

Company Registration No. 4524973 (England and Wales)

AIRLINE RECRUITMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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AIRLINE RECRUITMENT LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | C K Clarke (Chairman) S N Billett |
| Secretary | T A M Steele |
| Company number | 4524973 |
| Registered office | Dibden Manor Dibden Southampton Hampshire SO45 5TD |
| Business address | Mauretania Road Nursling Southampton SO16 0YS |
| Auditors | KPMG LLP Dukes Keep Marsh Lane Southampton SO14 3EX |

AIRLINE RECRUITMENT LIMITED

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AIRLINE RECRUITMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2008

The directors present their report and financial statements for the year ended 30 June 2008.

Principal activities and review of the business

The principal activity of the company is that of pilot training services to the aviation industry. The company provides pilots to the airline industry, purchasing aviation training services from other CTC Group companies.

Over the past year Airline Recruitment Limited has played a key part in the CTC Group's continued strategy of offering a fully integrated training service. However, as anticipated the effects of consolidation in the Western European aviation industry and a certain amount of pre-training by our client airlines in the previous financial year reduced the revenues arising from type rating training related activity. The directors consider the volume of type rating training activity, and hence pilots provided to the airline industry, to be a key performance indicator for the company.

The directors consider that the principal risks and uncertainties facing the company in the next financial year stem from the current global financial climate. A challenging financial year lies ahead, where certain client airlines have a degree of uncertainty over their pilot training requirements, whilst others have seen continued growth. However, due to the company's diversified client base and the innovative solutions available to meet client airline needs, the directors have no doubts over the ability of the company to continue operating as a going concern.

Directors

The following directors have held office since 01 July 2007:

C K Clarke (Chairman)

S N Billett

M L F Knowles

J D Lambert

- appointed 31 July 2007

- resigned 31 July 2007

- resigned 30 November 2007

Post balance sheet events

There are no post balance sheet events affecting the company.

Future developments

It is anticipated that the company will continue with its current trading activities.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that KPMG LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

AIRLINE RECRUITMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

Statement of directors' responsibilities in respect of the directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

Statement of disclosure to the auditor

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

By order of the board



T A M Steele
Secretary

AIRLINE RECRUITMENT LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AIRLINE RECRUITMENT LIMITED**

We have audited the financial statements of Airline Recruitment Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

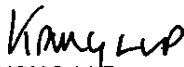
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor

27 January 2009

KPMG LLP
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

AIRLINE RECRUITMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

| | Notes | 2008 £000 | 2007 £000 |
|---|-------|--------------|--------------|
| Turnover | 2 | 1,479 | 3,406 |
| Cost of sales | | (1,479) | (3,583) |
| Gross profit/(loss) | | - | (177) |
| Administrative expenses | | (4) | (34) |
| Operating loss | 3 | (4) | (211) |
| Other interest receivable and similar income | 4 | 19 | 38 |
| Profit/(loss) on ordinary activities before taxation | | 15 | (173) |
| Tax on profit/(loss) on ordinary activities | 5 | (3) | 43 |
| Profit/(loss) on ordinary activities after taxation | 10 | 12 | (130) |

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.

AIRLINE RECRUITMENT LIMITED

BALANCE SHEET

AS AT 30 JUNE 2008

| | | 2008 | | 2007 | |
|---|-------|------|--------------|------|--------------|
| | Notes | £000 | £000 | £000 | £000 |
| Current assets | | | | | |
| Stock – work in progress | 6 | | 437 | | 1,140 |
| Debtors | 7 | | 1,147 | | 1,411 |
| Cash at bank and in hand | | | 1,138 | | 1,279 |
| Total assets | | | <u>2,722</u> | | <u>2,949</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | - | | - | |
| Profit and loss account | 10 | (26) | | (38) | |
| | | | (26) | | (38) |
| Creditors: amounts falling due within one year | 8 | | 2,748 | | 2,987 |
| Total liabilities | | | <u>2,722</u> | | <u>2,949</u> |

The financial statements were approved by the Board on 22nd JANUARY 2009



C K Clarke
Chairman

AIRLINE RECRUITMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of CTC Aviation Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of CTC Aviation Group plc, within which this Company is included, can be obtained from the address given in note 13.

These financial statements have been prepared on a going concern basis, notwithstanding the negative shareholders' funds reported on the balance sheet, in view of the support provided by the parent company. The appropriateness of this basis depends upon the continuation of this support, which the directors of the parent company confirm will not be withdrawn for at least 12 months from the date the accounts are signed.

1.2 Turnover

Revenue and training costs are recognised in the financial statements upon trainee employment with an airline.

1.3 Stock

Stock represents costs of training in progress. These are the training costs of those pilots who have not yet been placed in employment with an airline. Stock is valued at the lower of cost and net realisable value.

1.4 Deferred taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Turnover

The company's turnover and profit before taxation were derived from its principal activity and were wholly UK sales.

3 Operating loss

| 2008 | 2007 |
|------|------|
| £000 | £000 |

Operating loss is stated after charging:

Auditors' remuneration

Audit of these financial statements

| | |
|---|---|
| 2 | 4 |
|---|---|

Remuneration of auditors for non-audit work:

-Taxation

| | |
|---|---|
| 3 | 3 |
|---|---|

AIRLINE RECRUITMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| | | | |
|----------|---|-------------|-------------|
| 4 | Other interest receivable and similar income | 2008 | 2007 |
| | | £000 | £000 |
| | Bank interest received | 19 | 38 |

| | | | |
|----------|---|-------------|-------------|
| 5 | Taxation | 2008 | 2007 |
| | | £000 | £000 |
| | Current tax charge | | |
| | UK Corporation tax on profits of the period | 3 | - |
| | Income from group relief | - | (43) |
| | | 3 | (43) |

Factors affecting the tax charge for the year

| | | |
|--|----|-------|
| Profit/(loss) on ordinary activities before taxation | 15 | (143) |
|--|----|-------|

| | | |
|---|---|------|
| Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20.25% (2007: 20.00%) | 3 | (29) |
|---|---|------|

Effects of:

| | | |
|-----------------------------------|---|------|
| Loss surrendered for group relief | - | 29 |
| Income from group relief | - | (43) |

| | | |
|---------------------------|----------|-------------|
| Current tax charge | 3 | (43) |
|---------------------------|----------|-------------|

The income from group relief in the prior year reflects a 30p payment for £1 of taxable loss group relieved. No amounts were group relieved in the current year.

| | | | |
|----------|---------------------------------|-------------|-------------|
| 6 | Stock – work in progress | 2008 | 2007 |
| | | £000 | £000 |
| | Stock – work in progress | 437 | 1,140 |

Stock represents costs of training in progress. These are the training costs of those pilots who have not yet been placed in employment with an airline.

| | | | |
|----------|---------------------------------|-------------|-------------|
| 7 | Debtors | 2008 | 2007 |
| | | £000 | £000 |
| | Trade debtors | 305 | - |
| | Amounts owed by group companies | 842 | 1,411 |
| | | 1,147 | 1,411 |

AIRLINE RECRUITMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| | | | |
|-----------|---|--------------|--|
| 8 | Creditors: amounts falling due within one year | 2008 | 2007 |
| | | £000 | £000 |
| | Trade creditors | 1,484 | 382 |
| | Amounts payable to other group companies | - | 807 |
| | Corporation tax | 3 | - |
| | Taxes and social security costs | 27 | 13 |
| | Other creditors | 802 | 699 |
| | Accruals and deferred income | 432 | 1,086 |
| | | <u>2,748</u> | <u>2,987</u> |
| 9 | Share capital | 2008 | 2007 |
| | | £000 | £000 |
| | Authorised | | |
| | 1,000 Ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| | Allotted, called up and fully paid | | |
| | 1 Ordinary shares of £1 each | <u>-</u> | <u>-</u> |
| 10 | Statement of movements on reserves | | Profit and loss account |
| | | | £000 |
| | Balance at 01 July 2007 | | (38) |
| | Profit for the year | | <u>12</u> |
| | Balance at 30 June 2008 | | <u>(26)</u> |

AIRLINE RECRUITMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

| 11 Reconciliation of movements in shareholders' funds | 2008 £000 | 2007 £000 |
|--|----------------------|----------------------|
| Profit/(loss) for the financial year | 12 | (130) |
| Net addition to/(reduction in) shareholders' funds | 12 | (130) |
| Opening shareholders' (deficit)/funds | (38) | 92 |
| Closing shareholders' deficit | (26) | (38) |

12 Employees

The company has no employees (2007: nil) and has no payroll associated costs (2007: nil). The costs of directors' emoluments were borne by a fellow group company.

13 Ultimate parent undertaking

The company is a wholly owned subsidiary of CTC Aviation Group plc, a company incorporated in England. Consolidated financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

14 Related party transactions

The Company has taken advantage of the exemption permitted by of Financial Reporting Standard No.8, Related Party Disclosures, and not disclosed transactions with group companies.