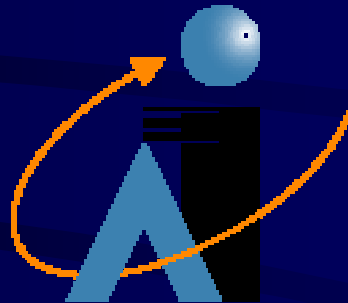


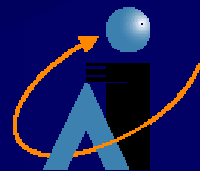
Aero Inventory plc



**Interim Results
for six months ended 31 December 2002**

Declaration of Intent from SR Technics

19 March 2003



Board

Frank Turner
(Non-executive Chairman)

Laurence Heyworth
(Executive Deputy Chairman)

Rupert Lewin
(Chief Executive)

Martin Dodge
(Asia Pacific Director)

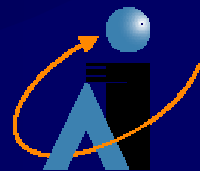
Hugh Bevan
(Finance Director)

Nigel McCorkell
(Non-executive Director)

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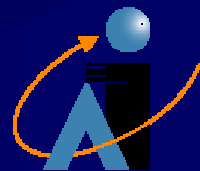
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Note. This presentation derives from published company information. In all cases, published information takes precedence



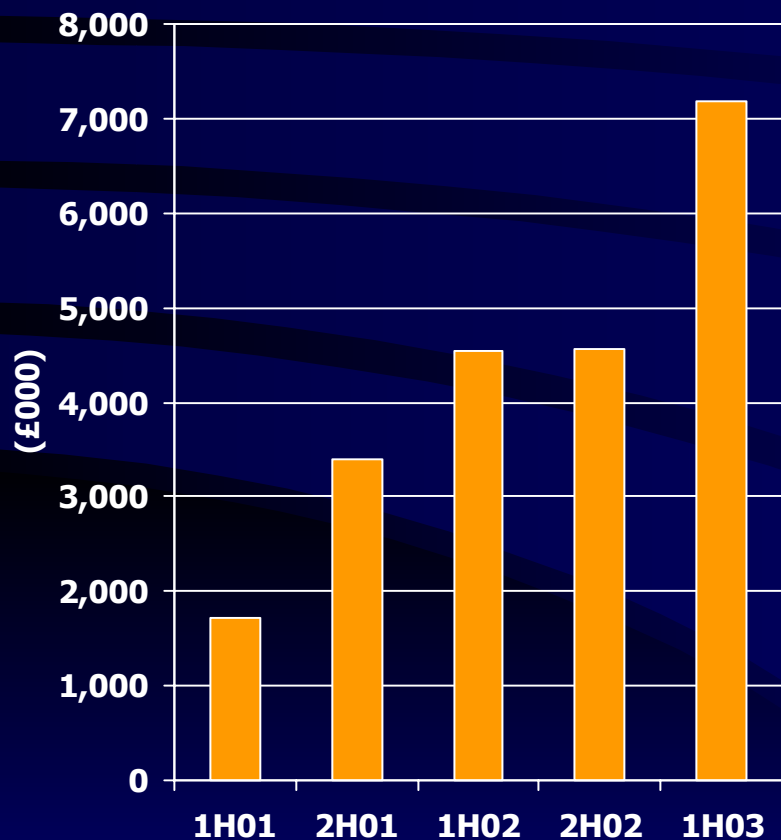
Highlights of FY03 interims

- Turnover £7,172,000, up 58% on the corresponding period
 - **sales in October through December more than double YoY**
- Pre-tax profits £1,542,000, vs £722,000 in the corresponding period
 - **also, close to the £1,617,000 achieved for the whole of FY02**
- Fully diluted EPS 11.53p, up 81%
- Interim dividend of 3.0p net per share, vs 2.0p

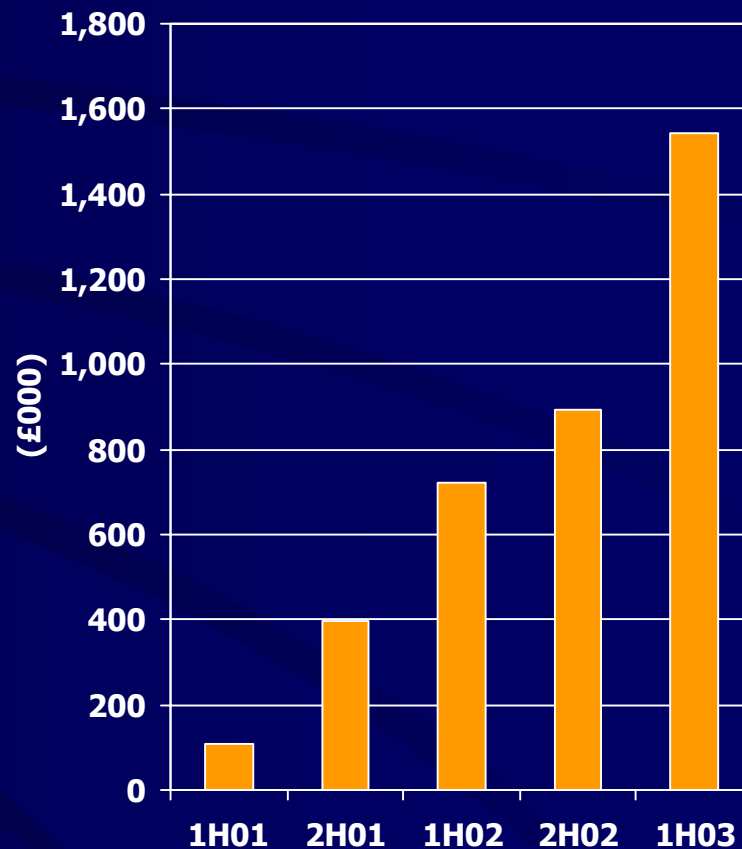


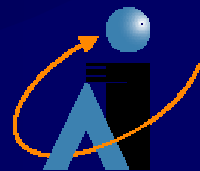
Financial record

Sales



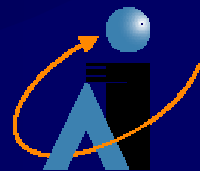
Pre-tax Profit





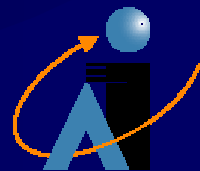
Background to Aero Inventory

- | | |
|------------|---|
| April 1994 | Acquisition of Hibbert & Richards
» distributor of industrial fasteners (sales c £40K per month) |
| 1996-2000 | Business transformed into aerospace service provider
» two UK contracts (CF Taylor, Britax) |
| May 2000 | Aero Inventory shares listed on AIM; new directors
» sales c £270K per month |
| Nov 2000 | Original Hong Kong Aircraft Engineering Company (HAECO) contract |
| March 2002 | Taikoo (Xiamen) Aircraft Engineering Company (TAECO) contract |
| Sept 2002 | New HAECO contract commences |
| March 2003 | Declaration of Intent from SR Technics Switzerland |



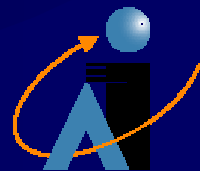
Introduction

- Procurement and inventory management service
 - **service provider, not a distributor**
 - **focus on the aerospace industry**
 - **experienced in both fasteners and rotatable spares**
- Proven system
 - **result of seven years work**
 - **ISO 9001:2000 certification and FAA accreditation**
- Increasing financial resources
 - **listed on AIM in May 2000 raising £3.1m**
 - **institutional placings raising £1.6m in April 2001, £2.0m in January 2002, and £5.5m in October 2002**
 - **£10m revolving credit facility from RBS**



Why aerospace?

- Need for large range of parts
 - **alpha-numeric part numbers, susceptible to computer management**
- Fragmented supplier base
- Requirement for traceability
- Procurement and inventory management mainly done in-house
- Trend towards outsourcing

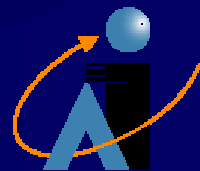


The Aero Inventory service

- Sole supplier for agreed list of parts
- Delivery to point of use
- Inventory management at point of use
- AI operator(s) on site
- Financing of customer inventory
- Comprehensive delivery, usage and cost data
- Electronic invoicing

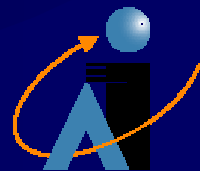
Functions taken over (all or in part)

- Planning
- Purchasing
- Receiving
- Inspection
- Documentation
- Storage
- Kitting
- Quality assurance
- Financing of inventory



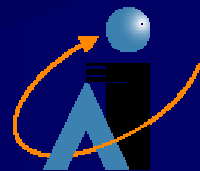
Benefits to the customer

- Improved efficiency
 - **notable fewer stockouts and shortages, allowing faster turnaround times**
- Reduction in direct costs
 - **purchasing, stores and quality assurance**
- Better data regards parts usage and pricing
- Working capital savings
- No service fee, or carriage/documentation charges



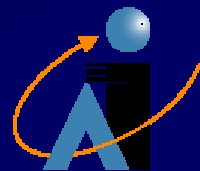
Rewards for Aero Inventory

- Aim to convert cost centre for our customers – ie procurement and inventory management – into profit opportunity for AI
- AI's margin achieved through optimising procurement
 - **supported by proprietary IT systems and procedures**
- Business model based on: long-term, exclusive contracts with our customers; and our ability to commit capital to holding stock



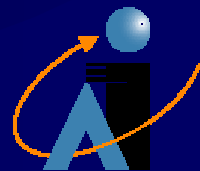
Existing customers and contracts

- CF Taylor
 - **manufacture of aircraft galleys, stowages and crew rests**
 - supplier of small parts since early 1996; sole-supplier agreement signed in October 1999; new three-year contract signed in August 2000
- Britax Rumbold
 - **manufacture of aircraft seats, galleys and lavatories**
 - sole-supplier agreement signed September 1998; automatically renewed in September 2001 for a further three years
- Hong Kong Aircraft Engineering Company (HAECO)
 - **maintenance and repair of rotables and other aircraft components**
 - original five-year, sole-supplier contract signed in November 2000
 - new contract signed August 2002
- Taikoo (Xiamen) Aircraft Engineering Company (TAEKO)
 - **aircraft heavy maintenance and passenger-to-freighter conversions**
 - five-year, sole-supplier contract signed in March 2002



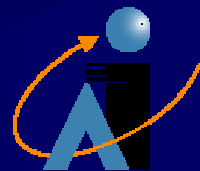
HAECO case study

- Nov 2000** Original five-year sole supplier contract signed
- » spares for rotatables associated with RB-211 engines for customers other than Cathay Pacific; potential annual sales value c US\$1.2m
- March 2001** Contract extended to include additional parts
- » potential annual sales value increased to c US\$4.0m
- May 2001** Contract extended to include Cathay Pacific as well as other customers of HAECO
- » potential annual sales value increased to c US\$12.0m
- Feb 2002** Contract extended to include additional parts
- » potential annual sales value increased to c US\$13m-14m
- Aug 2002** New contract encompassing existing and new business, extending AI's role as spares service provider to HAECO
- » 1 September 2002 to 31 December 2005, renewable for a further five years subject to certain conditions; potential annual sales value c US\$30m



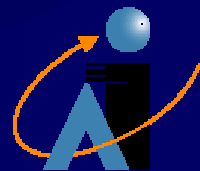
Declaration of intent from SR Technics

- Announcement today of declaration of intent from SR Technics Switzerland
- Following discussions and negotiations between the two companies, SR Technics has expressed the intention of entering into a long-term, exclusive procurement and inventory management contract with Aero Inventory covering aircraft parts and materials
 - **subject to various commercial conditions, and to a contract requiring the approval of the board of SR Technics**
- Further announcement to be made in due course



Background information on SR Technics

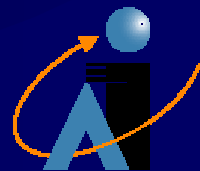
- One of the world's largest aircraft repair and maintenance companies
 - **sales of over SFr 1bn (US\$720m) in 2002; just under 3,000 staff**
- Broad range of European and Asian customers
- Important position in Airbus repair and maintenance
 - **pioneer role on A330 and A340 aircraft**
- Proponent of "total care" solutions and component pooling
- Majority of share capital owned by 3i and 3i managed funds
 - **in December 2002 3i, management and co-investors invested over Euro 425m**



Profit & Loss account – FY03 interims

(£000)	1H01	2H01	1H02	2H02	1H03
Turnover	1,723	3,387	4,547	4,564	7,172
Operating profit	80	390	775	941	1,624
Net interest	27	8	(53)	(53)	(82)
Pre-tax profit	107	398	722	895	1,542

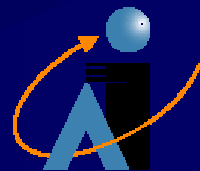
- 1H turnover up 58% over corresponding period
 - **driven by Asia Pacific turnover, and, in particular, new HAECO contract from 1 Sept 2002**
- 1H operating profit up 110%
 - **operating expenses up less than turnover**
- 1H net interest payable £82,000 vs net interest payable of £53,000
- 1H pre-tax profit up 114%
- 1H estimated effective tax charge 29.9% vs 31.6%
- 1H fully diluted EPS up 81%
- Interim dividend 3.0p, vs 2.0p



Balance sheet – FY03 interims

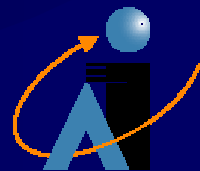
(£000)	12/00	6/01	12/01	6/02	12/02
Tangible fixed assets	128	492	501	520	933
Stocks	1,901	3,710	7,202	9,748	16,605
Debtors	1,225	2,465	2,476	2,289	3,637
Net cash/(debt)	883	525	(2,064)	(2,536)	(3,429)
Shareholders' funds	3,210	4,925	5,249	7,741	14,000

- 1H tangible assets up £425,000 over last year end
 - **refurbishment and equipping of office and warehouse buildings**
- 1H stocks up £6,857,000 over last year end
 - **needs of business in Asia Pacific, and stock purchase from HAECO/Cathay Pacific**
- 1H debtors up 59% over last year end
 - **reflecting sharp increase in business in final quarter**
- 1H net debt £3,429,000
 - **gearing of 24%**



Financial prospects for FY03

- Strong FY03 1H performance
- Sales in January and February very substantially up on corresponding period
- Costs planned to increase further in 2H, given important new business opportunities
- We continue to view the outcome for the year with confidence



Longer term outlook

- Foundations being put in place for further substantial growth in FY04
 - **full year contributions from both HAECO contract and prospective SR Technics contract**
- Ongoing marketing programme
 - **aerospace manufacturers, airlines, aircraft maintenance and repair organisations, and government agencies**