Company Registration No 01857310 (England and Wales)

Wesco Aircraft Europe Limited

Directors' Report and Financial Statements
For The Year Ended 30 September 2009

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WESCO AIRCRAFT EUROPE LIMITED

COMPANY INFORMATION

Directors	R Snyder G Hess A Murray J A Dobrucki (Appointed 24 April 2009)
Secretary	G Hess
Company number	01857310
Registered office	Park Mill Way Clayton West Huddersfield HD8 9XJ
Auditors	Garbutt & Elliott LLP Arabesque House Monks Cross Drive Huntington York YO32 9GW
Bankers	Lloyds Bank plc 6/7 Park Row Leeds LS1 1NX

WESCO AIRCRAFT EUROPE LIMITED

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WESCO AIRCRAFT EUROPE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

The directors present their report and financial statements for the year ended 30 September 2009

Principal activities and review of the business
The principal activity of the company during the year was the supply of parts to the aircraft industry

The directors were satisfied with the results for the year and are confident about future prospects

Principal risks and uncertainties affecting the company are twofold

1 General developments within and outside of the aviation industry can affect the company's operations Orders for new aircraft can be affected by projected air traffic growth and military requirements, as well as the original equipment manufacturer ("OEM")'s ability to manage their build rates Through 2008/9 build rates remained relatively stable despite the global economic downturn However orders from airlines and military/defence agencies tend to be somewhat cyclical and a reduction in demand over the coming year is likely Nevertheless, the diversity of markets and countries that the business operates in should ensure prospects for the medium to long term remain good

2 Manufacturing capacity of the company's vendor base is also affected by the same developments that affect the company's customers As such, demand levels became more aligned with supply thus allowing the business to acquire inventory in support of long term contracts at favourable rates and on a timely basis

The company continues to employ certain strategies to limit the negative effects of these risks and uncertainties These strategies include closely monitoring the company's investment in products and pricing products accordingly, regular assessments of customers' current and planned product requirements and continuous involvement in vendors' production scheduling and backlogs

The main key performance indicators used to measure business performance were positive The position of the company appears healthy and despite adverse economic conditions it should continue to grow in the coming year This was evidenced by the growth in turnover of 15% from 2008 Gross profit reduced slightly to 35% (36% 2008), reflecting an equalisation between supply and demand In 2009 administrative costs suffered an exchange loss of £0 2m (2008 exchange profit of £0 3m) therefore underlying costs grew by 12% on a like-for-like basis This was predominantly due to one off costs to establish and then run additional warehouse capacity in Italy

Financial instruments
The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company Cash forecasts are established in order to analyse more quickly these financial risks Heading into 2009/10 the business has agreed additional funding from its parent in the form of a loan note

Liquidity risk
The company manages liquidity risk by ensuring sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders

Interest rate risk
Interest rate risk arises as a consequence of borrowings from banks, the borrowings from which are at variable rates of interest The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied

Foreign currency risk

The company is exposed to movements in foreign exchange rates as a result of making sales and purchases in foreign currencies The company mitigates this risk by maintaining foreign currency bank accounts and by hedging against foreign exchange movements beyond pre determined foreign exchange rates

Credit risk

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual customer is subject to a limit, which is assessed regularly by management However, to date, the nature of the principal customers has meant that the company is not exposed to significant credit risk and foresees no default of third parties which could have a significant impact on the financial statements

Commodity price risk

The company is exposed to commodity price risk as a result of its operations The company manages the risk through supply agreements which provide against such commodity price risk

Results and dividends

The results for the year are set out on page 6

The directors do not recommend payment of an ordinary dividend

It is proposed that the retained profit of £7,166,000 be taken to reserves

Future developments

The company is financially strong and has the infrastructure to continue its sustained growth pattern with the medium to long term outlook for the aircraft industry remaining strong

The directors anticipate that the company will continue to secure future business through its aggressive, yet financially conservative, strategy of pursuing long-term arrangements with large OEMs

Directors

The following directors have held office since 1 October 2008

R Snyder
G Hess
A Murray
J A Dobrucki (Appointed 24 April 2009)

Charitable donations

During the year the company made £6,000 (2008 £5,000) in charitable donations

Auditors

Garbutt & Elliott LLP were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, they are deemed to be re-appointed for each succeeding financial year

WESCO AIRCRAFT EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 of 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 accounting 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

J A Dobrucki
Director
02/03/2010

WESCO AIRCRAFT EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESCO AIRCRAFT EUROPE LIMITED

We have audited the financial statements of Wesco Aircraft Europe Limited for the year ended 30 September 2009 set out on pages 6 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, 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 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 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's 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

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 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF WESCO AIRCRAFT EUROPE LIMITED

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



Alan Mark Sidebottom (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott LLP

15 March 2010

Chartered Accountants
Statutory Auditor

Arabesque House
Monks Cross Drive
Huntington
York
YO32 9GW

WESCO AIRCRAFT EUROPE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Notes	2009 £'000	2008 £'000
Turnover	**2**	62,331	54,158
Cost of sales		(40,559)	(34,747)
Gross profit		21,772	19,411
Administrative expenses		(11,656)	(9,905)
Operating profit	**3**	10,116	9,506
Other interest receivable and similar income	**4**	19	162
Interest payable and similar charges	**5**	(263)	(478)
Profit on ordinary activities before taxation		9,872	9,190
Tax on profit on ordinary activities	**6**	(2,706)	(2,689)
Profit for the year	**16**	7,166	6,501

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

WESCO AIRCRAFT EUROPE LIMITED

BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible assets	7		1,166		1,229
Current assets					
Stocks	9	28,567		21,254	
Debtors	10	14,822		14,227	
Cash at bank and in hand		8,110		5,712	
		51,499		41,193	
Creditors amounts falling due within one year	11	(23,767)		(20,685)	
Net current assets			27,732		20,508
Total assets less current liabilities			28,898		21,737
Creditors amounts falling due after more than one year	12		-		(5)
			28,898		21,732
Capital and reserves					
Called up share capital	15		20		20
Share premium account	16		3,130		3,130
Profit and loss account	16		25,748		18,582
Shareholders' funds	17		28,898		21,732

Approved by the Board and authorised for issue on 02/03/2010

J A Dobrucki
Director

WESCO AIRCRAFT EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company is a wholly-owned subsidiary of Flintbrook Limited and is included in the consolidated financial statements of that company, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS1

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts Turnover is recognised upon despatch to customers

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	over the life of the lease
Plant and machinery	3-5 years straight line
Fixtures and fittings	3-5 years straight line
Motor vehicles	4 years straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1 6 Stock

Stock is valued at the lower of cost and net realisable value

1 7 Pensions

The company operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies **(Continued)**

1.8 Deferred taxation

Full provision is made for deferred tax arising from timing differences existing at the balance sheet date where there exists an obligation to pay more, or a right to pay less tax, with the following exceptions

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

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax balances are not discounted and are calculated at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse

1 9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss account

1 10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Flintbrook Limited and is included in the consolidated accounts of that company

2 Turnover

Geographical market

	Turnover 2009 £'000	2008 £'000
United Kingdom	25,230	23,336
Europe	32,810	28,286
North America	3,372	1,790
Rest of the World	919	746
	62,331	54,158

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

3 Operating profit

	2009 £'000	2008 £'000
Operating profit is stated after charging		
Depreciation of tangible assets	317	373
Loss on foreign exchange transactions	238	-
Operating lease rentals		
- Plant and machinery	76	42
- Other assets	172	156
Fees payable to the company's auditor for the audit of the company's annual accounts	30	68
and after crediting		
Profit on disposal of tangible assets	(9)	(4)
Profit on foreign exchange transactions	-	(320)

Included within fees payable to the company's auditor for the audit of the company's annual accounts is £2,000 (2008 £nil) in connection with the preparation of the financial statements

4 Investment income

	2009 £'000	2008 £'000
Bank interest	4	162
Other interest	15	-
	19	162

5 Interest payable

	2009 £'000	2008 £'000
On bank loans and overdrafts	262	459
Hire purchase interest	1	5
Other interest	-	14
	263	478

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

6 Taxation	2009 £'000	2008 £'000
Domestic current year tax		
U K corporation tax	2,787	2,720
Adjustment for prior years	(44)	10
Current tax charge	2,743	2,730
Deferred tax		
Deferred tax charge/credit current year	(2)	(41)
Deferred tax adjustment re previous year	(35)	-
	(37)	(41)
	2,706	2,689
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	9,872	9,190
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2008 - 29 00%)	2,764	2,665
Effects of		
Non deductible expenses	21	23
Capital allowances in excess of depreciation	-	32
Adjustments to previous periods	(44)	10
Other tax adjustments	2	-
	(21)	65
Current tax charge	2,743	2,730

7 **Tangible fixed assets**

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2008	1,133	990	518	225	2,866
Additions	38	171	51	14	274
Disposals	-	-	-	(114)	(114)
At 30 September 2009	1,171	1,161	569	125	3,026
Depreciation					
At 1 October 2008	201	865	421	150	1,637
On disposals	-	-	-	(94)	(94)
Charge for the year	113	111	58	35	317
At 30 September 2009	314	976	479	91	1,860
Net book value					
At 30 September 2009	857	185	90	34	1,166
At 30 September 2008	932	125	97	75	1,229

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £'000
Net book values	
At 30 September 2009	13
At 30 September 2008	60
Depreciation charge for the year	
At 30 September 2009	10
At 30 September 2008	43

8 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 October 2008 & at 30 September 2009	-
Net book value	
At 30 September 2009	-
At 30 September 2008	-

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Wesco Logistics Limited	England and Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves 2009 £'000	Profit/(loss) for the year 2009 £'000
Wesco Logistics Limited	Dormant company	-	-

9 Stocks

	2009 £'000	2008 £'000
Finished goods and goods for resale	28,567	21,254

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

10 Debtors

	2009 £'000	2008 £'000
Trade debtors	11,330	11,584
Amounts owed by parent and fellow subsidiary undertakings	393	2,312
Other debtors	2,149	-
Prepayments and accrued income	795	213
Deferred tax asset (see note 13)	155	118
	14,822	14,227

11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	8,621	6,237
Net obligations under hire purchase contracts	5	25
Trade creditors	4,321	3,083
Amounts owed to parent and fellow subsidiary undertakings	8,475	9,304
Corporation tax	1,580	1,239
Other taxes and social security costs	119	246
Accruals and deferred income	646	551
	23,767	20,685

The bank borrowings are secured by a fixed and floating charge over all company assets

Hire purchase contracts are secured against the assets to which they relate

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

12 Creditors amounts falling due after more than one year

	2009 £'000	2008 £'000
Net obligations under hire purchase contracts	-	5
Net obligations under hire purchase contracts		
Repayable within one year	5	27
Repayable between one and five years	-	5
	5	32
Finance charges and interest allocated to future accounting periods	-	(2)
	5	30
Included in liabilities falling due within one year	(5)	(25)
	-	5

13 Provisions for liabilities

The deferred tax asset (included in debtors, note 10) is made up as follows

	2009 £'000
Balance at 1 October 2008	(118)
Profit and loss account	(37)
Balance at 30 September 2009	(155)

	2009 £'000	2008 £'000
Decelerated capital allowances	(155)	(118)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

14 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund, of which £25,000 (2008 - £16,000) was accrued and included within creditors

	2009 £'000	2008 £'000
Contributions payable by the company for the year	131	126

15 Share capital

	2009 £'000	2008 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
20,000 ordinary shares of £1 each	20	20

16 Statement of movements on reserves

	Share premium account £'000	Profit and loss account £'000
Balance at 1 October 2008	3,130	18,582
Profit for the year	-	7,166
Balance at 30 September 2009	3,130	25,748

17 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	7,166	6,501
Opening shareholders' funds	21,732	15,231
Closing shareholders' funds	28,898	21,732

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

18 Financial commitments

At 30 September 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	-	9	21
Between two and five years	-	-	30	30
In over five years	161	151	-	-
	161	151	39	51

19 Directors' emoluments

	2009	2008
	£'000	£'000
Emoluments for qualifying services	168	134
Company pension contributions to money purchase schemes	10	7
	178	141

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2008 - 1)

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Administration	76	72
Sales	38	36
Warehouse	39	46
	153	154

Employment costs	2009 £'000	2008 £'000
Wages and salaries	3,936	3,747
Social security costs	403	389
Other pension costs	131	126
	4,470	4,262

21 Control

The immediate parent company is Flintbrook Limited Flintbrook Limited prepares consolidated financial statements that can be obtained from the Company Secretary, Park Mill Way, Clayton West, Huddersfield, HD8 9XJ

The ultimate controlling party is Wesco Holdings Inc, incorporated in the USA

22 Related party transactions

During the year the company entered into transactions with related parties as stated below

Wesco Aircraft Hardware Corp (WAHC)
WAHC, a company registered in the USA, is under common control together with Flintbrook Limited and its subsidiary Wesco Aircraft Europe Limited (WAE) During the year WAHC purchased £2,902,000 (2008 £1,736,000) of aircraft parts from, and sold £24,506,000 (2008 £25,456,000) of aircraft parts to WAE on an arm's length basis At the balance sheet date £393,000 (2008 £2,312,000) was owed from, and £8,011,000 (2008 £8,992,000) was owed to WAHC

Other companies under common control
WAE also incurs sales commission costs from other companies in Europe under common control These amounted to £3,918,000 for the year (2008 £2,903,000) At the balance sheet date, £464,000 was owed to these companies (2008 £312,000)

Snyder Family Living Trust (Trust)
The company operates from premises which are owned by the Trust in which R Snyder, a director of this company, has an interest Rent payable to the Trust for the year amounted to £101,000 (2008 £90,000) No balances are outstanding at the balance sheet date (2008 £nil)