SIX WHOLE MILES LIMITED
(COMPANY REGISTRATION NUMBER: 03588423)

Year Ended 31 December 2011

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Directors' Report

The Directors of Six Whole Miles Limited submit their report and the financial statements of the Company for the year ended 31 December 2011

Activity

The principal activity of the Company is to act as a special purpose vehicle through which Air Nostrum Lineas Aereas Mediterraneo S A ("Air Nostrum), a company incorporated in Spain, has acquired five regional aircraft The payments to the third party lenders, both principal and interest, in respect of the financing of the aircraft are financed from the instalments due from Air Nostrum under the Conditional Sale Agreement dated 22 February 1999 The Company does not generate any income itself and recharges Air Nostrum for expenses incurred under the Conditional Sale Agreement

Review of the Business

During the year ended 31 December 2011 the Company paid the monthly instalments of interest and principal payable under the loan agreements which were matched exactly by the amount due from Air Nostrum under the Conditional Sale Agreement The instalments are made direct to the lenders by Air Nostrum, on behalf of the Company

The repayment terms of both the loan and the conditional sale agreements are identical with a termination date of 15 years from the date of delivery of each aircraft

Under the Conditional Sale Agreement, Air Nostrum, upon receipt of the aircraft, bears all risks of loss, theft, damage and destruction of or to each asset and as such the Company has no economic or beneficial ownership of each aircraft

Results

For the year ended 31 December 2011 the Company reported a result of €nil (2010 €nil)

Directors

The directors throughout the year were

L D C Corporate Director No 1 Limited
L D C Corporate Director No 2 Limited
I K Bowden

Directors' Report

Directors' Interest in Shares

None of the directors have an interest in the Company's share capital

Financial Instruments

The Company uses financial instruments comprising cash and debtors and creditors which have arisen from the Conditional Sale Agreement The nature of its financial instruments means that the Company is not subject to price risk, currency risk, or interest rate risk

The Company is subject to credit and liquidity risk on the repayment of loans and interest due from Air Nostrum and liquidity risk on the repayment of the corresponding loans to the lender

Going Concern

For the reasons set out in note 1 to the financial statements, the Directors consider that the Company has adequate resources, an appropriate financial structure and suitable arrangements in place for its management to continue in operational existence for the foreseeable future Therefore the Directors continue to adopt the going concern basis in the preparation of the financial statements

Statement of disclosure to auditor

In so far as the directors are aware there is no relevant audit information of which the Company's auditor is unaware The directors have taken all steps that ought to have been taken to be aware of any relevant audit information and to establish that the auditor is aware of that information

By order of the Board

Law Debenture Corporate Services Limited
Secretary
28 June 2012

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 judgments and accounting estimates that are reasonable and prudent,
- 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, to 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

Independent Auditor's report to the members of Six Whole Miles Limited

We have audited the financial statements of Six Whole Miles Limited for the year ended 31 December 2011 which comprise of the profit and loss account, the balance sheet, the cash flow statement and the related notes 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 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, 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 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 In addition, we read all the financial and non-financial information in the directors 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 2011 and of its result 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

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

PKF (UK) LLP

Rosemary Clarke (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK
28 June 2012

Profit and Loss Account
for the Year Ended 31 December 2011

	Note	2011 €	2010 €
Administrative expenses		**(20,371)**	(17,278)
Other operating income		**20,371**	17,278
Operating results	2	**-**	-
Interest payable		**(2,237,155)**	(2,493,334)
Interest receivable		**2,237,155**	2,493,334
Result on ordinary activities before taxation		**-**	-
Taxation on result on ordinary activities		**-**	-
Result on ordinary activities after taxation for the year		**-**	-

The Company has made no recognised gains or losses in the year other than the result for the year and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 10 to 14 form part of these financial statements

All amounts relate to continuing activities

SIX WHOLE MILES LIMITED REGISTERED NUMBER: 03588423

Balance Sheet
as at 31 December 2011

	Notes	2011 €	2010 €
Current assets			
Debtors – due after more than one year	4	**39,836,855**	45,005,561
– due within one year	4	**5,276,016**	5,013,298
Cash at bank		**126**	-
		45,112,997	50,018,859
Current liabilities			
Creditors amounts falling due within one year	5	**(5,276,139)**	(5,013,295)
		(5,276,139)	(5,013,295)
Net current assets		**39,836,858**	45,005,564
Total assets less current liabilities		**39,836,858**	45,005,564
Creditors amounts falling due after more than one year	6	**(39,836,855)**	(45,055,561)
Net assets		**3**	3
Capital and reserves			
Called up share capital	7	**3**	3
Profit and loss account		**-**	-
Shareholders' funds (all equity)	8	**3**	3

The notes on pages 10 to 14 form part of these financial statements

Approved and authorised for issue by the Board on 28 June 2012 and signed on its behalf by

L D C Corporate Director No 1 Limited
Director

Cash Flow Statement
for the Year Ended 31 December 2011

	Notes	2011 €	2010 €
Net cash inflow / (outflow) from operating activities	9	**128**	(69)
Increase / (decrease) in cash		**128**	(69)

The notes on pages 10 to 14 form part of these financial statements

Reconciliation of net cash flow to movement in net funds / (debt)

	2011 €	2010 €
Increase / (decrease) in cash in the period	**128**	(69)
Net (debt) / funds at 1 January	**(2)**	67
Net funds / (debt) at 31 December	**126**	(2)

The instalments of interest and principal payable under the loan agreements are matched exactly by the amounts due from Air Nostrum The instalments are made directly to the lenders by Air Nostrum on behalf of the Company and, as a result, there are no cash flows to/from the Company For the year ended 31 December 2011 these non-cash transactions comprised interest paid to lenders of €2,248,538 (2010 €2,504,721), interest received from Air Nostrum of €2,248,538 (2010 €2,504,721), loan principal paid to lenders of €4,896,598 (2010 €4,640,418), and loan principal received from Air Nostrum of €4,896,598 (2010 €4,640,418)

Notes to the Accounts
for the Year Ended 31 December 2011

1 Accounting policies

Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention A summary of the more important accounting policies, which have been applied consistently, is set out below

Basis of preparation and going concern

Under the Conditional Sale Agreement dated 22 February 1999, Air Nostrum reimburses Six Whole Miles Limited for its administrative expenses and its obligation to pay these amounts and repay the loans for the purchase of the aircraft, is unconditional Having regard to this, the directors have considered the ability of the Company to settle its liabilities as they fall due and they have concluded that the Company remains a going concern The directors have paid particular attention to the limited recourse nature of the transaction, which means that the Company is only required to pay out funds to the extent that it has received them from Air Nostrum

The directors are aware of wider macroeconomic factors, which could lead to an impairment of the Loans granted under the Conditional Sale Agreement However the directors have considered the trading position of Air Nostrum as published for the year ended 31 December 2011, which discloses positive equity and cash reserve positions More importantly, the directors place a high degree of reliance on the continued compliance by Air Nostrum, with its obligations under the contractual documentation governing the securitisation Since the year end, Air Nostrum has continued to comply with its obligations under the contractual documents, and in particular, monthly repayments of capital and interest due have been made in full and on time Taking these facts into account, the directors believe that it is reasonable to assume and conclude that Air Nostrum will continue to meet its interest and loan repayment obligations and they consider the risk of the Company being unable to meet its liabilities is currently commensurately low

Preparation of accounts in euro

The financial statements of the Company have been drawn up in euros as it is the Company's functional currency The euro exchange rate to sterling at 31 December 2011 was €1 1933 to £1 (2010 €1 1672)

Interest receivable

Interest receivable is calculated in accordance with the Conditional Sale Agreement and is accounted for on an accruals basis

Interest payable

Interest payable is calculated in accordance with the terms of the loan agreements and is accounted for on an accruals basis

Expenses

All expenses are accounted for on an accruals basis

Notes to the Accounts
for the Year Ended 31 December 2011

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is provided for using the full provision method and deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date Deferred tax assets are only recognisable to the extent that recoverability in the short term is regarded as being more likely than not and they are not discounted

Foreign currencies

Transactions in foreign currencies are translated into euros at the rate of exchange at the date of the transaction Foreign currency monetary assets and liabilities are translated into euros at the rate of exchange ruling at the balance sheet date Resulting exchange gains or losses are taken to the profit and loss account

2 Operating result

The following amounts have been included in arriving at the operating result

	2011	2010
	€	€
Auditor's remuneration	**10,454**	8,456

Employees

The Company does not have any employees The directors did not receive any remuneration during the period (2010 €Nil)

3 Tax on profit on ordinary activities

The Company has not generated any taxable profit for the year ended 31 December 2011 (2010 Nil)

4 Debtors

	2011	2010
	€	€
Amount due within one year		
- Loans Under Conditional Sale Agreement	**5,168,706**	4,896,598
- Interest accrued at year end	**96,856**	108,239
- Other debtors	**10,454**	8,461
	5,276,016	5,013,298
Amount due after more than one year		
- Loans Under Conditional Sale Agreement	**39,836,855**	45,005,561
	45,112,871	50,018,859

Clause 7 of the Conditional Sale Agreement between the Company and Air Nostrum, dated 22 February 1999, requires Air Nostrum Lineas Aereas Mediterraneo S A to pay to the Company, in relation to each aircraft purchased by the Company and assigned to Air Nostrum, the aggregate sum of the interest and principal payments due under the third party loan agreements as detailed in notes 5 and 6 to the financial statements Air Nostrum's obligation to pay these amounts is unconditional

5 Creditors amounts falling due within one year

	2011	2010
	€	€
Bank overdraft	-	2
Accruals	10,577	8,456
Interest accrued at year end	96,856	108,239
Fixed interest loans due within one year by instalments	5,168,706	4,896,598
	5,276,139	5,013,295

Two loan agreements, signed on 24 March 1999 and 22 December 1998, were entered into in relation to the financing of the purchase of five aircraft Under these loan agreements the Company was entitled to receive up to five advances from the financiers, corresponding to the purchase of each of the five aircraft

Under the loan agreements the following advances were made on the purchase date of each of the five aircraft

Date	Loan	Amount (€)	Term
21 May 1999	Loan 1 – Tranche 1	13,328,878	15 years
	Loan 2 – Tranche 1	5,210,350	15 years
28 May 1999	Loan 1 – Tranche 2	13,408,495	15 years
	Loan 2 – Tranche 2	5,389,713	15 years
21 June 1999	Loan 1 – Tranche 3	13,739,501	15 years
	Loan 2 – Tranche 3	5,153,184	15 years
25 October 1999	Loan 1 – Tranche 4	13,214,492	15 years
	Loan 2 – Tranche 4	3,759,368	15 years
18 November 1999	Loan 1 – Tranche 5	13,826,167	15 years
	Loan 2 – Tranche 5	4,477,767	15 years

Each loan bears interest based on the 10 year Anleihe der Bundesrepublik Deutschland rate three days prior to draw down, plus a margin as detailed in the loan agreements

6 Creditors amounts falling due greater than one year

	2011	2010
	€	€
Fixed interest loans due greater than one year by instalments		
- between one and two years	5,457,739	5,168,706
- between two and five years	34,379,116	39,836,855
	39,836,855	45,005,561

7 Called up Share Capital

	2011	2010
	£	£
Authorised		
100 ordinary shares of £1 each	**100**	100
Issued	**€**	**€**
2 ordinary shares of £1 each	**3**	3

8 Reconciliation of movements in shareholders' funds

	2011	2010
	€	€
Result for the year	-	-
Shareholders' funds as at 1 January	3	3
Shareholders' funds as at 31 December	3	3

9 Reconciliation of operating result to net cash inflow / (outflow) from operating activities

	2011	2010
	€	€
Operating result	-	-
Increase in other debtors	**(1,993)**	(794)
Increase in creditors	**2,121**	725
Net cash inflow / (outflow) from operating activities	**128**	(69)

10 Analysis of net debt

	As at 1 January 2011	Cash Flow 2011	Other Non Cash Changes	As at 31 December 2011
	€	€	€	€
Cash in hand and at bank	(2)	128	-	126
Debt due within one year	(4,896,598)	-	(272,108)	(5,168,706)
Debt due after more than one year	(45,005,561)	-	5,168,706	(39,836,855)
Net debt	(49,902,161)			(45,005,435)

The instalments of interest and principal payable under the loan agreements are matched exactly by the amounts due from Air Nostrum The instalments are made directly to the lenders by Air Nostrum on behalf of the Company and, as a result, there are no cash flows to/from the Company For the year ended 31 December 2011 these non-cash transactions comprised interest paid to lenders of €2,248,538 (2010 €2,504,721), interest received from Air Nostrum Lineas Aereas Mediterraneo S A of €2,248,538 (2010 €2,504,721), loan principal paid to lenders of €4,896,598 (2010 €4,640,418), and loan principal received from Air Nostrum of €4,896,598 (2010 €4,640,418)

11 Ultimate parent company, controlling party and related party

Under the Declaration of Trust executed on 10 February 1999, Law Debenture Trustees Limited acts as Trustee for the benefit of the third party lenders to the Company, until the end of the instalment period As such there is no ultimate parent company

During the period the Company paid €9,845 (2010 €8,753) in relation to trustee fees to Law Debenture Trustees Limited, a company in the same group as the corporate directors There were no amounts outstanding between the two companies at the end of the period

In the opinion of the directors Export Development Canada, a Canadian Crown Corporation, is the controlling party because it is the principal financial investor in the Company

Export Development Canada received interest of €1,463,390 during the year (2010 €1,648,921) The amount of principal repaid to the corporation in 2011 was €3,647,313 (2010 €3,461,782) The outstanding balance owed at the end of the year was €32,596,555 (2010 €36,243,868)