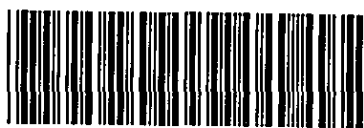


FLIGHT CALIBRATION SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
30 NOVEMBER 2012

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FLIGHT CALIBRATION SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2012

The directors present their report and the unaudited financial statements of the company for the year ended 30 November 2012

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the provision of flight inspection services for airport and Civil Aviation Authorities navigation systems

In 2011/12, the Company continued its remarkable growth, sales increased by approximately 85% and for the first time, since incorporation, the Company moved into profit. The number of customers has also increased dramatically. In 2011/12 the Company's customer base included UK NATS (including Cat 3 inspections), Birmingham Airport (Cat 3 inspections), London City Airport and the Dutch National Aerospace Laboratory

During 2011/12 the Company has continued significant improvements to both product and capability, namely

- 1 In early 2012, the Company added a third aircraft to its fleet with the purchase of a Diamond DA42. The aircraft was modified for flight inspection and made operational in the second half of 2012. The purchase of this aircraft increases capability and adds resilience allowing the Company to respond to short term requirements whilst guaranteeing support for its existing Customers.*
- 2 In 2011/12, the continued development of the flight inspection product resulted in the following improvement in capability*
 - a The development of a GPS based solution was completed allowing the Company to carry out flight inspections in poor visibility conditions*
 - b Obsolescence issues were addressed*

During 2011/12, the company has focussed on the following

- 1 Continue to increase its penetration of the UK market.*
- 2 Continue its expansion into overseas markets. The Company already provides services in Ireland, Holland, Africa and the Bahamas*
- 3 Continue marketing its Flight Inspection Product*
- 4 Continue the development of its flight inspection product*

Despite the continuing high level of investment in product and capability, the Company has moved into profitability. The directors are confident that the Company will continue to grow at the current remarkable growth rate over the next 12 months and that they are laying the foundations for a financially strong and profitable Company

FLIGHT CALIBRATION SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

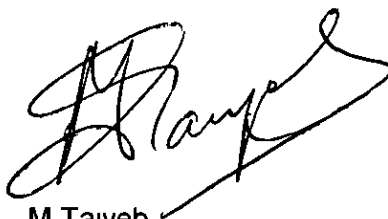
YEAR ENDED 30 NOVEMBER 2012

SMALL COMPANY PROVISIONS

The report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
Typhoon Business Centre
Oakcroft Road
Chessington
Surrey KT9 1RH

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'M Tayeb', is written over a horizontal line.

M Tayeb
Director

Approved by the directors on 31 August 2013

FLIGHT CALIBRATION SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2012**

	Note	2012 £	2011 £
TURNOVER		927,363	524,139
Cost of sales		<u>(510,536)</u>	<u>(339,575)</u>
GROSS PROFIT		416,827	184,564
Administrative expenses		<u>(410,436)</u>	<u>(194,059)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	6,391	(9,495)
Tax on profit on ordinary activities	3	<u>(5,381)</u>	<u>6,333</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,010</u>	<u>(3,162)</u>

The notes on pages 6 to 11 form part of these financial statements

FLIGHT CALIBRATION SERVICES LIMITED

BALANCE SHEET

30 NOVEMBER 2012

	Note	£	2012 £	2011 £	£
FIXED ASSETS					
Tangible assets	4		327,365		191,097
CURRENT ASSETS					
Debtors	5	274,935		190,983	
Cash at bank		<u>4,736</u>		<u>35,338</u>	
		279,671		226,321	
CREDITORS: Amounts falling due within one year	6	<u>(967,742)</u>		<u>(779,134)</u>	
NET CURRENT LIABILITIES			<u>(688,071)</u>		<u>(552,813)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(360,706)</u>		<u>(361,716)</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	7		<u>00</u>		<u>00</u>
			<u>(360,706)</u>		<u>(361,716)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	9		1		1
Revaluation reserve			242,206		242,206
Profit and loss account	10		<u>(602,913)</u>		<u>(603,923)</u>
NET DEFICIT			<u>(360,706)</u>		<u>(361,716)</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statement for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and,
- (i) preparing financial statements 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 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008),

The Balance sheet continues on the following page.

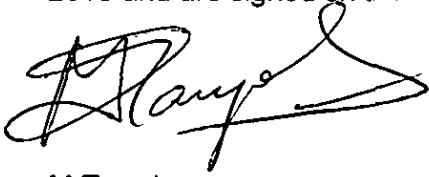
The notes on pages 6 to 11 form part of these financial statements

FLIGHT CALIBRATION SERVICES LIMITED

BALANCE SHEET *(continued)*

30 NOVEMBER 2012

These financial statements were approved by the directors and authorised for issue on^{3/} August 2013 and are signed on their behalf by

A handwritten signature in black ink, appearing to read 'M Tayeb', with a stylized flourish at the end.

M Tayeb
Director

Company Registration Number 05524571

The notes on pages 6 to 11 form part of these financial statements

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

The turnover shown in the profit and loss account represents amounts invoiceable during the year, exclusive of Value Added Tax

Fixed assets

Fixed assets are initially recorded at cost. In accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) they are subject to periodic revaluation

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery - 25% straight line

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors considered that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying material timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which material timing differences reverse, based on taxed rates and laws enacted or substantively enacted at the balance sheet date

Research and Development

The projects are clearly defined and related expenditure is identifiable. The projects are technically feasible and commercially viable. The current and future costs are expected to be exceeded by future sales and adequate resources exist for the projects to be completed

FLIGHT CALIBRATION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2012**

1. ACCOUNTING POLICIES (continued)**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

Going concern

The company meets its working capital requirements through funding from group companies, which have confirmed their intention for continuing support. As such, the directors consider it appropriate to prepare the accounts on a going concern basis.

2. OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The operating loss on ordinary activities before taxation is stated after charging

	2012	2011
	£	£
Directors' remuneration	76,774	38,338
Depreciation of owned fixed assets	<u>162,870</u>	<u>68,002</u>

3. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2012	2011
	£	£
Current tax		
UK Corporation tax based on the results for the year at 20 % (2011-20 3%)	5,381	(6,333)
Total current tax	0	0
Deferred tax		
Origination and reversal of timing differences	0	0
Tax on profit on ordinary shares	<u>0</u>	<u>0</u>

There is no provision for Corporation Tax due to the losses for the year.

FLIGHT CALIBRATION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2012****3. TAXATION ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2011 – 21%)

	2012	2011
	£	£
Profit on ordinary activities before taxation	6,391	(9,495)
Loss on ordinary activities by rate of tax	1,278	-
Expenses not deductible for tax purposes	-	-
Capital allowances for period in excess of depreciation	4,103	00
Tax Credit on R & D enhancement in 2012	00	(6,333)
Total current tax (note 3(a))	5,381	(6,333)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing plant and machinery to its market value

4. TANGIBLE FIXED ASSETS

	Plant & Machinery
	£
COST OR VALUATION	
At 1 December 2011 and 30 November 2012	517,115
Additions-Aircraft Additions	299,138
	<u>816,253</u>
DEPRECIATION	
At 1 December 2011	326,018
Charge for the year	162,870
At 30 November 2012	<u>488,888</u>
NET BOOK VALUE	
At 30 November 2012	<u>327,365</u>
At 30 November 2011	<u>191,097</u>

Plant and machinery is stated at revalued amount. A revaluation was carried out by the directors in the prior year in order to bring the asset value in line with its open market value

FLIGHT CALIBRATION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2012**

4. TANGIBLE FIXED ASSETS (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2012	2011
	£	£
Net book value at end of year	--	-
Historical cost	<u>2,794</u>	<u>2,794</u>

5. DEBTORS

	2012	2011
	£	£
Trade debtors	225,732	167,255
Amounts owed by associated undertakings	1	1
Other Taxation	-	9,544
Accrued Income	-	-
Other debtors & pre-payments	<u>49,202</u>	<u>14,183</u>
	<u>274,935</u>	<u>190,983</u>

6. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Overdrafts	00	00
Trade creditors	86,933	71,092
Amounts owed to associated undertakings	607,101	697,437
Corporation tax	5,384	1
Other taxation	41,191	-
HP Creditor	227,133	-
Other creditors	-	<u>10,604</u>
	<u>967,742</u>	<u>779,134</u>

7. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2012	2011
	£	£
Profit and loss account movement arising during the year	<u>00</u>	<u>00</u>
Provision carried forward	<u>00</u>	<u>00</u>

FLIGHT CALIBRATION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2012**

7a. DEFERRED TAXATION (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	158	-	158	-
Tax losses available			-	-
	158	-	158	-

8. RELATED PARTY TRANSACTIONS

At the year end the company owed £530,481 (2011 £677,656) to Avionic Services International Limited

At the year end the company owed £76,620 (2011 £24,033) to PCR (UK) Limited

The above companies are related by virtue of being under common control

At the year end the company was owed £1 (2011 £1) by Culross Aerospace Limited

A M McIvor and N J McIvor together with their own Company Maxtech Engineering Ltd are shareholders in Flight Calibration Services Limited and Maxtech Engineering Limited provides software services to FCSL at commercial rates. During the year to 30th November 2012 the value of these services totalled £24,700 (2011- nil)

9. SHARE CAPITAL**Authorised share capital:**

	2012	2011
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	No	2012	No	2011
		£		£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	(603,923)	(600,761)
Profit for the financial year	<u>1,010</u>	<u>(3,162)</u>
Balance carried forward	(602,913)	<u>(603,923)</u>

FLIGHT CALIBRATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2012

11. ULTIMATE PARENT COMPANY

The ultimate parent company, Culross Aerospace Limited, which owned 100% of the issued share capital, ceased to be the Ultimate Parent Company on 30 November 2011

12. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, there is no overall ultimate controlling party