

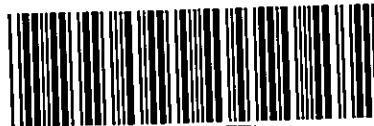
Registered No. 2689884

EDO Rugged Systems Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

EDO Rugged Systems Limited

Registered No: 2689884

Director

P Hills

Secretary

A Roberts

Auditors

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Registered office

Home Farm Business Park
Home Farm Road
Brighton
East Sussex
BN1 9HU

Director's report

The director presents his report and financial statements for the year ended 31 December 2008.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Results and dividends

The profit after taxation for the year amounted to £104,664 (2007: profit of £363,791).

The director does not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was the design and sale of ruggedised electronic equipment.

The company has developed a range of fully rugged computer products and continues to invest in the maintenance of this range to support the existing customers. The director is confident that this range meets the requirements of the fully rugged computer users.

The director considers the results achieved in the year to be satisfactory.

Directors

The director who served during the year and subsequent to the year end are shown below.

P Hills

The company has indemnified the director against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the director's report.

Financial instruments

The Company use certain financial instruments to help manage its operating risks. In particular the Company utilises loan balances provided by other Group undertakings to manage the liquidity and cash flow risks faced.

Disclosure of information to the auditors

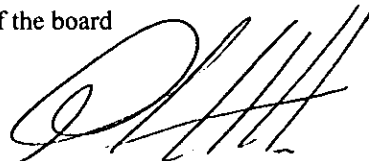
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the shareholders at the Annual General Meeting.

On behalf of the board

P Hills
Director



5TH JUNE

2009

Statement of directors' responsibilities

The directors are responsible for preparing 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:

- 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of EDO Rugged Systems Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

Independent auditors' report

to the members of EDO Rugged Systems Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst + Young LLP

Ernst & Young LLP
Registered Auditor
Southampton

9 June 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Notes</i>	2008 £	2007 £
Turnover	2	245,238	973,295
Cost of sales		(97,919)	(475,578)
Gross profit		<u>147,319</u>	<u>497,717</u>
Administrative expenses		(936)	(44,660)
Profit on ordinary activities before taxation	3	146,383	453,057
Tax on profit on ordinary activities	5	(41,719)	(89,266)
Profit retained for the financial year		<u><u>104,664</u></u>	<u><u>363,791</u></u>

All amounts relate to continuing operations.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £104,664 attributable to the shareholders for the year ended 31 December 2008 (2007 - profit of £363,791).

Balance sheet
at 31 December 2008

	<i>Notes</i>	2008 £	2007 £
Creditors: amounts falling due within one year	6	<u>(365,579)</u>	<u>(470,243)</u>
Net liabilities		<u>(365,579)</u>	<u>(470,243)</u>
Capital and reserves			
Called up share capital	7	500	500
Profit and loss account	8	<u>(366,079)</u>	<u>(470,743)</u>
Shareholders' deficit	8	<u>(365,579)</u>	<u>(470,243)</u>

P Hills
Director



Date: 5TH JUNE 2009

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements of EDO Rugged Systems Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

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

Fundamental accounting concept – going concern

The company is dependent on funding from its parent undertaking and fellow subsidiary undertaking EDO MBM Technology Limited, to enable it to meet its liabilities as they fall due. EDO MBM Technology Limited has agreed not to require repayment of the year end balance due to it from the company of £365,579 (2007: £470,243) for the foreseeable future. On this basis the financial statements have been prepared on a going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with shareholders or investees of the ITT Corporation group.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

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

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Notes to the financial statements

at 31 December 2008

2. Turnover

Turnover comprises the invoiced value of goods and services provided by the company net of value added tax and trade discounts.

An analysis of turnover by geographical market is given below:

	2008 £	2007 £
United Kingdom and Continental Europe	<u>245,238</u>	<u>973,295</u>

3. Operating profit

The directors' and auditors' remuneration are borne by a fellow subsidiary undertaking.

4. Staff costs

All staff costs are borne by a fellow subsidiary undertaking. No directors received remuneration in the current or prior period.

5. Taxation on ordinary activities

The taxation charge is made up as follows:

(a) Tax charge on profit on ordinary activities	2008 £	2007 £
<i>Current tax:</i>		
United Kingdom Corporation tax at 28.5% (2007 - 30%)	41,719	104,551
Tax over provided in previous years	-	(15,285)
Total current tax (note 5(b))	<u>41,719</u>	<u>89,266</u>

(b) Factors affecting current tax charge

The tax rate assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are reconciled below:

	2008 %	2007 %
Standard rate of tax as a percentage of profit	<u>28.5</u>	<u>30.0</u>
Transfer pricing adjustments	(0.4)	-
Utilization of tax losses brought forward	-	(6.0)
Group relief adjustment	-	(1.0)
Prior period adjustments	-	(3.0)
Total current tax (note 5(a))	<u>28.1</u>	<u>20.0</u>

Notes to the financial statements
at 31 December 2008

6. Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	<u>365,579</u>	<u>470,243</u>

7. Share capital

	2008 £	<i>Authorised</i> 2007 £
Ordinary shares of £5 each	<u>50,000</u>	<u>50,000</u>

	<i>Allotted and called up</i>	
	2008	2007
	No.	£
Ordinary shares of £5 each	100	<u>500</u>
		No.
		<u>500</u>

8. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Profit and loss</i> <i>account</i> £	<i>Total share-</i> <i>holders' funds</i> £
At 1 January 2007	500	(834,534)	(834,034)
Profit for the year	-	363,791	363,791
At 1 January 2008	<u>500</u>	<u>(470,743)</u>	<u>(470,243)</u>
Profit for the year		104,664	104,664
At 31 December 2008	<u>500</u>	<u>(366,079)</u>	<u>(365,579)</u>

9. Ultimate parent company and controlling party

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

The Director's consider that the company's ultimate parent company and controlling party to be ITT Corporation, a company incorporated in the United States. ITT Corporation is the parent undertaking of the largest and smallest consolidated group that includes the company. Copies of its group financial statements are available from 4 West Oak Lane, White Plains, NY 10604.