

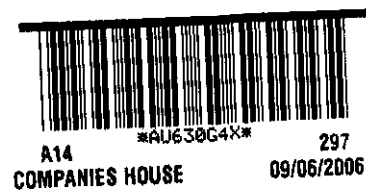
COMPANY NUMBER 3780306

OMEGA LEASING LIMITED

Annual Report
for the Year Ended 31 December 2005

Directors on
28th March 2006: M R H Arundell
M A Garrett
N T Goldsworthy
H I Wilson

Secretaries: D J Goma
C H Jackson



REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

REVIEW OF THE BUSINESS

All of the Company's business involves the leasing of commercial aero engines. The Company had an engine lease portfolio of 8 engines throughout the year.

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\$2,613,690 (2004: US\$2,314,269).

Proposed Transfer to Reserves and Payment of Dividend

The proposed transfer to reserves is US\$359,091 (2004:US\$562,642). In 2005 the Directors declared an interim dividend of US\$15,000 per ordinary share (2004: US\$10,000). They do not recommend the payment of any further dividend. The total cost of dividends for 2005 is US\$1,500,000 (2004: US\$1,000,000).

DIRECTORATE

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

Director

M R H Arundell
M A Garrett
N T Goldsworthy
H I Wilson

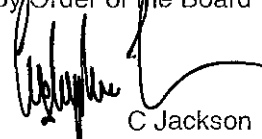
DIRECTORS' INTERESTS

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 2005 (2004: nil).

By Order of the Board



C Jackson
Secretary

28th March 2006

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

We have audited the financial statements of Omega Leasing Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

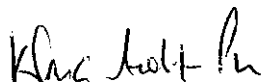
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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
8 Salisbury Square
London, EC4Y 8BB

London
29 March 2006

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 US\$	2004 US\$
Turnover	2	9,234,817	9,234,817
Cost of sales		<u>(2,683,372)</u>	<u>(2,683,272)</u>
Gross profit		6,551,445	6,551,545
General and administrative costs		<u>(105,752)</u>	<u>(106,362)</u>
Operating profit		6,445,693	6,445,183
Net interest payable	3	<u>(3,832,003)</u>	<u>(4,130,914)</u>
Profit on ordinary activities before taxation	4	2,613,690	2,314,269
Tax on profit on ordinary activities	5	<u>(754,599)</u>	<u>(751,627)</u>
Profit on ordinary activities after taxation		1,859,091	1,562,642
Dividends	6	<u>(1,500,000)</u>	<u>(1,000,000)</u>
Transferred to reserves		<u>359,091</u>	<u>562,642</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 2004 or 2005.

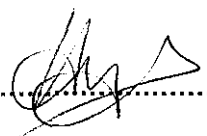
The notes on pages 8 to 13 form part of these Financial Statements.

BALANCE SHEET

AT 31 DECEMBER 2005

	Notes	2005 US\$	2004 US\$
Fixed assets			
Tangible assets	9	64,452,066	67,135,438
Current assets			
Debtors: amounts falling due within one year	10	10,108,507	8,159,360
Debtors: amounts falling due after one year	11	1,735,670	1,735,670
Cash		14,113	9,686
		<u>11,858,290</u>	<u>9,904,716</u>
Creditors: amounts falling due within one year	12	<u>(2,579,024)</u>	<u>(2,616,353)</u>
Net current assets		<u>9,279,266</u>	<u>7,288,363</u>
Total assets less current liabilities		73,731,332	74,423,801
Creditors: amounts falling due after more than one year	13	(60,955,788)	(62,932,348)
Provisions for liabilities and charges	14	<u>(9,910,000)</u>	<u>(8,985,000)</u>
Net assets		<u>2,865,544</u>	<u>2,506,453</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	<u>2,865,444</u>	<u>2,506,353</u>
Equity shareholder's funds		<u>2,865,544</u>	<u>2,506,453</u>

The Financial Statements were approved by the Board of Directors on 28th March 2006 and were signed on its behalf by:

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

The notes on pages 8 to 13 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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.

The Company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which will apply for periods commencing on or after January 1, 2006. Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The company does not expect the amendments to have any impact on the financial statements for the period commencing January 1, 2006

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 the 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 25th 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

	2005 US\$	2004 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

	2005 US\$	2004 US\$
Interest payable on:		
Loans from related parties	4,501,441	4,628,352
Interest receivable on:		
Loans to related parties	(669,147)	(497,399)
Other	(291)	(39)
	(669,438)	(497,438)
Net interest payable	3,832,003	4,130,914

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005 US\$	2004 US\$
After charging:		
Depreciation of owned tangible fixed assets	2,683,372	2,683,272
Auditors' remuneration	4,435	4,841

NOTES (continued)

5. TAXATION CHARGE

	2005 US\$	2004 US\$
Current tax:		
UK Corporation tax at 30%	-	150,000
Adjustment in respect of prior periods	(170,401)	(113,373)
	<u>(170,401)</u>	<u>36,627</u>
Deferred tax: origination and reversal of timing differences		
In respect of current year	775,000	550,000
Adjustment in respect of prior periods	150,000	165,000
	<u>925,000</u>	<u>715,000</u>
Total tax charge	<u>754,599</u>	<u>751,627</u>
Reconciliation of tax charge:		
Profit on ordinary activities before tax	<u>2,613,690</u>	<u>2,314,269</u>
Nominal charge at UK corporate tax rate of 30%	784,107	694,281
Income not taxable	(9,107)	-
Expenses not deductible for tax purposes	-	5,719
Capital allowances in excess of depreciation	(60,000)	(360,000)
Other timing differences for the period	(715,000)	(190,000)
Adjustment to prior years	(170,401)	(113,373)
Current tax	<u>(170,401)</u>	<u>36,627</u>

6. DIVIDENDS – Ordinary Shares

	2005 US\$	2004 US\$
Interim dividend per share US\$15,000 (2004: US\$10,000)	<u>1,500,000</u>	<u>1,000,000</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

	ASSETS HELD FOR USE IN OPERATING LEASES US\$
Cost at 1 January 2005 and 31 December 2005	75,680,728
Depreciation at 1 January 2005	8,545,290
Provided during the year	2,683,372
Depreciation at 31 December 2005	11,228,662
Net book values	
As at 31 December 2005	64,452,066
As at 31 December 2004	67,135,438

10. DEBTORS – Amounts Falling Due Within One Year

	2005 US\$	2004 US\$
Amounts owed by holding company	10,108,507	8,159,360
	<u>10,108,507</u>	<u>8,159,360</u>

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

	2005 US\$	2004 US\$
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

	2005 US\$	2004 US\$
Accruals and deferred income	257,444	257,850
Amount owed to holding company	8,595	8,595
Amounts owed to related parties	2,312,985	2,179,507
Group relief payable	-	170,401
	<u>2,579,024</u>	<u>2,616,353</u>

NOTES (continued)

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

	2005 US\$	2004 US\$
Amounts owed to related parties	60,955,788	62,932,348
	<u>60,955,788</u>	<u>62,932,348</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION	2005 US\$	2004 US\$
At 1 January	8,985,000	8,270,000
Amount charged to the profit and loss account	775,000	550,000
Adjustment in respect of prior periods	150,000	165,000
At 31 December	<u>9,910,000</u>	<u>8,985,000</u>

The analysis of the deferred tax provision is as follows:

Accelerated capital allowances	16,920,000	16,860,000
Other timing differences	(7,010,000)	(7,875,000)
Potential liability	<u>9,910,000</u>	<u>8,985,000</u>

15. SHARE CAPITAL

	2005 US\$	2004 US\$
Authorised		
US\$1 ordinary shares	100	100
Issued and fully paid		
US\$1 ordinary shares	100	100

16. PROFIT AND LOSS ACCOUNT

	US\$
Balance at 1 January 2005	2,506,353
Transfer to reserves for the year	359,091
Balance at 31 December 2005	<u>2,865,444</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 Leasing Limited, a company registered in England and Wales, is the immediate holding company. Alpha Leasing Limited is wholly owned by Alpha Partners Leasing Limited, which 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:

	<u>2005</u> <u>US\$</u>	<u>2004</u> <u>US\$</u>
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 \$134 million (2004: US\$138 million).