

Company Registration No 03141268 (England and Wales)

SATAIR UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



SATAIR UK LIMITED

COMPANY INFORMATION

Directors

M Olsen
J Staer
S Karsbo (Appointed 31 May 2012)
M Enderlein (Appointed 31 May 2012)
J Ravenhall (Appointed 1 January 2013)

Company number

03141268

Registered office

8 Airlinks Estate
Spitfire Way
Heston
Middlesex
TW5 9NR

Auditors

Glazers
843 Finchley Road
London
NW11 8NA

SATAIR UK LIMITED

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SATAIR UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012. The comparative period is a six month accounting period.

Principal activities and review of the business

The principal activity of the company continued to be that of the distributor of nickel cadmium batteries, sealed lead acid batteries, emergency batteries and ground support aviation equipment.

Satair UK Limited is in the business of distribution & maintaining aircraft main and emergency batteries for commercial airlines, helicopter, military and business / corporate market sectors of the aerospace aftermarket industry and have been doing so for over 50 years with the London office opening in 1979.

The Company became Satair UK Limited in April 2011, after formerly being Aero Quality Sales Limited.

Satair AS the purchasing company are a global distributor of aircraft spares and consumables primarily for the aftermarket and have headquarters in Copenhagen Denmark. Satair AS are in turn part of the Airbus Group with the ultimate parent being European Aeronautic Defense and Space Company (EADS) NV, a company listed and registered in the Netherlands.

In 2012 Satair increased the tempo of the integration process, introducing to the UK its standard ERP platform (SAP) and continuing the process of realigning accounts and stock holding into the established Satair network and methodologies.

SATAIR UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Principal risks and uncertainties

Satair UK's business transactions involve a variety of commercial & financial risks that may adversely affect its performance and future operation. Satair UK is continually engaged in efforts to identify, measure and where possible to mitigate these risks. Outlined below is a list of these risks. This is not an exhaustive list nor are they listed in any priority.

Developments in the aviation Industry

For the past 30 years or more the aviation industry has seen almost continual growth at an average annual rate of 4-5%. This being only interrupted by the Gulf war in 1991, the terrorist attack on 11 September 2001 and the financial crisis since 2008.

Satair UK's marketing potential is primarily determined by the type of aircraft in operation, the scope of operations and the total number of aircraft.

Competition and Prices

Satair UK's market is highly competitive and as distributors and service agents we must be able to deliver the right combination of inventory and service backed by stringent quality standards.

The market is relatively fragmented & few distributors have captured a dominant share of the market.

Dependency on Suppliers

Satair UK have distributorships or sales agreements with the major battery manufacturers around the world and as such we are highly dependent upon our suppliers. The risk being spread by not having exclusive rights and by having a number of differing distributorships.

Dependency on Customers

Satair UK provide services to in excess of 150 customers and augment sales via intercompany sales to out of territory based users. We are not dependant on any one customer with our largest customer accounting for slightly in excess of 5% of our sales.

Stock

Stock is agreed and controlled with our Group planning functions and strict stocking policies are adhered to. In the event of unwanted stock within the UK operation these can be moved swiftly to other operating theatres where sales are high.

The most significant risk being the grounding of certain aircraft - to date this has happened over an elongated time period and the affect has been minimal.

Technology

Much of the technology used is tried & tested and new technology introduction is a long and complicated process requiring type approval & extensive testing. There is no doubt that new technology will at some time be proven but this will be by the manufacturers. On the basis that Satair UK retains its excellent relationships with the manufacturers there is no reason why it should not benefit from new technologies. Furthermore the take up of new technology will not occur over night and this again gives a degree of certainty within the market.

SATAIR UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Key performance indicators

Following the integration of into the wider Satair environment new KPI's have been introduced to both monitor and measure the health of the business. Trend analysis shows that in terms of workshop labour utilisation & gross margin are showing sustained improvement over the last 12 months. New cost control measures have made significant reductions in operating cost and in terms of battery servicing volumes have recorded an 8.9% year on year improvement.

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Future developments

We have undertaken a fundamental review of the company's activities and have made significant improvements in all areas, gaining new customers, which we expect will result in increasing sales from 2013 and building a sustainable platform for growth in the future. This includes the planned introduction in 2013 of new product offerings and the transfer of other product lines from Denmark to the UK.

A new Managing Director has been appointed with effect from January 2013 and the product management team based in Copenhagen which supports battery sales and solutions has been increased and strengthened.

We are now confident that the future with Satair AS will be fruitful and that we will continue to grow our business.

Directors

The following directors have held office since 1 January 2012.

M Højgaard	(Resigned 31 May 2012)
M Olsen	
M Wilson	(Resigned 31 May 2012)
J Staer	
S Karsbo	(Appointed 31 May 2012)
M Enderlein	(Appointed 31 May 2012)
J Ravenhall	(Appointed 1 January 2013)

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 11 (2011- 61) days' purchases.

Auditors

The auditors, Glazers, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

SATAIR UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

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 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

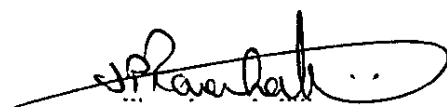
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



J Ravenhall

Director

29-05-13

SATAIR UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SATAIR UK LIMITED

We have audited the financial statements of Satair UK Limited for the year ended 31 December 2012 set out on pages 7 to 15. 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 set out on pages 1 - 4, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its loss for the year 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.

SATAIR UK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SATAIR UK LIMITED

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

Jessie Kho FCCA (Senior Statutory Auditor)
for and on behalf of Glazers

30 May 2013

Chartered Accountants
Statutory Auditor

843 Finchley Road
London
NW11 8NA

SATAIR UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		Year ended 31 December 2012 £	6 Months ended 31 December 2011 £
	Notes		
Turnover	2	5,216,307	5,037,064
Cost of sales		(4,602,066)	(4,499,507)
Gross profit		614,241	537,557
Distribution costs		(124,571)	(155,145)
Administrative expenses		(601,232)	(83,720)
Operating (loss)/profit	3	(111,562)	298,692
Other interest receivable and similar income	4	30,584	758
(Loss)/profit on ordinary activities before taxation		(80,978)	299,450
Tax on (loss)/profit on ordinary activities	5	20,923	(55,825)
(Loss)/profit for the year	13	(60,055)	243,625

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

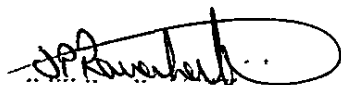
SATAIR UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	6		4,389		5,706
Current assets					
Stocks	7	825,636		2,018,543	
Debtors	8	3,212,850		2,887,073	
Cash at bank and in hand		644,787		599,473	
		<u>4,683,273</u>		<u>5,505,089</u>	
Creditors: amounts falling due within one year	9	<u>(257,882)</u>		<u>(1,020,960)</u>	
Net current assets			<u>4,425,391</u>		<u>4,484,129</u>
Total assets less current liabilities			<u>4,429,780</u>		<u>4,489,835</u>
			<u>4,429,780</u>		<u>4,489,835</u>
Capital and reserves					
Called up share capital	12	125,000		125,000	
Profit and loss account	13	4,304,780		4,364,835	
Shareholders' funds	14	<u>4,429,780</u>		<u>4,489,835</u>	

Approved by the Board and authorised for issue on 29-05-13



J Ravenhall
Director

Company Registration No. 03141268

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	Over 5 years
Computer equipment	Over 3 years
Fixtures, fittings & equipment	Over 5 years

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Stock that has been held in excess of 3 years is fully provided against

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

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

1.9 Foreign currency translation

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

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover

Geographical market

	Turnover	
	2012	2011
	£	£
Europe	4,663,307	3,218,064
Asia	121,000	446,000
USA	242,000	857,000
Other	190,000	516,000
	<u>5,216,307</u>	<u>5,037,064</u>

All operations and net assets are based in the United Kingdom

3 Operating (loss)/profit

	2012	2011
	£	£
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	1,314	2,167
Loss on disposal of tangible assets	-	701
Loss on foreign exchange transactions	66,768	-
Operating lease rentals		
- Plant and machinery	10,893	2,054
- Other assets	61,328	28,473
Fees payable to the company's auditor for the audit of the company's annual accounts	11,500	11,500
and after crediting		
Profit on foreign exchange transactions	-	(166,060)
	<u>-</u>	<u>(166,060)</u>

4 Investment income

	2012	2011
	£	£
Bank interest	1,185	758
Other interest	29,399	-
	<u>30,584</u>	<u>758</u>

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	(21,700)	80,473
	Adjustment for prior years	(7,973)	(14,803)
	Total current tax	<u>(29,673)</u>	<u>65,670</u>
	Deferred tax		
	Origination and reversal of timing differences	1,174	(1,284)
	Deferred tax adjustments arising in previous periods	7,576	(8,561)
		<u>8,750</u>	<u>(9,845)</u>
		<u>(20,923)</u>	<u>55,825</u>
	Factors affecting the tax charge for the period		
	(Loss)/profit on ordinary activities before taxation	<u>(80,978)</u>	<u>299,450</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	<u>(19,435)</u>	<u>77,857</u>
	Effects of		
	Non deductible expenses	214	779
	Depreciation in excess of / (less than) capital allowances	(601)	144
	Other short term timing differences	(103)	1,693
	Adjustments to previous periods	(7,973)	(14,803)
	Other tax adjustments	(1,775)	-
		<u>(10,238)</u>	<u>(12,187)</u>
	Current tax charge for the period	<u>(29,673)</u>	<u>65,670</u>

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2012	51,849	32,482	84,331
Disposals	(43,980)	(32,482)	(76,462)
At 31 December 2012	7,869	-	7,869
Depreciation			
At 1 January 2012	46,143	32,482	78,625
On disposals	(43,977)	(32,482)	(76,459)
Charge for the year	1,314	-	1,314
At 31 December 2012	3,480	-	3,480
Net book value			
At 31 December 2012	4,389	-	4,389
At 31 December 2011	5,706	-	5,706

7 Stocks

	2012 £	2011 £
Finished goods and goods for resale	825,636	2,018,543

8 Debtors

	2012 £	2011 £
Trade debtors	577,141	981,120
Amounts owed by parent and fellow subsidiary undertakings	2,558,248	1,784,322
Corporation tax	21,700	-
Other debtors	25,437	86,500
Prepayments and accrued income	25,266	21,323
Deferred tax asset (see note 10)	5,058	13,808
	3,212,850	2,887,073

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

9	Creditors amounts falling due within one year	2012 £	2011 £
	Trade creditors	141,692	751,387
	Amounts owed to parent and fellow subsidiary undertakings	7,603	-
	Corporation tax	-	184,316
	Other taxes and social security costs	10,111	16,006
	Accruals and deferred income	98,476	69,251
		<u>257,882</u>	<u>1,020,960</u>

10 Provisions for liabilities

The deferred tax asset (included in debtors, note 8) is made up as follows

	2012 £
Balance at 1 January 2012	(13,808)
Profit and loss account	8,750
	<u>(5,058)</u>
Balance at 31 December 2012	<u>(5,058)</u>

	2012 £	2011 £
Decelerated capital allowances	<u>(5,058)</u>	<u>(13,808)</u>

11 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2012 £	2011 £
Contributions payable by the company for the year	30,608	25,393
Contributions payable to the fund at the year end and included in creditors	<u>(3,083)</u>	<u>(3,513)</u>

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

12	Share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	125,000 Ordinary shares of £1 each	125,000	125,000

13	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2012	4,364,835
	Loss for the period	(60,055)
	Balance at 31 December 2012	4,304,780

14	Reconciliation of movements in shareholders' funds	2012 £	2011 £
	(Loss)/Profit for the financial year	(60,055)	243,625
	Opening shareholders' funds	4,489,835	4,246,210
	Closing shareholders' funds	4,429,780	4,489,835

15 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire				
Within one year	28,750	-	-	-
Between two and five years	-	57,500	3,829	-
	28,750	57,500	3,829	-

SATAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

16 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	65,185	60,000

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Directors	1	1
Operations and administrative staff	9	8
Sales staff	3	3
	13	12

Employment costs

	2012 £	2011 £
Wages and salaries	420,909	251,149
Social security costs	37,298	23,959
Other pension costs	30,608	25,393
	488,815	300,501

18 Control

The immediate parent company is Satair A/S, a company incorporated in Denmark

The ultimate parent company is European Aeronautic Defence and Space Company N V (EADS N V), a company listed and registered in the Netherlands. The consolidated financial statements of EADS N V are publically available at www.eads.com

19 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group