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MARINEFORCE INTERNATIONAL LLP
IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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COMPANIES HOUSE

COMPANY INFORMATION

Howaldtswerke-Deutsche Werft GmbH (HDW)
MAN Ferrostaal Aktiengesellschaft

OC307812

Third Floor
8 Waterloo Place
London
SW1Y 4BE

Venthams
51 Lincoln's Inn Fields
London
WC2A 3NA

Barclays Bank plc
Knightsbridge International Banking
London
SW1X 0LZ

Commerzbank AG
London Branch
Commerzbank House
23 Austin Friars
London
EC2J 2JD

ABN AMRO Bank NV
London Headquarters
250 Bishopsgate
London
EC2M 4AA

MARINEFORCE INTERNATIONAL LLP

CONTENTS

	Page
Members' Report	1
Independent Auditors' Report	2 - 3
Income Statement	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	7 - 13

MARINEFORCE INTERNATIONAL LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The members present their report and financial statements, together with the Auditors' Report, for the year ended 31 December 2008.

Principal activities and review of the business

The principal activity of the LLP continued to be that of the marketing and sale of naval vessels and submarines.

During the year the LLP successfully completed the signing of two contracts for the sale and supply of submarines. These contracts were signed by the LLP and one of its members, HDW, as a consortium. The accounts include recognition of success fees due to the LLP on the signing of the contracts. Other revenues and associated costs relating to these contracts will be recognised by the LLP over the life of the contracts.

Designated members

The following members held office since 1 January 2008:

Howaldtswerke-Deutsche Werft GmbH (HDW)
MAN Ferrostaal Aktiengesellschaft

The capital introduced by the LLP's members is only available for repayment on the cessation of the LLP or the withdrawal of a member from the LLP, as laid down in the Partnership Agreement.

Disclosure of information to auditors

The designated members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware; and each member has taken all the steps it ought to have taken as a member to make itself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Auditors

The independent auditors, Venthams, will be proposed for reappointment.

Members' responsibilities

The Companies Act 1985, as applied to limited liability partnerships, requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 LLP will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 as applied to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, as modified for application to limited liability partnerships.

Approved by the members and signed on their behalf on 22-08-08

Howaldtswerke-Deutsche Werft GmbH
Designated member

MAN Ferrostaal Aktiengesellschaft
Designated member
Joachim Ludwig

MARINEFORCE INTERNATIONAL LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MARINEFORCE INTERNATIONAL LLP

We have audited the financial statements of MarineForce International LLP for the year ended 31 December 2008 on pages 4 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Section 235 of the Companies Act 1985, as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

As described in the statement of members' responsibilities on page 1 the LLP's members are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as applied to Limited Liability Partnerships. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

We read the other information contained in the Members' Report and consider whether it is consistent with the audited financial statements and the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership'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.

**MARINEFORCE INTERNATIONAL LLP
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MARINEFORCE INTERNATIONAL LLP (CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the LLP's affairs as at 31 December 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applied to Limited Liability Partnerships; and
- the information given in the Members' Report is consistent with the financial statements.



Venthams

Chartered Accountants
Registered Auditor

22 August 2009

51 Lincoln's Inn Fields
London
WC2A 3NA

MARINEFORCE INTERNATIONAL LLP
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Notes	2008 £	2007 £
2 Revenue	9,129,930	823,845
Cost of Sales	(334,670)	(493,243)
	<hr/>	<hr/>
Gross Profit	8,795,260	330,602
Administrative expenses	(6,424,702)	(4,959,961)
	<hr/>	<hr/>
Profit/(loss) for the financial year before interest on members' loans	2,370,558	(4,629,359)
5 Other interest receivable and similar income	6,029	5,239
4 Finance cost	(580,480)	(208,913)
	<hr/>	<hr/>
11 Profit/(loss) for the year available for division among members	1,796,107	(4,833,033)
	<hr/>	<hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses in the period or prior period other than those passing through the income statement.

MARINEFORCE INTERNATIONAL LLP
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2008

Notes		2008 £	2007 £
	Non-current assets		
7	Property, plant and equipment	173,546	199,883
8	Trade and other receivables	6,750,359	-
		<u>6,923,905</u>	<u>199,883</u>
	Current assets		
8	Trade and other receivables	11,295,128	9,497,485
12	Cash and other equivalents	24,524,161	1,198,003
		<u>35,819,289</u>	<u>10,695,488</u>
	Total assets	42,743,194	10,895,371
	MEMBERS' INTERESTS AND LIABILITIES		
	Members' other interests		
11	Members' capital	693,083	693,083
	Non-current liabilities		
10	Loans and other debts due to members	16,416,434	8,949,563
	Total non-current liabilities	16,416,434	8,949,563
	Current liabilities		
9	Trade and other payables	25,633,677	1,252,725
	Total current liabilities	25,633,677	1,252,725
	Total liabilities	42,050,111	10,202,288
	Total members' interests and liabilities	42,743,194	10,895,371
11	Total members' interests		
	Loans and other debts due to members	16,416,434	8,949,563
	Members' other interests	693,083	693,083
	Amounts due from members	(7,326,302)	(9,122,409)
		<u>9,783,215</u>	<u>(520,237)</u>

The financial statements were approved by the Board on 22-08-09 and signed on its behalf by:


Howaldtswerke-Deutsche Werft GmbH
Designated member


MAN Ferrostaal Aktiengesellschaft
Designated member
Joachim Ludwig

Date authorised by the Executive Board for issue: 22-08-09

MARINEFORCE INTERNATIONAL LLP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Notes	2008 £	2007 £
Cash flows from operating activities		
Net profit/(loss) for period	1,796,107	(4,833,033)
Adjustments for:		
7 Depreciation of property, plant and equipment	41,028	40,320
4 Finance costs	580,480	208,913
5 Interest received	(6,029)	(5,239)
	<u>2,411,586</u>	<u>(4,589,039)</u>
8 Increase in trade and other receivables	(10,344,109)	(100,723)
9 Increase in trade and other payables	24,380,952	1,051,473
	<u>16,448,429</u>	<u>(3,638,289)</u>
Cash flows from investing activities		
7 Purchase of property, plant and equipment	(14,691)	(1,714)
5 Interest received	6,029	5,239
	<u>(8,662)</u>	<u>3,525</u>
Cash flows from financing activities		
4 Interest paid	(580,480)	(208,913)
10 Increase in members' loans	7,466,871	4,360,317
	<u>6,886,391</u>	<u>4,151,404</u>
Net (decrease)/ increase in cash and cash equivalents	<u>23,326,158</u>	<u>516,640</u>
Cash and cash equivalents at the beginning of year	<u>1,198,003</u>	<u>681,363</u>
Cash and cash equivalents at the end of year	<u>24,524,161</u>	<u>1,198,003</u>

MARINEFORCE INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting Policies

a) Accounting convention

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, the LLP SORP (March 2006) and under the historical cost convention. The accounts have been prepared on an accruals basis and on the basis that the LLP is a going concern.

b) Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

c) Property, plant and equipment

Plant and equipment is carried at cost less provision for depreciation.

Any plant and equipment expected to be sold within 12 months of the decision to dispose of it is transferred into current assets under assets held for sale, carried at the lower of its carrying value at the date of the decision and fair value less costs to sell. Any write-down is shown as an impairment loss.

d) Depreciation

Depreciation is provided on tangible non-current assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Improvements to Leasehold	- 10% straight line
Plant and equipment	- 20% straight line

The depreciation methods and the useful lives and residual values on which depreciation is based are reviewed annually.

e) Leasing commitments

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term. Increase in annual rentals following rent reviews are recognised over the remaining lease term from the time they take effect. Lease incentives are recognised as a reduction of rental expense over the contracted lease term.

f) 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 the income statement.

g) Cash and cash equivalents

Cash and cash equivalents comprise current bank balances with banks. For the purpose of the cash flow statement, cash equivalents are as defined above, net of outstanding bank overdrafts.

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

2. Revenue	2008	2007
	£	£
Geographical market		
South America	1,327,125	823,845
Asia	7,802,805	-
	<hr/>	<hr/>
	9,129,930	823,845
	<hr/>	<hr/>
3. Profit/(loss) from operations	2008	2007
	£	£
Loss from operations is shown after charging:		
Auditors' remuneration	9,000	6,000
Auditors' fees – non audit services	59,290	55,580
Loss on foreign currency	1,718,981	722,155
Depreciation of property, plant and Equipment (Note 7)	41,028	40,320
	<hr/>	<hr/>
4. Finance costs	2008	2007
	£	£
Interest on members' loans	580,480	208,913
	<hr/>	<hr/>
5. Investment income	2008	2007
	£	£
Bank and other interest received	6,029	5,239
	<hr/>	<hr/>
6. Members' shares of profits and losses		
Profits and losses are divided among the members, in accordance with the partnership agreement, after the end of the year.		
	2008	2007
	Number	Number
Average number of members	2	2
	<hr/>	<hr/>
	2008	2007
	£	£
Average profit/(loss) per member before interest on members' capital	1,185,279	(2,314,680)
	<hr/>	<hr/>

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

7. Property, plant and equipment	£	£	£
	Improvements to leasehold	Plant and Equipment	Total
As at 31 December 2008			
Cost			
At 1.1.08	189,725	107,231	296,956
Additions	8,500	6,191	14,691
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31.12.08	198,225	113,422	311,647
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1.1.08	47,633	49,440	97,073
Disposals	-	-	-
Charge for year	19,114	21,914	41,028
	<hr/>	<hr/>	<hr/>
At 31.12.08	66,747	71,354	138,101
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31.12.08	131,478	42,068	173,546
	<hr/>	<hr/>	<hr/>
At 31.12.07	142,092	57,791	199,883
	<hr/>	<hr/>	<hr/>
As at 31 December 2007			
Cost			
At 1.1.07	189,725	105,517	295,242
Additions	-	1,714	1,714
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31.12.07	189,725	107,231	296,956
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1.1.07	28,662	28,091	56,753
Disposals	-	-	-
Charge for year	18,971	21,349	40,320
	<hr/>	<hr/>	<hr/>
At 31.12.07	47,633	49,440	97,073
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31.12.07	142,092	57,791	199,883
	<hr/>	<hr/>	<hr/>
At 31.12.06	161,063	77,426	238,489
	<hr/>	<hr/>	<hr/>

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

8.	Trade and other receivables	2008	2007
		£	£
	Non-current assets		
	Trade receivables	6,750,359	-
		<hr/>	<hr/>
		6,750,359	-
		<hr/>	<hr/>
	Current assets		
	Receivables from members (Note 11)	7,326,302	9,122,409
	Trade receivables	3,676,512	105,193
	Other receivables	16,881	20,613
	Prepayments	275,433	249,270
		<hr/>	<hr/>
		11,295,128	9,497,485
		<hr/>	<hr/>
9.	Trade and other payables	2008	2007
		£	£
	Trade payables	318,905	443,099
	Social security and other taxes	62,364	42,728
	Accruals	229,618	452,287
	Other payables	25,022,790	314,611
		<hr/>	<hr/>
		25,633,677	1,252,725
		<hr/>	<hr/>
10.	Loans and other debts due to members	2008	2007
		£	£
	Members' loans	16,416,434	8,949,563
		<hr/>	<hr/>
	Falling due within one year	16,416,434	8,949,563
	Falling due after more than one year	-	-
		<hr/>	<hr/>
		16,416,434	8,949,563
		<hr/>	<hr/>

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

11. Members' interests	£	£	£	£	£
	Losses to be divided	Total Equity	Members capital	Amounts due to/(from) members	Total members' interests
At 1.1.07	-	-	693,083	299,872	992,955
Recognised income & expense	(4,833,033)	(4,833,033)	-	-	(4,833,033)
Loss allocations	4,833,033	4,833,033	-	(4,833,033)	-
Capital introduced	-	-	-	2,704,665	2,704,665
Interest	-	-	-	205,698	205,698
Exchange rate Movement	-	-	-	757,212	757,212
Repaid expenses	-	-	-	692,740	692,740
At 1.1.08	-	-	693,083	(172,846)	520,237
Recognised income & expense	1,796,107	1,796,107	-	-	1,796,107
Loss allocations	(1,796,107)	(1,796,107)	-	1,796,107	-
Capital introduced	-	-	-	3,033,698	3,033,698
Interest	-	-	-	580,799	580,799
Exchange rate Movement	-	-	-	4,663,777	4,663,777
Repaid expenses	-	-	-	(811,403)	(811,403)
	-	-	693,083	9,090,132	9,783,215
Amounts due to Members				16,416,434	
Amounts due from Members				(7,326,302)	
				9,090,132	
12. Cash and cash Equivalents	£	£	£	£	£
	At 1.1.07	Cash flow	At 31.12.07/ At 1.01.08	Cash flow	At 31.12.08
Cash at bank and in hand	681,363	516,640	1,198,003	23,326,158	24,524,161

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

13. Financial assets and liabilities

The LLP's financial instruments comprise borrowing, cash and cash equivalents and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations.

The main purpose of these financial instruments is to finance the LLP's operations.

Extent and nature of financial instruments **£**

The LLP held the following financial assets at 31 December 2008:

Trade and other receivables including amounts owed by members	18,045,487
Cash at bank and in hand	24,524,161
	<hr/>
	42,569,648
	<hr/>

Financial liabilities **£**

Financial liabilities comprise amounts owed to members, employee costs, and other liabilities arising from trading operations.

The LLP had the following financial liabilities at 31 December 2008:

Trade and other payables	25,633,677
Loans and other debts due to members	16,416,434
	<hr/>
	42,050,111
	<hr/>

Maturity of financial liabilities **£**

The maturity of the above financial liabilities at 31 December 2008 is as follows:

Within one year	25,633,677
	<hr/>

Borrowing facilities

At 31 December 2008, the LLP had no undrawn committed borrowing facilities.

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

14. Employees	2008 Number	2007 Number
The average monthly number of employees (excluding members) during the year was:		
Office and management	9	7

Employee costs	2008 £	2007 £
Wages and salaries	1,560,799	1,247,700
Social security costs	111,990	76,505
	<u>1,672,789</u>	<u>1,324,205</u>

15. Operating lease commitments

At the year end the LLP had commitments to make payments under non-cancellable operating leases, which fall due as follows:

	£
Not later than 1 year	176,400
Later than 1 year, not later than 5 years	705,600
Later than 5 years	220,500
	<u>1,102,500</u>

16. Control

During the current and prior period the LLP was under the joint control of the two designated members, Howaldtswerke-Deutsche Werft GmbH and MAN Ferrostaal Aktiengesellschaft.

In the opinion of the members there is no ultimate controlling party.

17. Related party transactions

Included in creditors at the balance sheet date were amounts due to the designated members as follows:

Howaldtswerke-Deutsche Werft GmbH: £8,257,846 (2007: £4,576,611); and
MAN Ferrostaal Aktiengesellschaft: £8,158,588 (2007: £4,372,952)

These amounts are due to be repaid in more than one year and incur interest at 5%.

Included within creditors and cash and equivalents is £24,997,519 relating to monies received on behalf of the consortium projects with Howaldtswerke-Deutsche Werft GmbH.