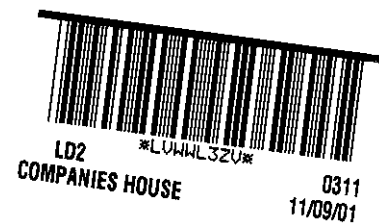


Company Registration No. 03720932 (England and Wales)

EXCEL AVIATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000



EXCEL AVIATION LIMITED

COMPANY INFORMATION

Directors	S J Tomlinson P L G Wyatt
Secretary	D A Budgen
Company number	03720932
Registered office	1 Magellan Terrace Gatwick Road Crawley West Sussex RH10 2PF
Auditors	Sharles & Co 2 Bath Place Rivington Street London EC2A 3JJ
Bankers	Barclays Bank Plc P. O. Box 6370 London N22 6QQ
Solicitors	Clark Ricketts Kingsway House 103 Kingsway London WC2B 6QX

EXCEL AVIATION LIMITED

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EXCEL AVIATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2000

The directors present their report and financial statements for the year ended 31 October 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of the chartering of aircraft for servicing travel agent and tour operators flight requirements. All the company's subsidiaries were dormant during the year.

The shareholders of Excel Aviation Limited signed a share sale agreement on 18th May 2000 with Libra Aviation Limited (CY) to sell 100% of the company's shares. The agreement is subject to approval by the Central Bank of Cyprus which is still pending at the balance sheet date but neither party anticipates any problem arising.

The directors are pleased with the results for the first full year of trading and are optimistic that the company will continue to expand in the forthcoming year.

Results and dividends

The results for the year are set out on page 4.

Future developments

The company's systems are fully able to deal with the introduction of the Euro and the directors do not consider the future costs to be significant to the company.

Year 2000

The date change from 1999 to 2000 did not have any significant effect on the operations of the company.

Directors

The following directors have held office since 1 November 1999:

S J Tomlinson
P L G Wyatt

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 October 2000	1 November 1999
S J Tomlinson	-	-
P L G Wyatt	-	-

Charitable contributions

During the year the company made political donations amounting to £- (1999: £-).

During the year the company made charitable donations of £850 (1999: £100).

Auditors

Shares & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

EXCEL AVIATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

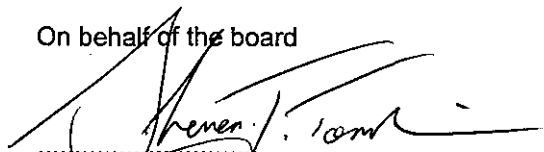
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the board



.....
S J Tomlinson

Director

2/3/01
.....

EXCEL AVIATION LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF EXCEL AVIATION LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

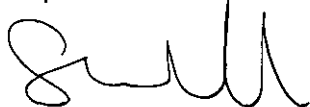
Basis of opinion

We conducted our audit in accordance with 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Charles & Co

6/3/01
.....

Registered Auditor

2 Bath Place
Rivington Street
London
EC2A 3JJ

EXCEL AVIATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2000

	Notes	2000 £	1999 £
Turnover	2	83,692,806	138,480
Cost of sales		(78,018,530)	(96,222)
Gross profit		<u>5,674,276</u>	<u>42,258</u>
Administrative expenses		(1,088,564)	(85,248)
Operating profit/(loss)	3	<u>4,585,712</u>	<u>(42,990)</u>
Other interest receivable and similar income		<u>127,726</u>	<u>1,379</u>
Profit/(loss) on ordinary activities before taxation		4,713,438	(41,611)
Tax on profit/(loss) on ordinary activities	4	(1,412,596)	-
Profit/(loss) on ordinary activities after taxation	12	<u><u>3,300,842</u></u>	<u><u>(41,611)</u></u>

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

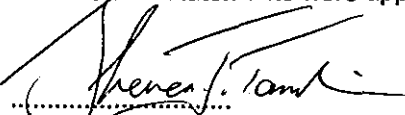
There are no recognised gains and losses other than those passing through the profit and loss account.

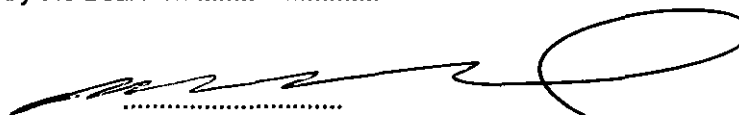
EXCEL AVIATION LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	5		89,367		19,928
Investments	6		16		-
			<u>89,383</u>		<u>19,928</u>
Current assets					
Debtors	7	3,472,249		745,789	
Cash at bank and in hand		7,118,330		297,086	
		<u>10,590,579</u>		<u>1,042,875</u>	
Creditors: amounts falling due within one year	8	<u>(6,998,731)</u>		<u>(854,414)</u>	
Net current assets			<u>3,591,848</u>		<u>188,461</u>
Total assets less current liabilities			<u>3,681,231</u>		<u>208,389</u>
Creditors: amounts falling due after more than one year	9		<u>(22,000)</u>		<u>-</u>
			<u>3,659,231</u>		<u>208,389</u>
Capital and reserves					
Called up share capital	11		400,000		250,000
Profit and loss account	12		3,259,231		(41,611)
Shareholders' funds - equity interests	13		<u>3,659,231</u>		<u>208,389</u>

The financial statements were approved by the Board on 2nd March 2001.


S J Tomlinson
Director


P L G Wyatt
Director

EXCEL AVIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2000

	2000 £	1999 £
Net cash inflow from operating activities	6,616,030	54,804
Returns on investments and servicing of finance		
Interest received	<u>127,726</u>	<u>1,379</u>
Net cash inflow for returns on investments and servicing of finance	127,726	1,379
Capital expenditure		
Payments to acquire tangible assets	(85,299)	(21,351)
Receipts from sales of tangible assets	<u>561</u>	<u>-</u>
Net cash outflow for capital expenditure	(84,738)	(21,351)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	<u>(16)</u>	<u>-</u>
Net cash outflow for acquisitions and disposals	(16)	-
Net cash inflow before management of liquid resources and financing	6,659,002	34,832
Financing		
Issue of ordinary share capital	150,000	250,000
Other new long term loans	<u>22,000</u>	<u>-</u>
Net cash inflow from financing	172,000	250,000
Increase in cash in the year	<u><u>6,831,002</u></u>	<u><u>284,832</u></u>

EXCEL AVIATION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2000

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		2000	1999
			£	£
	Operating profit/(loss)		4,585,712	(42,990)
	Depreciation of tangible assets		15,383	1,423
	Profit on disposal of tangible assets		(84)	-
	Increase in debtors		(2,726,460)	(745,789)
	Increase in creditors within one year		4,741,479	842,160
	Net cash inflow from operating activities		6,616,030	54,804

2	Analysis of net funds	1 November 1999	Cash flow	Other non-cash changes	31 October 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	297,086	6,821,244	-	7,118,330
	Bank overdrafts	(12,254)	9,758	-	(2,496)
		284,832	6,831,002	-	7,115,834
	Debt:				
	Debts falling due after one year	-	(22,000)	-	(22,000)
	Net funds	284,832	6,809,002	-	7,093,834

3	Reconciliation of net cash flow to movement in net funds	2000	1999
		£	£
	Increase in cash in the year	6,831,002	284,832
	Cash inflow from increase in debt	(22,000)	-
	Movement in net funds in the year	6,809,002	284,832
	Opening net funds	284,832	-
	Closing net funds	7,093,834	284,832

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

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:

Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 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.

1.9 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 under section 229(5) of Companies Act 1985, the company is exempt from preparing consolidated accounts as all the subsidiaries in the group are eligible for exclusion under section 229(2) of Companies Act 1985 as they are all dormant and their inclusion would not be material for the purpose of showing a true and fair view.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

3	Operating profit/(loss)	2000	1999	
		£	£	
	Operating profit/(loss) is stated after charging:			
	Depreciation of tangible assets	15,383	1,423	
	Operating lease rentals	2,399	-	
	Auditors' remuneration	3,000	2,000	
		<u> </u>	<u> </u>	
4	Taxation	2000	1999	
		£	£	
	U.K. current year taxation			
	U.K. corporation tax at 30% (1999- 20%)	1,412,596	-	
		<u> </u>	<u> </u>	
5	Tangible fixed assets			
		Plant and machinery	Fixtures, fittings & equipment	Total
		£	£	£
	Cost			
	At 1 November 1999	19,675	1,676	21,351
	Additions	63,681	21,618	85,299
	Disposals	-	(561)	(561)
		<u> </u>	<u> </u>	<u> </u>
	At 31 October 2000	83,356	22,733	106,089
		<u> </u>	<u> </u>	<u> </u>
	Depreciation			
	At 1 November 1999	1,312	111	1,423
	On disposals	-	(84)	(84)
	Charge for the year	11,500	3,883	15,383
		<u> </u>	<u> </u>	<u> </u>
	At 31 October 2000	12,812	3,910	16,722
		<u> </u>	<u> </u>	<u> </u>
	Net book value			
	At 31 October 2000	70,544	18,823	89,367
		<u> </u>	<u> </u>	<u> </u>
	At 31 October 1999	18,363	1,565	19,928
		<u> </u>	<u> </u>	<u> </u>

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 November 1999	-
Additions	16
At 31 October 2000	<u>16</u>

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	Class	Shares held %
Subsidiary undertakings			
Air Excel Limited	England & Wales	Ordinary	100
Excel Airlines Limited	England & Wales	Ordinary	100
Excel Airways Services Limited	England & Wales	Ordinary	100
Excel24 Limited	England & Wales	Ordinary	100
Excel Flights Limited	England & Wales	Ordinary	100
Excel Holidays Limited	England & Wales	Ordinary	100
Sky Airlines Limited	England & Wales	Ordinary	100
Sky Airways Limited	England & Wales	Ordinary	100

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

	Capital and reserves	Profit for the year
Air Excel Limited	2	-
Excel Airlines Limited	2	-
Excel Airways Services Limited	2	-
Excel24 Limited	2	-
Excel Flights Limited	2	-
Excel Holidays Limited	2	-
Sky Airlines Limited	2	-
Sky Airways Limited	2	-
	<u>2</u>	<u>-</u>

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

7 Debtors	2000	1999
	£	£
Trade debtors	2,731,484	416,992
Amounts owed by parent and fellow subsidiary undertakings	150,000	75,000
Other debtors	38,998	18,572
Prepayments and accrued income	551,767	235,225
	<u>3,472,249</u>	<u>745,789</u>
8 Creditors: amounts falling due within one year	2000	1999
	£	£
Bank loans and overdrafts	2,496	12,254
Trade creditors	2,999,786	201,096
Amounts owed to parent and fellow subsidiary undertakings	893,736	-
Corporation tax	1,412,596	-
Other taxes and social security costs	175,374	8,952
Directors' current accounts	949	-
Other creditors	221,049	2,918
Accruals and deferred income	1,292,745	629,194
	<u>6,998,731</u>	<u>854,414</u>
9 Creditors: amounts falling due after more than one year	2000	1999
	£	£
Other loans	<u>22,000</u>	<u>-</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:		
Amounts owed to group undertakings	<u>22,000</u>	<u>-</u>
	<u>22,000</u>	<u>-</u>
Loan maturity analysis		
In more than five years	<u>22,000</u>	<u>-</u>

The loan is from Libra Holidays Limited (CY) and is subordinated to the Civil Aviation Authority as a term of the grant of the company's Air Travel Organiser's Licence.

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

10 Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	2000	Not provided 1999	2000	Provided 1999
	£	£	£	£
Accelerated capital allowances	11,684	1,423	-	-

11 Share capital

	2000	1999
	£	£
Authorised		
400,000 Ordinary shares of £1 each	400,000	250,000
Allotted, called up and fully paid		
400,000 Ordinary shares of £1 each	400,000	250,000

The company passed a special resolution on 20th December 1999 increasing the authorised share capital to 400,000 ordinary shares of £1 each. On the same day 150,000 shares were issued at par and fully paid.

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 November 1999	(41,611)
Retained profit for the year	3,300,842
Balance at 31 October 2000	3,259,231

13 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit/(Loss) for the financial year	3,300,842	(41,611)
Proceeds from issue of shares	150,000	250,000
Net addition to shareholders' funds	3,450,842	208,389
Opening shareholders' funds	208,389	-
Closing shareholders' funds	3,659,231	208,389

EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

14 Contingent liabilities

The bank has a charge over one of the company's bank accounts covering a £10,000 balance that is bonded to the Civil Aviation Authority.

15 Financial commitments

At 31 October 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
Within one year	35,916	-
Between two and five years	4,628	-
	<u>40,544</u>	<u>-</u>

16 Capital commitments

2000	1999
£	£

At 31 October 2000 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>22,372</u>	<u>-</u>
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17 Directors' emoluments

2000	1999
£	£

Emoluments for qualifying services	<u>178,000</u>	<u>30,000</u>
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EXCEL AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

18 Employees

Number of employees

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

	2000 Number	1999 Number
Management	2	1
Sales	2	-
Projects	6	-
Administration	6	1
	<u>16</u>	<u>2</u>

Employment costs

	£	£
Wages and salaries	882,511	62,673
Social security costs	99,845	7,073
	<u>982,356</u>	<u>69,746</u>

19 Control

The direct parent company is Libra Aviation Limited (CY), a company incorporated in Cyprus. The ultimate parent company is Libra Holidays Group Limited (CY) a company incorporated in Cyprus.

20 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard 8 not to disclose related party transactions with other group companies. Copies of the Libra Holidays Group accounts may be obtained from Fortuna Court, 284 Arch. Makariou III Avenue, 3601 Limassol, Cyprus.

At the balance sheet date the company owes £92,785 in net trade balances to Freedom Flights Limited, a related party by virtue of it being a participating interest of Excel Interests Limited, a fellow subsidiary. During the year the company made sales of £2,793,819 and purchases of £2,123 with Freedom Flights Limited.