

Company No. SC 269250

Fly First Limited
(formerly Dunwilco (1163) Limited)

Balance sheet and notes

2 February 2005

Deloitte & Touche LLP
Crawley



Fly First Limited
(formerly Dunwilco (1163) Limited)

Statement of Directors' responsibilities

In preparing the balance sheet and notes, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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
Fly First Limited
(formerly Dunwilco (1163) Limited)**

We have examined the balance sheet of Fly First Limited (formerly Dunwilco (1163) Limited) and the related notes 1 to 7. As explained in note 2, the balance sheet has not been prepared for a financial year of the company.

This report is made solely to the company's members for the purpose of compliance with section 43(3) (c) of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such 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 for our 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 balance sheet in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the balance sheet in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the balance sheet has been properly prepared in accordance with *the provisions of the Companies Act 1985 which would have applied had the balance sheet been prepared for a financial year of the company.*

Basis of 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 balance sheet. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the balance sheet 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 balance sheet is 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 balance sheet.

Opinion

In our opinion the balance sheet gives a true and fair view of the state of the company's affairs at 2 February 2005 and has been properly prepared in accordance with the provisions of the Companies Act 1985 which would have been applied had the balance sheet been prepared for a financial year of the company.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley

9 February 2005

Fly First Limited
(formerly Dunwilco (1163) Limited)

Balance sheet
2 February 2005

	Note	As at 2 February 2005 £'000
Current assets		
Other debtors		21
Cash at bank and in hand		423
		<hr/> 444
Creditors: amounts falling due within one year		
Accruals		(59)
		<hr/>
Total assets less current liabilities		<hr/> 385
Capital and reserves		
Called up share capital	3,4	283
Profit and loss account	4	102
		<hr/>
Equity shareholders' funds	4	<hr/> 385

The balance sheet and notes have been prepared to comply with section 43(3) (c) of the Companies Act 1985.

This balance sheet was approved by the Board of Directors on 9 February 2005.

Signed on behalf of the Board of Directors


W Troup

Fly First Limited (formerly Dunwilco (1163) Limited)

Notes to the accounts Period ended 2 February 2005

1. Accounting convention

The financial information set out in this report has been prepared under the historical cost convention, in accordance with applicable accounting standards generally accepted in the United Kingdom.

The balance sheet has been prepared on the going concern basis on the assumption that the proposed fundraising proves successful. Should the fundraising not prove successful, no material adjustments to the balance sheet as stated would arise on the basis that the company will immediately be put into voluntary liquidation.

2. Balance sheet date

This report has been prepared for the purpose of compliance with section 43 (3) (c) of the Companies Act 1985 and therefore the balance sheet has not been prepared for a financial year of the company.

3. Called up share capital

	As at 2 February 2005	
	Number	Value (£'000)
Authorised – ordinary shares of £0.10 each	30,000,000	3,000
Issued - ordinary shares of £0.10 each	2,827,800	283

The Company was incorporated on 14 June 2004, with share capital comprising one Ordinary Share of £1. On 23 September 2004, this was subdivided into 10 Ordinary Shares of £0.10 each, and transferred to John Campbell (the “Subscriber’s shares”).

On 23 September 2004, 1,799,990 Ordinary Shares of £0.10 each were allotted at par to the founder shareholders, including certain Directors. On 8 November 2004, a further 1,027,800 Ordinary Shares were issued at par to certain Directors. The shareholding of each of the Directors is summarised below:

Directors’ shareholdings Ordinary shares of £0.10 each	Number of shares held at start of period	Number of shares held as at 2 February 2005
John Campbell	Nil	667,800
Keith Campbell	Nil	180,000
Hamish Taylor	Nil	540,000
Bill Troup	Nil	540,000
Peter Villa	Nil	540,000
Lord Wade	Nil	90,000

The authorised share capital of the Company was increased from £1,000 as at the date of incorporation to £350,000 on 23 September 2004, further increased to £2,000,000 on 28 October 2004 by the creation of an additional 16,500,000 Ordinary Shares, and further increased to £3,000,000 by the creation of an additional 10,000,000 Ordinary Shares on 8 November 2004.

Share options have been granted to Keith Campbell in respect of an additional 592,200 Ordinary Shares, which will be subscribed at a price of £0.10 per share and will be exercisable within 3 business days of the first allotment of the Ordinary Shares following the Closing Date of the fundraising.

Fly First Limited
(formerly Dunwilco (1163) Limited)

Notes to the accounts
Period ended 2 February 2005

4. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

	Issued share capital £'000	Profit and loss account £'000	Total £'000
At beginning of the period	-	-	-
Share issue	283	-	283
Capital contribution	-	180	180
Loss for the period	-	(79)	(79)
	<hr/>	<hr/>	<hr/>
At 2 February 2005	283	101	384
	<hr/>	<hr/>	<hr/>

5. Contingent liabilities

If the fundraising is successful, there will be further professional fees payable totalling £464,000.

6. Directors' contracts

During the period, four Directors were each entitled to receive remuneration of £2,234 implying total Directors' remuneration of £8,937. There were no benefits in kind, or retirement benefits payable during the period.

7. Related party transactions

During the period, the company paid £114,016 to acquire the Fly First concept from Earlybird Aviation Limited. John Campbell and Keith Campbell are directors of both Earlybird Aviation Limited and the company.

During the period, John Campbell made a capital contribution of £180,000 to the company.