

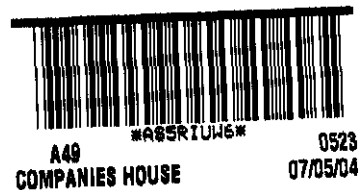
**COMPANY NUMBER 3780306**

**OMEGA LEASING LIMITED**

**Annual Report**  
**for the Year Ended 31 December 2003**

**Directors on**  
**17<sup>th</sup> March 2004:** M R H Arundell  
H Wilson

**Secretary:** A Scarrott



Registered Office: 65 Buckingham Gate, London SW1E 6AT

## REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2003.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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 its profit or loss 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent fraud and other irregularities.

## REVIEW OF THE BUSINESS

All of the Company's business involves the leasing of commercial aero engines. At the end of the year the Company had an engine lease portfolio of 8 engines (2002: 8 engines).

Both the level of business and the year end financial position were satisfactory.

## FINANCIAL REVIEW

### Results

The profit before taxation of the Company was US\$1,933,455 (2002 : US\$1,804,561).

### Proposed Transfer to Reserves and Payment of Dividend

The proposed transfer to reserves is US\$293,455 (2002: transfer from reserves US\$1,845,439). In 2003 the Directors declared an interim dividend of US\$10,000 per ordinary share (2002: US\$30,000). They do not recommend the payment of any further dividend. The total cost of dividends for 2003 is US\$1,000,000 (2002: US\$3,000,000).

## DIRECTORATE

The Directors who held office through the year were as follows:

### Director

M R H Arundell  
H Wilson (appointed 16 March 2004)

## DIRECTORS' INTERESTS

None of the Directors, or their immediate family, had any beneficial interest in the shares of the Company during the year.

## PAYMENT TO SUPPLIERS

The Company seeks the best possible terms from suppliers and, in entering into binding purchasing contracts, gives consideration to quality, delivery, price and the terms of payment. The Company abides therewith whenever it is satisfied that suppliers have provided the goods or services in accordance with agreed terms and conditions. There were no trade creditors at 31 December 2003 (2002: nil).

By Order of the Board



A Scarrott  
Secretary  
17<sup>th</sup> March 2004

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMEGA LEASING LIMITED

We have audited the Financial Statements on pages 5 to 12.

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 Directors and Auditors

The directors are responsible for preparing the Report of the Directors and, as described on page 2, the Financial Statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 director's remuneration and transactions with the company is not disclosed.

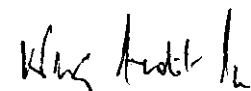
### Basis of Audit Opinion

We conduct 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 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.

### Audit Opinion

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

 London  
2004

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 US\$	2002 US\$
<b>Turnover</b>	2	9,234,817	9,234,817
Cost of sales		<u>(2,683,496)</u>	<u>(2,683,422)</u>
<b>Gross profit</b>		6,551,321	6,551,395
General and administrative costs		<u>(101,424)</u>	<u>(102,152)</u>
<b>Operating profit</b>		6,449,897	6,449,243
Net interest payable	3	<u>(4,516,442)</u>	<u>(4,644,682)</u>
<b>Profit on ordinary activities before taxation</b>	4	1,933,455	1,804,561
Tax on profit on ordinary activities	5	<u>(640,000)</u>	<u>(650,000)</u>
<b>Profit on ordinary activities after taxation</b>		1,293,455	1,154,561
Dividends	6	<u>(1,000,000)</u>	<u>(3,000,000)</u>
<b>Transferred to reserves/(from)</b>		<u>293,455</u>	<u>(1,845,439)</u>

All results have been derived from continuing activities.

The Company had no recognised gains or losses other than those recorded in the profit and loss account in either 2002 or 2003.

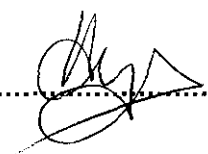
The notes on pages 7 to 12 form part of these Financial Statements.

# BALANCE SHEET

## AT 31 DECEMBER 2003

	Notes	2003 US\$	2002 US\$
<b>Fixed assets</b>			
Tangible assets	9	69,818,710	72,502,206
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	5,748,187	3,637,927
Debtors: amounts falling due after one year	11	1,735,670	1,735,670
Cash		5,846	1,798
		<u>7,489,703</u>	<u>5,375,395</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,321,202)</u>	<u>(2,109,241)</u>
<b>Net current assets</b>		<u>5,168,501</u>	<u>3,266,154</u>
<b>Total assets less current liabilities</b>		74,987,211	75,768,360
<b>Creditors: amounts falling due after more than one year</b>	13	(64,773,400)	(66,488,004)
<b>Provisions for liabilities and charges</b>	14	<u>(8,270,000)</u>	<u>(7,630,000)</u>
<b>Net assets</b>		<u>1,943,811</u>	<u>1,650,356</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Profit and loss account	16	1,943,711	1,650,256
Equity shareholder's funds		<u>1,943,811</u>	<u>1,650,356</u>

The Financial Statements were approved by the Board of Directors on 17<sup>th</sup> March 2004 and were signed on its behalf by:


 ..... **Hylda Wilson**  
 Director

The notes on pages 7 to 12 form part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 1. ACCOUNTING POLICIES

#### **Basis of Accounting**

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

The Company is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of Alpha Partners Leasing Limited and its cash flows are included within the consolidated cash flow statement of that company.

Under FRS8 the Company is exempt from the requirement to disclose related party transactions with the Alpha Partners Leasing Group and its joint venture undertakings on the grounds that it is a wholly-owned subsidiary undertaking of Alpha Partners Leasing Limited.

#### **Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into US dollars at the rate ruling at the year end. Exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in determining profit on ordinary activities before taxation.

#### **Income from Operating Leases**

Net income from operating leases, after charging depreciation and interest, is credited to profit and loss account on a straight line basis.

#### **Depreciation**

Fixed assets are depreciated on a straight line basis from the time that they are first brought into use so as to write off their cost, less estimated residual value, over the lesser of:

- (i) the period up to the 25<sup>th</sup> anniversary of the engine being first delivered to an airline, or purchased for lease by the Company; and
- (ii) the anticipated remaining useful life of the airframe for which the engine is designed.

#### **Interest**

Interest payable is charged to the profit and loss account as incurred.

#### **Taxation**

Provision for taxation is made at the current rate and for deferred taxation, at the projected rate, on all timing differences, which have originated, but not reversed at the Balance Sheet date.

## NOTES (continued)

## 2. ANALYSIS OF TURNOVER BY DESTINATION

	2003 US\$	2002 US\$
United Kingdom	9,234,817	9,234,817

All the Company's business arises from operating leases originating in the United Kingdom.

## 3. NET INTEREST PAYABLE

	2003 US\$	2002 US\$
Interest payable on:		
Loans from related parties	4,746,778	4,857,284
Bank loans and overdrafts	-	6
	4,746,778	4,857,290
Interest receivable on:		
Loans to related parties	(230,260)	(211,656)
Other	(76)	(952)
	(230,336)	(212,608)
Net interest payable	4,516,442	4,644,682

## 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 US\$	2002 US\$
After charging:		
Depreciation of owned tangible fixed assets	2,683,496	2,683,422

Auditors' remuneration for 2002 and 2003 will be paid by the holding company.



**NOTES (continued)****5. TAXATION CHARGE**

	<b>2003 US\$</b>	<b>2002 US\$</b>
Current tax:		
UK Corporation tax at 30%	-	700,000
Deferred tax: origination and reversal of timing differences	(640,000)	(1,350,000)
Total tax charge	<u>(640,000)</u>	<u>(650,000)</u>
Reconciliation of tax charge:		
Profit on ordinary activities before tax	<u>1,933,455</u>	<u>1,804,561</u>
Nominal charge at UK corporate tax rate of 30%	(580,037)	(541,368)
Expenses not deductible for tax purposes	(59,963)	(108,632)
Income not taxable	-	-
Capital allowances in excess of depreciation	800,000	1,350,000
Losses carried forward	(160,000)	-
Current tax	<u>-</u>	<u>700,000</u>

**6. DIVIDENDS – Ordinary Shares**

	<b>2003 US\$</b>	<b>2002 US\$</b>
Interim dividend per share US\$10,000 (2002: US\$30,000)	<u>1,000,000</u>	<u>3,000,000</u>

**7. EMOLUMENTS OF DIRECTORS**

The Company paid no emoluments to the Directors in respect of their services during the year.

**8. EMPLOYEE INFORMATION**

The Company is charged a proportion of the costs of employment of those employees with contracts of employment with a related party but whose time is partly dedicated to the business of the Company.

## NOTES (continued)

## 9. TANGIBLE FIXED ASSETS

	<b>ASSETS HELD FOR USE IN OPERATING LEASES US\$</b>
Cost at 1 January 2003	78,773,311
Additions	23,798,743
Disposals	(26,530,681)
Cost at 31 December 2003	<u>76,041,373</u>
Depreciation at 1 January 2003	(6,271,105)
Provided during the year	(2,683,496)
Released on disposals	2,731,938
Depreciation at 31 December 2003	<u>(6,222,663)</u>
Net book values	
As at 31 December 2003	<u>69,818,710</u>
As at 31 December 2002	<u>72,502,206</u>

## 10. DEBTORS – Amounts Falling Due Within One Year

	<b>2003 US\$</b>	<b>2002 US\$</b>
Group relief receivable	31,239	751,640
Amounts owed by holding company	5,716,948	1,617,949
Amounts owed by related parties	-	1,268,338
	<u>5,748,187</u>	<u>3,637,927</u>

## 11. DEBTORS – Amounts Falling Due After More Than One Year

	<b>2003 US\$</b>	<b>2002 US\$</b>
Group relief receivable	1,735,670	1,735,670
	<u>1,735,670</u>	<u>1,735,670</u>

## 12. CREDITORS – Amounts Falling Due Within One Year

	<b>2003 US\$</b>	<b>2002 US\$</b>
Accruals and deferred income	253,010	253,009
Amount owed to holding company	8,695	8,695
Amounts owed to related parties	2,059,497	1,847,537
	<u>2,321,202</u>	<u>2,109,241</u>

## NOTES (continued)

## 13. CREDITORS – Amounts Falling Due After More Than One Year

	2003 US\$	2002 US\$
Amounts owed to related parties	64,773,400	66,488,004
	<u>64,773,400</u>	<u>66,488,004</u>

## 14. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	2003 US\$	2002 US\$
At 1 January	7,630,000	6,280,000
Amount charged to the profit and loss account	640,000	1,350,000
At 31 December	<u>8,270,000</u>	<u>7,630,000</u>
The analysis of the deferred tax provision is as follows:		
Accelerated capital allowances	16,500,000	15,700,000
Other timing differences	(8,230,000)	(8,070,000)
Potential liability	<u>8,270,000</u>	<u>7,630,000</u>

## 15. SHARE CAPITAL

	2003 US\$	2002 US\$
<b>Authorised</b>		
US\$1 ordinary shares	100	100
<b>Issued and fully paid</b>		
US\$1 ordinary shares	100	100

## 16. PROFIT AND LOSS ACCOUNT

	US\$
Balance at 1 January 2003	1,650,256
Result for the year	293,455
Balance at 31 December 2003	<u>1,943,711</u>

**NOTES (continued)****17. ULTIMATE HOLDING COMPANIES**

Rolls-Royce Group plc, a company registered in England and Wales, and GATX Corporation, a company registered in the United States, are the joint ultimate holding companies. Copies of Rolls-Royce Group plc's consolidated Financial Statements can be obtained from 65 Buckingham Gate, London SW1E 6AT and those of GATX Corporation from 500 West Monroe, Chicago, IL60661-3676, Illinois, USA.

Alpha Partners Leasing Limited, a company registered in England and Wales, is the immediate holding company and heads the smallest and largest group in which the results of the company are consolidated. Copies of its consolidated Financial Statements can be obtained from 65 Buckingham Gate, London SW1E 6AT.

**18. RELATED PARTY TRANSACTIONS**

In the course of normal operations, the Company has contracted on an arms length basis with subsidiary and joint venture undertakings of the Rolls-Royce Group plc and GATX group. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the Financial Statements are summarised below:

	<b>2003</b>	<b>2002</b>
	<b>US\$</b>	<b>US\$</b>
Sale of goods, services and fixed assets to	<u>9,234,817</u>	<u>9,234,817</u>

**19. CONTINGENT LIABILITIES**

The Company and certain affiliates are party to a loan facility. The Company provides guarantees in respect of the obligations of its holding company and in respect of related parties of \$142 million (2002: US\$145 million).