

AIM AVIATION (HBA) LIMITED
A C C O U N T S
FOR THE YEAR ENDED 30TH APRIL 1998



Registered in England No. 348981

AIM AVIATION (HBA) LIMITED**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1998****INDEX**

	Page
Directors' Report	2 - 3
Statement of Directors' Responsibilities	4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Accounting Policies	8 - 9
Notes to the Accounts	10 - 15

AIM AVIATION (HBA) LIMITED**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 30th April 1998.

BUSINESS REVIEW

The principal activity of the company is that of bonding laminators.

There has been no significant change in this activity during the year and it is not anticipated there will be any significant change during the current financial year.

The turnover and profit before taxation for the year were as follows:-

	1998 £	1997 £
Turnover	£9,889,385 =====	£10,182,923 =====
Profit before taxation	1,266,523	1,208,984
Taxation	347,978	(230,924)
Profit for the year after taxation	£1,614,501 =====	£978,060 =====

DIVIDENDS

An interim dividend on the ordinary share capital of £107.35 per share (1997 - £300) was paid during the year. A final dividend of £55.15 per share, (1997 - £Nil) is proposed.

The retained profit for the year of £1,289,501 is added to reserves.

FIXED ASSETS

The movement in tangible fixed assets is set out in note 6 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year were:-

J C Smith
C MacDonald-Hall
R A Green
W E Griffiths
P Seaford

The directors retiring by rotation are Mr P Seaford and Mr W E Griffiths who, being eligible, offer themselves for re-election.

AIM AVIATION (HBA) LIMITED**REPORT OF THE DIRECTORS****(Continued)**

Mr J C Smith , Mr C MacDonald-Hall, Mr R A Green and Mr W E Griffiths are directors of the ultimate parent undertaking AIM Group PLC. The beneficial interests of those directors in the share capital of the ultimate parent undertaking are shown in that company's report of the remuneration committee.

The other director at the end of the year had the following interests, including family interests, in the ordinary shares of the ultimate parent undertaking:

	Ordinary shares of 10p each		Options on Ordinary shares of 10p each	
	30th April	30th April	30th April	30th April
	1998	1997	1998	1997
P Seaford	10,500	5,636	10,000	30,000

During the year Mr P Seaford exercised 20,000 options in the shares of the ultimate parent undertaking under the terms of the AIM Group PLC Executive Share Option Scheme.

CREDITOR PAYMENT POLICY

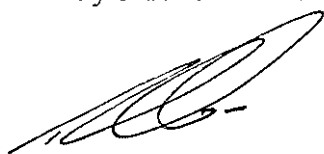
The company's current policy concerning the majority of payments to suppliers is to pay in accordance with negotiated terms.

Creditor days at 30th April 1998 were 62 (1997 - 52).

AUDITORS

A resolution to appoint as auditors PricewaterhouseCoopers will be proposed at the annual general meeting.

By order of the Board



R A Green
Secretary

14th August 1998

AIM AVIATION (HBA) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the result of the company for the year. In preparing those accounts, the directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- iv) prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

AIM AVIATION (HBA) LIMITED

REPORT OF THE AUDITORS

To the Members of AIM Aviation (HBA) Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30th April 1998 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rothman Pantall & Co
Chartered Accountants and Registered Auditors



4 Prince George Street
Havant
Hampshire
PO9 1BG

14th August 1998

AIM AVIATION (HBA) LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 30th April 1998

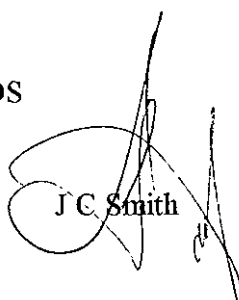
	Notes	1998 £	1997 £
Turnover	1	9,889,385	10,182,923
Cost of sales		(7,431,447)	(7,843,438)
Gross Profit		2,457,938	2,339,485
Distribution costs		(244,956)	(192,568)
Administrative expenses		(950,846)	(937,933)
Other		4,387	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1 & 3	1,266,523	1,208,984
Taxation on profit on ordinary activities	4	347,978	(230,924)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,614,501	978,060
Dividend	5	(325,000)	(600,000)
Retained profit for the year		1,289,501	378,060
Retained profit brought forward		4,629,723	4,251,663
Retained profit carried forward		<u>£5,919,224</u>	<u>£4,629,723</u>

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 difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

AIM AVIATION (HBA) LIMITED**BALANCE SHEET AT 30TH APRIL 1998**

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	6	759,110	784,675
CURRENT ASSETS			
Stocks and work in progress	7	2,025,703	1,631,413
Debtors	8	4,050,979	3,340,970
Cash at bank and in hand		785,344	807,626
		<u>6,862,026</u>	<u>5,780,009</u>
CREDITORS			
Amounts falling due within one year	9	(1,632,977)	(1,789,157)
		<u>5,229,049</u>	<u>3,990,852</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES			
		5,988,159	4,775,527
PROVISIONS FOR LIABILITIES AND CHARGES			
	10	(62,935)	(139,804)
NET ASSETS			
		<u>£5,925,224</u>	<u>£4,635,723</u>
CAPITAL AND RESERVES			
Called up share capital	11	6,000	6,000
Profit and loss account		5,919,224	4,629,723
EQUITY SHAREHOLDERS' FUNDS			
		<u>£5,925,224</u>	<u>£4,635,723</u>



J C. Smith

Director

These accounts were approved by the board of directors on 14th August 1998.

AIM AVIATION (HBA) LIMITED

ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation and Amortisation

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

Motor vehicles	5 years
Leasehold land and buildings	Amortised over term of lease or to next rent review if appropriate
Plant and machinery	13 years
Furniture, fittings, tools and equipment	Between 4 and 10 years

(c) Stocks and Work in Progress

These are valued on a 'first in, first out' basis at the lower of cost and net realisable value. In respect of work in progress and finished goods cost includes all production overheads and the attributable proportion of indirect overhead expenses.

(d) Long Term Project Costs

These costs fall into three principal categories: design and development, jigs and tools, and education.

Design and development expenditure arises mainly in the early part of the project.

Expenditure on jigs and tools is normally incurred only after the decision to manufacture has been taken. Education costs arise early in the production cycle of new projects when skills and expertise are being acquired and unit costs are therefore relatively high. They comprise the excess of such unit production costs over the level of unit costs anticipated at a more advanced stage of the production programme.

Expenditure on long-term project costs is written off as incurred and charged in arriving at trading profit, except where contracts allow for recovery of such costs.

AIM AVIATION (HBA) LIMITED

ACCOUNTING POLICIES

(Continued)

(e) Operating Leases

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

(f) Deferred Taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(g) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

Profits and losses arising on the exchange of foreign currencies are dealt with through the profit and loss account.

(h) Pensions

Net pension costs are charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of members.

AIM AVIATION (HBA) LIMITED**NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998****1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover represents amounts invoiced by the company in respect of goods provided during the year excluding value added tax.

Turnover and profit on ordinary activities before taxation are both wholly derived from the company's principal activity of bonding laminators.

The analysis of turnover by geographical area is as follows:-

	1998	1997
	£	£
United Kingdom	9,055,871	9,247,878
Europe	92,167	90,966
USA	719,172	819,245
Other	22,175	24,834
	<u>£9,889,385</u>	<u>£10,182,923</u>
	=====	=====

2. EMPLOYEES

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

	1998	1997
Management and administration	27	25
Production	114	133
Sales	2	1
	<u>143</u>	<u>159</u>
	====	====

The aggregate payroll costs were as follows:-

	1998	1997
	£	£
Wages and salaries	2,260,443	2,292,346
Social security costs	218,527	225,828
Other pension costs	28,424	27,114
	<u>£2,507,394</u>	<u>£2,545,288</u>
	=====	=====

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998
(Continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is stated after charging:-

	1998	1997
	£	£
Depreciation of tangible fixed assets	132,595	134,416
Operating leases - land and buildings	277,465	292,243
Auditors' remuneration:		
audit fees	5,300	5,150
other fees	3,550	3,400
Directors' emoluments:		
as executives - salary and benefits	176,334	147,063
	=====	=====

4. TAXATION

	1998	1997
	£	£
Taxation based on the profit for the year:		
Corporation tax at 31% (1997 - 33%)	-	(399,513)
Deferred taxation	26,793	12,119
	-----	-----
	26,793	(387,394)
Adjustments in respect of earlier years:		
Corporation tax	324,782	156,470
Deferred taxation	(3,597)	-
	-----	-----
	£347,978	£(230,924)
	=====	=====

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998
(Continued)

5. DIVIDENDS

	1998 £	1997 £
Paid:		
Interim of £107.35 (1997 - £300) per share on 2,000 ordinary shares	£214,700	£600,000
Proposed:		
Final of £55.15 (1997 - £Nil) per share on 2,000 ordinary shares	£110,300	£ -
	<u>£325,000</u>	<u>£600,000</u>
	=====	=====

6. TANGIBLE FIXED ASSETS

	Motor vehicles £	Short leasehold land and buildings £	Plant and machinery £	Furniture and fittings £	Total £
Cost					
At 1st May 1997	123,106	6,268	1,383,920	82,507	1,595,801
Additions	79,795	-	42,127	20,393	142,315
Disposals	(58,930)	-	(10,738)	(28,120)	(97,788)
	<u>143,971</u>	<u>6,268</u>	<u>1,415,309</u>	<u>74,780</u>	<u>1,640,328</u>
	=====	=====	=====	=====	=====
At 30th April 1998	143,971	6,268	1,415,309	74,780	1,640,328
Depreciation					
At 1st May 1997	44,325	6,268	694,336	66,197	811,126
Charged in year	21,517	-	104,479	6,599	132,595
Disposals	(31,905)	-	(2,478)	(28,120)	(62,503)
	<u>33,937</u>	<u>6,268</u>	<u>796,337</u>	<u>44,676</u>	<u>881,218</u>
	=====	=====	=====	=====	=====
Net book amount					
At 30th April 1998	110,034	-	618,972	30,104	759,110
	=====	=====	=====	=====	=====
At 30th April 1997	78,781	-	689,584	16,310	784,675
	=====	=====	=====	=====	=====

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998
(Continued)

7. STOCKS AND WORK IN PROGRESS

	1998	1997
	£	£
Raw materials and consumables	1,645,631	1,296,532
Work in progress	380,072	334,881
	<hr/>	<hr/>
	£2,025,703	£1,631,413
	=====	=====

8. DEBTORS

	1998	1997
	£	£
Trade debtors	2,221,587	2,312,389
Amounts owed by - ultimate parent undertaking	1,068,799	-
- fellow subsidiary undertakings	266,219	782,295
Taxation - corporation tax	322,501	154,069
Prepayments and accrued income	171,873	92,217
	<hr/>	<hr/>
	£4,050,979	£3,340,970
	=====	=====

9. CREDITORS

	1998	1997
	£	£
Amounts falling due within one year:		
Trade creditors	993,814	764,969
Amounts owed to group companies:		
ultimate parent undertaking	-	83,299
fellow subsidiary undertakings	-	53,878
Taxation - corporation tax	128,404	399,513
- social security and other tax	157,247	190,697
Accruals and deferred income	353,512	296,801
	<hr/>	<hr/>
	£1,632,977	£1,789,157
	=====	=====

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u>
	£
Balance at 1st May 1997	139,804
Transfer to profit and loss account	(53,673)
Charge for year	(23,196)
	<hr/>
Balance at 30th April 1998	62,935
	=====

There was no unprovided deferred taxation.

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998
(Continued)

11. SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
4,000 6% redeemable participating preference shares of £1 each	4,000	4,000
6,000 ordinary shares of £1 each	6,000	6,000
	<hr/>	<hr/>
	£10,000	£10,000
	=====	=====
Allotted, called-up and fully paid:		
4,000 6% redeemable participating preference shares of £1 each	4,000	4,000
2,000 ordinary shares of £1 each	2,000	2,000
	<hr/>	<hr/>
	£6,000	£6,000
	=====	=====

The 6% redeemable participating preference shares are redeemable at the company's option on 6 months written notice with no premium payable on redemption.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit on ordinary activities after taxation	1,614,501	978,060
Dividends	(325,000)	(600,000)
	<hr/>	<hr/>
	1,289,501	378,060
Opening shareholders' funds	4,635,723	4,257,663
	<hr/>	<hr/>
Closing shareholders' funds	£5,925,224	£4,635,723
	=====	=====

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1998
(Continued)

13. COMMITMENTS

	1998 £	1997 £
Operating Lease Commitments:		
Commitments under operating leases to pay rentals during the year following the year of these accounts are as follows:-		
Land and Buildings:-		
Expiring within one year	-	16,000
Expiring after 5 years	288,332	288,332
	<hr/>	<hr/>
	£288,332	£304,332
	<hr/>	<hr/>

14. PENSIONS

In addition to the government pension scheme, certain senior employees are members of a defined-benefit scheme operated by the ultimate parent undertaking. Payments by the company are charged against profits in the year in which they become payable.

15. CONTINGENT LIABILITIES

The company has entered into a joint guarantee and debenture to secure bank borrowings of the ultimate parent undertaking and fellow subsidiary undertakings. At 30th April 1998 the aggregate amount outstanding was £15,575,447 (1997 - £10,407,254).

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is AIM Group PLC a company incorporated in the United Kingdom.

17. PREFERENCE SHARE DIVIDEND

The ultimate parent undertaking has waived its entitlement to receipt of the dividend for all periods to 30th April 1998.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from disclosure of group transactions on the grounds that its results are included in the consolidated accounts of AIM Group PLC which are publicly available.