

Company No. 692380

BAE SYSTEMS INFLIGHT SYSTEMS (OVERSEAS) LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

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BAE SYSTEMS INFLIGHT SYSTEMS OVERSEAS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report for the year ending 31st December 2003.

Activities

The principal activity of the company was the supply, installation and commissioning of inflight systems overseas.

The Company has not, therefore, traded on its own account during the period.

Directors

The Directors of the Company during the year and at the date of this report were:

N.E. Franks

D.M. Frost

T.G.T. West

(resigned 30th April 2003)

(appointed 30th April 2003)

None of the Directors is due to retire from the Board under the provisions of the Company's Articles of Association.

None of the Directors has (or has had) any beneficial interest in the share capital of the Company, (or any subsidiary company of the BAE SYSTEMS group of companies). The Directors who held office at the end of the period had the following interests in the share capital of the Company's ultimate holding company, BAE SYSTEMS plc:

Directors	Ord. Shares of 2.5p		Share Options			
	1.1.03*	31.12.03	1.1.03*	Exercised	Granted	31.12.03
N.E. Franks	18,297	19,256	189,005	-	146,714	335,719
T.G.T. West	1,609	1,609	23,803	633	8,250	31,420

Name	Restricted Share Plan Matching Shares		Conditional Awards of Shares under BAE SYSTEMS Performance Share Plan			
	1.1.03*	31.12.03	1.1.03*	Exercised/ Lapsed	Granted	31.12.03
N.E. Franks	1,524	1,524	23,058	23,058	97,386	97,386
T.G.T. West	-	-	-	-	5,500	5,500

*or later date of appointment

BY ORDER OF THE BOARD



T.G.T. West
Director

11th October 2004

Warwick House,
PO Box 87,
Farnborough Aerospace Centre,
Farnborough,
Hants.
GU14 6YU

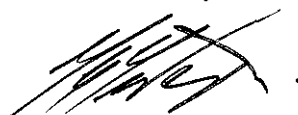
BAE SYSTEMS INFLIGHT SYSTEMS OVERSEAS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2003

	<u>2003</u>	<u>2002</u>
	<u>£000</u>	<u>£000</u>
Amount owed by group companies (Note 3)	<u>622</u>	<u>622</u>
Financed by:		
Ordinary Share Capital:		
Authorised: 100 Ordinary Shares of £1 each		
Issued and fully paid:	<u>£</u>	<u>£</u>
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

- (a) For the year ended 31st December 2003 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- i. ensuring the company keeps accounting records which comply with section 221; and
 - ii. preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts were approved by the Board of Directors on 11th October 2004 and were signed on its behalf by:



T G T West
Director

The notes on page 5 form part of these accounts.

BAE SYSTEMS INFLIGHT SYSTEMS OVERSEAS LIMITED

NOTES TO THE ACCOUNTS

1. **Profit and Loss Account**

The Company has not traded during the accounting period, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss. A profit and loss account has therefore not been prepared.

2. **Directors' Emoluments**

No Director received any emoluments from the Company during the period (2002: £nil).

3. **Amount Owed by Group Companies**

The amount owed by group companies is in respect of a loan to BAE SYSTEMS (Operations) Ltd. The loan bears no interest and is repayable on demand.

4. **Ultimate Holding Company**

The ultimate holding company is BAE SYSTEMS plc, a company incorporated in Great Britain, and registered in England and Wales. Copies of the group accounts of BAE SYSTEMS plc, the largest and smallest group in which the results of the company are consolidated, can be obtained from 6 Carlton Gardens, London, SW1Y 5AD.