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MyTravel Aviation 757 Leasing Limited

Annual report and financial statements
for the ten month period ended 31 October 2005

Registration number: 2033886



Directors' Report

For the period from 31 December 2004 to 31 October 2005

The directors present their report, together with the audited financial statements and auditors' report, for the ten months ended 31 October 2005.

Review of the business

During the period the principal activity of the company was the leasing of aircraft. On 25 April 2005, the company sold the four aircraft held under finance leases to Parkhead Leasing and Sales Limited. The loss arising on termination of these finance leases, after associated fees, was £5,510,000.

Accounting reference date

During the period the company changed its accounting reference date to 31 October.

Results and dividends

During the period the company made a loss after taxation of £4,890,000 (2004 profit: £12,911,000). No dividend has been declared (2004: £nil).

Officers of the company

The officers of the company during the period and to the date of this report were as follows:

I. H. Anderson	Director
B. Erlandsen	Director
P. Knudsen	Director
S.E. Nielsen	Director
G.J. McMahon	Secretary

Directors' interest in shares

(as defined by section 325 of the Companies Act 1985)

The directors have no interests in the shares of the Company. The directors' interests in the ordinary shares of the ultimate holding company, MyTravel Group plc, on 31 October 2005 and 31 December 2004, are as follows:

	Ordinary Shares of 10p each			1986 Executive Share Option Scheme	Ordinary shares of 30p each		2005 Management Incentive plan
	2005 Number	2004 Number	2005 Number	2004 Number	2005 Number	2004 Number	2005 Number
I H Anderson	-	7,943	-	90,000	264	-	229,106
S E Nielsen	-	-	-	-	-	-	-
B Erlandsen	-	-	-	-	-	-	-
P Knudsen	-	-	-	-	-	-	-

On 8 July 2005, the 10p ordinary shares of MyTravel Group plc were consolidated into 30p ordinary shares. Further information can be found in the accounts of MyTravel Group plc.

Directors' Report (continued)

For the period from 31 December 2004 to 31 October 2005

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial period, which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for establishing and maintaining the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will propose a resolution at the forthcoming Annual General Meeting to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

By order of the Board



S. E. Nielsen
Director

Date: 30/11/06

Independent auditors' report to the members of MyTravel Aviation 757 Leasing Limited

We have audited the financial statements of MyTravel Aviation 757 Leasing Limited for the ten month period ended 31 October 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet 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 period 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 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Manchester

Date: 2 February 2006

MyTravel Aviation 757 Leasing Limited

Profit and Loss Account

For the ten month period ended 31 October 2005

	Note	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Turnover	2	1,398	1,882
Operating profit		<u>1,398</u>	<u>1,882</u>
Loss on termination of finance leases	5	(5,510)	-
(Loss)/profit on ordinary activities before finance charges		<u>(4,112)</u>	<u>1,882</u>
Interest receivable	3	202	18
Interest payable	4	(706)	(1,948)
Loss on ordinary activities before taxation	5	<u>(4,616)</u>	<u>(48)</u>
Taxation on profit on ordinary activities	7	-	12,959
Loss on ordinary activities before taxation	5	<u>(4,616)</u>	<u>(48)</u>
Taxation on loss on ordinary activities	7	(274)	12,959
(Loss)/profit on ordinary activities after taxation	10	<u>(4,890)</u>	<u>12,911</u>

All activity arose from continuing operations.

There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of these financial statements.

MyTravel Aviation 757 Leasing Limited
 Balance Sheet
 As at 31 October 2005

	Note	31 October 2005 £'000	30 December 2004 £'000
Current assets			
Debtors			
- Amounts falling due within one year	8	8,496	3,094
		<u>8,496</u>	<u>3,094</u>
- Amounts falling due after one year			
Finance lease receivables	8	-	60,313
		<u>8,496</u>	<u>63,407</u>
Creditors: Amounts falling due within one year	9	(470)	(50,491)
Net current assets		<u>8,026</u>	<u>12,916</u>
Net Assets		<u>8,026</u>	<u>12,916</u>
Capital and reserves			
Called up share capital:			
Authorised, issued and fully paid:			
100 ordinary shares of £1 each		-	-
Profit and loss account	10	8,026	12,916
Total equity shareholder's funds	11	<u>8,026</u>	<u>12,916</u>

Approved on behalf of the Board

S. E. Nielsen
 Director



Date: 30/10/06.

The accompanying notes are an integral part of these financial statements.

1. ACCOUNTING POLICIES

a) *Basis of accounting*

The company prepares its financial statements under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Finance and Leasing Association (FLA) Statement of Recommended Accounting Practice (SORP).

b) *Income*

The profit and loss account is credited with income, net of direct expenses including commission from:

- Finance leases, using the actuarial method to give a constant periodic rate of return on the net cash investment
- Operating leases, using the straight-line basis, which apportions income evenly over the periods of the leases.

c) *Depreciation*

Operating lease assets are depreciated on a basis to achieve income recognition as described in note 1(b) above, over their anticipated useful lives to estimated residual values.

Residual values represent the estimated value of the leased assets at the end of the lease period. Residual values are calculated after analysing the market place and the Company's own historical experience in the market. Residual values of leased assets are reviewed regularly and any impairments identified are charged to the profit and loss account.

d) *Taxation*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. TURNOVER

Turnover represents income from agreements entered into relating to leased assets. Income is calculated in accordance with note 1(b). The sole market supplied was the United Kingdom.

Revenue is recognised on the finance leases in accordance with the actuarial method as noted above.

3. INTEREST RECEIVABLE

	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Interest receivable from: Other group undertakings	202	18
	<u>202</u>	<u>18</u>

4. INTEREST PAYABLE

	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Interest payable to: Intermediate parent undertaking	(706)	(1,948)
	<u>(706)</u>	<u>(1,948)</u>

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

Loss on ordinary activities before tax is arrived at after taking into account:

	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Rentals receivable under finance leases	1,398	4,573
Loss on termination of finance leases	(5,510)	-
	<u></u>	<u></u>

6. ADMINISTRATIVE EXPENSES

The company has no employees. Administrative expenses of the company, including audit fees and directors' emoluments, were borne by MyTravel Group plc, the company's parent undertaking, during both accounting periods with no recharge made to the company as the directors spend the majority of their time on other group companies.

7. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) The tax credit for the period comprises:

	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Current tax		
Group relief payable	-	6,630
Overseas tax payable	274	196
	<u>274</u>	<u>6,826</u>
Deferred tax		
Origination and reversal of timing differences	-	(19,785)
	<u>274</u>	<u>(12,959)</u>

(b) The differences between the total current tax shown above and the amount calculated by applying the standard rate of corporation tax of 30% (2004: 30%) to the loss before tax are as follows:

	10 months ended 31 October 2005 £'000	Year ended 30 December 2004 £'000
Loss on ordinary activities before tax	(4,616)	(48)
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 30%	(1,385)	14
Effects of:		
Disallowable element of loss on termination of finance leases	1,385	-
Overseas tax	274	196
Group relief paid for	-	6,616
Current taxation credit for the period	<u>274</u>	<u>6,826</u>

MyTravel Aviation 757 Leasing Limited
Notes to the Financial Statements (continued)
For the ten month period ended 31 October 2005

8. DEBTORS

	31 October 2005 £'000	30 December 2004 £'000
Finance lease receivables		
Amounts receivable	-	88,732
Less: unearned income	-	(25,325)
	<u>-</u>	<u>63,407</u>
Due after more than one year	-	60,313
Due within one year		3,094
	<u>-</u>	<u>63,407</u>
Other debtors due within one year		
Amounts owed by parent undertaking	8,496	-
Total debtors due within one year	<u>8,496</u>	<u>3,094</u>

All finance leases were terminated during the period.

9. CREDITORS: Amounts falling due within one year

	31 October 2005 £'000	30 December 2004 £'000
Amounts owed to intermediate parent undertaking	-	50,491
Overseas tax payable	470	-
	<u>470</u>	<u>50,491</u>

10. STATEMENT OF RESERVES

	Profit and loss account £'000
At 31 December 2004	12,916
Retained loss for the period	(4,890)
At 31 October 2005	<u>8,026</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	31 October 2005 £'000	30 December 2004 £'000
Shareholder's funds as at start of period	12,916	5
(Loss)/profit for the financial period	(4,616)	12,911
Shareholder's funds at end of period	<u>8,300</u>	<u>12,916</u>

12. ULTIMATE CONTROLLING PARTY

The company is a wholly-owned subsidiary of Blue Seas Investments Limited. The ultimate holding company and ultimate controlling party is MyTravel Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by MyTravel Group plc. Copies of MyTravel Group plc financial statements can be obtained from its registered office at Holiday House, Sandbrook Park, Sandbrook Way, Rochdale, Lancashire, OL11 1SA.

13. CASH FLOW STATEMENT

A cash flow statement is not presented since MyTravel Group plc, the ultimate parent company, has prepared a consolidated cash flow statement, including the cash flows of this company, in accordance with Financial Reporting Standard No. 1 (revised).

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with other members of the group headed by MyTravel Group plc.