

AIM AVIATION (HBA) LIMITED
A C C O U N T S
FOR THE YEAR ENDED 30TH APRIL 1999



Registered in England No. 348981

AIM AVIATION (HBA) LIMITED**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH APRIL 1999****INDEX**

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

The directors present their report and accounts for the year ended 30th April 1999.

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:-

	1999 £	1998 £
Turnover	£10,010,309 =====	£9,889,385 =====
Profit before taxation	877,104	1,266,523
Taxation	(75,351)	347,978
Profit for the year after taxation	£801,753 =====	£1,614,501 =====

DIVIDENDS

No interim dividend on the ordinary share capital was paid during the year (1998 - £107.35). A final dividend of £150.00 per share, (1998 - £55.15) is proposed.

The retained profit for the year of £501,753 is added to reserves.

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 (Resigned 31.05.99)
P Seaford

The directors retiring by rotation are Mr J C Smith and Mr C MacDonald-Hall who, being eligible, offer themselves for re-election.

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

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

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 1999	30th April 1998	30th April 1999	30th April 1998
P Seaford	5,500	10,500	10,000	10,000

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.

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 1999 were 52 (1998 - 62).

YEAR 2000

The Company has made significant progress to ensure that systems will not be adversely affected by the change to the year 2000. The Company is confident that it has made adequate resources available and has taken all reasonable steps to ensure that the business is year 2000 compliant. However, the Company cannot guarantee that external interfaces will not have an impact on the business. Any additional compliance costs are not expected to be material.

AIM AVIATION (HBA) LIMITED

REPORT OF THE DIRECTORS
(Continued)

AUDITORS

The auditors, PricewaterhouseCoopers, having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of Rothman Pantall & Co, have indicated their willingness to be re-appointed and a resolution concerning their re-appointment will be proposed at the next annual general meeting.

By order of the Board


S M Winship
Secretary

26th November 1999

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

The directors are responsible for preparing the Annual Report including, as described on page 3, the Accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

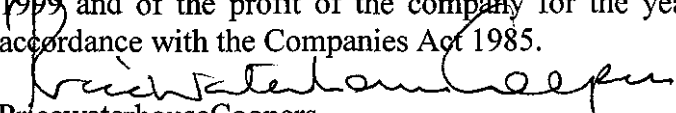
Basis of opinion

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 1999 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

26th November 1999

AIM AVIATION (HBA) LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 30th April 1999

	Notes	1999 £	1998 £
Turnover	1	10,010,309	9,889,385
Cost of sales		(7,902,643)	(7,431,447)
Gross Profit		2,107,666	2,457,938
Distribution costs		(217,418)	(244,956)
Administrative expenses		(1,013,144)	(950,846)
Other		-	4,387
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1 & 3	877,104	1,266,523
Taxation on profit on ordinary activities	4	(75,351)	347,978
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		801,753	1,614,501
Dividend	5	(300,000)	(325,000)
Retained profit for the year		501,753	1,289,501
Retained profit brought forward		5,919,224	4,629,723
Retained profit carried forward		<u>£6,420,977</u>	<u>£5,919,224</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.

All of the company's activities are in respect of continuing operations.

AIM AVIATION (HBA) LIMITED**BALANCE SHEET AT 30TH APRIL 1999**

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	6	646,890	759,110
CURRENT ASSETS			
Stocks and work in progress	7	1,884,952	2,025,703
Debtors	8	4,213,313	4,050,979
Cash at bank and in hand		940,504	785,344
		<u>7,038,769</u>	<u>6,862,026</u>
CREDITORS			
Amounts falling due within one year	9	(1,162,497)	(1,632,977)
		<u></u>	<u></u>
NET CURRENT ASSETS		<u>5,876,272</u>	<u>5,229,049</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,523,162</u>	<u>5,988,159</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	(96,185)	(62,935)
		<u></u>	<u></u>
NET ASSETS		<u><u>£6,426,977</u></u>	<u><u>£5,925,224</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	6,000	6,000
Profit and loss account		6,420,977	5,919,224
		<u></u>	<u></u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>£6,426,977</u></u>	<u><u>£5,925,224</u></u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		6,422,977	5,921,224
Non-equity		4,000	4,000
		<u></u>	<u></u>
TOTAL SHAREHOLDERS' DEFICIT		<u><u>£6,426,977</u></u>	<u><u>£5,925,224</u></u>

J C Smith

Director

These accounts were approved by the board of directors on 26th November 1999!

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 cost includes all production overheads and the attributable proportion of indirect overhead expenses.

(d) Long Term Project Costs

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.

(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.

AIM AVIATION (HBA) LIMITED

ACCOUNTING POLICIES
(Continued)

(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 1999****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.

All turnover is supplied from the United Kingdom. The analysis of turnover by geographical destination is as follows:

	1999 £	1998 £
United Kingdom	8,694,836	9,055,871
Europe	457,282	92,167
USA	822,449	719,172
Other	35,742	22,175
	<u>£10,010,309</u>	<u>£9,889,385</u>

2. EMPLOYEES

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

	1999	1998
Management and administration	26	27
Production	118	114
Sales	1	2
	<u>145</u>	<u>143</u>

The aggregate payroll costs were as follows:-

	1999 £	1998 £
Wages and salaries	2,392,620	2,260,443
Social security costs	227,805	218,527
Other pension costs	27,299	28,424
	<u>£2,647,724</u>	<u>£2,507,394</u>

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1999
(Continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is stated after charging:-

	1999	1998
	£	£
Depreciation of tangible fixed assets	153,445	132,595
Operating leases - land and buildings	299,305	277,465
Loss on disposal of tangible fixed assets	1,610	11,075
Auditors' remuneration:		
audit fees	5,500	5,300
other fees	-	3,550
Directors' emoluments:		
as executives - salary and benefits	166,939	176,334
	=====	=====

Retirement benefits were accruing to two (1998 – two) directors under the Group Final Salary Pension scheme.

4. TAXATION

	1999	1998
	£	£
Taxation based on the profit for the year:		
Corporation tax at 31% (1998 - 31%)	(94,279)	-
Deferred taxation	24,020	26,793
	-----	-----
	(70,259)	26,793
Adjustments in respect of earlier years:		
Corporation tax	(1,495)	324,782
Deferred taxation	(3,597)	(3,597)
	-----	-----
	£(75,351)	£347,978
	=====	=====

The effective tax rate is below 31% because of the effect of group relief acquired for nil consideration.

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1999
(Continued)

5. DIVIDENDS

	1999 £	1998 £
Paid:		
Interim of £nil (1998 - £107.35) per share on 2,000 ordinary shares	-	£214,700
Proposed:		
Final of £150.00 (1998 - £55.15) per share on 2,000 ordinary shares	£300,000	£110,300
	<u>£300,000</u>	<u>£325,000</u>

6. TANGIBLE FIXED ASSETS

	Motor vehicles £	Short leasehold land and buildings £	Plant and machinery £	Furniture and fittings £	Total £
Cost					
At 1st May 1998	143,971	6,268	1,415,309	74,780	1,640,328
Additions	12,495	-	27,209	6,381	46,085
Disposals	(9,720)	-	-	-	(9,720)
At 30th April 1999	146,746	6,268	1,442,518	81,161	1,676,693
Depreciation					
At 1st May 1998	33,937	6,268	796,337	44,676	881,218
Charged in year	36,749	-	106,072	10,624	153,445
Disposals	(4,860)	-	-	-	(4,860)
At 30th April 1999	65,826	6,268	902,409	55,300	1,029,803
Net book amount					
At 30th April 1999	80,920	-	540,109	25,861	646,890
At 30th April 1998	110,034	-	618,972	30,104	759,110

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1999
(Continued)

7. STOCKS AND WORK IN PROGRESS

	1999	1998
	£	£
Raw materials and consumables	1,589,648	1,645,631
Work in progress	295,304	380,072
	<u>£1,884,952</u>	<u>£2,025,703</u>

8. DEBTORS

	1999	1998
	£	£
Trade debtors	2,323,189	2,221,587
Amounts owed by - ultimate parent undertaking	1,253,799	1,068,799
- fellow subsidiary undertakings	244,368	266,219
Taxation - corporation tax	321,006	322,501
Prepayments and accrued income	70,951	171,873
	<u>£4,213,313</u>	<u>£4,050,979</u>

9. CREDITORS

	1999	1998
	£	£
Amounts falling due within one year:		
Trade creditors	811,001	993,814
Amounts owed to group companies:		
fellow subsidiary undertakings	18,296	-
Taxation - corporation tax	115,337	128,404
- social security and other tax	68,990	157,247
Accruals and deferred income	148,873	353,512
	<u>£1,162,497</u>	<u>£1,632,977</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax asset/(liability)	<u>ACA's</u>	<u>ACT</u>	<u>Total</u>
			£
Balance at 1st May 1998	(120,205)	57,270	(62,935)
Transfer to profit and loss account	24,020	(3,597)	20,423
Utilised in year	-	(53,673)	(53,673)
Balance at 30th April 1999	<u>(96,185)</u>	<u>-</u>	<u>(96,185)</u>

There was no unprovided deferred taxation.

AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1999
(Continued)

11. SHARE CAPITAL

	1999	1998
	£	£
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>

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.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit on ordinary activities after taxation	801,753	1,614,501
Dividends	(300,000)	(325,000)
	<hr/>	<hr/>
	501,753	1,289,501
Opening shareholders' funds	5,925,224	4,635,723
	<hr/>	<hr/>
Closing shareholders' funds	£6,426,977	£5,925,224
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AIM AVIATION (HBA) LIMITED

NOTES TO THE ACCOUNTS
for the year ended 30TH APRIL 1999
(Continued)

13. COMMITMENTS

	1999 £	1998 £
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 after 5 years	249,020	288,332
	<hr/>	<hr/>
	£249,020	£288,332
	<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. Benefits are accruing to four directors under this defined benefit scheme. Details of the group scheme are given in the financial statements of AIM Group PLC.

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 1999 the aggregate amount outstanding was £12,912,216 (1998 - £15,575,447). There are contingent liabilities in relation to guarantees given by the Company in respect of agreements entered into in the normal course of business.

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is AIM Group PLC which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of AIM Group PLC's consolidated financial statements can be obtained from the Company Secretary at 16 Carlton Crescent, Southampton, SO15 2ES.

17. PREFERENCE SHARE DIVIDEND

The ultimate parent undertaking has waived its entitlement to receipt of the dividend for all periods to 30th April 1999.

18. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also 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 Group PLC which are publicly available.