

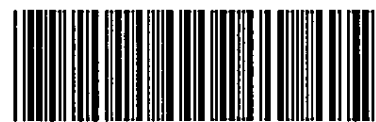
Air Contractors (UK) Limited

Directors' report and Financial statements

For the year ended 31 December 2012

Registered number 1065190

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Air Contractors (UK) Limited

Directors' report and financial statements

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Air Contractors (UK) Limited

Directors and other information

Director	C Grant (Irish) I Reece P Scott (Irish)
Secretary	I Reece
Bankers	Lloyds TSB 43 Irongate Derby DE1 3FT
Solicitors	Lawrence Graham 190 Strand London WC2R 1JN
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered office	Lancaster Business Park Aviation Way Southend Airport Southend-on-Sea England SS2 6UN

Air Contractors (UK) Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2012

Principal activities, business review and future developments

The principal activity of the company is the provision of air transport and aviation related services. The company provides pilots and crewing staff to European Air Transport and Air Contractors (Ireland) Limited, a related entity. Revenue is based on a mark-up of costs and the company traded satisfactorily during the period. The company intends to continue to explore various opportunities in line with its current activities.

Results and dividends

The results for the period have been presented on page 8 and in the related notes. The directors do not propose the payment of a dividend.

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2012 had no interests in the shares of the company or group companies.

Policy on payment of creditors

The company is responsible for the agreement of terms and conditions under which business transactions with suppliers are conducted. It is the company's policy that payments to suppliers are made in accordance with these terms, normally between 30 and 60 days, provided that the supplier is also complying with all relevant terms and conditions.

Political and charitable contributions

The company made no political or charitable contributions during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Air Contractors (UK) Limited

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will, therefore, continue in office

On behalf of the board



P Scott
Director

31 July 2013

Air Contractors (UK) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

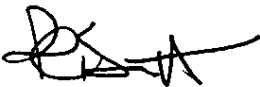
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



P. Scott
Director



KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Air Contractors (UK) Limited

We have audited the financial statements of Air Contractors (UK) Limited for the year ended 31 December 2012 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006



Independent auditor's report to the members of Air Contractors (UK) Limited
(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Sean O'Keefe (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

31 July 2013

Air Contractors (UK) Limited

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

Turnover

Turnover is represented by aviation services provided to customers in the period and excludes value added tax

Pensions

The company operates a defined contribution pension scheme and contributions to this scheme are charged to the profit and loss account as incurred

Taxation

The charge for taxation is based on the profit for the period, as adjusted for taxation purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction or at a contracted rate. The resulting monetary assets and liabilities are translated into pounds sterling at the balance sheet rate or the contracted rate and the exchange differences are accounted for in the profit and loss account

Cashflow Statement

The directors have availed of the exemption in Financial Reporting Standard No 1 "Cash Flow Statements", from preparing a cashflow statement on the grounds of the company's size. Accordingly, no cashflow statement is presented with these financial statements

Air Contractors (UK) Limited

Profit and loss account

for the year ended 31 December 2012

	<i>Note</i>	2012 £'000	2011 £'000
Turnover - continuing operations	<i>1</i>	3,843	3,808
Cost of sales		(3,692)	(3,669)
Gross profit		151	139
Administrative expenses		(140)	(151)
Foreign currency gain		-	2
Operating profit/loss - continuing operations		11	(10)
Interest receivable and similar income	<i>3</i>	200	265
Profit on ordinary activities before taxation		211	255
Tax on profit on ordinary activities	<i>6</i>	(51)	(65)
Profit for the financial year	<i>11</i>	160	190

The company had no other recognised gains or losses in the current financial year or the preceding financial period, other than those shown above, and accordingly, no statement of total recognised gains and losses has been presented

Air Contractors (UK) Limited

Balance sheet at 31 December 2012

		2012 £'000	2011 £'000
	<i>Note</i>		
Current assets			
Debtors	7	7,112	6,919
Cash at bank and in hand		204	305
		<hr/>	<hr/>
		7,316	7,224
Creditors: amounts falling due within one year	9	(834)	(902)
		<hr/>	<hr/>
Net assets		6,482	6,322
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	7,992	7,992
Profit and loss account	11	(1,510)	(1,670)
		<hr/>	<hr/>
Shareholders' funds	12	6,482	6,322
		<hr/>	<hr/>

The financial statements were approved by the board of directors on 31 July 2013 and were signed on its behalf by



P Scott
Director

Air Contractors (UK) Limited

Notes

forming part of the financial statements

1 Segmental information

All turnover was derived from the company's principal activity of air transport services, in particular, the provision of pilots and crewing staff, and all such revenues and related profits arose in the European Union.

2 Statutory and other information

Auditor's remuneration has been paid for by a related undertaking on behalf of the company

Directors are not remunerated by the company (see note 5)

3 Interest receivable

	2012 £'000	2011 £'000
Interest receivable on intercompany loans	200	265

Interest on intercompany loans was charged at 3% in 2012 (2011 3%) per annum

4 Staff numbers and costs

	2012 Number	2011 Number
The average number of persons employed by the company during the year was:	45	47

The aggregate payroll costs of these persons were as follows:

	2012 £'000	2011 £'000
Wages and salaries	3,077	3,037
Social security costs	348	307
Other costs	206	240
	3,631	3,584

Other costs include contributions made by the company into a defined contribution pension scheme Contributions to the scheme for the year amounted to £200,000 (2011. £203,000).

Air Contractors (UK) Limited

Notes (continued)

5 Directors' remuneration

During the year ended 31 December 2012, all directors' fees and other emoluments were met by the company's parent (see note 16)

6 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
<i>UK Corporation tax</i>		
Corporation tax – current year	50	65
Adjustment in respect of prior periods	(15)	-
	<hr/>	<hr/>
Corporation tax - current tax charge (see below)	35	65
	<hr/>	<hr/>
<i>Deferred taxation</i>		
Origination/reversal of timing differences	2	-
Adjustment in respect of prior periods	13	-
Impact of change in tax rates	1	-
	<hr/>	<hr/>
Deferred tax charge in year	16	-
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	51	65
	<hr/>	<hr/>

Air Contractors (UK) Limited

Notes (continued)

6 Tax on profit on ordinary activities (continued)

Factors affecting current tax charge for year

	£'000	£'000
The tax assessed for the period differs from the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) The differences are explained below		
Profit on ordinary activities before tax	211	255
Tax on profit on ordinary activities at 24.5% (2011 26.5%)	52	65
<i>Effects of</i>		
Capital allowances in excess of depreciation	(2)	(3)
Adjustment in respect of prior periods	(15)	-
Other timing differences	-	3
Current tax charge for year	35	65

A deferred tax asset of £12,000 (2011 £28,000) relating to timing differences arising from the tax treatment of assets has been recognised, as the directors believe that this will ultimately be recovered

7 Debtors

	2012 £'000	2011 £'000
Trade debtors	50	68
Prepayments and accrued income	17	21
Other debtors	-	30
Corporation tax recoverable	32	-
Deferred tax asset (see note 8)	12	28
Amounts owed by related undertakings	7,001	6,772
	7,112	6,919

Air Contractors (UK) Limited

Notes (continued)

8 Deferred taxation

	2012 £'000	2011 £'000
At beginning of year	28	28
Timing differences	(2)	-
Change in tax rate	(1)	-
Adjustment in respect of prior periods	(13)	-
	<hr/>	<hr/>
At end of year	12	28
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	3	98
Taxation and related balances	102	132
Group relief payable	134	84
Amounts due to related undertakings	529	516
Accruals	30	50
Other creditors	36	22
	<hr/>	<hr/>
	834	902
	<hr/>	<hr/>

The taxation figure above is broken down as follows

	2012 £'000	2011 £'000
Payroll taxes	86	86
VAT	16	18
Corporation tax	-	28
	<hr/>	<hr/>
	102	132
	<hr/>	<hr/>

Air Contractors (UK) Limited

Notes (continued)

10 Called up share capital

	2012 £'000	2011 £'000
<i>Authorised:</i>		
8,100,000 ordinary shares of £1 each	8,100	8,100
<i>Allotted and fully paid:</i>		
7,992,000 ordinary shares of £1 each	7,992	7,992

11 Profit and loss account reserve

	2012 £'000	2011 £'000
At beginning of year	(1,670)	(1,860)
Profit for the year	160	190
	(1,510)	(1,670)

12 Reconciliation of shareholders' funds

	2012 £'000	2011 £'000
Shareholders' funds at beginning of year	6,322	6,132
Profit for the year	160	190
Shareholders' funds at end of year	6,482	6,322

13 Commitments

The company had no ongoing capital or non-cancellable operating lease commitments at the year end

14 Related party transactions

The company has availed of an exemption within FRS8 'Related Party Transactions' from the requirement to disclose transactions with fellow group members as it is a 100% owned member of that group. See note 16 for details of the availability of group financial statements

Air Contractors (UK) Limited

Notes *(continued)*

15 Guarantees

The company has provided certain guarantees to Credit Agricole/Calyon as security for the borrowings of ACL Leasing Limited, a related entity, which amounted to \$18,727,985 at 31 December 2012 (2011 \$37,293,923)

16 Ultimate parent undertaking

100% of the company's share capital is owned by ASL Aviation Group Limited ("ASL") which is registered in Ireland and is the largest group in which the results of the company and its subsidiary undertaking are consolidated. 51% of the share capital of ASL is owned by Compagnie Maritime Belge NV ("CMB"), which is registered in Belgium. The remaining 49% of the share capital of ASL is owned by 3P Air Freighters Limited ("3P"), an Irish registered company. ASL is a joint venture undertaking of CMB and 3P.

Copies of the consolidated financial statements of ASL Aviation Group Limited may be obtained from the Companies Registration Office, 14 Parnell Square, Dublin 1.

17 Approval of financial statements

The board of directors approved these financial statements on 31 July 2013.