

THYSSENKRUPP MARINE SYSTEMS LLP

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THYSSENKRUPP MARINE SYSTEMS LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

The members present their report and the audited financial statements, together with the Auditors' Report, for the year ended 30 September 2014.

Principal activities and review of the business

The principal activity of the LLP is the management of a number of indirect offset and agency agreements related to submarine contracts of the designated member.

The financial statements include recognition of success fees due to the LLP on the signing of the contracts. Other revenues and associated costs relating to these contracts are recognised by the LLP over the life of the contracts.

Members

The following members held office since 1 October 2013:

ThyssenKrupp Marine Systems GmbH
ThyssenKrupp Technologies Beteiligungen GmbH

The capital introduced by the LLP's members is not repayable to the members during the existence of the LLP. The capital introduced 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.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be re-appointed as auditors will be presented at the General Meeting.

Statement of member's responsibilities in respect of financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.


Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law as applied to limited liability partnerships the members 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the partnership will continue the business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the members and signed on their behalf on the 02 July 2015


ThyssenKrupp Marine Systems GmbH
Designated member


ThyssenKrupp Technologies Beteiligungen GmbH
Member

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THYSSENKRUPP MARINE SYSTEMS LLP REPORT ON THE FINANCIAL STATEMENTS

Report on the financial Statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 September 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by ThyssenKrupp Marine Systems LLP, comprise:

- the statement of financial position as at 30 September 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the designated members; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Members' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THYSSENKRUPP MARINE SYSTEMS LLP REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement of member's responsibilities in respect of the financial statements set out on page 1, the members 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
7 July 2015

THYSSENKRUPP MARINE SYSTEMS LLP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

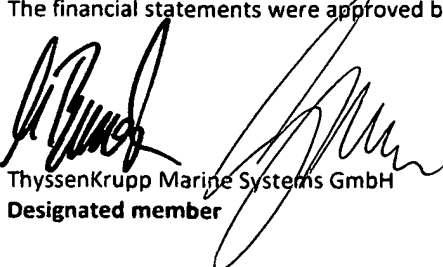
Notes	Year ended 30 September 2014 £	Restated Period ended 30 September 2013 £
2 Revenue	13,382,019	110,647,838
Cost of Sales	(12,615,862)	(105,815,839)
	<hr/>	<hr/>
Gross Profit	766,157	4,831,999
Administrative expenses	(428,175)	(638,717)
Other Income	7,906	10,555
Dividend Income	7,010	-
4 Interest payable	-	(239,404)
	<hr/>	<hr/>
Total comprehensive income/(loss) for the period before interest on members' loans	352,898	3,964,433
Finance cost	-	-
Corporation Tax	-	-
	<hr/>	<hr/>
12 Total comprehensive income for the period available for division among members	352,898	3,964,433
	<hr/>	<hr/>

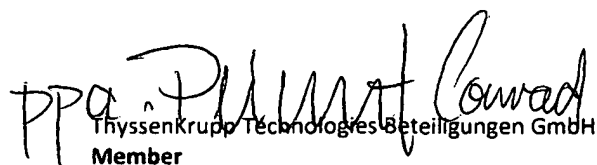
Notes on pages 7 to 16 form part of these financial statements.

THYSSENKRUPP MARINE SYSTEMS LLP
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

Notes	Year ended 30 September 2014		Period ended 30 September 2013	
	£	£	£	£
	Non-current assets			
7	Property, plant and equipment	5,375		28,196
8	Investments	-		-
		<u>5,375</u>		<u>28,196</u>
	Current assets			
9	Trade and other receivables	9,959,971	12,366,112	
13	Cash and cash equivalents	3,650,509	4,927,222	
		<u>13,610,480</u>	<u>17,293,334</u>	
	Total assets	<u>13,615,855</u>	<u>17,321,530</u>	
	MEMBERS' INTERESTS AND LIABILITIES			
	Members' other interests			
12	Members' capital	761,912	761,912	
12	Profit for the period	352,898	3,964,433	
		<u>1,114,810</u>	<u>4,726,345</u>	
	Current liabilities			
10	Trade and other payables	11,346,934	9,344,241	
	Non-Current Liabilities			
11	Trade and other payables	1,154,111	3,250,944	
		<u>12,501,045</u>	<u>12,595,185</u>	
	Total liabilities	<u>12,501,045</u>	<u>12,595,185</u>	
	Total members' interests and liabilities	<u>13,615,855</u>	<u>17,321,530</u>	
12	Total members' interests			
	Members' other interests	1,114,810	6,661,107	
	Amounts due from members	(4,687,872)	(8,652,305)	
		<u>(3,573,062)</u>	<u>(1,991,198)</u>	

The financial statements were approved by the Board on the **02 July 2015** and signed on its behalf by:


ThyssenKrupp Marine Systems GmbH
Designated member


ThyssenKrupp Technologies Beteiligungen GmbH
Member

Date authorised by the Executive Board for issue: **02 July 2015**
Partnership Registration No. **OC307812**

Notes on pages 7 to 16 form part of these financial statements.

THYSSENKRUPP MARINE SYSTEMS LLP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

Notes	Year ended 30 September 2014 £	Period ended 30 September 2013 £
Cash flows from operating activities		
Net profit for period	352,898	3,964,433
Adjustments for:		
7 Depreciation of property, plant and equipment	23,274	46,844
3 Loss on disposal of property, plant and equipment	-	35,215
8 Impairment of India Investment	-	40,014
4 Finance costs	-	239,404
5 Interest received	-	(10,555)
	<hr/>	<hr/>
	376,172	4,315,355
9 (Increase)/decrease in prepayments and other receivables	(1,558,292)	85,365,598
10 (Decrease) in trade and other payables	(94,140)	(89,368,276)
	<hr/>	<hr/>
Net cash inflows/(outflows) from operating activities	(1,276,260)	312,677
	<hr/>	<hr/>
Cash flows from investing activities		
7 Purchase of property, plant and equipment	(453)	(2,061)
5 Interest received		10,555
Receipts from sales of property, plant and equipment	-	29,185
	<hr/>	<hr/>
Net cash inflows from investing activities	(453)	37,679
	<hr/>	<hr/>
Cash flows from financing activities		
4 Interest paid	-	(239,404)
	<hr/>	<hr/>
Net cash outflows from financing activities	-	(239,404)
	<hr/>	<hr/>
13 Net (decrease)/increase in cash and cash equivalents	(1,276,713)	110,952
13 Cash and cash equivalents at the beginning of period	4,927,222	4,816,270
	<hr/>	<hr/>
13 Cash and cash equivalents at the end of period	3,650,509	4,927,222
	<hr/>	<hr/>

Notes on pages 7 to 16 form part of these financial statements.

THYSSENKRUPP MARINE SYSTEMS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. Accounting Policies

a) Accounting convention

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, the LLP SORP (March 2010) and with those parts of the Companies Act 2006 applicable to limited liability partnerships (LLPs) reporting under IFRS. The financial statements have been prepared on an accruals basis and on the basis that the LLP is a going concern.

Restatement

During the period costs of £1,934,762 were identified which had been deferred in prior year but which should have been expensed in the period ending 30 September 2014. Given the magnitude of the amounts in question they have been recognised as a prior period adjustment in these financial statements in accordance with the provisions of IAS 8. The financial impact of the adjustment has been to reduce the reported profit in the prior period from £5,899,195 to £3,964,433 and to reduce the members' interests from £(1,991,198) to £(3,925,960). Please see note 1(b) for information relating to the estimation technique recorded in 2013.

A third balance sheet is not presented because there is no impact on the prior year opening balance sheet.

b) Revenue

Revenue comprises fees due to the LLP for the successful negotiation and execution of contracts for the sale of naval vessels and submarines, net of VAT and trade discounts.

The fees due to the LLP in relation to successful contracts comprise an initial success fee, which is recognised on the signing of a contract, plus fees recognised over the life of those contracts. The naval vessels and submarines are supplied by one of the member companies, ThyssenKrupp Marine Systems GmbH, which accounts for its own revenue from those contracts under the percentage of completion (POC) method of accounting. Previously the LLP recognised the balance of its fees over the life of the contracts under the same POC method adopted by ThyssenKrupp Marine Systems GmbH. From 1 October 2013 a different POC method was adopted by the LLP from ThyssenKrupp Marine Systems GmbH for ongoing costs, whereby its revenue and costs are recognised over the remaining life of the contracts based on the proportion of costs remaining to be paid until completion. Due to the difference in the timings of costs incurred between ThyssenKrupp Marine Systems GmbH and the partnership, this resulted in the recognition of additional costs and revenues in the prior period of (£72,114,395) and £75,185,600 respectively compared to the previous estimation method adopted. Losses on contracts are recognised as soon as they are forecast.

c) Property, plant and equipment

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

d) Depreciation

Depreciation is provided on property, plant and equipment 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	- straight line over the life of the lease
Plant and equipment	- 20%/33% 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.

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

f) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

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.

h) Accounting standards issued but not yet adopted

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

International Accounting Standard (IAS/IFRS)	Effective Date
IFRS 11 Joint Arrangements	1 January 2016
IAS 38 Intangible Assets	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 Consolidated Financial Statements	1 January 2016
IAS 28 Investments in associates and joint ventures	1 January 2016
IFRS 9 Financial Instruments	1 January 2018

In so far as they are relevant to the company's operations, future adoption of these standards as they become effective is not expected to have a material impact on the financial statements of the company. The above standards and amendments to standards are not expected to have a significant impact on the LLP.

i) Group accounts

These financial statements present information about the LLP as an individual undertaking and not about its group. Consolidated group financial statements have not been prepared due to the only subsidiary undertaking being immaterial.

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

2.	Revenue	Year ended 2014 £	Period ended 2013 £
	Geographical market		
	South America	208,312	852,570
	Asia	4,359,231	65,221,362
	Europe	6,489,453	41,459,971
	Africa	2,325,023	3,113,935
		<hr/>	<hr/>
		13,382,019	110,647,838
		<hr/>	<hr/>
3.	Loss from operations	Year ended 2014 £	Period ended 2013 £
	Loss from operations is shown after charging:		
	Auditors' remuneration	16,000	21,000
	Profit/(loss) on foreign currency	12,184	(693,337)
	Depreciation of property, plant and equipment (note 7)	23,274	46,844
	Loss on disposal of tangible assets	-	35,215
		<hr/>	<hr/>
4.	Interest payable	Year ended 2014 £	Period ended 2013 £
	Other interest payable	-	239,404
		<hr/>	<hr/>
5.	Other income	Year ended 2014 £	Period ended 2013 £
	Other Income Columbia Office	7,906	-
	Bank and other interest received	-	10,555
		<hr/>	<hr/>

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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/period.

	2014 Number	2013 Number
Average number of members	2	2
	<hr/>	<hr/>
	2014 £	2013 £
Average profit per member before interest on members' capital	176,449	1,982,217
	<hr/>	<hr/>

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

7. Property, plant and equipment

	Improvements to leasehold £	Plant and Equipment £	Total £
As at 30 September 2014			
Cost			
At 01.10.13	-	80,967	80,967
Additions	-	453	453
At 30.09.14	-	81,420	81,420
Depreciation			
At 01.10.13	-	52,771	52,771
Charge for period	-	23,274	23,274
At 30.09.14	-	76,045	76,045
Net Book Value			
At 30.09.14	-	5,375	5,375
At 01.10.13	-	28,196	28,196
As at 30 September 2013			
Cost			
At 01.10.12	202,985	230,327	433,312
Additions	-	2,061	2,061
Disposals	(202,985)	(151,421)	(354,406)
At 30.09.13	-	80,967	80,967
Depreciation			
At 01.10.12	143,383	153,591	296,974
Disposals	(160,695)	(130,352)	(291,047)
Charge for period	17,312	29,532	46,844
At 30.09.13	-	52,771	52,771
Net Book Value			
At 30.09.13	-	28,196	28,196
At 01.10.12	59,602	76,736	136,338

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

8. Fixed asset investments

	Shares in group undertakings and participating interests
Cost	£
As at 1 October 2013	116,474
Additions	-
As At 30 September 2014	116,474
Provisions for diminution in value	
As At 1 October 2013	116,474
India Investment impairment	-
As At 30 September 2014	116,474
Net book value	
At 1 October 2013 & 30 September 2014	-

Holdings of more than 20%

The LLP holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Class	Shares held %
Subsidiary undertakings			
ThyssenKrupp Marine Systems India Private Limited	India	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and Reserves 30 September 2014 £	Profit for the year 30 September 2014 £
ThyssenKrupp Marine Systems India Private Limited	Support services	82,906	303,621

THYSSENKRUPP MARINE SYSTEMS LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2014

9.	Trade and other receivables	2014 £	2013 £
	Current assets		
	Receivables from members (note 12)	4,687,872	8,652,305
	Trade receivables	-	-
	Receivables from subsidiaries (note 18)	-	29,832
	Other receivables	16,535	12,709
	Prepayments	5,255,564	3,671,266
		<hr/>	<hr/>
		9,959,971	12,366,112
		<hr/>	<hr/>

Restatement

During the period costs of £1,934,792 were identified which had been deferred in prior year but which should have been expensed in the period ending 30 September 2014. Given the magnitude of the amounts in question they have been recognised as a prior period adjustment in these financial statements in accordance with the provisions of IAS 8. The financial impact of the adjustment has been to reduce the reported profit in the prior period from £5,899,195 to £3,964,433 and to increase the members interests from £(1,991,198) to £(3,925,960). Please see note 1(b) for information relating to the estimation technique recorded in 2013. A third balance sheet is not presented because there is no impact on the prior year opening balance sheet.

10.	Trade and other payables	2014 £	2013 £
	Trade payables (note 18)	1,842,954	2,360,271
	Social security and other taxes	-	1,020
	Accruals	224,025	137,141
	Other payables	9,279,955	6,845,809
		<hr/>	<hr/>
		11,346,934	9,344,241
		<hr/>	<hr/>

11.	Non-Current Liabilities		
	Trade Payables (note 18)	1,154,111	3,250,944
		<hr/>	<hr/>
		1,154,111	3,250,944
		<hr/>	<hr/>