

MyTravel Aviation Leasing Limited

Annual report and financial statements for the year ended 31 October 2005

Registered number: 1387401



Directors' report

The directors present their report, together with the audited financial statements and auditors' report, for the year ended 31 October 2005.

Review of the business

The principal activity of the company was the leasing of plant and equipment prior to the termination of finance leases. In the current year, the company receives interests on its intercompany loans.

Results and dividends

The profit after taxation for the year ended 31 October 2005 amounted to £51,000 as set out in the profit and loss account on page 5 (period ended 31 October 2004 - £781,000). No dividend for the year has been declared (period ended 31 October 2004 - £751,000).

Officers of the company

The officers during the period and to the date of this report were as follows:

| | |
|-------------------------------------|-----------|
| I H Anderson | Director |
| Parkway Management Services Limited | Director |
| G J McMahon | Secretary |

Directors' interest in shares

(as defined by section 325 of the Companies Act 1985)

The directors have no interests in the shares of the Company.

The directors' interests in the ordinary shares of the ultimate holding company, MyTravel Group plc, on 31 October 2005 and 31 October 2004 were as follows:

| | Ordinary Shares of 10p each | | Ordinary Shares of 30p each | | 1986 Executive Share Option Scheme | |
|--------------|-----------------------------|-------|-----------------------------|------|------------------------------------|--------|
| | Number 2005 | 2004 | Number 2005 | 2004 | Number 2005 | 2004 |
| I H Anderson | - | 7,943 | 264 | - | - | 90,000 |

On 8 July 2005, the 10p ordinary shares of MyTravel Group plc were consolidated into 30p ordinary shares. Further information can be found in the accounts of MyTravel Group plc.

Directors' report (continued)

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 which 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 1985. They are also responsible for establishing and maintaining the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will propose a resolution at the forthcoming Annual General Meeting to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

By order of the Board



I H Anderson
Director

Holiday House
Sandbrook Park
Sandbrook Way
Rochdale
OL11 1SA

Date: 27 January 2006

Independent auditors' report to the members of MyTravel Aviation Leasing Limited

We have audited the financial statements of MyTravel Aviation Leasing Limited for the year ended 31 October 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. 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 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

Date: *30 January 2006*.

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2005

| | | Year ended 31 October 2005 £'000 | 11 months ended 31 October 2004 £'000 |
|---|-----------|--|---|
| Turnover and gross profit | 2 | 1 | 1 |
| Loss on sale of assets | 4 | - | (6,022) |
| | | <u>1</u> | <u>(6,021)</u> |
| Net interest income | 3 | 50 | 19 |
| Profit/(loss) on ordinary activities before taxation | 4 | <u>51</u> | <u>(6,002)</u> |
| Taxation | 5 | - | 6,783 |
| Profit on ordinary activities after taxation | | <u>51</u> | <u>781</u> |
| Dividends paid and proposed | 6 | - | (751) |
| Retained profit for the financial year/period | 12 | <u>51</u> | <u>30</u> |

There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

As at 31 October 2005

| | Note | 31 October 2005 | | 31 October 2004 | |
|--|------|--------------------|------------|--------------------|--------------|
| | | £000 | £000 | £000 | £000 |
| Debtors: Amounts due after one year | | | | | |
| Amounts owed by group companies | 7 | | 181 | | 1,127 |
| | | | <u>181</u> | | <u>1,127</u> |
| Creditors: | | | | | |
| Amounts owed to group companies | 8 | - | | (17) | |
| Other creditors | 9 | - | | <u>(980)</u> | |
| | | | - | | <u>(997)</u> |
| Total assets less current liabilities | | | <u>181</u> | | <u>130</u> |
| Net assets | | | <u>181</u> | | <u>130</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 100 | | 100 |
| Profit and loss account | 12 | | 81 | | 30 |
| Equity shareholder's funds | 11 | | <u>181</u> | | <u>130</u> |

Approved on behalf of the Board



I H Anderson
Director

Date: 27 January 2006

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements
Year ended 31 October 2005

1. ACCOUNTING POLICIES

The principal accounting policies are set out below. They have all been applied consistently during the year and the preceding period.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and Statement of Recommended Practice for the leasing industry.

b) Income

Post-tax profits on leases are allocated to the profit and loss account in proportion to the net cash invested in each period taking into account the effects of taxation so as to give a constant periodic rate of return. The taxation charge and pre-tax profits are determined by reference to the post-tax profit allocated and the effective rate of tax applicable to the lease for the period. Rentals arising during the secondary lease period are recognised on the due date.

c) Other expenses

A leasing company has no equivalent to cost of sales or gross profit. Consequently, the directors consider adaptation of the Companies Act 1985 profit and loss account format to be inappropriate. Amortisation of leased assets is charged to the profit and loss account as necessary to comply with the company's policy on income recognition for finance leases. Net interest expense has been shown above administration expenses since in the opinion of the directors, this reflects more meaningfully the nature of interest expense within the context of a leasing business. Operating expenses include administration expenses, managements fees and such other expenses as may be incurred as overheads during the normal conduct of the company's business.

d) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 group'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 the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. TURNOVER

Turnover represents gross rentals receivable in the year. All turnover arose within the United Kingdom.

Revenue is recognised when the company has obtained the right to receive consideration in accordance with the terms of its contracts. Revenue is received on a quarterly basis.

Notes to the financial statements
Year ended 31 October 2005

3. NET INTEREST INCOME

| Year Ended 31 October 2005 £'000 | 11 months Ended 31 October 2004 £'000 |
|--|---|
|--|---|

Net interest income comprises:

| | | |
|--|----|----|
| Interest receivable from group companies | 50 | 19 |
|--|----|----|

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees for the company are borne by the ultimate parent company. The company has no employees and the directors received no remuneration in respect of their services to the company.

The loss on sale of assets in the prior year related to the sale of aircraft under finance lease to Hare Limited for £17,976,000 plus a termination fee of £1,873,000 and a break gain on the lease of £21,000. This resulted in a loss on sale of £6,007,000. The remaining loss on sale was in relation to the write-off of spares.

5. TAXATION

| Year Ended 31 October 2005 £'000 | 11 months Ended 31 October 2004 £'000 |
|--|---|
|--|---|

(a) The credit for the year/period comprises:

| | | |
|---|---|---------|
| Taxation relief payable on current taxation profit/(loss) for the year/period | - | 980 |
| Adjustment in respect of prior years | - | - |
| Total tax payable (Note 5(b)) | - | 980 |
| Deferred taxation | - | (7,763) |
| | - | (6,783) |

(b) Factors affecting the current tax credit for the year/period

The tax payable for the year/period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | | |
|---|------|---------|
| Profit/(loss) on ordinary activities before taxation | 51 | (6,002) |
| Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (prior period - 30%). | 15 | (1,801) |
| Group relief not paid for | (15) | (16) |
| Depreciation in excess of capital allowances | - | 418 |
| Loss on sale of assets | - | 2,379 |
| Current tax charge for the year/period | - | 980 |

Notes to the financial statements
Year ended 31 October 2005

6. DIVIDENDS PAID AND PROPOSED

| | Year ended 31 October 2005 £'000 | 11 months ended 31 October 2004 £'000 |
|---|--|---|
| Dividend paid of nil p (period ended 31 October 2004 – 751p) per ordinary share | - | 751 |

7. AMOUNTS OWED BY GROUP COMPANIES

| | 31 October 2005 £'000 | 31 October 2004 £'000 |
|-------------------------------------|-----------------------------|-----------------------------|
| Amounts falling due after one year: | | |
| Intercompany debtor | 181 | 1,127 |

8. AMOUNTS OWED TO GROUP COMPANIES

| | 31 October 2005 £'000 | 31 October 2004 £'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Amounts falling due within one year: | | |
| Amounts owing to group companies | - | 17 |
| | - | 17 |

9. OTHER CREDITORS

| | 31 October 2005 £'000 | 31 October 2004 £'000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Amounts falling due within one year: | | |
| Tax creditor | - | 980 |
| | - | 980 |

10. CALLED-UP SHARE CAPITAL

| | 31 October 2005 £'000 | 31 October 2004 £'000 |
|---|-----------------------------|-----------------------------|
| Authorised, allotted, called-up and fully paid: 100,000 Ordinary Shares of £1 each | 100 | 100 |

Notes to the financial statements
Year ended 31 October 2005

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 31 October 2005 £'000 | 31 October 2004 £'000 |
|---|-----------------------------|-----------------------------|
| Profit for the year/period after taxation | 51 | 781 |
| Dividends paid and proposed | - | (751) |
| Net increase in shareholder's funds | 51 | 30 |
| Shareholder's funds at beginning of year/period | 130 | 100 |
| Shareholder's funds at end of year/period | 181 | 130 |

12. STATEMENT OF RESERVES

| | £'000 |
|--------------------------------------|-------|
| Retained reserves at 1 November 2004 | 30 |
| Retained profit for the year | 51 |
| Retained reserves at 31 October 2005 | 81 |

13. CASH FLOW STATEMENT

A cash flow statement is not presented since MyTravel Group plc, the ultimate parent company, has prepared a consolidated cash flow statement, including the cash flows of this company, in accordance with Financial Reporting Standard No. 1 (revised).

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8, 'Related Party Disclosures' not to disclose transactions with other members of the group headed by MyTravel Group plc.

15. ULTIMATE PARENT UNDERTAKING

At 31 October 2005, the company was a subsidiary undertaking of Omicron Leasing (Orange) 1 Limited.

MyTravel Group plc is the company's ultimate parent undertaking, which is registered in England and Wales. The smallest and largest group in which the results of the company are consolidated is that headed by MyTravel Group plc. The consolidated accounts of this group are available to the public and may be obtained from the company secretary's office: Holiday House, Sandbrook Park, Sandbrook Way, Rochdale, OL11 1SA, United Kingdom.