

AIM Composites Limited

Registered No. 348981

**Directors' Report and Financial Statements
for the year ended 30 April 2011**

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DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
for the year ended 30 April 2011

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Directors' Report *for the year ended 30 April 2011*

The directors present their report and audited Financial Statements of the Company for the year ended 30 April 2011

Business review

The principal activity of the Company is that of bonding laminators. The business is likely to continue at similar levels in the next financial year, however with expectations of improved profitability

The turnover and profit for the financial year were as follows

	2011 £'000	2010 £'000
Turnover	11,309	12,429
(Loss) / Profit for the year before taxation	(1,050)	48
Taxation credit / (charge)	(1)	15
Retained (Loss) / Profit for the financial year	(1,051)	63

Turnover and loss for the year ended 30 April 2011 are lower than in 2010 due to completion of a significant one off contract in 2010.

Dividends

No interim dividend was paid during the year (2010 – £nil) No final dividend is proposed (2010 - £nil).

Change of Ownership

On 22 June 2010, AIM Composites Limited was acquired by AIM Newco (No.2) which is a subsidiary of AIM Aviation Limited.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Company, which include commercial relationships, environmental, financial, credit, foreign exchange, liquidity, interest rate and information technology are discussed on pages 3 and 4 of AIM Aviation Limited's annual report which does not form part of this report

Key Performance Indicators

The directors of AIM Aviation Limited manage the Group's operations centrally. For this reason, the company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group as a whole, which includes the company, is discussed on pages 2 and 3 of the AIM Aviation Limited annual report which does not form part of this report

Research and development

The Company pursues a continuing programme of research and development to maintain its position amongst the leaders in the design and manufacture of interior equipment for the aerospace and related industries

Directors' Report (Continued)
for the year ended 30 April 2011

Directors and their interests

The directors who have served during the year and up to the date of signing the accounts were:-

J C Smith (resigned 22 June 2010)

R A Green (resigned 22 June 2010)

P Seaford (resigned 28 February 2011)

D Drewry

A Palmer

G Crow

M J Edwards (appointed 22 June 2010)

P P S Forbes (appointed 22 June 2010)

Mr M J Edwards and Mr P P S Forbes were directors of the ultimate parent undertaking AIM Aviation Limited at the year end

Employees

The Company recognises its obligations towards disabled persons and applications from them for employment are given full and fair consideration. Training and career progression are available for the disabled, as for any other member of staff. Whenever possible every endeavor is made to assist existing employees who have become disabled to continue their employment.

Creditor payment policy

Payment is generally made to creditors in accordance with agreed terms of business, provided that those terms have been met. Trade creditors at the year end represented 60 days (2010 – 60 days) of total amounts invoiced by suppliers during the year.

Consultations and participation take place through trade union and representative employee committee channels and through briefing meetings and discussions with employees.

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 prepared the Company 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, 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 of information to auditors

In the case of each of the persons who are directors at the time when the report is approved

- (a) as far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information



By order of the Board

Mark Edwards

Director

15 August 2011

Independent auditors' report to the members of AIM Composites Limited

We have audited the financial statements of AIM Composites Limited for the year ended 30 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the accounting policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Director's 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 30 April 2011 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.

Independent auditors' report to the members of AIM Composites Limited (continued)

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

AKU:

Alan Kinnear (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

16 August 2011

Profit and Loss Account
for the year ended 30 April 2011

		2011	2010
	Note	£'000	£'000
Turnover	2	11,309	12,429
Cost of Sales		(10,257)	(10,212)
Gross profit		1,052	2,217
Distribution costs		(298)	(304)
Administrative expenses		(1,625)	(1,865)
Operating (loss) / profit		(871)	48
Interest Receivable		1	-
Interest Payable		(180)	-
(Loss) / profit on ordinary activities before taxation	4	(1,050)	48
Taxation on profit on ordinary activities	5	(1)	15
(Loss) / profit for the financial year	13	(1,051)	63

The Company has no recognised gains and losses other than above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the (loss) / profit on ordinary activities before taxation and the retained (loss) / profit for the year stated above and their historical cost equivalents

All of the Company's activities are in respect of continuing operations

AIM Composites Limited

Balance Sheet
as at 30 April 2011

Registered in England No. 348981

	Note	£'000	2011 £'000	2010 £'000
Fixed assets				
Tangible assets	6		852	843
Current assets				
Stocks and work in progress	7	1,563		1,377
Debtors	8	2,363		2,546
Cash at bank and in hand		82		445
		4,008		4,368
Creditors: Amounts falling due within one year	9	(5,446)		(4,791)
Net current liabilities			(1,438)	(423)
Total assets less current liabilities			(586)	420
Creditors: Amounts falling due after more than one year				(75)
Provision for liabilities and charges	10/11		(120)	-
Total net (liabilities) / assets			(706)	345
Capital and reserves				
Called up share capital	12		6	6
Profit and loss account	13		(712)	339
Total shareholders' (deficit) / funds	14		(706)	345

The financial statements on pages 6 to 15 were approved by the board of directors on 15 August 2011 and signed on its behalf by.



Mark Edwards
Director

15 August 2011

Notes to the Accounts
for the year ended 30 April 2011

1. Accounting policies

(a) Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Turnover

Turnover is measured at the fair value of the right to consideration and is recognised when the legal title and the risks and rewards of ownership have been passed to the customer. Turnover for services is recognised as the services are rendered. Turnover excludes value added tax and other sales taxes.

(c) Fixed Assets and Depreciation

Fixed Assets are stated at original cost to the Company, less accumulated depreciation. The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in value is charged as applicable to the profit and loss account.

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:-

Plant, machinery and vehicles	Between 4 and 13 years
Furniture, fittings, tools and equipment	Between 4 and 13 years
Computer Equipment	4 Years

(d) Stocks and Work in Progress

Stocks and work in progress are valued on a 'first in, first out' basis at the lower of cost and net realisable value. Provision is made for obsolescence and for slow-moving items. The cost of work in progress and finished goods comprises materials, production labour and production overheads appropriate to the state of manufacture. Long-term contract work in progress is stated at total cost incurred net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account.

(e) Long Term Project Costs

Expenditure on long-term projects is written off as incurred and charged in arriving at operating profit, except where contracts allow for recovery of such costs, when they are included in stocks and work in progress until completed and then charged in arriving at operating profit together with the related turnover.

(f) Leasing

Operating lease rentals are charged against profits in the year in which they are due.

(g) Research and Development

Expenditure on research and development is written off as incurred and charged in arriving at trading profit.

Notes to the Accounts (continued)
for the year ended 30 April 2011

(h) Deferred Taxation

Deferred tax is recognised on all timing differences, on a non-discounted basis, where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date

Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

(i) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction, or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Foreign currency gains and losses arising as a result of differences in exchange rates are taken to the profit and loss account

(j) Pensions

Pensions and other post retirement benefits are accounted for in accordance with FRS 17, Retirement Benefits.

The company participates in a group defined contribution pension arrangement. Contributions are charged in the profit and loss account in the period to which they relate

During the last financial year a defined benefit scheme was operated by the previous parent company AIM Group Plc. Final payments to the scheme were reflected in the prior year's accounts. The scheme is not operated by the new parent company AIM Aviation Limited, and no further obligation exists for the Company in respect of the scheme

Notes to the Accounts (continued)
for the year ended 30 April 2011

2. **Turnover**

All turnover is supplied from the United Kingdom and comprises only one class of business. The analysis of turnover by geographical destination is as follows

	2011 £'000	2010 £'000
United Kingdom	9,585	9,649
Rest of Europe	1,214	2,370
USA	58	192
Asia	307	15
Other	145	203
Total	11,309	12,429

3. **Employees**

The average number of people employed by the Company (including directors) during the year was as follows

	2011	2010
Management, administration and sales	27	30
Production	157	142
Sales	1	1
Total	185	173

The aggregate payroll costs were as follows

	2011 £'000	2010 £'000
Wages and salaries	4,903	4,537
Social security costs	417	370
Pension costs	121	634
Total	5,441	5,541

Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments as executives	390	278
Pension contributions	29	29
Compensation for loss of office	80	-
Total	499	307

At the year end there are no retirement benefits accruing for directors (2010 - two) under the defined benefit scheme as this was operated by the previous parent company AIM Group Plc and is not operated by the new parent company AIM Aviation Limited

Included in the Directors emoluments are costs relating to two directors that have been recharged from the parent company AIM Aviation Limited by way of a management charge. This is based on a split between activity, estimate of time spent on each company or percentage of sales.

Highest Paid Director

	2011 £'000	2010 £'000
Aggregate emoluments (excluding pension contributions)	133	102
Pension contributions	12	15
Total	145	117

Notes to the Accounts (continued)
for the year ended 30 April 2011

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2011 £'000	2010 £'000
Depreciation of tangible fixed assets	148	146
Research and development	-	70
Operating leases - land and buildings	322	318
Loss on disposal of tangible fixed assets	-	3
Audit Fees	10	10

5. Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
Adjustments in respect of previous years	21	(21)
Total current taxation (credit) / charge	21	(21)
Deferred taxation		
Origination and reversal of timing differences	(6)	4
Adjustments in respect of previous years	(9)	2
Impact of changes to UK tax legislation	(5)	-
Total deferred taxation (Note 12)	(20)	6
Taxation charge / (credit) on profit on ordinary activities	1	(15)

The tax assessed for the year is higher (2010 lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	(1,050)	4
Applying standard rate of UK corporation tax 28%	(294)	13
Effects of		
Expenses not deductible for tax purposes	2	2
Depreciation in excess of capital allowances	2	(4)
Group relief surrendered free of charge	290	25
Adjustment in respect of earlier years	21	(21)
Deemed interest on intercompany position	-	(36)
Total current taxation charge / (credit)	21	(21)

The Finance Act (No2) 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. A resolution passed by parliament on 29 March 2011 further reduced the main rate of corporation tax to 26% from 1 April 2011. Closing deferred tax balance has therefore been valued at 26%.

Notes to the Accounts (continued)
for the year ended 30 April 2011

6. Tangible assets

	Motor vehicles £'000	Plant and machinery £'000	Furniture and fittings £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 May 2010	220	2,624	41	136	3,021
Additions	42	98	31	-	171
Disposals	(44)	-	-	-	(44)
At 30th April 2011	218	2,722	72	136	3,148
Accumulated depreciation					
At 1 May 2010	94	1,922	34	128	2,178
Charged in year	41	99	2	6	148
Disposals	(30)	-	-	-	(30)
At 30th April 2011	105	2,021	36	134	2,296
Net book amount at 30 April 2011	113	701	36	2	852
At 30 April 2010	126	702	7	8	843

7. Stocks and work in progress

	2011 £'000	2010 £'000
Raw materials and consumables	1,066	1,039
Work in progress	497	338
Total	1,563	1,377

8. Debtors

	2011 £'000	2010 £'000
Trade debtors	1,700	1,895
Amounts owed by fellow group undertakings	590	536
Prepayments and accrued income	73	94
Corporation tax	-	21
Total	2,363	2,546

Amounts owed by Group undertakings are repayable on demand and interest is being incurred at a rate of 0.1% and is unsecured

Notes to the Accounts (Continued)
for the year ended 30 April 2011

9. Creditors amounts falling due within one year:

	2011 £'000	2010 £'000
Bank overdraft	-	586
Trade Creditors	818	914
Amount owed to ultimate parent undertaking	4,182	2,993
Taxation and social security	117	120
Other creditors	244	-
Accruals and deferred income	85	178
Total	5,446	4,791

Amounts owed to Ultimate Parent undertaking are repayable on demand and interest is being charged at a rate of 6% and is unsecured

The amount owed to the previous parent company, AIM Group Plc on completion of the purchase of the business by AIM Aviation Limited on 22 June 2010 was £3,078k and the bank overdraft at this date was zero.

10. Provisions

	2011 £'000	2010 £'000
Dilapidations		
At 1 May 2010	-	-
Charge for the year	65	-
At 30 April 2011	65	-

An assessment of dilapidation liability was carried out in May 2011 and as a consequence of this a provision of £65,000 was made based on the report

11. Deferred tax

	2011 £'000	2010 £'000
At 1 May 2010	75	69
Prior year adjustment	(9)	2
Effect of rate change	(5)	-
Current year (release) / charge	(6)	4
At 30 April 2011	55	75

Notes to the Accounts (Continued)
for the year ended 30 April 2011

12. Called up share capital

	2011 £'000	2010 £'000
Authorised		
4,000 6% redeemable participating preference shares of £1 each	4	4
6,000 ordinary shares of £1 each	6	6
	10	10
Allotted, called-up and fully paid		
4,000 6% redeemable participating preference shares of £1 each	4	4
2,000 ordinary shares of £1 each	2	2
	6	6

The 6% redeemable participating preference shares are non-voting. Their rights to participate in profits and in any surplus on a winding-up are limited to 6%. The 6% redeemable participating preference shares are redeemable at the Company's option on 6 months' written notice with no premium payable on redemption.

13. Reserves

	Total £'000
Balance at 1st May 2010	339
Loss for the financial year	(1,051)
Balance at 30th April 2011	(712)

14. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss) / Profit for the financial year	(1,051)	63
Opening shareholders' funds	345	282
Closing shareholders' (deficit) / funds	(706)	345

15. Commitments

	2011 £'000	2010 £'000
Operating lease annual rental commitments on land and buildings		
Expiring after 5 years	27	27

Notes to the Accounts (Continued)
for the year ended 30 April 2011

16. Pensions

The company operates a defined contribution scheme available to all permanent employees. The cost of contributions to the scheme amounts to £93,000 (2010 - £110,000).

In the previous year the company made payments of £524,000 to a defined benefit scheme previously operated by AIM Group Plc that was relevant up to 22 June 2010. At the year end the company is no longer part of this scheme.

17. Contingent liabilities

As a result of the AIM Newco (No.2) acquisition of the AIM Composites Limited on 22 June, 2010 whose Ultimate parent undertaking is AIM Aviation Limited, new debt facilities were entered into by AIM Aviation Limited which are secured by fixed and floating charges over all assets of AIM Composites Limited and the other subsidiaries in the group.

There are contingent liabilities in relation to guarantees given by the Company in respect of agreements entered into in the normal course of business.

18. Dividend

The ultimate parent undertaking has waived its entitlement to receipt of a preference share dividend for period to 30 April 2011.

19. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

20. Related party disclosures

The intercompany loan with the previous parent company AIM Group Plc was waived on completion of the purchase by AIM Newco (No 2) Limited on 22 June 2010.

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing group transactions on the grounds that its results are included in the consolidated accounts of AIM Aviation Limited as from 22 June 2010 and of AIM Group Plc from 1 May 2010 to 21 June 2010.

21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party at 30 April 2011 is AIM Aviation Limited, which is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of the AIM Aviation Limited consolidated financial statements can be obtained from the Company secretary at Jecco House, Boscombe Grove Road, Bournemouth, Dorset, BH1 4PD.

References to the notes in the financial statements to the ultimate parent undertaking as at 30 April 2011 relate to AIM Aviation Limited.

Up to 21 June 2010 the ultimate parent was AIM Group Plc, 16 Carlton Crescent, Southampton, SO15 2ES, which was the parent undertaking of the largest and smallest group to consolidate these financial statements as at 30 April 2010.