

IMPORTANT NOTICE

This document has been issued by Evolution Beeson Gregory Limited, which is regulated by the Financial Services Authority and is acting as Nominated Adviser and Broker to Aero Inventory plc (the “**Company**”) on behalf of the Company, and comprises a draft circular which has been prepared in connection with the proposed Placing. The information in this document, which is in draft form, is subject to updating, completion, revision, further verification and amendment. In particular, this document refers to certain events having occurred at the date it is published which have not occurred at the date it is published but which are expected to occur prior to the publication of the final circular.

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- (c) persons described in article 47(2) of the Order.

This document has not been approved by Evolution Beeson Gregory Limited for the purposes of section 21 of the Financial Services and Markets Act 2000.

Recipients of this document who intend to agree to subscribe for Placing Shares are reminded that any such purchase may only be made solely on the basis of the information contained in the circular in its final form which may be different from the information contained in this document. No reliance may be placed for any purpose whatsoever on the information contained in this document or on the completeness, accuracy or fairness thereof.

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The Directors of the Company, whose names appear on page 3, accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

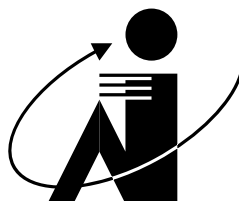
If you have sold or otherwise transferred all your Existing Shares, you should forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or the transferee.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 28 October 2003. The Existing Shares are traded on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List maintained by the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange has not itself examined or approved the contents of this document.

AERO INVENTORY plc

(Incorporated in England and Wales with registered no. 2887038)



New procurement and inventory management contract with SR Technics

Placing by

EVOLUTION BEESON GREGORY

of 4,225,000 Placing Shares at a price of 375p per Placing Share

Preliminary Announcement of the Results of Aero Inventory plc

for the year ended 30 June 2003

SHARE CAPITAL

Immediately Following Admission

<i>Authorised Number</i>	<i>Amount</i>	<i>Ordinary Shares of 1.25 pence each</i>	<i>Issued and fully paid Number</i>	<i>Amount</i>
80,000,000	£1,000,000		15,621,815	£195,273

Evolution Beeson Gregory which is regulated by the Financial Services Authority is acting exclusively for the Company in connection with the matters described herein. Persons receiving this document should note that Evolution Beeson Gregory will not be responsible to anyone other than the Company for providing the protections afforded to clients of Evolution Beeson Gregory or for advising any other person on the arrangements described in this document.

The Placing Shares will not be registered under the US Securities Act 1933 or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the Placing Shares been lodged with or registered by the Australian Securities Commission. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia or Japan. Overseas Shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Notice of an Extraordinary General Meeting of Aero Inventory plc, to be held at the offices of Taylor Wessing, at Carmelite, 50 Victoria Embankment, London EC4Y 0DX at 10 a.m. on 27 October 2003, is set out at the end of this document. The enclosed Form of Proxy for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR not later than 10 a.m. on 25 October 2003. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

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DIRECTORS AND ADVISERS

Directors:

Frank Turner FR Eng	<i>Non-executive Chairman</i>
Laurence Heyworth	<i>Executive Deputy Chairman</i>
Rupert Lewin	<i>Chief Executive</i>
Martin Dodge MBA	<i>Asia Pacific Director</i>
Hugh Bevan ACA	<i>Finance Director</i>
Nigel McCorkell FCA	<i>Non-executive Director</i>

Company Secretary:

Hugh Bevan ACA

Registered office:

30 Lancaster Road
New Barnet
Hertfordshire
EN4 8AP

Nominated Adviser, Broker and Underwriter:

Evolution Beeson Gregory Limited
100 Wood Street
London
EC2V 7AN

Solicitors to the Company:

Taylor Wessing
Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

Auditors to the Company and Reporting Accountants:

Horwath Clark Whitehill
25 New Street Square
London
EC4A 3LN

Solicitors to the Placing:

Reed Smith
Minerva House
5 Montague Close
London
SE1 9BB

Principal Bankers:

The Royal Bank of Scotland plc
62-63 Threadneedle Street
London
EC2R 8LA

Registrars:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

PLACING STATISTICS

Placing Price	375p
Market capitalisation, following the Placing, at the Placing Price	£58.6m
Number of Placing Shares being placed on behalf of the Company	4,225,000
Number of Ordinary Shares in issue following Admission	15,621,815
Proceeds receivable by the Company net of expenses	£15.0m
Number of Placing Shares as a percentage of the enlarged share capital	27.0%

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Extraordinary General Meeting	27 October 2003
Dealings in the Placing Shares expected to commence on AIM	28 October 2003
Expected date for CREST accounts to be credited	28 October 2003
Expected date for posting of share certificates for Placing Shares	5 November 2003

EXCHANGE RATES

The following exchange rates (being the closing middle market price on 2 October 2003) have been used throughout this document:

£1.00 : SFr2.20.

£1.00 : US\$1.67

US\$1.00 : SFr1.32

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the Placing Shares to trading on AIM becoming effective
“AIM”	the Alternative Investment Market of the London Stock Exchange
“B/E Aerospace (UK)”	B/E Aerospace (UK) Limited
“Britax”	Britax Rumbold Limited
“Cathay Pacific”	Cathay Pacific Airways Limited
“CF Taylor”	C.F. Taylor (B/E) UK Limited
“Company” or “Aero Inventory”	Aero Inventory plc
“DARA”	the Defence Aviation Repair Agency
“Directors” or “Board”	the directors of the Company as set out on page 3 of this document
“EGM”	the extraordinary general meeting of the Company convened by the EGM Notice
“EGM Notice”	the notice convening the EGM which is set out on pages 32 and 33 of this document
“Evolution Beeson Gregory”	Evolution Beeson Gregory Limited
“Existing Shares”	the 11,396,815 Ordinary Shares in issue at the date of this document all of which are admitted to trading on AIM
“Form of Proxy”	the form of proxy for use in connection with the EGM
“Group”	the Company and its subsidiary undertakings
“HAECO”	The Hong Kong Aircraft Engineering Company Limited
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 1.25p each in the capital of the Company
“Placing”	the conditional placing of the Placing Shares by Evolution Beeson Gregory on behalf of the Company pursuant to the Placing Agreement and as described in this document
“Placing Agreement”	the conditional placing agreement dated 3 October 2003 made between Evolution Beeson Gregory and the Company relating to the Placing
“Placing Price”	375p per Placing Share
“Placing Shares”	the 4,225,000 new Ordinary Shares which are to be the subject of the Placing
“Registrars” or “Capita Registrars”	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Regulations”	the Public Offers of Securities Regulations 1995
“Resolutions”	the resolutions set out in the EGM Notice
“rotable”	a regularly overhauled removable aircraft component

“Shareholders”	holders of Ordinary Shares in the Company
“SRT Contract”	the contract between the Company and SR Technics described in Part I
“SR Technics”	SR Technics Switzerland
“TAECO”	Taikoo (Xiamen) Aircraft Engineering Company Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland

PART I

LETTER FROM THE CHIEF EXECUTIVE OF AERO INVENTORY PLC

Directors:

Frank Turner FR Eng (Non-executive Chairman)
Laurence Heyworth (Executive Deputy Chairman)
Rupert Lewin (Chief Executive)
Martin Dodge MBA (Asia Pacific Director)
Hugh Bevan ACA (Finance Director)
Nigel McCorkell FCA (Non-executive Director)

Registered and Head Office:

30 Lancaster Road
New Barnet
Hertfordshire EN4 8AP

3 October 2003

To Shareholders and, for information only, to holders of options over Ordinary Shares

Dear Shareholder,

New procurement and inventory management contract with SR Technics

Placing by Evolution Beeson Gregory of 4,225,000 Placing Shares at a price of 375p per Placing Share

Preliminary announcement of results for the year ended 30 June 2003

Introduction and summary

On 19 March 2003 the Company announced that it was in advanced discussions with SR Technics, one of the world's largest aircraft maintenance and repair organisations, and that SR Technics had made a declaration of its intent to enter into a long-term, exclusive procurement and inventory management contract with the Group.

The Company announced today that it has signed a new procurement and inventory management contract for selected aircraft parts with SR Technics (the "SRT Contract"). The SRT Contract, due to commence on 1 December 2003, is for an initial term of five years, renewable, by mutual consent, for a further five years.

Your Board has also announced today that it proposes to place 4,225,000 Placing Shares at the Placing Price through Evolution Beeson Gregory to raise £15.8 million (before expenses). The Placing is conditional, *inter alia*, upon the Company obtaining certain approvals from its Shareholders in relation to the disapplication of pre-emption rights and the Board's authority to allot shares. The Placing has been fully underwritten by Evolution Beeson Gregory and is described under "Details of the Placing" below.

The preliminary results of the Company for the year ended 30 June 2003 were also released today. The full text of this announcement is set out in Part II of this document.

The SRT Contract covers the supply, on an exclusive basis, of a range of aircraft parts for SR Technics' consumption in Switzerland. The value of SR Technics' consumption of the parts covered by the SRT Contract was SFr50.0 million (US\$37.9 million) in the 2002 calendar year, and has been SFr29.2 million (US\$22.1 million) in the first eight and a half months of 2003. Under the SRT Contract and in accordance with the Group's normal business model, the Group has agreed to purchase from SR Technics its existing inventories of parts covered by this agreement. The price to be paid for these inventories is US\$20.0 million together with any applicable VAT subject to a physical stock take. The proceeds of the Placing will be used by the Group to purchase the inventories mentioned above and to provide additional working capital for the SRT Contract and other potential new contracts.

The SRT Contract is of major significance to the Group. As well as being the largest contract the Group has secured to date, it provides the Group with diversification both geographically and by aircraft type. The Directors also see considerable scope for the Group to grow alongside SR Technics.

Frank Turner, Aero Inventory's non-executive Chairman, is also non-executive Chairman of SR Technics. Mr Turner provided the Group with an introduction to SR Technics but did not participate in the detailed negotiations or in the Board's decision to proceed with the SRT Contract. Details of Mr Turner's interest in the share capital of SR Technics are provided at paragraph 6.4.2 of Part III of this document.

The purpose of this document is to provide you with information about the SRT Contract and the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the EGM, notice of which is set out at the end of this document.

Information on the SRT Contract

The SRT Contract covers the supply, on an exclusive basis, of a range of aircraft parts for SR Technics' consumption in Switzerland. The parts are mainly used for the maintenance and repair of rotables (i.e. regularly overhauled removable aircraft components) in SR Technics' workshops in Zurich.

The SRT Contract is due to commence on 1 December 2003 from which date the Group is entitled to invoice SR Technics on the basis of usage. The SRT Contract will run for an initial term of five years, renewable, by mutual consent, for a further five years.

The Group is to purchase inventories of parts covered by the SRT Contract from SR Technics. The consideration payable by the Group to SR Technics is US\$20.0 million together with any applicable VAT subject to a physical stock take. Payment is due on or prior to 28 November 2003.

Following payment for the inventories, the Group will be entitled to sell any excess stocks acquired from SR Technics to third parties. SR Technics has agreed to provide the necessary documentation for this to occur as and when it is required.

The SRT Contract will be operated by Aero Inventory (UK) Limited in conjunction with a new customer support subsidiary in Switzerland.

On the basis of information supplied to Aero Inventory by SR Technics, the value of SR Technics' consumption of the parts covered by the SRT Contract, at average unit price, was SFr50.0 million (US\$37.9 million) in the 2002 calendar year and SFr29.2 million (US\$22.1 million) in the first eight and a half months of 2003. On the basis of their past experience, the Directors do not necessarily expect usage in the early months of the SRT Contract to match historical usage.

Information on SR Technics

SR Technics is one of the world's largest civil aircraft, component and engine maintenance and repair organisations. It is extensively engaged in aircraft and engine maintenance and overhaul together with the servicing, repair and provision of components such as avionics, pneumatic and hydraulics systems. SR Technics plays a leading role in maintaining and overhauling A320, A330 and A340 aircraft. SR Technics provides maintenance for the PW4000 and CFM 56 engine families.

SR Technics has its head office at Zurich Airport, and operates maintenance stations at various other international airports on its customers' behalf. In addition to classic maintenance, repair and overhaul activities, the company has pioneered the provision of comprehensive total fleet solutions in response to the emerging needs of the world's airlines.

SR Technics is responsible for supporting over 350 aircraft, more than 300 engines and in excess of 73,000 components every year. SR Technics' largest customer is Swiss International Airlines which accounts for about 40 per cent. of revenues. Further customers include Thai Airways, Cathay Pacific, Dragonair, LTU, Austrian Airlines, KLM, Martinair, bmi British Midland, Spanair and easyJet.

The majority of SR Technics' share capital is owned or managed by 3i and its co-investor, Star Capital Partners, with SR Technics' management and staff holding 12 per cent. of the issued shares.

SR Technics has a workforce of just under 3,000 personnel, and generated revenues of SFr1,080 million in 2002 (US\$818 million).

Existing Aero Inventory contracts

At the time of its flotation in May 2000, the Group had two UK customers, CF Taylor and Britax. The Group's contract with CF Taylor was replaced in August 2003 by a contract with B/E Aerospace (UK), another subsidiary of B/E Aerospace, Inc, which is the world's leading manufacturer of cabin interior products for commercial passenger aircraft and business jets. This agreement covers the supply on an exclusive basis of a range of small parts mainly required for the manufacture of galleys and crew rests for a period of three years.

The Group signed a three-year, sole-supplier contract with Britax in September 1998 which was renewed in September 2001 for a further three years. Britax is a manufacturer of aircraft seats, galleys and lavatories.

In the year ended 30 June 2003, Aero Inventory's business in the UK accounted for approximately £2.8 million in sales or approximately 17.9 per cent. of the total sales for the period.

In November 2000, the Group entered into a five-year, sole supplier contract with HAECO, covering a range of parts for the maintenance, repair and overhaul of rotables associated with aero engines. HAECO is a leading Hong Kong based aerospace maintenance and repair company whose major customer is Cathay Pacific.

The sales arising from the original contract with HAECO increased substantially as a consequence both of new parts being added and of increased usage of parts covered by the contract. On 1 September 2002 this contract was superseded by a new sole-supplier contract encompassing a substantial amount of new business. The new HAECO contract runs until 31 December 2005, in parallel with an existing repair and maintenance contract between HAECO and Cathay Pacific. Assuming satisfactory performance by the Group, the HAECO contract is then renewable by mutual consent for a period of not less than five years, save in the event of the relevant repair and maintenance contract between HAECO and Cathay Pacific not being extended.

When announcing the new HAECO contract in August 2002, the Directors indicated that it had a potential annual sales value of around US\$30 million. Monthly sales to HAECO rose to a high of US\$2.3 million in March 2003, implying an annual run rate of approximately US\$27 million. However, the lower level of activity at HAECO as a consequence of SARS meant that monthly sales in the following three months fell to a low of US\$1.2 million in June 2003, approximately half the March 2003 level. Because maintenance and repair activity tends to lag changes in flight schedules, the Directors do not expect Aero Inventory's sales to HAECO to recover fully until early 2004 even though the flight schedules of HAECO's largest customer, Cathay Pacific, are now back to normal. Nevertheless, monthly sales in HAECO in July and August were well above the June level, with further recovery expected in September.

In March 2002, Aero Inventory signed a five-year contract with TAECO, a major aerospace maintenance and repair company based in Xiamen, China. Established in 1993, TAECO has grown rapidly and now employs approximately 1,800 staff. HAECO owns 49.5 per cent. of TAECO, whose other shareholders include Xiamen Aviation Industry Company Limited, Cathay Pacific, Japan Airlines, Boeing Commercial Aeroplane Group, Beijing Kailan Aviation Technology Development and Service Company (a subsidiary of CAAC), and Singapore Airlines Engineering Company. Sales to TAECO are as yet modest. However, the Directors believe that the Group's business with TAECO has the potential to grow substantially in the medium term.

In the year ended 30 June 2003, Aero Inventory's business in Asia Pacific accounted for approximately £13.0 million in sales or approximately 82.1 per cent. of the total sales for the period.

In May 2003, the Group entered into an agreement with DARA under which, for a period of six months, the Group agreed to provide DARA with general and programme-specific advice in respect of supply chain, inventory management and materials procurement. During this period it is intended that DARA and the Group will progress the relationship to examine the potential of a long-term partnering agreement.

Strategy

The Group's stated strategy is to continue the rapid growth of the business by securing profitable long-term, sole-supplier contracts.

The Directors believe that there are opportunities to secure further business from among aerospace manufacturers, airlines, aircraft maintenance and repair facilities, and government agencies. The Group will seek to secure customers who will benefit operationally and financially from its service and who are prepared for the Group to achieve its financial returns subject to meeting cost and performance targets.

In particular, the Directors believe that, with HAECO and, now, SR Technics as customers, the Group is well-placed to establish itself as a leading service provider in the field of parts required for the maintenance and repair of rotables and other aircraft components.

Financial record

The table below, which has been extracted without material adjustment from the Company's consolidated audited accounts and from its preliminary announcement of audited results for the year ended 30 June 2003, summarises the consolidated financial results and balance sheets of the Group for the three years to and ended 30 June 2003.

Consolidated Profit and Loss

Year ended 30 June

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	5,110	9,111	15,871
Operating profit	470	1,716	3,135
Profit before tax	505	1,617	2,815

Consolidated Net Assets

As at 30 June

	<i>2001</i>	<i>2002</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Tangible fixed assets	492	520	1,075
Current assets			
Stocks	3,710	9,748	19,174
Debtors	2,465	2,289	2,528
Cash	562	–	–
	<u>6,737</u>	<u>12,037</u>	<u>21,702</u>
Creditors and Provisions for Liabilities	<u>(2,304)</u>	<u>(4,816)</u>	<u>(4,671)</u>
Net assets	<u><u>4,925</u></u>	<u><u>7,741</u></u>	<u><u>18,106</u></u>

Current trading and future prospects

In the short period since the financial year-end, the Group has seen a progressive recovery in its Asia Pacific turnover, with sales in July and August well up on June's depressed levels, and with a further improvement expected in September. However, because repair and maintenance activity tends to lag changes in flight activity, the Directors do not expect the Asia Pacific business to recover fully until early in 2004 even though flight schedules are now back to normal.

During this period there has been a planned increase in overheads and certain start-up costs relating to the SRT Contract, which is due to commence on 1 December 2003.

Seven months expected contribution from the SRT Contract and 12 (as opposed to 10) months contribution from the enlarged HAECO contract underpin the prospect of substantial growth for Aero Inventory in the year to 30 June 2004. Furthermore, the Group is currently pursuing other new business opportunities that may make a contribution to the current year.

The Directors expect the profit in the current year to be heavily weighted to the second half. This is because of the effects of SARS in the first half, the increased overheads and start-up costs referred to above, and there being only one month's contribution from the SRT Contract in the first half.

The Board believes that the SRT Contract further underlines the Group's industry credentials as it increases its geographic spread and customer base.

Dividend policy

The Board intends to pursue a progressive dividend policy. The declaration and payment by the Company of future dividends and the amount thereof will depend upon the Company's results from operations, financial condition, cash requirements, future prospects, profits available for distribution and other factors considered relevant by the Directors at the time.

Corporate governance

The Directors recognise the value of the Principles of Good Governance and the Code of Best Practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hempel.

Whilst the Company is not formally required to comply with the Combined Code, the Board supports that code and also the "Guidance for Smaller Quoted Companies" provided by the Quoted Companies Alliance in so far as it is practicable and appropriate for a public company of its size.

Use of proceeds

The proceeds from the Placing will be used by the Group to satisfy payment of the US\$20.0 million consideration (plus any applicable VAT) for the inventories of parts being acquired under the SRT Contract. Any balance will be available to provide additional working capital.

As at 30 June 2003 the Company's net debt was £2.2 million. The Directors believe that with the additional equity now being raised the Group will be in a strong position to secure additional debt facilities.

Details of the Placing

As stated above, the Company proposes to raise £15.8 million (before expenses) through the issue of the Placing Shares at the Placing Price, which represents a discount of 12.0 per cent. to the closing middle market price of 426p per share on 2 October 2003 (the latest practicable date prior to the posting of this document). The Placing Shares will represent 27.0 per cent of the Company's enlarged issued share capital immediately following the Placing.

The Directors reviewed a number of different options to raise the additional finance required to purchase the inventory under the SRT Contract. Having considered the uncertainty and costs as well as the practicalities associated with a pre-emptive offering to existing Shareholders, the Directors are of the opinion that in current market conditions the Placing, although non pre-emptive, is in the best interests of Shareholders as a whole.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that trading in the Placing Shares will commence on 28 October 2003.

The Placing is conditional, *inter alia*, on the passing of the Resolutions and on Admission.

A summary of the Placing Agreement is provided at paragraph 7 of Part III of this document.

Placing Shares

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Shares including (subject as mentioned below) the right to dividends and other distributions declared following Admission. For the avoidance of doubt, the Placing Shares will not rank for the final dividend of 2.3p per share payable on 10 December 2003 to Shareholders on the register on 17 October 2003.

Extraordinary General Meeting

Set out on pages 32 and 33 of this document is a notice convening the EGM to be held on 27 October 2003 at the office of Taylor Wessing, Carmelite, 50 Victoria Embankment, Blackfriars, London, EC4Y 0DX, at 10 a.m., at which the Resolutions will be proposed.

Further information

Your attention is drawn to the further information set out in Part III of this document.

Shareholders should read the whole of this document and not rely solely on the summarised information above.

Action to be taken

A Form of Proxy for use at the EGM is enclosed. This should be completed in accordance with the instructions and returned to the Company's registrars, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR as soon as possible, but in any event so as to be received by 10 a.m. on 25 October 2003. The completion and return of the Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they wish.

Recommendation

Your Directors, who have received financial advice from Evolution Beeson Gregory in relation to the Placing, consider that it is in the best interests of the Company and its Shareholders as a whole. In providing its advice to the Board, Evolution Beeson Gregory has placed reliance on the Directors' commercial assessments.

Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the EGM, as they have irrevocably undertaken to do in respect of their own beneficial holdings amounting in aggregate to 2,635,999 Existing Shares, representing approximately 23.13 per cent. of the current issued ordinary share capital of the Company.

Yours sincerely,

Rupert Lewin
Chief Executive

PART II
PRELIMINARY ANNOUNCEMENT OF THE RESULTS
FOR THE YEAR ENDED 30 JUNE 2003

Chairman's statement

RESULTS

The results for the year ended 30 June 2003 – our third full year as a quoted company – show further strong growth. Turnover was up 74 per cent. to £15,871,000; pre-tax profits were up by 74 per cent. to £2,815,000; and fully diluted earnings per share were up by 41 per cent. to 19.51p.

Although these results may appear satisfactory, they are substantially lower than we were targeting at the outset of the year. The civil aerospace industry has experienced severe difficulties over the last year as a result of the depressed global economy, the Iraq war, and, starting in late March 2003, the effects of the SARS virus. Our strong new business position meant that our turnover was relatively unaffected until the advent of SARS. However, the SARS situation particularly affected airlines in Asia Pacific – our main region of activity. Also, difficult industry conditions contributed to a delay in finalising certain new business that might otherwise have contributed to the year.

To bring home the severity of the impact of SARS on the Group, it is worth pointing out that year-on-year turnover growth in the final quarter of the financial year was only 39 per cent., having been 169 per cent. in the previous quarter, and that turnover in June was about half that in March. In anticipation of a reduction in turnover due to SARS, we released an Update on Prospects in May. In the event, turnover in the final weeks of the year was at the low end of our expectations.

In view of the large amount of new business in prospect for the Group, we took the decision not to reduce our headcount as a short-term reaction to SARS. Needless to say, during this period of sharply reduced activity cash conservation measures were put in place.

Fortunately, as I discuss below, our business is now recovering from the effects of SARS.

DIVIDEND

Both as a sign of confidence in the future and as an indication of the importance we attach to providing a tangible return to shareholders in the form of dividends, the Board is recommending a final dividend of 2.3p net (the same level as last year) which, with the interim dividend of 3.0p net, gives a total for the year of 5.3p net, an annual increase of 23 per cent. The final dividend will be paid on 10 December 2003 to shareholders on the register on 17 October 2003.

CONTRACTS

The year saw the commencement, on 1 September 2002, of the much enlarged HAECO contract, which was described in last year's annual report.

On 14 May 2003 we announced a six months consultancy agreement with the Defence Aviation Repair Agency ("DARA") during which period DARA and Aero Inventory would examine the potential of a long-term partnering agreement. DARA is Europe's largest Government-owned facility for the repair, overhaul and maintenance of military aircraft, systems and components – including engines and avionics.

On 14 August 2003 we announced a three-year sole supplier contract with B/E Aerospace (UK) Limited, a subsidiary of B/E Aerospace, Inc which is the world's leading manufacturer of cabin interiors for commercial passenger aircraft and business jets. This contract replaces one with C. F. Taylor (B/E) UK Limited, another subsidiary of B/E Aerospace, Inc, which was due to expire at the end of August.

On 3 October 2003 we announced a major new contract with SR Technics Switzerland ("SR Technics"), which is one of the world's largest aircraft maintenance and repair companies. This contract and an associated placing is the subject of a separate circular to shareholders dated 3 October 2003.

FINANCING DURING THE YEAR

In October 2002 Aero Inventory raised £5.4 million (net of expenses) through a placing of 1,818,182 new shares to finance the new HAECO contract. In June 2003 the company raised a further £3.5 million (net of expenses)

through a placing of 1,029,569 new shares in order to strengthen the balance sheet and put the company in a strong position to develop new business opportunities. I should like to thank the existing and new shareholders who participated in these placings, and indeed shareholders generally for their continuing support.

Following the first of these placings, The Royal Bank of Scotland plc increased the credit facilities available to the Group from £5 million to £10 million.

CURRENT TRADING AND PROSPECTS

In the short period since the financial year-end, the Group has seen a progressive recovery in its Asia Pacific turnover, with sales in July and August well up on June's depressed levels, and with a further improvement expected in September. However, because repair and maintenance activity tends to lag changes in flight activity, we do not expect our Asia Pacific business to recover fully until early in 2004 even though flight schedules are now back to normal.

During this period there has been a planned increase in overheads and certain start-up costs relating to the new contract with SR Technics, which is due to commence on 1 December 2003.

Seven months expected contribution from the SR Technics contract and 12 (as opposed to 10) months contribution from the enlarged HAECO contract underpin the prospect of substantial growth for Aero Inventory in the year to 30 June 2004. Furthermore, we are currently pursuing other new business opportunities that may make a contribution to the current year.

We expect the profit in the current year to be heavily weighted to the second half. This is because of the effects of SARS in the first half, the increased overheads and start-up costs referred to above, and there being only one month's contribution from the SR Technics contract in the first half.

The Board believes that the SR Technics contract further underlines the Group's industry credentials as it increases our geographic spread and customer base.

THANKS

A nothing-is-too-much-trouble attitude is fundamental to the success of a service business. I should like to thank the team at Aero Inventory for their unwavering customer focus, professionalism, determination and enthusiasm.

Frank Turner

Non-executive Chairman

3 October 2003

Chief Executive's Statement

REVIEW OF RESULTS

Turnover for the year increased by 74 per cent. to £15,871,000 (2002: £9,111,000) as a consequence of growth in the Asia Pacific region which with turnover of £13,037,000 accounted for 82 per cent. of total turnover in the year. This performance more than offset a 4 per cent. decline in our UK turnover to £2,834,000 (2002: £2,961,000) reflecting a decline in activity levels and some rationalisation at our UK customers.

The growth in our Asia Pacific turnover was almost entirely a consequence of our new, much enlarged contract with HAECO that commenced on 1 September 2003. However, as noted in the Chairman's statement, in the final quarter of the financial year our Asia Pacific business was severely affected by the SARS situation.

Operating profit was up by 83 per cent. to £3,135,000 (2002: £1,716,000). There are two elements of profit for the year, together totalling £543,000, which relate to refinements in stock valuation methodology as referred to in the accounts. Net interest paid amounted to £320,000 (2002: £99,000). The pre-tax profit was £2,815,000 (2002: £1,617,000).

After a tax charge of £880,000 (2002: £490,000) – an effective rate of 31.3 per cent. (2002: 30.3 per cent.) – profit was £1,935,000 (2002: £1,127,000) and basic earnings per share were 19.62p, up 40 per cent. on last year's figure of 14.01p. The fully diluted earnings per share were 19.51p (2002: 13.87p).

Net debt at the year-end was £2,227,000 (2002: £2,536,000) compared to shareholders' funds of £18,106,000 (2002: £7,741,000), implying gearing of 12.3 per cent. (2002: 32.8 per cent.).

The year-end consolidated balance sheet shows greatly increased stock levels at £19,174,000 (2002: £9,748,000). The majority of the increase in stock levels reflects substantial inventory purchases from HAECO and Cathay Pacific connected with the new HAECO contract, and purchases to provision a large number of parts subsequently added to the contract. The overall stock figure needs to be seen in relation to a full year's revenue from the new HAECO contract unaffected by SARS, and also in the context of the planned broadening of our customer base.

Debtors at the year-end were £2,528,000 (2002: £2,289,000). The 10.4 per cent. increase in debtors, which is less than the growth in annual turnover, reflects the reduced level of monthly revenues in the final months of the year.

We have funded our increased working capital through two placings of new shares which together raised £8.9 million (net of expenses), and by drawing down as necessary on our banking facilities.

The average US dollar/sterling exchange rate during the year was 1.56 (2002: 1.44) and the rate used for translating year-end financial assets and liabilities was 1.65 (2002: 1.52).

CAPITAL EXPENDITURE

Capital expenditure in the year of £792,000 (2002: £206,000) mainly related to the creation and equipping of further office space in our headquarters building, and to the refurbishment and equipping of our warehouse.

During the year, Aero Inventory took a lease on a further 7,700 square foot office building to house various support functions, including Finance and Information Technology support. The company's three buildings are close to one another and linked by high capacity telecommunications cables.

QUALITY

Quality is fundamental to Aero Inventory given the over-riding importance of safety in aerospace. I am pleased to report that during the year the business gained ISO 9001:2000 quality certification, the new quality benchmark.

INFORMATION TECHNOLOGY

During the year, Aero Inventory has continued to invest in database development and, in particular, in a new system – which we have named “Parts Central” – one of whose functions is to obviate the otherwise recurrent and time-consuming need to “clean” customer and supplier part numbers prior to data processing.

Also during the year we activated a re-designed version of our website (www.aero-inventory.com). In addition to its marketing and investor relations functions, the website allows a customer to view and download pricing, usage and inventory data, and other specially requested data.

BUSINESS STRATEGY

Our strategy is unchanged. It is to continue the rapid growth of the business by securing further profitable long-term, sole-supplier contracts. We believe there are opportunities for the Group among aerospace manufacturers, airlines, aircraft maintenance and repair companies, and government agencies. Aero Inventory will seek to secure further world-class customers who will benefit operationally and financially from its service and who are prepared for the Group to achieve its financial returns subject to meeting cost and performance targets.

A year ago, following the announcement of the new HAECO contract, we highlighted the significant opportunity for Aero Inventory to establish itself as an e-based service provider in the field of parts required for the maintenance and repair of rotables. This opportunity is now enhanced by our major new contract with SR Technics. As we gain further customers, we believe that we shall enjoy valuable economies of scale and, in particular, the operational and financial benefits of pooling inventory where appropriate.

We expect Asia Pacific to remain an important geographical focus for the Group in the near term because of the growth potential of the region's aerospace market and the cost advantages enjoyed by the region's repair and maintenance organisations. Following the SR Technics contract, we expect Europe to become our other main geographical focus in the near term since we believe consolidation among airlines and repair and maintenance organisations is likely to create opportunities for us as companies seek to gain cost and efficiency advantages from outsourcing parts procurement and management.

Rupert Lewin

Chief Executive

3 October 2003

AERO INVENTORY PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2003

	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>
Turnover	15,871	9,111
Operating expenses	(12,736)	(7,395)
Operating profit	3,135	1,716
Interest receivable	9	6
Interest payable	(329)	(105)
Profit on ordinary activities before taxation	2,815	1,617
Taxation on profit on ordinary activities	(880)	(490)
Profit on ordinary activities after taxation	1,935	1,127
Dividends	(571)	(365)
Retained profit for the year	1,364	762
Basic earnings per share	19.62p	14.01p
Fully diluted earnings per share	19.51p	13.87p

CONSOLIDATED BALANCE SHEET

At 30 June 2003

	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>
Fixed assets		
Tangible fixed assets	1,075	520
Current assets		
Stocks	19,174	9,748
Debtors	2,528	2,289
	21,702	12,037
Creditors: amounts falling due within one year	(4,641)	(4,789)
Net current assets	17,061	7,248
Total assets less current liabilities	18,136	7,768
Provisions for liabilities and charges	(30)	(27)
Net assets	18,106	7,741
Capital and reserves		
Called up share capital	142	106
Share premium account	15,656	6,687
Profit and loss account	2,308	948
Shareholders' funds – all equity	18,106	7,741

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2003

	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>
Net cash outflow from operating activities	(5,855)	(4,428)
Returns on investments and servicing of finance	(320)	(99)
Taxation	(1,225)	(105)
Capital expenditure and financial investment	(792)	(182)
Equity dividends paid	(504)	(301)
Cash outflow before financing	(8,696)	(5,115)
Financing		
Issue of shares – net of expenses	9,005	2,054
Decrease in debt	(23)	(14)
	<u>8,982</u>	<u>2,040</u>
Increase/(decrease) in the year	<u>286</u>	<u>(3,075)</u>

NOTES TO THE PRELIMINARY RESULTS

For the year ended 30 June 2003

1. The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 30 June 2003 and 30 June 2002 have been extracted from the annual accounts on which the auditors have issued an unqualified report. A copy of the annual accounts will be posted to shareholders by 31 October 2003, and will be filed with the Registrar of Companies in due course. The annual accounts for 30 June 2002 have been filed with the Registrar of Companies.
2. The directors recommend the payment of a final dividend of 2.3p per share making total dividends for the year of 5.3p per share.
3. All turnover arose from the single activity of procurement and inventory management for the aerospace industry.

A geographical analysis of turnover is as follows:

	2003	2002
	£'000	£'000
United Kingdom	2,834	2,961
Asia Pacific	13,037	6,150
	<u>15,871</u>	<u>9,111</u>

4. Operating expenses comprise:

	2003	2002
	£'000	£'000
Change in stocks for resale*	(9,426)	(6,038)
Raw materials and consumables	17,964	10,497
Staff costs	2,205	1,342
Depreciation of tangible fixed assets – owned by the Group	237	159
Other operating charges	1,756	1,435
	<u>12,736</u>	<u>7,395</u>

- * Refinements to the estimation techniques used in the calculation of changes in stocks for resale have resulted in increases in profit for the year. Of these increases, £355,000 is in respect of costs included in overheads attributed to stock and £188,000 is in respect of the application of particular discount rates in arriving at the average unit prices of individual stock lines.

5. Basic and fully diluted earnings per share has been calculated on the Group's profit attributable to shareholders of £1,935,000 (2002: profit £1,127,000), and on the weighted average number of shares in issue during the financial year, which for the basic earnings per share was 9,863,203 (2002: 8,036,216) and for the fully diluted earnings per share was 9,918,270 (2002: 8,119,891).
6. On 3 October 2003 Aero Inventory entered into a placing agreement with Evolution Beeson Gregory under which Evolution Beeson Gregory agreed to procure subscribers for 4,225,000 shares of the company at a price of 375p per share subject to certain conditions. In the event that there are no subscribers for those shares Evolution Beeson Gregory will subscribe for them, as principal. The net proceeds of the placing receivable by the company are expected to amount to £15.0 million. Further details of the placing are set out in a separate circular to shareholders dated 3 October 2003.

The Annual General Meeting of the company will be held at The Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ on Wednesday 26 November 2003 at 11 a.m.

PART III
ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered in England and Wales as a private limited company under the Act on 12 January 1994 with registered number 2887038 and was re-registered as a public limited company on 11 April 2000.
- 1.2 The principal legislation under which the Company operates is the Act and the regulations made under the Act.
- 1.3 The Company's registered office and principal place of business is at 30 Lancaster Road, New Barnet, Hertfordshire EN4 8AP.

2. Subsidiaries

The Company is the parent of Aero Inventory (UK) Limited which was incorporated in England and Wales on 4 March 1994 as a private limited company with registered number 2904862. The registered office of Aero Inventory (UK) Limited is 30 Lancaster Road, New Barnet, Hertfordshire EN4 8AP. Aero Inventory (UK) Limited is the parent of Aero Inventory (Hong Kong) Limited which was incorporated in Hong Kong on 18 January 2002 as a limited company with registered number 782906. The registered office of Aero Inventory (Hong Kong) Limited is 2001, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Aero Inventory (UK) Limited is in the course of setting up a customer support subsidiary in Switzerland to be named Aero Inventory (Switzerland) AG.

3. Share Capital

- 3.1 The following table shows the number of authorised, issued and fully paid Ordinary Shares at the date of this document and immediately following the Placing:

	<i>Ordinary Share Capital</i>			
	<i>Authorised Number</i>	<i>£</i>	<i>Issued and fully paid Number</i>	<i>£</i>
At the date of this document	80,000,000	1,000,000	11,396,815	142,460.19
Immediately following the Placing	80,000,000	1,000,000	15,621,815	195,272.69

- 3.2 As far as the Company is aware, as at 2 October 2003 (the latest practicable date before the publication of this document), the following persons had interests (other than Directors' interests) within the meaning of section 208 of the Act in the issued Ordinary Share capital of the Company which, directly or indirectly, represent 3 per cent. or more of the issued Ordinary Share capital of the Company:

	<i>As at the date of this document</i>	
	<i>Percentage</i>	
	<i>Number of Ordinary Shares</i>	<i>of issued Ordinary Shares</i>
Singer & Friedlander Investment Management Limited	1,150,043	10.09
Scottish Widows Investment Partnership Limited	469,200	4.12
R W J Davis	435,000	3.82

Save as disclosed above and in paragraph 6.1 below, the Directors are not aware of any person who, directly or indirectly, is or will be following the Placing, interested in 3 per cent. or more of the Company's issued Ordinary Share capital. The Directors are not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 3.3 At the date of this document options over Ordinary Shares have been granted by the Company to one Director, H C Bevan as follows:

<i>Number of Ordinary Shares the subject of Options</i>	<i>Exercise Price</i>	<i>Exercise period</i>
25,641	390p	9.4.05 – 9.4.12
27,777	450p	27.11.05 – 27.11.12

In addition, the Company has also granted options over 206,253 Ordinary Shares to certain employees. As at the date of this document, there are outstanding in aggregate 259,671 options which represent 2.3 per cent. of the Company's current issued ordinary share capital. Following the announcement of the preliminary results for the year ended 30 June 2003 and before the EGM, it is proposed to grant additional options over approximately 150,000 Ordinary Shares to employees in such amounts as are approved by the Directors.

4. Memorandum of Association

The memorandum of association of the Company (the "Memorandum") provides that the Company's principal object is to act as a holding company. The objects of the Company are set out in full in clause 4 of the Memorandum.

5. Articles of Association

The articles of association of the Company ("the Articles") include provisions to the following effect:

5.1 Votes of members

5.1.1 Votes attaching to shares

Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

5.1.2 No voting rights where calls outstanding

No member shall unless the Board otherwise determines, be entitled to vote:

- (a) if any call or other sum presently payable by him to the Company in respect of the shares remains unpaid; or
- (b) if a member has been served with a restriction notice and failed to provide the Company with information concerning interest in those shares required to be provided under the Act.

5.2 Transfer of shares

5.2.1 Form of Transfer

Transfers of shares may be effected by an instrument of transfer in any usual form or in any other form approved by the Board. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares.

5.2.2 Right to Refuse to Register a Transfer

The Board may in its absolute discretion and without assigning any reason for its actions refuse to register any transfer of any share which is not a fully paid share. The Board may decline to recognise any instrument of transfer unless:

- (a) the duly stamped instrument of transfer:
 - (i) is in respect of only one class of share;
 - (ii) is lodged at the registered office or such other place as the Board may appoint; and

(iii) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(b) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

5.2.3 The Board may also decline to register a transfer of shares (except for certain types of transfer) after there has been a failure to provide the Company with information concerning interest in those shares required to be provided under the Articles or the Act until such failure has been remedied.

5.3 Dividends

5.3.1 Final Dividends

The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board.

5.3.2 Interim and Fixed Dividends

In so far as, in the opinion of the Board, the profits of the Company justify such payments, the Board may declare and pay the fixed dividends on any class of shares carrying fixed dividends expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment of such dividends and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit.

5.3.3 Retention of Dividends

The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

The Board may withhold dividends payable on shares after there has been failure to provide the Company with information concerning interests in those shares required to be provided under the Act until such failure has been remedied.

5.3.4 Unclaimed Dividend

Any dividend unclaimed after a period of twelve months from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

5.3.5 Distribution *in specie*

The Company may upon the recommendation of the Board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Board shall give effect to such resolution.

5.3.6 Distribution *in specie* on a winding up

If the Company shall be wound up the liquidator may, with the authority of an extraordinary resolution and subject to any provision of law, divide among the members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the members or different classes of members.

5.4 Capitalisation of profits and reserves

5.4.1 The Board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account.

5.4.2 Such capitalisation shall be effected by appropriating such sum to the holders of ordinary shares in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued shares.

5.5 Share capital

5.5.1 Variation of Rights

The special rights attached to any class may, subject to the provisions of the Act, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

5.5.2 Increase in Share Capital

The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

5.5.3 Consolidation, Subdivision and Cancellation

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (b) cancel any shares which have not been taken or agreed to be taken or diminish the amount of its capital by the amounts of the shares so cancelled;
- (c) subject to the provisions of the Act, sub-divide its shares.

5.5.4 Reduction or Cancellation

The Company may by special resolution reduce or cancel its share capital or any revaluation reserve or share premium account or any other reserve fund in any manner and with and subject to any confirmation or consent required by law.

5.5.5 Purchase of own shares

Subject to the provisions of the Act, the Company may purchase or may enter into any contract under which it will or may purchase, any of its own shares.

5.6 Forfeiture and lien

5.6.1 Notice on failure to pay a call

If a member fails to pay in full any call or instalment of a call on the due date for payment the Board may at any time after the failure serve a notice on him requiring payment and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

5.6.2 Lien on partly-paid shares

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share.

5.6.3 Sale of shares subject to lien

The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell.

5.7 Directors

5.7.1 Number

Unless otherwise determined by ordinary resolution of the Company the Directors shall not be fewer than two nor more than ten in number.

5.7.2 Directors' Fees

Fees payable to Directors in such capacity shall from time to time be determined by the Board except that such fees shall not exceed £100,000 per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company.

5.7.3 Directors' Expenses

The Board may repay to any Director all such reasonable expenses as he may incur in attending meetings of the Board or of any committee of the Board or shareholders' meetings or otherwise in connection with the business of the Company.

5.7.4 Age Limit

Any provision of the Act which would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, applies to the Company.

5.7.5 Retirement by Rotation

At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation.

5.7.6 Restrictions on Voting

A Director shall not vote (save as provided in the Articles) in respect of any contract or arrangement or any other proposal whatsoever in which he or persons connected with him have a material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.

Subject to the provisions of the Act, a Director shall (in the absence of some other material interest other than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to:

- (a) any contract or arrangement for giving to such Director any security, guarantee or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any subsidiary;
- (b) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any subsidiary which the Director has himself guaranteed, indemnified or secured in whole or in part;
- (c) any contract or arrangement by a Director to subscribe for securities of the Company issued or to be issued pursuant to any offer in which the Director is or may be entitled to participate as a holder of securities, or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) any contract or arrangement concerning any other company (not being a company in which the Director owns one per cent. or more) in which he (together with the persons connected with him within the meaning of section 346 of the 1985 Act) is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever in one per cent. or more of either any class of the equity share capital or the voting rights in such company;
- (e) any proposal concerning any pension fund or retirement death or disability benefits scheme or employees' share scheme which has been approved by the Inland Revenue and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; and
- (f) insurance which the Company proposes to maintain or purchase for the benefit of Directors or persons including Directors of the Company.

5.8 Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to

issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. Directors' and other interests

6.1 At the date of this document the interests (all of which are beneficial) of the Directors (including persons connected with them within the meaning of section 346 of the Act) in the share capital of the Company, which have been notified to the Company pursuant to sections 324 and 328 of the Act and which are shown in the register of Directors' interests maintained under section 325 of the Act are as follows:

<i>Directors</i>	<i>At the date of this document</i>	
	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>
F Turner	112,206	0.98
L Heyworth	812,008	7.12
P R Lewin	1,156,025	10.14
M P Dodge	428,040	3.76
H C Bevan	42,520	0.37
H N P McCorkell	85,200	0.75

H C Bevan holds options over Existing Shares as described in paragraph 3.3 of this Part III.

In addition, on 9 November 2000 private option arrangements were put in place by each of L Heyworth, P R Lewin, M P Dodge and R W J Davis for the benefit of F Turner. In total, F Turner was granted options over 433,333 Ordinary Shares as follows:

<i>Grantor</i>	<i>Number of Ordinary Shares the subject of the option</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
L Heyworth	100,000	125p	09.11.03 – 09.11.05
L Heyworth	94,160	250p	09.11.03 – 09.11.05
P R Lewin	151,033	250p	09.11.03 – 09.11.05
M P Dodge	51,821	250p	09.11.03 – 09.11.05
R W J Davis	36,319	250p	09.11.03 – 09.11.05

Save as disclosed above and in paragraph 3, none of the Directors or any persons connected with them (within the meaning of section 346 of the Act) has any interest, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.

6.2 Directors' remuneration and service agreements

6.2.1 Save as set out in this paragraph 6, as of the date of this document the Directors have neither fees nor are due any remuneration or benefits in kind in their capacity as Directors.

6.2.2 The aggregate remuneration and benefits in kind of the Directors in respect of the financial year ended 30 June 2003 was £447,000.

6.2.3 The following service contracts and letters of appointment have been entered into by the Company:

- (a) an agreement dated 24 February 2001 (as amended by letters dated 17 July 2001 and 29 October 2002) between Potenza Enterprises Limited ("Potenza") and the Company whereby Potenza agrees to provide the services of Frank Turner as the non-executive Chairman of the Company for an indefinite period subject to the rotation provisions set out in the Articles and other termination provisions for an annual fee of £40,000 plus any applicable VAT and an additional £20,000 per annum plus any applicable VAT for consultancy services;
- (b) a service agreement dated 3 July 2001 (as amended by a letter dated 29 October 2002) between the Company and Laurence Heyworth under which Laurence Heyworth is employed as the Executive Deputy Chairman for an initial period of twelve months

commencing on 1 July 2001 and thereafter terminable by either party on twelve months' notice at a salary (subject to upwards reviews from time to time) of £84,000 per annum for 178 working days per annum plus family membership of the Company's medical expenses scheme and the Group's long term disability scheme;

- (c) a service agreement dated 15 May 2000 (as amended by a letter dated 29 October 2002) between the Company and Paul Rupert Lewin under which Paul Rupert Lewin is employed as the Chief Executive for an initial period of two years thereafter terminable by either party on twelve months' notice at a salary (subject to upwards reviews from time to time) of £120,000 per annum plus membership of the Company's medical expenses scheme and the Group's long term disability scheme;
- (d) a service agreement dated 3 May 2002 (as amended by a letter dated 29 October 2002) between Martin Peter Dodge and Aero Inventory (Hong Kong) Limited under which Martin Peter Dodge is employed as the Managing Director for an initial period of 2 years commencing on 1 April 2002 (subject to obtaining a valid work visa) unless terminated by either party on 12 months' notice at a salary (subject to reviews from time to time) of £80,000 per annum payable in Hong Kong dollars plus an overseas allowance of £10,333 per annum payable monthly in arrears in Hong Kong dollars, provision of residential accommodation either by provision of a lease by Aero Inventory (Hong Kong) Limited or by reimbursement of rental expenses up to a monthly cost of HK\$32,000, airfare for one return flight to the UK per annum based on World Traveller Plus grade, an annual leave passage allowance of £6,000 payable monthly in Hong Kong dollars, reasonable medical benefits or medical insurance, and membership of the Group's long term disability scheme;
- (e) a service agreement dated 22 March 2002 (as amended by a letter dated 29 October 2002) between the Company and Hugh Charles Bevan under which Hugh Charles Bevan is employed as the Finance Director, Company Secretary and Director for a period commencing on 8 April 2002 terminable by either party on six months' notice and subject to automatic termination without notice on his sixtieth birthday at a salary (subject to upwards reviews from time to time) of £90,000 per annum plus family membership of the Company's medical expenses scheme, membership of the Company's permanent health insurance scheme and the Group's long term disability scheme;
- (f) a letter of appointment dated 5 April 2000 (and an amending agreement to that letter dated 15 May 2000 and further amended by letters dated 29 October 2002 and 10 December 2002) between the Company and Henry Nigel Pakenham McCorkell under which he is appointed a non-executive Director of the Company for an indefinite period subject to the rotation provisions set out in the Articles and other termination provisions for an annual fee of £30,000 plus any applicable VAT payable on a monthly basis.

6.2.4 Save as set out above, there is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

6.2.5 Upon termination each of Laurence Heyworth, Paul Rupert Lewin, Martin Peter Dodge and Hugh Charles Bevan (the "Executive Directors") are bound by on-going obligations of confidentiality to both the Company and any Associated Company (as defined in each service agreement) in respect of confidential information or trade secrets relating to the Company, any Associated Company or their business. In addition, the Executive Directors are prohibited from the following activities in the following ways upon termination of their employment:

- (a) the Executive Directors may not solicit any customers of the Company or any Associated Company for a period of twelve months after their termination date either for their own or others' benefit;
- (b) the Executive Directors may not solicit Company employees for a period of six months after their termination date either for their own or any others' benefit;

- (c) the Executive Directors may not interfere with a continuance of supplies to the Company for a period of twelve months after their termination date either for their own or on another's benefit;
 - (d) the Executive Directors may not be engaged with any entity that is engaged in the Company's business (defined as "e-based customised procurement and inventory management services for the aerospace industry and all directly related services") for a period of six months after their termination date.
- 6.2.6 Any intellectual property (defined) that is originated (defined) by any of the Executive Directors during their employment shall vest automatically with the Company and the Executive Directors are obliged to take such steps as may be necessary to effect such vesting or to protect the Company's interests.
- 6.2.7 The Board of the Company has the right to suspend (on full pay) any of the Directors for suspected misconduct. If the Board concludes that any Director should be dismissed by virtue of their misconduct, such dismissal will result in the Directors' having to resign their executive post.
- 6.3 Loans and guarantees
There are no loans or guarantees provided by any member of the Company for the benefit of any Director.
- 6.4 Directors' interests in transactions
Save as disclosed below, no Director has or has had any interest in any transaction which is of an unusual nature, contains unusual terms or is significant in relation to the business of the Company and which was effected during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
 - 6.4.1 Rupert Lewin Racing Limited (of which PR Lewin is a director and shareholder) entered into a licence agreement with Aero Inventory (UK) Limited on 1 December 2002 in respect of the use of the warehouse space as licensee at Unit A, Lancaster Road, Industrial Estate, New Barnet, Hertfordshire, for the storage and repair of private motor vehicles. During the period of the licence Rupert Lewin Racing Limited agreed to pay Aero Inventory (UK) Limited a fee of £1,000 per month (inclusive of VAT).
 - 6.4.2 Frank Turner is a non-executive director and chairman of SR Technics and has an interest in ordinary shares in SR Technics representing approximately 1.5 per cent. of the issued share capital.

6.5 Directorships

Other than directorships of Group companies, the Directors hold, and have previously held during the five years preceding the date of this document the following directorships:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
F Turner	Aeronautical Trusts Limited Potenza Limited Potenza Enterprises Limited Potenza Net Limited Potenza Technology Limited Mettis Group Limited Mott Macdonald Group Limited SR Technics Holding (Swiss) Symmetry Medical Inc, (USA)	BM Handling Services Limited British Regional Airlines Limited British Midland Engineering Limited British Midland plc Wagon plc ASW Holdings plc Society of British Aerospace Companies Limited (The) Material Logistics Limited
L Heyworth	None	Robert Fleming Securities Limited
P R Lewin	Rupert Lewin Racing Limited	None
H C Bevan	None	Jardine Fleming Securities Limited Jardine Fleming International, Inc Robert Fleming International Limited
H N P McCorkell	Chargeready Limited Chargeready (Holdings) Limited Bowman Power Limited Ffastfill plc Bournemouth University Development Trust	Simon (No.1) Limited Hamsard One Thousand and Forty Three Limited H.N.P. Limited Hamsard One Thousand and Sixty Four Limited Columbia Computer Products Limited Ouncebond Cork Industries Employee Trust Limited Cork Industries Limited Codelogo Limited Metal Rings Co. (Holdings) Limited Drum Closures Limited Kolok Manufacturing Company Limited Columbia Ribbon Manufacturing Company Limited Columbia (International) Limited Incanite Foundries Limited BWT (Holdings) Limited Fellcrest Limited Baxter Woodhouse and Taylor Ltd Windak Limited Bird Precision Bellows Limited Cadogan Numerical Control Limited Midcast Engineering Limited Bowman Power Systems Limited AAI (Holdings) Limited Aerospace – Hull Limited Gardner Aerospace – Cotmanhay Limited Cork Aerostructures Limited Gardner Aerospace – Wales Limited Hunt Power Drives Limited Huco Power Transmission Limited McKechnie Limited Bibby Group Limited Southern Educational Enterprises Limited Bibby Transmissions Limited Huco Engineering Industries Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
		Motion Developments Limited Pitchline Transmissions Limited Goodyer & Davis Engineering Limited Turboflex Limited T.&A. Nash (Penn) Limited Euroflex Transmissions Limited Torsiflex Limited Incanite Foundries (Holdings) Limited Codelogo (Holdings) Limited Anglobrock Limited

F Turner was a non-executive director of ASW Holdings plc when that company went into administrative receivership on 10 July 2002.

P R Lewin was a director of SI Industries Limited and SI Holdings Limited at the time when receivers were appointed to those companies in January 1994. Both companies subsequently went into liquidation.

H N P McCorkell was the non-executive chairman of Simon (No. 1) Limited (previously named John Cleland Group) when that company went into administrative receivership in January 2000.

Save as disclosed above, none of the Directors has been a director or partner at any time in the previous five years. None of the Directors has any unspent convictions in respect of indictable offences. None of the Directors has been declared bankrupt or entered into an individual voluntary arrangement. None of the Directors was a partner of any partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement. None of the Directors has owned an asset over which a receiver has been appointed nor has any of the Directors been a partner of any partnership at the time of or within 12 months of receivership of any assets of such partnership.

There have been no public criticisms of any of the Directors by any statutory or regulatory authority (including recognised professional bodies) and none of the directors has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Save as disclosed above none of the Directors was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangements with such company's creditors generally or any class of its creditors.

7. Material Contracts

Your attention is drawn to the summary of material contracts set out in paragraph 7 of part III of a circular related to the Company, dated 11 September 2002 (the "Circular"). Since the issue of the Circular, the Company has entered into the Placing Agreement, which is not a contract entered into in the ordinary course of business and which is or may be material.

The Placing Agreement, dated 3 October 2003 is made between the Company and Evolution Beeson Gregory. Under the terms of the Placing Agreement, Evolution Beeson Gregory has agreed, subject to certain conditions, to underwrite the Placing at the Placing Price. The Placing Agreement is conditional upon, amongst other matters, the passing of the Resolutions and Admission occurring on or before 8.00a.m. on 28 October 2003 (or such later date as the Company and Evolution Beeson Gregory may agree, being not later than 8.00a.m. on 11 November 2003). The Placing Agreement contains certain representations and warranties and an indemnity in favour of Evolution Beeson Gregory and its employees, directors and agents. Evolution Beeson Gregory has the right to terminate the Placing Agreement in certain circumstances, in particular, if there is an event of force majeure occurring before 5.00p.m. on 3 October 2003 or, amongst other matters, there is a breach of any of the warranties before Admission.

Under the Placing Agreement the Company has agreed to pay Evolution Beeson Gregory (together with any applicable VAT) a commission of 3 per cent. on the value of the Placing Shares at the Placing Price, and may at its discretion pay Evolution Beeson Gregory a fee for corporate finance advice of up to £75,000.

8. Litigation

No member of the Group is, or has been, engaged in any legal or arbitration proceedings which may have, or have had in the 12 months prior to the date of this document, a significant effect on the financial position of the Group, nor, so far as the Company is aware, are any such proceedings pending or threatened.

9. United Kingdom Taxation

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Existing Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice.

9.1 Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the issue and/or acquisition of Placing Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Placing Shares allotted or transferred to him, the Placing Shares so allotted or transferred will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the allotment or transfer. The amount paid for the Placing Shares will be the base cost of a Shareholder's holding. If a Shareholder disposes of all or some of his Placing Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise. However, the amount paid for the Placing Shares subscribed for may be eligible for taper relief allowance if the investor is an individual or trustee and for indexation allowance if the investor is a company.

9.2 Inheritance Tax – Business Property Relief

Unquoted ordinary shares representing interests in qualifying trading companies such as the Company potentially qualify for business property relief which may give up to 100 per cent. exemption from inheritance tax. Where an investor makes a lifetime gift of shares or dies while still the owner of the shares, then no inheritance tax may be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

9.3 Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax ("SDRT") will normally be payable on the issue of the new Ordinary Shares.

Transfers on sale of shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5 per cent. on the value of the consideration payable by the purchaser and rounded up to the nearest £5. An unconditional agreement to transfer such shares will also be subject to SDRT (payable by the purchaser and generally at the same rate as stamp duty). However, if within six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

9.4 Dividends and other Distributions

Dividends paid by the Company will carry an associated tax credit on one-ninth of the cash dividend (which is equal to) ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the United Kingdom receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax have no further liability to income tax in respect of such a dividend. Higher rate (currently 40 per cent.) taxpayers will have an additional tax liability (after taking into account the tax credit of 22.5 per cent. of the aggregate of the cash dividend and associated tax credit (which is equal to 25 per cent. of the cash dividend)). Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividend.

A UK resident corporate shareholder (other than dealers and certain insurance companies) should not usually be liable to corporation tax or income tax in respect of dividends received from the Company and will be entitled for tax purposes to treat any such dividend and the related tax credit as franked investment income.

Trustees of UK resident discretionary trusts who are liable to account for income tax at the rate applicable to trusts on the trust's income are required to account for tax at the Schedule F trust rate for trusts which is currently 25 per cent. on dividend income.

Persons who are not resident in the United Kingdom should consult their own tax advisers on the possible application of such provisions and on what (if any) relief or credit may be claimed for the tax credit attaching to dividends paid by a United Kingdom company in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the United Kingdom as at the date of this document. The above comments assume that Existing Shares are held as an investment and not as an asset of a financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

10. Working Capital

Having made due and careful enquiry and after having taken into account the proceeds of the Placing and the facilities available to the Group, the Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for the period of 12 months from the date of Admission.

11. General

- 11.1 The accounting reference date of the Company is 30 June.
- 11.2 The estimated amount of the expenses of the Placing, which are all payable by the Company (including professional fees, printing costs and commissions to Evolution Beeson Gregory) are estimated to be £800,000 (excluding VAT).
- 11.3 The net proceeds of the Placing are estimated at approximately £15.0 million for the Company.
- 11.4 Of the Placing Price, 1.25p represents the nominal value of each Ordinary Share and 373.75p represents a premium.
- 11.5 Evolution Beeson Gregory has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to its name in the form and context in which they appear.
- 11.6 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act.
- 11.7 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 30 June 2003.
- 11.8 For each of the financial years of the Company ended on 30 June 2001 and 2002 respectively, statutory Group accounts have been delivered to the Registrar of Companies. The statutory Group accounts for the financial year ended 30 June 2003 will shortly be delivered to the Registrar of Companies. The Group accounts for each of these accounting reference periods contain an unqualified report by the Company's auditors pursuant to section 235 of the Act.

12. Availability of Circular

Copies of this document will be available free of charge to the public at the offices of Taylor Wessing, Carmelite, 50 Victoria Embankment, London EC4Y ODX, from the date of this document until at least the end of the period one calendar month after Admission.

Date: 3 October 2003

AERO INVENTORY PLC
(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of Taylor Wessing, Carmelite, 50 Victoria Embankment, London EC4Y 0DX at 10.00 a.m. on 27 October 2003 for the following purposes:

To consider and, if thought fit, pass the following resolutions of which number 1 will be proposed as an ordinary resolution and number 2 will be proposed as a special resolution:

1. THAT in substitution for any existing authorities:
 - (a) pursuant to Section 80 of the Companies Act 1985 (the “Act”), the directors be generally and are hereby unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the terms of the following restrictions and provisions, namely:
 - (i) this authority shall expire (unless previously renewed or revoked by the Company in general meeting) on the date which is 15 months after the date of the passing of this Resolution, or at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this Resolution if that shall occur sooner; and
 - (ii) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £60,000; and
 - (b) for the purpose of sub-paragraph 1(a) above:
 - (i) the said power shall allow and enable the directors to make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired; and
 - (ii) words and expressions defined in or for the purpose of Part IV of the Act shall bear the same meaning herein.
2. THAT in substitution for any existing authorities:
 - (a) conditionally upon the passing of Resolution 1 above and pursuant to Section 95 of the Act, the directors be and are hereby given power to allot equity securities pursuant to the authority conferred by Resolution 1 above as if Section 89(1) of the Act did not apply to any such allotment provided that:
 - (i) the power hereby granted shall be limited to:
 - (A) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and
 - (B) the allotment of equity securities in connection with the Placing.
 - (ii) the power hereby granted shall expire (unless previously renewed or revoked by the Company in general meeting) on the date which is 15 months after the date of the passing of this Resolution, or at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this Resolution if that shall occur sooner;

- (b) for the purpose of sub-paragraph 2(a) above:
- (i) the said power shall allow and enable the directors to make an offer or agreement before the expiry of the said power which would or might require equity securities to be allotted pursuant to such offer or agreement as if the power conferred herein had not expired; and
 - (ii) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings herein.

Registered Office:

30 Lancaster Road
New Barnet
Hertfordshire
EN4 8AP

By Order of the Board

Hugh Bevan
Secretary

3 October 2003

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company.
2. A form of proxy is provided with this notice and instructions for use are shown on the form. To be valid, completed forms must be received at the office of the Company's registrars, Capita Registrars of PO Box 25, Beckenham, Kent, BR3 4BR not less than 48 hours before the time fixed for the meeting. Deposit of the form of proxy will not prevent a member from attending and voting in person.
3. The Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered in the register of members of the Company at 10 a.m. on 25 October 2003 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

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