

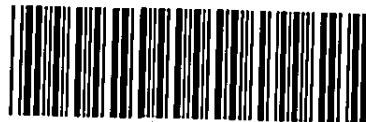
Company Registration No. 6707516

**Ontic Engineering & Manufacturing
UK Limited**

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

Ontic Engineering & Manufacturing UK Ltd

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent Auditors' Report	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the accounts	9

Ontic Engineering & Manufacturing UK Ltd

Report and financial statements 2009

Officers and professional advisers

Directors

Mark Hoad (Appointed 25 September 2008)

Mark Hoad (Resigned 27 April 2010)

James Francis Gerwien (Appointed 25 September 2008)

James Francis Gerwien (Resigned 22 September 2009)

Iain Simm (Appointed 25 September 2008)

Margaret Billson (Appointed 22 September 2009)

Tony Bristlin (Appointed 27 April 2010)

Registered office

7th Floor, 20 Balderton Street
London
W1K 6TL

Bankers

HSBC Bank plc
14 Bradford Road
Cleckheaton
West Yorkshire
BD19 3JR

Auditors

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Ontic Engineering & Manufacturing UK Ltd

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 16 months from 25 September 2008 to 31 December 2009

Results

The company's turnover for the period amounted to £649,852 and the profit after taxation was £81,752

Principal activities

The principal activities of the company comprise the manufacture of legacy oxygen parts for the aviation industry worldwide

Business review

During the period the company acquired its first legacy licence. To support this licence, the company subsequently established a UK manufacturing facility, appointed and trained employees and received UK CAA/EASA Part 145 repair station / UK CAA/EASA Part 21G Manufacturing / ISO 9001 2008 and BS EN 9100 2003 certification from BSI / USA department of transportation. Following certification, the company commenced manufacturing operations and the supply of product to its customers. The successful certification and commencement of operations represented a key milestone for the company. The key performance indicators that management monitors are revenue, which amounted to £649,852 and operating profit which amounted to £96,023.

Principle risks and uncertainties

The key risks facing the company are

- Further deterioration in the global economy resulting in airlines for oxygen parts either reducing their flight schedules and so decreases their requirements or ceasing to trade, and
- Failing to acquire new licences and, as a result, failing to meet the company's growth and financial targets

Future prospects

The directors consider the results for the 16 months to 31 December 2009 to be satisfactory and expect that the present level of activity will increase in the foreseeable future.

Going Concern

- Ontic UK is a profitable entity and expects to grow rapidly in the coming years as new licenses are acquired
- Ontic UK has a strong portfolio of geographically diverse customers across its business
- Ontic UK is a subsidiary of BBA Aviation plc, which has access to substantial cash facilities and also concluded in its published financial statements that it was a going concern

Based on these factors, the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Ontic Engineering & Manufacturing UK Ltd

Directors' report (continued)

Supplier payment policy

The company's policy is to agree to terms of payment with suppliers at the outset of the contract. Payment to trade creditors of the company at 31 December 2009 was equivalent to 59 days' purchases, based on the average daily amount invoiced by suppliers during the year.

Disabled employees

It is the company's policy to make reasonable accommodations and give full consideration to suitable applications for employment for disabled persons. In the event of a member of staff becoming disabled every effort would be made to ensure that employment continues or training is provided for other positions within the company.

Employee involvement

The company recognises the value of the involvement of its employees and continues the practice of keeping them informed of matters affecting them as employees and factors affecting the company's performance. During the year regular meetings were held with employees.

Directors

The directors who held office during the year, and subsequently, except where noted, were

Mark Hoad (Appointed 25 September 2008)

Mark Hoad (Resigned 27 April 2010)

James Francis Gerwien (Appointed 25 September 2008)

James Francis Gerwien (Resigned 22 September 2009)

Iain Simm (Appointed 25 September 2008)

Margaret Billson (Appointed 22 September 2009)

Anthony Bristlin (Appointed 27 April 2010)

Financial risk management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. As the majority of the financial risks are managed by the treasury function of the ultimate parent company the directors consider these risks are fully mitigated.

Statement on information given to auditors

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.


Ontic Engineering & Manufacturing UK Ltd

Directors' report (continued)

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'AB', with a long horizontal stroke extending to the right.

Anthony Bristlin
Director
14 June 2010

Ontic Engineering & Manufacturing UK Ltd

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 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). Under company law the directors 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 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Ontic Engineering & Manufacturing UK Ltd

We have audited the financial statements of Ontic Engineering & Manufacturing UK Ltd for the period from 25 September 2008 to 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Edward Hanson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

15th June 2010

Ontic Engineering & Manufacturing UK Ltd

Profit and loss account

16 month period from 25 September 2008 to 31 December 2009

		Period from 25 Sept 2008 to 31 Dec 2009
	Notes	£
Turnover	1	649,852
Cost of Sales		(783,871)
Gross Loss		<hr/> (134,019)
Administrative expenses	3	(340,866)
Other Income	2	570,908
Operating Profit		<hr/> 96,023
Other interest receivable and similar income		
Interest Income		3,700
Profit on ordinary activities before taxation	3	<hr/> 99,723
Tax on profit on ordinary activities	6, 11	(17,971)
Profit on ordinary activities after taxation and retained profit for the year	14	<hr/> 81,752

All results derive from continuing operations

There were no recognised gains or losses in the current or prior year other than those reflected above

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

Ontic Engineering & Manufacturing UK Ltd

Balance sheet

As at 31 December 2009

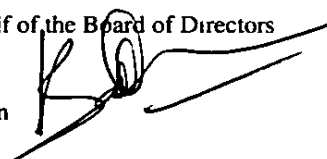
	Notes	2009 £
Fixed Assets		
Intangible assets	7	3,097,826
Tangible assets	8	399,492
		<u>3,497,318</u>
Current Assets		
Stocks		645,052
Debtors	9	627,257
Cash at bank and in hand		141,160
		<u>1,413,469</u>
Creditors: amounts falling due within one year	10	(811,063)
Deferred Taxation	11	(17,971)
Current liabilities		<u>(829,034)</u>
Net current assets		<u>584,435</u>
Total assets less current liabilities		<u>4,081,753</u>
Creditors: amounts falling due after more than one year	12	(4,000,000)
Net assets		<u>81,753</u>
Capital reserves		
Share capital	13,14	1
Profit and loss account	14	81,752
Shareholders' funds	14	<u>81,753</u>

The accompanying notes form an integral part of this balance sheet

The financial statements of Ontic Engineering and Manufacturing UK Ltd (registered number 6707516) were approved by the Board of Directors on 14 June 2010

Signed on behalf of the Board of Directors

Anthony Bristlin
Director



Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

1. Accounting policies

Accounting convention

The principal accounting policies are summarised below and have been applied consistently throughout the 16 months of trading

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. In preparing the financial statements, the directors have adopted the going concern basis as explained in the Directors' Report.

The company has taken advantage of the exemption under FRS 1 (revised) from preparing a cash flow statement as it is a wholly owned subsidiary of a parent which prepares a group cash flow statement in its publically available financial statement.

Tangible fixed assets

Tangible fixed assets are stated at cost and net of depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful economic life as follows:

Fixtures and fittings	-	10 years old
Leasehold Improvements	-	10 years old
Computer Equipment	-	3 years old
Machinery and Equipment	-	10 years
Motor vehicles	-	4 years

Intangible assets

The oxygen licence that was acquired from Kidde Graviner for £3,097,827 is considered to have an indefinite useful economic life and is therefore subject to an annual impairment review.

Foreign currencies

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

All exchange differences are reflected in the operating profit for the year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services provided by the Company.

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.

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

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

Leases

Where assets are financed by lease arrangements that give rights similar to ownership (finance leases), the assets are treated as if they had been purchased and the leasing commitments are shown as obligations to the lessors. The capitalisation value of the assets are written off on a straight-line basis over the shorter of the periods of the leases or the useful lives of the assets concerned. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital payments outstanding

For all other leases (operating leases) the rental payments are charged to the profit and loss account on a straight-line basis over the lives of the leases

Pensions

Payments to defined contribution retirement schemes are charged as an expense as they fall due

Related party transactions

Under FRS 8, the Company is exempt from disclosing related party transactions with other group companies as 100% 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 period and are available to the public

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

2. Other Income

Period from
25 Sept 2008
to 31 Dec 2009
£

Reverse royalties from Kidde Graviner	570,908
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Royalties are earned in line with the 'Transition service agreement' signed with Kidde Graviner on 26 Sept 2008. This expired on 30 Sept 2009.

3. Profit on ordinary activities before taxation

This is stated after charging

Period from
25 Sept 2008
to 31 Dec 2009
£

Auditors' remuneration – fee payable for the audit of the company's financial statements	4,500
Depreciation of tangible fixed assets - owned	19,957
Operating lease rentals - plant and machinery	1,909
Foreign exchange gains/(losses)	1,479

4. Directors' emoluments

Period from
25 Sept 2008
to 31 Dec 2009
£

Remuneration	-
Company Contributions to defined contribution schemes	-

Highest paid director

Remuneration	-
Company contributions to a defined contribution scheme	-

No Directors received any remuneration in the current period for services to the company

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

5. Staff costs (including directors' emoluments)

	Period from 25 Sept 2008 to 31 Dec 2009 £
Wages and salaries	350,807
Social security costs	32,726
Other pension costs	1,837
	<hr/>
	385,370
	<hr/>

The number of employees as at 31 December 2009 was as follows

	No.
Production	4
Distribution	6
Administration	4
	<hr/>
	14
	<hr/>

6. Taxation charge

	Period from 25 Sept 2008 to 31 Dec 2009 £
United Kingdom corporation tax at 28% based on the profit for the period	-
Adjustment in respect of prior year corporation tax	-
	<hr/>
Total current tax charge	-
Deferred Tax	
Origination and reversal of timing differences (see note 11)	(17,971)
	<hr/>
Total Tax Charge	(17,971)
	<hr/>
Factors affecting the current tax charge	
Profit on ordinary activities before taxation	99,723
Tax at the standard rate of corporation tax in the UK of 28%	27,922
Permanent differences	1,657
Capital allowances in excess of depreciation	(20,335)
Other timing differences	2,364
Tax losses claimed for no payment	(11,608)
	<hr/>
Current tax charge	-
	<hr/>

The tax charge of the company in future periods is expected to be affected most significantly by the availability of group relief for nil consideration and the incurrence of expenses for which there is no tax relief available.

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

7. Intangible Assets

	Licenses £	Total £
Cost		
At 25 September 2008	-	-
Additions	3,097,826	3,097,826
At 31 December 2009	3,097,826	3,097,826
Amortisation		
At beginning of period	-	-
Charge for the year	-	-
At end of period	-	-
Net book Value		
At 25 September 2008	-	-
At 31 December 2009	3,097,826	3,097,826

8. Tangible fixed assets

	Leasehold improvement £	Computer Equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 25 September 2008	-	-	-	-	-
Additions	249,451	37,008	109,990	23,000	419,449
At 31 December 2009	249,451	37,008	109,990	23,000	419,449
Depreciation					
At 25 September 2008	-	-	-	-	-
Charge for year	8,064	9,022	2,871	-	19,957
At 31 December 2009	8,064	9,022	2,871	-	19,957
Net book value					
At 31 December 2009	241,387	27,986	107,119	23,000	399,492
At 25 September 2008	-	-	-	-	-

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

9. Debtors

	2009
	£
Trade debtors	241,869
Amounts owed from group undertakings	19,717
Other Debtors	244,153
VAT	55,352
Prepayments and accrued income	66,166
	<u>627,257</u>

10. Creditors: amounts falling due within one year

	2009
	£
Trade creditors	315,428
Amounts owed to group undertakings	45,863
Accruals and deferred income	449,772
	<u>811,063</u>

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

11. Deferred Tax

A deferred taxation liability is provided in the financial statement as follows

	2009
	£
Balance as at 25 September 2008	-
Deferred tax (charge)/credit in year	(17,971)
Balance as at 31 December	(17,971)

Under Financial Reporting Standard Number 19, deferred taxation is provided in full on certain timing differences. The company does not discount the provision.

The deferred taxation (charge)/credit was mainly the result of the tax effect of timing differences as follows

Asset/(liability)	Provided 2009 £	Unprovided 2009 £
Arising from accelerated capital allowances	(20,335)	-
Arising from other timing differences	2,364	-
	<u>(17,971)</u>	<u>-</u>

12. Creditors: amounts falling due after more than one year

	2009
	£
Amounts owed to group undertakings	4,000,000
	<u>4,000,000</u>

The loan agreement expires on the 30 September 2014 and is interest free. All amounts are treated as long term creditors as there is no intention to repay any of these loans over the next 12 months.

13. Called up share capital

	2009
	£
Authorised:	
1,000 ordinary shares of £1 each	1,000
	<u>1,000</u>
Allotted, called up and fully paid:	
1 ordinary shares of £1 each	1
	<u>1</u>

Ontic Engineering & Manufacturing UK Ltd

Notes to the accounts

16 month period from 25 September 2008 to 31 December 2009

14. Reconciliation of movement in shareholder's funds and movements on reserves

	Share capital £	Profit and loss account £	Total £
At 25 September 2008	1	-	1
Profit for the year	-	81,752	81,752
At 31 December 2009	1	81,752	81,753

15. Pension schemes

The Company operates a Stakeholder pension contribution schemes for which the pension cost charge for the year amounted to £1,837. There are no outstanding or prepaid contribution as at the balance sheet date.

16. Other financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below:

Operating Leases which expire;

	Other
Within one year	-
Within two to five years	5,727
After five years	-
	<u>5,727</u>

17. Parent undertaking and controlling party

The company's immediate parent undertaking is APPH Limited. The ultimate controlling parent company is BBA Aviation plc.

The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is BBA Aviation plc, a company incorporated in Great Britain.

Copies of the group financial statements of BBA Aviation plc are available from 20 Balderton Street, London, W1K 6TL.

18. Related party transactions

With regards to any transactions with other members of the BBA Aviation plc group, the company has taken advantage of the exemption available in Financial Reporting Standard No 8 not to disclose such transactions.