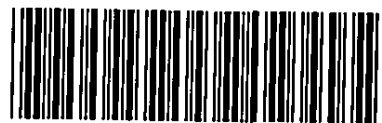


CALEY OCEAN SYSTEMS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

Company Registration No. SC200730 (Scotland)

THURSDAY



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COMPANIES HOUSE

CALEY OCEAN SYSTEMS LIMITED

COMPANY INFORMATION

Directors	David Cooper James McPherson
Secretary	David Cooper
Company number	SC200730
Registered office	Mavor Avenue East Kilbride Glasgow G74 4PU
Auditors	William Duncan & Co. Bank Chambers 31 The Square Cumnock KA18 1AT
Business address	Mavor Avenue East Kilbride Glasgow G74 4PU
Bankers	Royal Bank of Scotland 272 Stonelaw Road Glasgow G73 3SB
Solicitors	Biggart Baillie 310 St Vincent Street Glasgow G2 5QR

CALEY OCEAN SYSTEMS LIMITED

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CALEY OCEAN SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and financial statements for the year ended 30 September 2012.

Principal activities and review of the business

The principal activity of the company continued to be that of the design of lifting and handling equipment and other special purpose machinery.

The directors are pleased with the results for the year. The specialist nature of our products has allowed the company to develop in a period of tough global conditions and with a strong order book the outlook for the next financial year is good.

The tough credit conditions and demands for Bank Guarantees has provided a challenge on some of our larger orders which has been met with the help and support of the ECGD Bond Scheme.

Our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole and include turnover, gross margin, and return on capital employed. Turnover is comparable to last year with a marginal decrease of 1% which the directors consider to be reasonable given the difficult current economic conditions. Direct supply costs increased by 4% resulting in a fall in the gross margin; however, reductions in overhead costs mean that the company's operating profit is maintained at 13.9% of turnover compared to 14.9% in the previous year.

The coming financial year continues to bring fresh challenges with the forward order prospects appearing both interesting and exciting. The company is well placed to meet these demands and looks forward with keen anticipation to the coming year.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 October 2011:

David Cooper
James McPherson

Auditors

The auditors, William Duncan & Co., are deemed to be reappointed under section 487(2) of the Companies Act 2006.

CALEY OCEAN SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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:

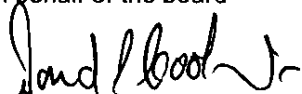
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



David Cooper

Director

21 June 2013

CALEY OCEAN SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CALEY OCEAN SYSTEMS LIMITED

We have audited the financial statements of Caley Ocean Systems Limited for the year ended 30 September 2012 set out on pages 5 to 15. 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 auditors' 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 Directors' Responsibilities Statement set out on pages 1 - 2, 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 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 Directors' 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 30 September 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.

CALEY OCEAN SYSTEMS LIMITED

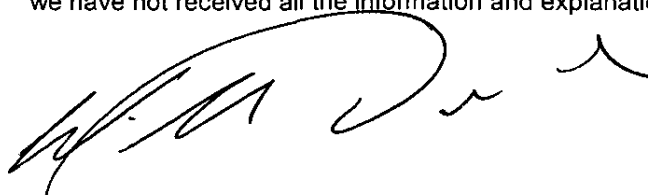
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CALEY OCEAN SYSTEMS LIMITED

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.



Graeme Bryson ACA CTA (Senior Statutory Auditor)
for and on behalf of William Duncan & Co.

21 June 2013

Chartered Accountants
Statutory Auditor

Bank Chambers
31 The Square
Cumnock
KA18 1AT

CALEY OCEAN SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	10,416,056	10,516,215
Cost of sales		(7,914,031)	(7,585,894)
Gross profit		2,502,025	2,930,321
Administrative expenses		(1,050,920)	(1,364,408)
Other operating income		-	8,187
Operating profit	3	1,451,105	1,574,100
Group loan written off		(73,212)	-
Profit on ordinary activities before interest		1,377,893	1,574,100
Other interest receivable and similar income	4	8,817	4,370
Profit on ordinary activities before taxation		1,386,710	1,578,470
Tax on profit on ordinary activities	5	(364,882)	(425,967)
Profit for the year	14	1,021,828	1,152,503

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

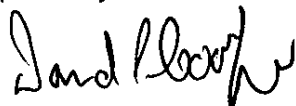
CALEY OCEAN SYSTEMS LIMITED

BALANCE SHEET

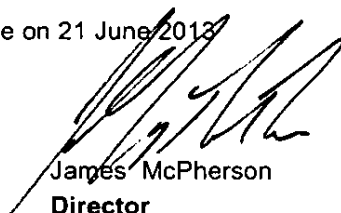
AS AT 30 SEPTEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7		463,643		447,497
Current assets					
Stocks	8	460,724		793,635	
Debtors	9	3,413,950		2,335,415	
Cash at bank and in hand		3,007,068		2,889,455	
		<u>6,881,742</u>		<u>6,018,505</u>	
Creditors: amounts falling due within one year	10	<u>(3,386,902)</u>		<u>(3,529,917)</u>	
Net current assets			3,494,840		2,488,588
Total assets less current liabilities			3,958,483		2,936,085
Provisions for liabilities	11		<u>(101,983)</u>		<u>(101,413)</u>
			<u>3,856,500</u>		<u>2,834,672</u>
Capital and reserves					
Called up share capital	13	80,000		80,000	
Revaluation reserve	14	355,159		355,159	
Profit and loss account	14	3,421,341		2,399,513	
Shareholders' funds	15	<u>3,856,500</u>		<u>2,834,672</u>	

Approved by the Board and authorised for issue on 21 June 2013



David Cooper
Director



James McPherson
Director

Company Registration No. SC200730

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover and profits

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of services provided to date based on proportion of the total contract value.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	No depreciation
Plant and machinery	25% p.a straight line
Computer equipment	20%-33% p.a straight line
Fixtures, fittings & equipment	20%-25% p.a straight line
Motor vehicles	25% p.a straight line

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in work in progress and payments on account in excess of the relevant amount of revenue are included in creditors.

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

1 Accounting policies

(continued)

1.9 Long term contracts

Amounts recoverable on long term contracts, which are included in work in progress, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.10 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

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

1.13 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Mavor Group Ltd, a company incorporated in Scotland, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2012	2011
	£	£
United Kingdom	1,958,326	4,980,447
Asia	2,662,713	394,173
Australasia	1,826	22,812
North America	656,965	1,947,906
Europe	5,136,226	3,170,877
	<u>10,416,056</u>	<u>10,516,215</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

3	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	7,508	19,346
	Loss on foreign exchange transactions	15,782	11,893
	Research and development	9,050	-
	Auditors' remuneration (including expenses and benefits in kind)	9,270	10,770
		<u> </u>	<u> </u>
4	Investment income	2012	2011
		£	£
	Bank interest	8,817	4,370
		<u> </u>	<u> </u>
		<u>8,817</u>	<u>4,370</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

5	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U.K. corporation tax	364,312	424,554
	Total current tax	364,312	424,554
	Deferred tax		
	Deferred tax charge credit current year	570	1,413
		364,882	425,967
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,386,710	1,578,470
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.00% (2011 - 26.00%)	346,678	410,402
	Effects of:		
	Non deductible expenses	22,243	-
	Depreciation add back	1,878	5,030
	Capital allowances	(6,487)	(6,561)
	Other tax adjustments	-	15,683
		17,634	14,152
	Current tax charge for the year	364,312	424,554
6	Dividends	2012	2011
		£	£
	Ordinary interim paid	-	300,000

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

7 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 October 2011	744,025	170,231	30,986	14,881	960,123
Additions	-	23,654	-	-	23,654
At 30 September 2012	744,025	193,885	30,986	14,881	983,777
Depreciation					
At 1 October 2011	314,025	166,995	30,986	620	512,626
Charge for the year	-	3,787	-	3,721	7,508
At 30 September 2012	314,025	170,782	30,986	4,341	520,134
Net book value					
At 30 September 2012	430,000	23,103	-	10,540	463,643
At 30 September 2011	430,000	3,236	-	14,261	447,497

The freehold land and buildings were valued on an open market basis on 1st February 2011 by James Barr Limited who are a firm of independent Chartered Surveyors.

If these properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

Standard security and floating charge exists over the whole assets of the company.

8 Stocks	2012 £	2011 £
Raw materials and consumables	11,663	21,763
Long term contract balances:		
- Net cost less foreseeable losses	449,061	771,872
	460,724	793,635

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

9 Debtors	2012 £	2011 £
Trade debtors	2,050,972	2,097,633
Amounts owed by parent and fellow subsidiary undertakings	1,362,018	57,286
Other debtors	960	180,496
	<u>3,413,950</u>	<u>2,335,415</u>

10 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	1,017,327	735,474
Corporation tax	364,312	424,554
Other taxes and social security costs	115,514	101,188
Other creditors	1,363,422	1,801,425
Accruals and deferred income	526,327	467,276
	<u>3,386,902</u>	<u>3,529,917</u>

11 Provisions for liabilities

	Deferred tax liability £	Warranty Provision £	Total £
Balance at 1 October 2011	1,413	100,000	101,413
Profit and loss account	570	-	570
	<u>1,983</u>	<u>100,000</u>	<u>101,983</u>
Balance at 30 September 2012	1,983	100,000	101,983

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	<u>1,983</u>	<u>1,413</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

12 Pension and other post-retirement benefit commitments

Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	141,512	398,729

13 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
51,200 Ordinary A shares of £1 each	51,200	51,200
28,800 Ordinary B shares of £1 each	28,800	28,800
	80,000	80,000

14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2011	355,159	2,399,513
Profit for the year	-	1,021,828
Balance at 30 September 2012	355,159	3,421,341

15 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,021,828	1,152,503
Dividends	-	(300,000)
Net addition to shareholders' funds	1,021,828	852,503
Opening shareholders' funds	2,834,672	1,982,169
Closing shareholders' funds	3,856,500	2,834,672

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

16 Contingent liabilities

At the end of the year under review performance bonds and guarantees totalling £940,000 were in issue to customers by Royal Bank of Scotland. These guarantees are payable if the company fails to fulfill the terms of the contracts covered by them.

17 Financial commitments

At 30 September 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2013:

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire:		
Within one year	12,000	12,000
Between two and five years	27,200	27,200
	<u>39,200</u>	<u>39,200</u>

18 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	305,090	304,096
Company pension contributions to defined contribution schemes	50,000	307,961
	<u>355,090</u>	<u>612,057</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	153,854	152,778
Company pension contributions to defined contribution schemes	25,000	154,258
	<u>178,854</u>	<u>307,036</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

19 Employees

Number of employees

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

	2012 Number	2011 Number
Direct & Engineering	22	22
Administration	6	6
	<u>28</u>	<u>28</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,047,067	1,063,584
Social security costs	119,922	124,123
Other pension costs	141,512	398,729
	<u>1,308,501</u>	<u>1,586,436</u>

20 Control

The company is controlled by the directors by virtue of their shareholding in the parent company, Mavor Group Limited a company registered in Scotland.

21 Related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.