lists or firm price contracts and are not directly linked to commodity price movements.

Future developments

The company is expecting that overall market conditions in 2012 will provide continued scope to enhance and expand its range of systems and product offerings, allowing diversification into new and related business sectors within the core marine and offshore markets, including the emerging offshore markets for renewable energy production, and environmental monitoring and awareness.

Results and dividends

The profit after taxation of £2,846,000 (2010: profit £1,795,000) has been transferred to reserves. The directors do not recommend the payment of a dividend (2010: £ nil).

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The financial position of the company is expected to remain stable and the company expects to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group centralised treasury arrangements and so shares banking facilities with its parent and fellow subsidiaries.

Kongsberg Maritime Limited

Directors' report (continued) for the year ended 31 December 2011

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the company who served during the year and who were appointed subsequent to the year end are listed below:

G Haoy (resigned 23 February 2012)
T Sorenson (resigned 23 February 2012)
R A Klepaker (resigned 23 February 2012)
G Thorsen
B Jalving (appointed 24 February 2012)
J Mastervik (appointed 24 February 2012)
A H Olsen (appointed 24 February 2012)

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the 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 auditor is aware of that information.

Charitable Donations

The donations made by the company during the year for charitable purposes were £2,800 (2010: £1,800).

Statement of directors' responsibilities

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). The financial statements are required by law to 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:

Kongsberg Maritime Limited

Directors' report (continued) for the year ended 31 December 2011

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures as 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 which 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

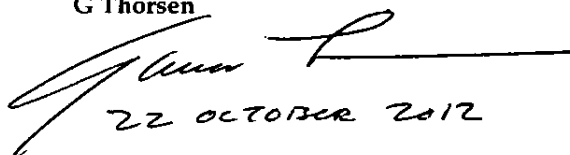
Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board,

Name: G Thorsen

Director

Date:



22 OCTOBER 2012

Kongsberg Maritime Limited

Independent Auditors' Report for the year ended 31 December 2011

We have audited the financial statements of Kongsberg Maritime Ltd for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet and related notes 1-21. The financial reporting framework which 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 auditors

As explained more fully in the Statement of Director's Responsibilities, set out on pages 4, 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 (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 and Financial Statements 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 2011 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

Kongsberg Maritime Limited

Independent Auditors' Report for the year ended 31 December 2011

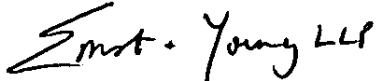
Opinion on other matter prescribed by the Companies Act 2006

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.



Kenneth MacLeod Hall (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

Date: 26 October 2012.

Kongsberg Maritime Limited

Profit & Loss Account for the year ended 31 December 2011

	Notes	2011 £ '000	2010 £ '000
Turnover	2	39,366	37,742
Cost of sales		(29,286)	(29,370)
Gross profit		10,080	8,372
Operating expenses	3	(6,481)	(5,948)
Operating profit	4	3,599	2,424
Gain on sale of tangible fixed assets		334	202
Interest receivable	8	19	9
Profit on ordinary activities before taxation		3,952	2,635
Tax on profit on ordinary activities	9	(1,106)	(840)
Retained profit for the year	15	2,846	1,795

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

The company has no gains or losses other than the retained profit for each financial year.

The above results relates to continuing operations.

Kongsberg Maritime Limited

Balance Sheet as at 31 December 2011

	Notes	2011 £ '000	2010 £ '000
Fixed assets			
Tangible assets	10	3,467	2,671
Current assets			
Stocks	11	5,608	4,772
Debtors	12	8,349	8,838
Cash at bank and in hand		5,824	3,918
		<u>19,781</u>	<u>17,528</u>
Creditors: Amounts falling due within one year	13	<u>(7,438)</u>	<u>(7,235)</u>
Net current assets		<u>12,343</u>	<u>10,293</u>
Net assets		<u>15,810</u>	<u>12,964</u>
Capital and reserves			
Called-up share capital	14	2,773	2,773
Profit and loss account	15	<u>13,037</u>	<u>10,191</u>
Equity shareholders' funds	16	<u>15,810</u>	<u>12,964</u>

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

The financial statements were approved by the board of directors on ~~22 October~~ 2012 and were signed on its behalf by:


G. Thorsen
Director

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011

1 STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies is set out below. These have been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company is exempt from the requirement of FRS1 to present a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost, together with any incidental costs of acquisition.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful life of the assets concerned. The principal annual rates used for this purpose are:

Leasehold property	4 - 5%
Plant and equipment	10 - 33%
Motor vehicles	25%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. In the case of manufactured products, cost includes all direct materials, direct labour and appropriate production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Long-term contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. Excess progress payments are included in creditors as payments on account. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

Translation differences are dealt with in the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Research and Development

Research and development expenditure is written off as incurred.

Revenue Recognition

In connection with revenue recognition, the company distinguishes between system deliveries, goods/standard production and services.

System deliveries: Contracts for system deliveries take account of a customer's special requirements and entail individual design and/or development and the various elements of the contract cannot be sold separately. Such contracts are enforceable and will require the customer to cover the expenses incurred in connection with the construction at the very least. These contracts often span more than one accounting period. The value of work in progress is recognised as turnover.

Goods/standard production: The sale of goods and standard production are recognised upon delivery. Delivery is considered complete when the customer takes over the risks and rewards for a delivered product.

Services: Services delivered which are not part of system deliveries are recognised as revenue as the service is provided.

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

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 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 difference 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.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The charge for pension contributions for the year was £549,000. The outstanding pension contributions at 31 December 2011 were £46,000 (2010: £43,000).

2 TURNOVER

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

	2011 £ '000	2010 £ '000
Geographical analysis of turnover (by destination):		
- United Kingdom	26,214	24,756
- Rest of the world	13,152	12,986
	<u>39,366</u>	<u>37,742</u>

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 OPERATING EXPENSES

	2011 £ '000	2010 £ '000
Operating Expenses:		
- Administration expenses	1,397	4,884
- Distribution expenses	5,084	1,064
	<u>6,481</u>	<u>5,948</u>

4 OPERATING PROFIT

	2011 £ '000	2010 £ '000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss on foreign exchange	56	45
Hire of equipment	62	89
Rentals under operating leases:		
- Motor Vehicles	73	72
Depreciation of tangible fixed assets	1,221	1,069
Auditors remuneration (note 5)	<u>39</u>	<u>33</u>

5 AUDITORS' REMUNERATION

The remuneration of the auditors is further analysed as follows:

	2011 £ '000	2010 £ '000
Audit of the Financial Statements	30	27
Other fees to auditors		
- taxation services	9	6
	<u>39</u>	<u>33</u>

6 DIRECTORS' EMOLUMENTS

	2011 £ '000	2010 £ '000
Aggregate emoluments	<u>-</u>	<u>-</u>

All of the directors who served during the year are remunerated by other group companies.

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2011 Number	2010 Number
By activity:		
- Management	14	18
- Administration	62	85
- Technical	82	48
	<u>158</u>	<u>151</u>

	2011 £ '000	2010 £ '000
Staff costs (for the above persons):		
- Wages and salaries	6,184	5,468
- Social Security costs	679	578
- Pension costs	293	287
	<u>7,156</u>	<u>6,333</u>

8 INTEREST RECEIVABLE

	2011 £ '000	2010 £ '000
Bank interest receivable	<u>19</u>	<u>9</u>

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £ '000	2010 £ '000
UK corporation tax		
UK corporation tax on profits of the year	1,126	757
Group relief payable	29	33
Adjustments in respect of previous periods	(5)	(7)
Total current tax	1,148	783
Deferred tax		
Originating and reversal of timing differences	(47)	57
Adjustment in respect of prior periods	5	-
	1,106	840

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are reconciled below:

	2011 £ '000	2010 £ '000
Profit on ordinary activities before taxation	3,952	2,635
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	1,047	738
Effects of:		
Expenses not deductible for tax purposes	58	38
Depreciation in excess of capital allowances	45	13
Other timing differences	8	(21)
Adjustments in respect of prior periods	(5)	(7)
Capital gains (effects of indexation, rebasing etc)	(4)	22
Total current tax	1,149	783

	2011 £ '000	2010 £ '000
Deferred Tax		
The deferred tax asset included in the balance sheet is as follows:		
Included in debtors (note 12)	136	94
Decelerated capital allowances	107	71
Other timing differences	29	23
	136	94

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10 TANGIBLE FIXED ASSETS

	Leasehold Property £ '000	Motor vehicles £ '000	Plant and Equipment £ '000	Total £ '000
Cost				
At 1 January 2011	2,160	30	9,272	11,462
Additions	30	-	2,089	2,119
Disposals	-	-	(502)	(502)
At 31 December 2011	2,190	30	10,859	13,079
Depreciation				
At 1 January 2011	1,121	30	7,640	8,791
Charge for the year	92	-	1,129	1,221
Disposals	-	-	(400)	(400)
At 31 December 2011	1,213	30	8,369	9,612
Net book value				
At 31 December 2011	977	-	2,490	3,467
At 31 December 2010	1,039	-	1,632	2,671

11 STOCKS

	2011 £ '000	2010 £ '000
Raw materials	1,898	1,716
Work in progress	1,927	1,473
Finished goods	1,783	1,583
	5,608	4,772

Long-term contract balances included within work in progress at net cost less foreseeable losses, amounted to £215,000 (2010: £395,000).

There is no material difference between the balance sheet value of stocks and their replacement cost.

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12 DEBTORS

	2011 £ '000	2010 £ '000
Amounts falling due within one year:		
Trade debtors	6,380	6,547
Amounts owed by group undertakings	1,478	1,633
Prepayments and accrued income	255	542
Other debtors	14	22
Corporation tax	86	-
Deferred tax (see note 9)	136	94
	<u>8,349</u>	<u>8,838</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £ '000	2010 £ '000
Trade creditors	508	369
Amounts owed to group undertakings	5,043	3,999
Corporation tax	-	277
Other taxation and social security	158	264
Accruals and deferred income	1,729	2,326
	<u>7,438</u>	<u>7,235</u>

14 CALLED-UP SHARE CAPITAL

	2011 £ '000	2010 £ '000
Authorised		
2,772,681 ordinary shares of £ 1 each	<u>2,773</u>	<u>2,773</u>
Allotted, called-up and fully-paid		
2,772,681 ordinary shares of £ 1 each	<u>2,773</u>	<u>2,773</u>

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

15 RESERVES

	Profit and Loss £ '000
At 1 January 2011	10,191
Retained profit for the year	2,846
At 31 December 2011	<u>13,037</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £ '000	2010 £ '000
Opening shareholders' funds	12,964	11,169
Profit for the financial year	<u>2,846</u>	<u>1,795</u>
Closing shareholders' funds	<u>15,810</u>	<u>12,964</u>

17 CONTINGENT LIABILITY

HM Customs and Excise hold a deferred duty bond with a value of £ 350,000 (2010: £300,000).

18 CAPITAL COMMITMENTS

	2011 £ '000	2010 £ '000
Capital expenditure contracted for but not provided in the financial statements	<u>567</u>	<u>1,124</u>

Kongsberg Maritime Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

19 OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

	2011 Motor Vehicles £ '000	2010 Motor Vehicles £ '000
Expiring within one year	12	11
Expiring within 1 to 5 years	91	72
	<u>103</u>	<u>83</u>

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No. 8, not to disclose details of transactions and balances with group companies on the basis that it is a 100% owned subsidiary whose voting rights are controlled within the group.

21 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Kongsberg Maritime Holding Limited.

The company's ultimate parent company and ultimate controlling party is Kongsberg Gruppen ASA, a company registered in Norway.

The only group which prepares consolidated financial statements (including those of the company) is Kongsberg Gruppen ASA. Copies of these financial statements can be obtained from Kongsberg Gruppen ASA, PO Boks 1003, N-3601 Kongsberg, Norway.