

BBA Overseas Holdings Limited

**Annual report and financial statements
for the year ended 31 December 2007**

Registered number: 885456

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COMPANIES HOUSE

Directors and advisers

Directors

A R Wood

I D C Simm (appointed 28 July 2008)

M Hoad (appointed 28 July 2008)

J M Harper (resigned 8 August 2007)

S Pryce (appointed 8 August 2007)

S M F Shaw (resigned 13 August 2008)

Z W Stone (appointed 13 August 2008)

Secretary

S M F Shaw (resigned 13 August 2008)

Registered Office

20 Balderton Street

London

W1K 6TL

Auditors

Deloitte & Touche LLP

London

Directors' report

For the year ended 31 December 2007

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2007

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (A) of the Companies Act 1985

Principal activity

The principal activity of the Company is that of an investment holding company

Results and dividends

The results for the year are shown in the profit and loss account on page 6

During the year, no interim dividend was paid (2006 - £nil) The directors do not recommend payment of a final dividend (2006 - £nil)

Directors

The directors who held office during the year, except as noted, were

A R Wood

I D C Simm (appointed 28 July 2008)

M Hoad (appointed 28 July 2008)

J M Harper (resigned 8 August 2007)

S Pryce (appointed 8 August 2007)

S M F Shaw (resigned 13 August 2008)

Z W Stone (appointed 13 August 2008)

Financial risk management

Due to the fact that the company has not had any commercial trading during the year and has no plans to commence trading within the foreseeable future, the company does not consider it necessary to adopt a financial risks policy as such information is not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Auditors

As required by section 234ZA of the Companies Act 1985, each of the directors, at the date of the approval of this report, confirms that

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are

Words and phrases used in this confirmation should be interpreted in accordance with section 234ZA of the Companies Act 1985

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the next Annual General Meeting

Directors' report (continued)

For the year ended 31 December 2007

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 the year. 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 accounting standards have been followed, 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.

20 Balderton Street
London
W1K 6TL

By order of the Board



Z W Stone
Director

29 September 2008

Independent auditors' report to the members of BBA Overseas Holdings Limited

We have audited the financial statements of BBA Overseas Holdings Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and related notes numbered 1 to 14. 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 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' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 circumstances of the Company, 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 BBA Overseas Holdings Limited (continued)

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 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
29 September 2008

Profit and loss account

For the year ended 31 December 2007

	Notes	2007 £	2006 £
Administrative expenses		(22,084)	-
Interest receivable and similar income	4	<u>14,970</u>	<u>20,541</u>
(Loss)/profit on ordinary activities before taxation		(7,114)	20,541
Taxation on loss/(profit) on ordinary activities	5	<u>-</u>	<u>-</u>
(Loss)/profit on ordinary activities after taxation	2	(7,114)	20,541
Dividends paid	6	<u>-</u>	<u>-</u>
Retained (loss)/profit for the financial year		<u>(7,114)</u>	<u>20,541</u>

Statement of total recognised gains and losses

For the year ended 31 December 2006

	2007 £	2006 £
(Loss)/Profit for the financial year	(7,114)	20,541
Revaluation of investment in subsidiary undertaking	(156,851,783)	(241,346,761)
Exchange adjustments on retranslation of investments	48,303,440	(159,331,441)
Exchange adjustments on retranslation of foreign currency borrowings	<u>(19,542,370)</u>	<u>26,211,888</u>
Total recognised gains and losses for the year	<u>(128,097,827)</u>	<u>(374,445,773)</u>

All profits or losses are derived from continuing operations

There is no material difference between the results as disclosed in the profit and loss account and their historical cost equivalent

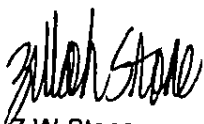
The accompanying notes are an integral part of this profit and loss account

Balance sheet

At 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Investments in group undertakings	7	1,453,945,143	1,559,490,806
Current assets			
Debtors amounts falling due within one year	8	49,340,856	49,331,403
Debtors amounts falling due after one year	8	937,591,883	176,883,652
Cash at bank and at hand		<u>34,265</u>	<u>30,542</u>
		986,967,004	226,245,597
Creditors amounts falling due within one year	9	<u>(523,458,290)</u>	<u>(200,709,445)</u>
Net current assets		463,508,714	25,536,152
Creditors amounts falling due after one year	9	<u>(600,830,848)</u>	<u>(140,306,122)</u>
Net assets		<u>1,316,623,009</u>	<u>1,444,720,836</u>
Capital and reserves			
Share capital	10	165,877,445	165,877,445
Share premium	11	396,283,214	396,283,214
Revaluation reserve	11	733,617,676	890,469,459
Capital reserve	11	176,645,383	176,645,383
Profit and loss account	11	<u>(155,800,709)</u>	<u>(184,554,665)</u>
Shareholders' funds	12	<u>1,316,623,009</u>	<u>1,444,720,836</u>

These financial statements were approved by the Board of Directors on 29 September 2008, and are signed on its behalf by



Z W Stone
Director

The accompanying notes are an integral part of this balance sheet

Notes to the accounts

For the year ended 31 December 2007

1. Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the year and preceeding year

a) Basis of accounting

The financial statements have been prepared under the historical cost convention adjusted for the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of BBA Aviation plc, which prepares consolidated financial statements which are publically available. The Company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement

b) Investments

Following the transfer of all the Company's equity investments to BBA International Investments SARL (BIIS) in 1999, the directors decided to include the Company's investment in BIIS at their estimate of its value, based on the underlying market values of BIIS's subsidiary undertakings. The directors believe that this provides more useful information in respect of this investment. The carrying value is allocated between the different currencies of the underlying investments. The decrease in valuation of approximately £241m in 2007 (2006 - £241m decrease) has been taken to the Revaluation Reserve in the Balance Sheet (note 11)

The carrying value of the Company's investment in BIIS is reviewed annually for impairment in accordance with Financial Reporting Standard No 11

c) Dividends

Credit is taken in the financial statements for dividends receivable or declared prior to the balance sheet date by subsidiary undertakings

d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rates of exchange at the balance sheet date

Exchange differences arising from the translation of foreign currency loans which are used to finance equity investments, to the extent that they hedge the Company's investment in such operations, are taken directly to reserves. Other exchange differences are reflected in the operating profit for the year

Exchange differences arising from the translation of foreign investments are taken directly to reserves

e) Taxation

The tax charge on the profit or loss for the year comprises current tax

Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax for the company is provided in the consolidated group financial accounts on a full provision basis, providing for timing differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited on the profit or loss account, except when it relates to items credited or charged directly to equity in which case the deferred tax is also dealt with in equity

In accordance with FRS 19, deferred tax assets are recognised only to the extent that it is regarded that it is more likely than not that future taxable profits will be available against which the assets can be utilised

Notes to the accounts (continued)

For the year ended 31 December 2007

1. Accounting policies (continued)*f) Related party transactions*

In accordance with FRS 8 "Related Party Transactions", the Company is exempt from disclosing related party transactions with other group companies as 90% of the voting rights are controlled within the group and the ultimate parent company, BBA Aviation plc, has prepared consolidated financial statements which include the results of the Company for the year and are available to the public

2 Profit on ordinary activities before taxation

Audit fees for the audit of the statutory accounts for the current year amounting to £1,500 (2006 - £1,500) have been borne by the ultimate parent company

Fees payable to Deloitte & Touche LLP for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis

3. Employees and employee costs

There were no full time employees (2006 - none) other than directors during the year and the aggregate payroll costs were £nil (2006 - £nil) No director received any remuneration in the current year for services to the Company

4. Interest receivable and similar income

	2007 £	2006 £
Interest receivable from group companies	9,455	18,917
Bank interest receivable	5,515	1,624
	<u>14,970</u>	<u>20,541</u>

5. Tax on (loss)/profit on ordinary activities

	2007 £	2006 £
United Kingdom corporation tax at 30% (2006 - 30%) based on the (loss)/profit for the year	-	-
Total current tax charge	<u>-</u>	<u>-</u>

Factors affecting the current tax charge

(Loss)/profit on ordinary activities before taxation	(7,114)	20,541
Tax at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(2,134)	6,162
Tax losses surrendered for no payment	2,134	(6,162)
Current tax charge	<u>-</u>	<u>-</u>

No deferred tax has been required to be included in the BBA Aviation plc consolidated group accounts in respect of this Company, and hence the deferred tax credit /(charge) recognised in those accounts for 2007 was £nil (2006 - £nil)

The Company's investment in BIIS has been revalued as set out in note 7. It is the Company's intention to retain the shares in BIIS for the foreseeable future. No deferred tax has been provided on the gains arising from the revaluation as there is no binding contract to sell the shares.

Notes to the accounts (continued)
For the year ended 31 December 2007

6 Dividends

	2007 £	2006 £
Interim dividend paid of £nil (2006 - £nil)	-	-

7 Investments

	2007 £	2006 £
Value at 1 January	1,559,490,806	1,962,773,896
Revaluation	(156,851,783)	(241,346,761)
Additions	3,002,680	81,694
Disposal	-	(2,686,582)
Exchange differences	48,303,440	(159,331,441)
Value at 31 December	1,453,945,143	1,559,490,806

On 17 October 2006, BBA Overseas Holdings Limited purchased BBA Holdings France for €37,000

On 13 November 2006, BBA Overseas Holdings Limited sold BBA Fiberweb Holdings SL to Fiberweb Holdings limited at its net book value of €4,003,006

The valuation of the Company's direct investment in BBA International Investments SARL reflects the acquisition and disposal of any indirectly held subsidiary undertakings during the year

On 21 January 2007 BBA Overseas Holdings capitalised its loan receivable from BBA Holdings France of €4,474,000

	Place of incorporation and operation	% of ordinary share capital owned by the Company
Direct Investments:		
BBA International Investments SARL	Luxembourg	100%
FBO Limited	Ireland	100%
BBA Finance No 5	Great Britain	94%
BBA Holdings France	France	100%

Principal Operating Companies:

Aviation Services companies:

Lynton Group Inc	USA	100 00% *
Signature Flight Support Corporation	USA	100 00% *
Dallas Airmotive Inc	USA	100 00% *
International Turbine Services Inc	USA	100 00% *
DAI Airwork Corporation	USA	100 00% *
Aircraft Service International Group Inc	USA	100 00% *
Barrett Turbine Engine Company	USA	100 00% *
Signature Flight Support Paris SAS	France	100 00% *
FBO Shannon Limited	Ireland	85 00% *

* Indirect interest

Notes to the accounts (continued)
For the year ended 31 December 2007

8 Debtors

	2007 £	2006 £
Loan amount owed by fellow group undertakings		
- Amounts due within one year	49,340,856	49,331,403
- Amounts due after one year	937,591,883	176,883,652
	<u>986,932,739</u>	<u>226,215,055</u>

9 Creditors

	2007 £	2006 £
<i>Amounts falling due within one year</i>		
Amounts due to fellow group undertakings	<u>523,458,290</u>	<u>200,709,445</u>

Amounts falling due after one year

Loan amount owed to BBA Aviation plc - USD 275m (2006 USD 275m)	138,190,955	140,306,122
Loan amount owed to Balderton Aviation Holdings Ltd - USD 921m (2006 USD nil)	462,639,893	-
	<u>600,830,848</u>	<u>140,306,122</u>

The USD loan from Balderton Aviation Holdings Ltd is a drawdown on an interest free loan facility of USD 1,500m to be repaid 30 November 2012

10 Share capital

	2007 £	2006 £
Authorised,:		
521,000,000 ordinary share capital of £1 each	<u>521,000,000</u>	<u>521,000,000</u>
Allotted, called-up and fully paid:		
165,877,445 ordinary share capital of £1 each	<u>165,877,445</u>	<u>165,877,445</u>

11. Reserves

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Beginning of year	396,283,214	890,469,459	176,645,383	(184,554,665)
Retained profit for the financial year	-	-	-	(7,114)
Revaluation of investment in subsidiary	-	(156,851,783)	-	-
Exchange adjustments on retranslation of investment	-	-	-	48,303,440
Exchange adjustments on retranslation of foreign currency borrowings	-	-	-	(19,542,370)
At 31 December 2007	<u>396,283,214</u>	<u>733,617,676</u>	<u>176,645,383</u>	<u>(155,800,709)</u>

Notes to the accounts (continued)
For the year ended 31 December 2007

12. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Shareholders' funds at 1 January	1,444,720,836	1,819,166,609
(Loss)/profit for the financial year	(7,114)	20,541
Revaluation of investment in subsidiary	(156,851,783)	(241,346,761)
Exchange adjustments on retranslation of investment	48,303,440	(159,331,441)
Exchange adjustments on retranslation of foreign currency borrowings	(19,542,370)	26,211,888
Shareholders' funds at 31 December	<u>1,316,623,009</u>	<u>1,444,720,836</u>

13. Subsequent events

On 26 August 2008, BBA Overseas Holdings Limited increased its share capital from £521,000,000 to £1,166,705,153 with the issue and allotment at par of 467,462,113 £1 ordinary shares to BBA Holdings Limited, 43,024,182 £1 ordinary shares to The Guthrie Corporation Limited and 135,218,858 £1 ordinary shares to Guthrie Overseas Investments Ltd

14. Ultimate parent company

The ultimate parent company and controlling party is BBA Aviation plc which is incorporated in Great Britain and registered in England and Wales. BBA Aviation plc is the only company which prepares group accounts incorporating the financial statement of the Company. These group financial statements are available to the public from the Company Secretary of BBA Aviation plc at 20 Balderton Street, London W1K 6TL.