

Airbus UK Pegasus Limited

Report and Accounts

31 December 2006



Registered in England No 5134529

Directors
C N J Sparkes
I G Gray

Secretary and registered office
K Davies
New Filton House
Filton
Bristol
BS99 7AR

Report of the directors

The directors present their report and the audited accounts for the year ended 31 December 2006

Review of the business

There was no profit or loss for the year ending 31 December 2006. The directors do not recommend the payment of a dividend.

During 2006, EADS NV acquired BAE Systems' 20 percent stake of Airbus.

Directors and their interests

In accordance with s325 CA 85 (1) and (2), the company has not disclosed the Directors' interests. Airbus UK Pegasus Limited is a subsidiary of Airbus UK limited, which is a wholly owned subsidiary of an overseas parent, thereby removing the disclosure requirement.

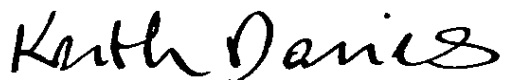
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



K Davies
Secretary

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

100 Temple Street

Bristol

BS1 6AG

United Kingdom

Independent auditors' report to the members of Airbus UK Pegasus Limited

We have audited the financial statements of Airbus UK Pegasus Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 judgments 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 Airbus UK Pegasus Limited
(continued)

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result 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

W. G. L.

KPMG LLP

Chartered Accountants

Registered Auditor

3 October 2007

Airbus UK Pegasus Limited

Profit and loss account

for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	128,364	115,301
Operating Profit	3	128,364	115,301
Interest payable		(128,364)	(115,301)
Result of ordinary activities before taxation		-	-
Tax on result of ordinary activities		-	-
Result for the financial period	8	-	-

Turnover and operating loss were from continuing activities

There were no other recognised gains and losses in the year

Airbus UK Pegasus Limited

Balance sheet

at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Stocks	4	2,364,073	1,999,661
Creditors			
Amounts falling due within one year	5	(471)	(9,212)
Net current assets		2,363,602	1,990,449
Creditors			
Amounts falling due after more than one year	6	(2,363,601)	(1,990,448)
Net assets		1	1
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	-	-
Shareholders' funds	9	1	1

These financial statements were approved by the board of directors on 3 October 2007 and were signed on its behalf by



C Sparkes

Director

Airbus UK Pegasus Limited

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standard has been adopted for the first time

- FRS 20 "Share based payments"

The above standard has not had a material impact on these financial statements

Basis of preparation

The accounts are prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards

The accounts have been prepared on a going concern basis as the directors have received confirmation from Airbus UK Limited that it will provide financial support as is necessary to meet any outstanding obligations as they fall due

Cash flow statement

Under FRS 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement as 90% or more of the voting rights of the company are controlled within a group and the company was included in the consolidated accounts of the group, which are publicly available

Related party transactions

Under FRS 8, the company is exempt from the requirement to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties as 90% or more of the voting rights of the company are controlled within a group and the company was included in the consolidated accounts of the group, which are publicly available

Stocks

The land purchase is included in the balance sheet at its open market value at the balance sheet date on the basis of a valuation determined by external professional valuers or by the directors. The company intends to sell the land, with or without development to its parent company or to a third party

2. Turnover

Turnover comprised a fee charged to Airbus UK Limited for the developing of the site in a way that would be best suited to Airbus UK Limited

All of the turnover was derived from the UK

3. Operating Profit

No emoluments were receivable by the directors from the company during the year

The audit costs of the company are borne by its parent company

Airbus UK Pegasus Limited

Notes to the accounts

continued

4 Stocks

<i>Land –Cost and valuation</i>	£
Opening balance	1,999,661
Additions	364,412
Closing balance	2,364,073

This amount represents the purchase value of the land and subsequent, directly attributable costs

5. Creditors' amounts falling due within one year

	2006	2005
	£	£
Other tax and social security	471	9,212
	471	9,212

6. Creditors' amounts falling due in more than one year

	2006	2005
	£	£
Amounts owed to group undertakings	2,363,601	1,990,448
	2,363,601	1,990,448

7 Share capital

	2006	2005
	£	£
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, issued and fully paid</i>		
1 ordinary shares of £1 each	1	1

Airbus UK Pegasus Limited

Notes to the accounts

continued

8. Reserves

	Profit and loss account £
Result for the year	-
Closing balance	-

9. Reconciliation of shareholders' funds

	2006 £
Issued share capital	1
Result for the financial year	-
Closing balance of shareholders' funds	1

10 Parent undertaking

The company is a subsidiary undertaking of Airbus UK Limited. However the ultimate parent undertaking and controlling party as defined by FRS 8 is EADS NV, a company incorporated and registered in the Netherlands.

Copies of the group accounts of EADS NV may be obtained from Drentestraat 24, 1083 HK, Amsterdam.