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Company Registration No. 4380108

ASTRAEUS LIMITED

Report and Financial Statements

31 October 2003

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COMPANIES HOUSE 28/08/04

REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Brad Burgess	Chairman (Non executive)
Hugh Parry	Managing Director
Mario Fulgoni	Training Director
Jonathan Hinkles	Commercial Director
John Mahon	Flight Operations Director
Marcus Manning	Finance Director
Philip Rushton	Technical Director
Neil MacFadyen	(Non executive)
Ken Smith	(Non executive)

SECRETARY

Marcus Manning

REGISTERED OFFICE

Astraeus House
Faraday Court
Faraday Road
Crawley
West Sussex
RH10 9PU

BANKERS

Royal Bank of Scotland plc
62/63 Threadneedle Street
PO Box 412
London
EC2R 8LA

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Crawley

CHAIRMAN'S STATEMENT

The accounts for the year ended 31 October 2003, reflect the first full 12 months of trading following the initial set-up period from launch to October 2002. Trading conditions in 2003 were difficult, largely due to the Iraq War and its protracted build up which curtailed many consumers' travel plans. This lead to a number of cancellations and much higher jet fuel prices. Although the resulting operating loss for the year ended 31 October 2003 of £1,846,573 was disappointing, the business has made significant progress since launch and, with the continued valued support of customers, suppliers and staff, Astraeus has developed rapidly into a leading UK charter airline.

Our institutional shareholders remain fully supportive of the business plan being pursued by the Company and have shown their support by underwriting a £1,078,125 facility with the Company's bankers until May 2005. This is being used to provide the Company with the ability to better control its exposure to future movements in currency and will help control future exposure to movements in jet fuel prices.

In addition, our shareholders have restructured the Institutional Loan Stock by removing the requirement for redemption premiums. The effect of this post balance sheet event would have been to reduce the retained loss for the financial year ended 31 October 2003 by £719,373 if the transaction had occurred at 31 October 2003. This is set out in detail in note 1 to the accounts on page 13. The changes to the balance sheet on a pro forma basis are also shown in note 1 on page 14, with creditors falling due within one year reducing by £414,045 and creditors falling due after more than one year reducing by £305,328. The Company has increased its cash inflow from operating activities to £2,114,342 from an outflow of £77,090 last period. It is the Company's policy to comply with the terms of payment agreed with its suppliers. The number of day's credit taken by the Company for trade purchases at 31 October 2003 was 17 days (2002 – 14 days).

The future prospects for the Company look promising with a second aircraft being wet leased to the Icelandic low-fare airline, Iceland Express, from April 2004. The Company has also signed a £13,000,000 agreement over two years for the provision of year round flights to oil and gas support organisations, as a result of which the Company has introduced a Boeing B757-200 aircraft. In order to provide the level of comfort required by these organisations, this aircraft is configured with a much larger seat pitch, of 36", than that provided by most charter carriers. Two additional Boeing B737-700 aircraft were also introduced in spring 2004, one to replace the aircraft leased to Iceland Express and the other to satisfy strong summer demand. To better match the winter fleet requirement, two Boeing B737-700 aircraft are leaving the fleet at the end of summer 2004.

The Company's pilot training division has again continued to grow significantly and is expanding into new innovative areas of the business to maximise future growth.

In overall terms, the Company has grown its fleet in the last two years from four to eight Boeing aircraft and cemented its strategic position in the charter market.

Barring unexpected and unforeseen circumstances during the remainder of summer 2004, the Company expects to report a significantly improved financial performance for its financial year 2003/04.

Bradley Burgess

Brad Burgess

Chairman

24 August 2004

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 October 2003.

ACTIVITIES

The company's principal activities are that of a charter airline operator and provider of airline training services.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A review of developments and future prospects are included in the Chairman's Statement.

DIVIDENDS

The directors do not propose payment of a dividend (2002 - £nil). An appropriation of £28,667 (2002 - £16,415) has been made in respect of the cumulative preferential share dividends as detailed in note 6 to the financial statements.

POST BALANCE SHEET EVENT

Included in note 1 to the accounts is disclosure of an important post balance sheet event that will have a significant impact on the company in the future.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are set out on page 1.

The interest in the share capital of the company of those directors serving at the year end are set out below:

	At 1 November 2002 A ordinary shares No.	At 31 October 2003 A ordinary shares No.
Brad Burgess	62,893	56,413
Hugh Parry	62,893	56,413
Jonathan Hinkles	62,893	56,413
Marcus Manning	62,893	56,413
John Mahon	62,893	56,413
Mario Fulgoni	62,893	56,413
Philip Rushton	-	Options 7,984
Neil MacFadyen	-	-
Ken Smith	-	-

EMPLOYEES

The maintenance of a skilled workforce is a key to the future success of the business and it is the aim of the directors to promote the best interests of all employees at all times. The company formed a Company Consultative Council during the year in order to improve employee involvement and information flow. The company is an equal opportunities employer and gives full and fair consideration to applications for employment made by disabled persons where this is practical. Endeavours are made to ensure that disabled employees benefit from training and other development programmes in common with all employees.

During the year the directors set up the Astraeus Limited EMI Scheme for the benefit of the company's employees. Further details are provided in note 12 to the accounts.

DIRECTORS' REPORT (continued)

DIRECTORS' AND OFFICERS LIABILITY INSURANCE

The company has Directors and Officer Liability insurance in place with an indemnity limit of £10,000,000.

SUPPLIER PAYMENT POLICY

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The average creditor days outstanding at 31 October 2003 were 17 days (2002 - 14 days).

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act *2000*. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Marcus Manning

Secretary

24 August 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTRAEUS LIMITED

We have audited the financial statements of Astraeus Limited for the year ended 31 October 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and its related notes, the accounting policies, and the related notes 1 to 14. 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 2003 and of its loss 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
Crawley

26 August 2004

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2003

	Note		Year ended 31 October 2003		Period from 22 February 2002 to 31 October 2002
		£	£	£	£
TURNOVER	2		50,697,788		22,112,896
Cost of sales			(49,463,376)		(22,127,297)
Gross profit/(loss)			1,234,412		(14,401)
Administrative expenses			(3,080,985)		(1,685,189)
OPERATING LOSS	4		(1,846,573)		(1,699,590)
Interest receivable			54,035		44,873
Interest payable					
Finance charge on loan stock (*)		(1,153,368)		(395,479)	
Other loans		(817)		(1,196)	
			(1,154,185)		(396,675)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (*)			(2,946,723)		(2,051,392)
Tax on loss on ordinary activities	5		-		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13		(2,946,723)		(2,051,392)
Appropriations in respect of non equity shares	6		(28,667)		(16,415)
LOSS FOR THE FINANCIAL YEAR CHARGED TO RESERVES			(2,975,390)		(2,067,807)

All transactions are derived from continuing activities.

There are no other recognised gains and losses for the current year or preceding period, other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is required.

(*) Reference should be made to note 1 on pages 13 and 14 which refers to a significant post balance sheet event concerning the loan stock waiver.

BALANCE SHEET
As at 31 October 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	7		552,811		565,950
CURRENT ASSETS					
Debtors - amounts falling due after one year	8	1,187,424		875,680	
- amounts falling due within one year	8	1,436,293		1,186,211	
Total debtors		2,623,717		2,061,891	
Cash at bank and in hand		4,395,482		3,302,151	
			7,019,199		5,364,042
CREDITORS: amounts falling due within one year (*)	9		(7,828,781)		(3,245,880)
NET CURRENT (LIABILITIES)/ASSETS			(809,582)		2,118,162
TOTAL ASSETS LESS CURRENT LIABILITIES			(256,771)		2,684,112
CREDITORS: amounts falling due after more than one year (*)	10		3,274,674		3,286,304
PROVISIONS FOR LIABILITIES AND CHARGES	11		733,460		715,990
CAPITAL AND RESERVES					
Called up share capital	12,13	80,840		80,840	
Share premium account	13	652,370		652,370	
Other reserve	13	45,082		16,415	
Profit and loss account – deficit (*)	13	(5,043,197)		(2,067,807)	
TOTAL SHAREHOLDERS' DEFICIT	13		(4,264,905)		(1,318,182)
			(256,771)		2,684,112

Total shareholders' deficit is attributable as follows;

	2003 £	2002 £
Equity shareholders' deficit	(4,596,656)	(1,621,266)
Non-equity shareholders' funds		
B ordinary shares	320,178	292,511
Preference shares	11,573	10,573
	(4,264,905)	(1,318,182)

These financial statements were approved by the Board of Directors on 24 August 2004.

Signed on behalf of the Board of Directors

Hugh Parry
Director

(*) Reference should be made to note 1 on pages 13 and 14 which refers to a significant post balance sheet event concerning the loan stock waiver.

CASH FLOW STATEMENT
Year ended 31 October 2003

	Note	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Net cash inflow/(outflow) from operating activities	A	2,114,342	(77,090)
Returns on investments and servicing of finance			
Interest received		54,035	44,873
Interest paid		(817)	(1,196)
Net cash inflow from returns on investments and servicing of finance		53,218	43,677
Capital expenditure			
Payments to acquire tangible fixed assets		(1,074,229)	(288,471)
Net cash outflow from capital expenditure		(1,074,229)	(288,471)
Net cash inflow/(outflow) before financing		1,093,331	(321,884)
Financing (*)			
Issue of share capital		-	808,403
Share issue costs		-	(75,193)
Issue of loan stock		-	3,191,597
Loan stock issue costs		-	(300,772)
Net cash inflow from financing		-	3,624,035
Increase in cash	B, C	1,093,331	3,302,151

(*) Reference should be made to note 1 on pages 13 and 14 which refers to a significant post balance sheet event concerning the loan stock waiver.

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 October 2003

A. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Operating loss	(1,846,573)	(1,699,590)
Depreciation	1,087,358	349,721
Increase in debtors and prepayments	(561,826)	(2,061,891)
Increase in creditors, accruals and deferred income	3,417,913	2,618,680
Increase in provisions	17,470	715,990
Net cash inflow/(outflow) from operating activities	2,114,342	(77,090)

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Increase in cash in the year	1,093,331	3,302,151
Cash inflow from increase in debt	-	(2,890,825)
Change in net funds from cash flows	1,093,331	411,326
Amortisation of loan stock issue costs	(60,823)	(44,724)
Finance charges on loan stock	(1,076,698)	(350,755)
Total net (debt)/funds at period end (*)	(44,190)	15,847

(*) Reference should be made to note 1 on pages 13 and 14 which refers to a significant post balance sheet event concerning the loan stock waiver.

C. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	1 November 2002 £	Cash flows £	Other non cash changes £	31 October 2003 £
Cash at bank and in hand	3,302,151	1,093,331	-	4,395,482
Debt due after more than one year	(3,286,304)	-	173,685	(3,112,619)
Debt due within one year	-	-	(1,327,053)	(1,327,053)
Total	15,847	1,093,331	(1,153,368)	(44,190)

ACCOUNTING POLICIES
Year ended 31 October 2003

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below.

Turnover

Turnover is recognised on the date of aircraft departure.

Deferred income

Services invoiced and cash received in respect of aircraft departures in future accounting periods, are carried forward as deferred income in the balance sheet.

Tangible fixed assets

Fixed assets are depreciated, from the date when they are ready for use, at rates estimated to reduce them to their residual value over their estimated useful lives or the periods of applicable leases as follows:

Aircraft equipment	3 years straight line
Motor vehicles	3 years straight line
Fixtures, fittings and equipment	3 years straight line

Expenditure on major aircraft overhauls are capitalised within tangible fixed assets. Depreciation is then charged against these maintenance assets at a variable rate dependent on the actual usage of the aircraft such that over time the depreciation charge will match the related maintenance expenditure.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The company's policy is to hedge a proportion of transactional currency exposures on future expected transactions using forward foreign currency contracts in order to mitigate foreign currency risk.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Maintenance costs

Maintenance and aircraft return costs are provided for, where the company is legally obliged to incur the expenditure under the terms of the aircraft lease, with reference to the usage of the aircraft.

Pension costs

The company operates a defined contribution pension scheme. Company contributions to the scheme are charged to the profit and loss account as they are incurred.

ACCOUNTING POLICIES (continued)
Year ended 31 October 2003

Capital instruments

Capital instruments are accounted for and classified as equity or non-equity share capital and debt according to their form.

Provision is made for the interest and accrued premium payable on redemption of redeemable debt.

Where there are insufficient distributable reserves to pay cumulative preferential dividends, the arrears are accrued and included in a finance charge taken to an "other reserve" until such time as the company has sufficient distributable resources and there is an intention to pay the dividend. At such time, the arrears will be transferred to current liabilities.

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

1. POST BALANCE SHEET EVENT – LOAN STOCK WAIVER

On 6 February 2004, an agreement was signed that waived the company's requirement to pay redemption charges totalling £1,162,960 on its loan stock. The table below shows how the company's 2003 profit and loss account, cash flow statement and balance sheet at 31 October 2003 would have been presented if the waiver had occurred on 31 October 2003:

(a) Profit and loss account – year ended 31 October 2003

	As currently stated £	On waiver of redemption charges £
Operating loss	(1,846,573)	(1,846,573)
Interest receivable	54,035	54,035
Interest payable		
Finance charge on loan stock	(1,153,368)	(433,995)
Other loans	(817)	(817)
LOSS FOR THE FINANCIAL YEAR	(2,946,723)	(2,227,350)
Appropriations in respect of non-equity shares	(28,667)	(28,667)
RETAINED LOSS FOR THE FINANCIAL YEAR	(2,975,390)	(2,256,017)

(b) Cash flow statement – year ended 31 October 2003

Had the waiver occurred at the year end date, the company would have had net funds of £675,183 rather than net debt as shown in notes B and C to the cash flow statement on page 10 of £44,190. If the waiver had occurred at 31 October 2003, notes B and C would have been presented as follows:

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	As currently stated £	On waiver of redemption charges £
Change in net funds from cash flows	1,093,331	1,093,331
Amortisation of loan stock issue costs	(60,823)	(60,823)
Finance charges on loan stock	(1,076,698)	(357,325)
Total net (debt)/funds at period end	(44,190)	675,183

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

1. POST BALANCE SHEET EVENT – LOAN STOCK WAIVER (continued)

ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	As currently stated £	On waiver of redemption charges £
Cash at bank and in hand	4,395,482	4,395,482
Debt due after more than one year	(3,112,619)	(2,807,291)
Debt due within one year	(1,327,053)	(913,008)
Total	(44,190)	675,183

(c) Balance sheet
As at 31 October 2003

	£	As currently stated £	£	On waiver of redemption charges £
FIXED ASSETS		552,811		552,811
CURRENT ASSETS		7,019,199		7,019,199
CREDITORS: amounts falling due within one year		(7,828,781)		(7,414,736)
NET CURRENT LIABILITIES		(809,582)		(395,537)
TOTAL ASSETS LESS CURRENT LIABILITIES		(256,771)		157,274
CREDITORS: amounts falling due after more than one year		3,274,674		2,969,346
PROVISIONS FOR LIABILITIES AND CHARGES		733,460		733,460
CAPITAL AND RESERVES				
Called up share capital	80,840		80,840	
Share premium account	652,370		652,370	
Other reserve	45,082		45,082	
Profit and loss account - deficit	(5,043,197)		(4,323,824)	
TOTAL SHAREHOLDERS' DEFICIT		(4,264,905)		(3,545,532)
		(256,771)		157,274

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

2. TURNOVER

Turnover represents the invoiced value of airline seat revenue and related income exclusive of any trade discounts, air passenger duties and value added tax. Turnover is attributable to the principal activities, that of a charter airline operator and provider of airline training services, and is substantially derived within Europe.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 October 2003	Period from 22 February 2002 to 31 October 2002
	£	£
Directors' remuneration		
Emoluments	546,470	336,641
	£	£
Highest paid director		
Emoluments	103,185	77,454
	No.	No.
Average number of persons employed (including directors)		
Flight crew	157	119
Ground based personnel	44	34
	201	153
	£	£
Staff costs during the year (including directors)		
Wages and salaries	5,098,853	2,358,339
Social security costs	572,957	219,778
Pension costs	36,325	467
	5,708,135	2,578,584

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

4. OPERATING LOSS

	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Operating loss is stated after charging:		
Depreciation and amortisation on owned assets	1,087,358	349,721
Rentals under operating leases		
aircraft and engines	5,516,090	2,618,597
other operating leases	11,211	4,895
Auditors' remuneration		
audit fees	23,600	14,000
other services	12,650	52,769
Foreign exchange losses	58,286	182,044

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax on loss on ordinary activities

	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Current tax		
United Kingdom corporation tax at 30% (2002 period - 30%) based on the loss for the year/period	-	-

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

The tax assessed for the year/period differs from that resulting from applying the standard rate of corporation tax in the UK of 30% (2002 period - 30%). The differences are explained below:

	Year ended 31 October 2003 %	Period from 22 February 2002 to 31 October 2002 %
Standard tax rate for year/period as a percentage of loss	30	30
Effects of:		
disallowed expenses and non-taxable income	(1)	(2)
other deferred tax movements	(29)	(28)
Current tax rate as a percentage of loss	-	-

(c) Factors that may affect future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses. The amount of the asset not recognised is £1,300,000 (2002 - £600,000). This asset would be recovered if the company has suitable future taxable profits arising from the same trade.

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

6. APPROPRIATIONS IN RESPECT OF NON-EQUITY SHARES

	Year ended 31 October 2003 £	Period from 22 February 2002 to 31 October 2002 £
Cumulative preference dividend on B ordinary shares	27,667	15,842
Cumulative preference dividend on Preference shares	1,000	573
	28,667	16,415

7. TANGIBLE FIXED ASSETS

	Refurbishment of operating lease aircraft £	Aircraft equipment £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 November 2002	627,200	147,233	8,265	132,973	915,671
Additions	684,725	258,253	-	131,241	1,074,219
Disposals	(627,200)	-	-	-	(627,200)
At 31 October 2003	684,725	405,486	8,265	264,214	1,362,690
Accumulated depreciation					
At 1 November 2002	276,863	46,614	1,377	24,867	349,721
Charge for the year	918,714	100,445	2,755	65,444	1,087,358
Disposals	(627,200)	-	-	-	(627,200)
At 31 October 2003	568,377	147,059	4,132	90,311	809,879
Net book value					
At 31 October 2003	116,348	258,427	4,133	173,903	552,811
At 31 October 2002	350,337	100,619	6,888	108,106	565,950

8. DEBTORS

	2003 £	2002 £
Amounts falling due within one year		
Trade debtors	387,563	284,602
Other debtors	711,234	329,521
Prepayments and accrued income	337,496	572,088
	1,436,293	1,186,211
Amounts falling due after more than one year		
Aircraft deposits	1,187,424	875,680
	2,623,717	2,061,891

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Loan stock (see note 10)	1,327,053	-
Trade creditors	2,324,405	1,345,525
Taxation and social security	367,323	274,268
Other creditors	246,503	73,940
Accruals and deferred income	3,563,497	1,552,147
	7,828,781	3,245,880

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Trade deposits	162,055	-
Loan stock	3,112,619	3,286,304
	3,274,674	3,286,304
Loan stock amounts are payable by instalments in the following periods from the balance sheet date:		
Within one year	704,000	-
More than one year but not more than two years	704,000	704,000
More than two years but not more than five years	2,134,352	2,487,597
	3,542,352	3,191,597
Finance charges	1,076,698	350,755
Unamortised issue costs	(179,378)	(256,048)
	4,439,672	3,286,304

The loan stock is secured by way of a mortgage over the Company's assets and has been subordinated in favour of the Civil Aviation Authority. The subordinated loan stock cannot be repaid in whole or in part without the prior written permission of the Civil Aviation Authority.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Maintenance costs £
At 1 November 2002	715,990
Charged to profit and loss account	698,115
Released in the year	(230,645)
Utilised in the year	(450,000)
At 31 October 2003	733,460

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

12. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
400,600 'A' ordinary shares of 10p each	40,060	40,000
276,669 'B' ordinary shares of 10p each	27,667	27,667
121,734 'C' ordinary shares of 10p each	12,173	12,173
10,000 preference shares of 10p each	1,000	1,000
	80,900	80,840

	2003 £	2002 £
Called up, allotted and fully paid		
400,000 'A' ordinary shares of 10p each	40,000	40,000
276,669 'B' ordinary shares of 10p each	27,667	27,667
121,734 'C' ordinary shares of 10p each	12,173	12,173
10,000 preference shares of 10p each	1,000	1,000
	80,840	80,840

The preference shares of 10p each confer on the holders thereof a cumulative dividend of 10p per annum. The preference shares are redeemable on the occurrence of an exit event, or the appointment of a receiver or liquidator. On a redemption of the preference shares the company shall pay an amount equal to its issue plus a redemption premium, being an amount of 20% to 50% of the issue price subject to the date of redemption.

The preference shares shall not entitle the holders thereof to attend or vote at any general meeting unless:

(i) any amounts payable by the company under banking facilities have become payable in advance of the stated payment date;

(ii) there has been a breach of the Articles of Association, Investment Agreements or Loan stock instruments;

(iii) any dividend on the B ordinary shares of 10p each is in arrears by more than 5 days;

(iv) any amount payable on the secured loan stock is in arrears by more than 5 days;

(v) the preference dividend is in arrears by more than 5 days; or

(vi) any preference share due to be redeemed is not within 5 days of the redemption date.

Subject to the payment of the preference dividend, the B ordinary shares of 10p each confer on the holders thereof, in priority to any other class of share, firstly a cumulative dividend of 10p per annum and secondly a cumulative dividend being 17.5% of pre-tax profits for the financial year ending 31 October 2004, and 20% for each subsequent financial year.

Thereafter, the B ordinary shares shall rank pari passu with the A ordinary and C ordinary shares as to dividends.

On the return of capital or winding up, the A ordinary, B ordinary and C ordinary shares shall rank pari passu, save that the surplus dividend to the holders of the B ordinary and C ordinary shares shall not be more than 50% of the surplus.

In all other respects, the A ordinary, B ordinary and C ordinary shares rank pari passu.

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

12. CALLED UP SHARE CAPITAL (continued)

The Astraeus Limited EMI Scheme

On 4 June 2003, the company set up The Astraeus Limited EMI Scheme, a share option scheme for the benefit of its employees. At the same date, various Shareholders transferred 40,000 'A' £1 ordinary shares into an employee benefit trust. Options over these shares have been granted to various senior employees.

On the basis of materiality no adjustments have been made in these accounts to reflect the financial effect of this scheme.

13. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Share capital £	Share premium account £	Other reserve £	Profit and loss account £	Total Year ended 31 October 2003 £	Total Period from 22 February 2002 to 31 October 2002 £
At start of the year/period	80,840	652,370	16,415	(2,067,807)	(1,318,182)	-
Issue of shares	-	-	-	-	-	808,403
Share issue costs	-	-	-	-	-	(75,193)
Retained loss for the period	-	-	-	(2,946,723)	(2,946,723)	(2,067,807)
Appropriations – non equity shares	-	-	28,667	(28,667)	-	16,415
At end of the year/period	80,840	652,370	45,082	(5,043,197)	(4,264,905)	(1,318,182)

14. OPERATING LEASE COMMITMENTS

At 31 October 2003 the company was committed to making the following payments during the next year in US dollars in respect of operating leases relating to aircraft and engines as follows:

	2003 £	2002 £
Leases which expire:		
Within one year	737,500	-
Within two to five years	4,843,985	5,245,075
	5,581,485	5,245,075

The above commitments have been converted to sterling using the year end sterling/US dollar rate of £1 - $1.69693 (2002 - $1.5645).