

Annual Report 2010

WEST AIR EUROPE 





The Board of Directors and the Managing Director of West Air Europe AB, hereby submit the Annual Report for the financial year 2010.



Our vision is ...

... to be the most respected cargo airline in Europe both by our customers and employees.

With this in mind, we are completely focused on our business which is to provide safe, efficient and environmentally friendly air cargo transportation with our fleet of customised aircraft and by remaining profitable, we can continue to deliver these objectives.

Our performance and daily work is built upon our core values; these same values we impart to our employees and are values upon which we wish to remain focused. They are safety, responsibility, flexibility, management, engagement and professionalism.

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This report reflects the original Swedish and has been converted into EUR at a rate of 9,00 SEK for each 1 EUR. All amounts are reported in thousands of EURO (TEUR) if not stated otherwise. Information within parentheses refers to the preceding year. The previous year's rate was 10,35 SEK for each 1 EUR.

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The recession came to an end in 2010 and we began to see modest signs of market recovery and renewed enthusiasm. By late Spring we were convinced that things were getting brighter until April when both the

During 2009, the recessive market conditions had required us to intensively manage our business cost base. This was achieved with significant results and ensured that in 2010 the West Atlantic Group made a profit despite only utilising 80% of our production capacity. This showed the great flexibility in our organisation and, as demand stabilised, we were able to adjust our activity to the static market conditions and to properly forward-plan our future production capacity.

The 2009 cost reduction exercise has provided us with a 15% improvement in efficiency which more than offsets the 5% increase in operational costs which we have experienced over the past 2 years and from which we will benefit as we embark upon our final strategic cost reduction activity; to reduce the number of Air Operator's Certificates in the West Atlantic Group.

Overall Turnover for the year 2010 was reduced by 6% when compared to 2009. However, whilst converting the strengthened Swedish Krona to the weaker Euro we actually produced an increase of 8% which was caused by the differences in cross rates; EUR 77M (EUR 71M). Of this turnover, 36% was generated outside of Scandinavia and is comprised of 58% being generated by Mail, 35% by Express and 7% from other activity. The number of flights operated was similarly reduced by 13% year on year to 13,535 (15,522).

skies, and our optimism, were darkened by volcanic ash from the Icelandic eruption. It served to remind us that not everything goes according to plan.

The Group gross result for 2010 was EUR 5M of which 4M was generated by aircraft operations and 1M through aircraft management.

Norwegian Post used 2010 to undertake a new official tender process for the entire Air Mail system in Norway that we have operated for them since 2006. The process was finally concluded in October 2010 with our own West Air Europe being awarded the new contract commencing 1st of August 2011 and which runs for 2 years with a prolongation option of two successive one-year periods.

"The Group gross result for 2010 was EUR 5M of which 4M was generated by aircraft operations and 1M through aircraft management."

This was an extremely tough tender process. We were in competition with all of the quality operators in Europe and, given the recessive market conditions, the contract was renewed at extremely competitive rates which will require us to reduce our costs still further to achieve a sustainable profit.

Our own Swedish Airline, West Air Sweden, lost the contract through the competitive tender process, mainly due to higher employer costs and its Collective Work Agreement lowering its productivity below that of its established EU competitors whom operate according to EU Ops Subpart Q without additional limitations.

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During December 2009, West Air Sweden was also forced into an additional Collective Work Agreement solely for our Norwegian crewmembers that had a further negative effect on its productivity and cost.

As a result of this, in the Spring of 2011, it was decided that the Swedish flight operations activity should be transferred to our airline in Luxembourg, West Air Luxembourg. The maintenance activity shall remain in West Air Sweden and, when this transition has been completed, we plan to increase maintenance support to third party customers. To achieve this transfer, both in a cost efficient manner and with the right strategic footing for the future, we estimate that this activity will be an on-going project for the whole year of 2011.

During 2010 we also managed to further insource our maintenance work and, since March we have been running our own activity in Norway, taking over from Scandinavian Aircraft Maintenance. This was achieved without any negative impact on our Dispatch Regularity which, for 2010, we managed to maintain at 99.5% which is comfortably above the Group's 99% target.

As the final 'icing on the recessionary cake', European air operators were badly impacted by the Icelandic volcanic ash. We ourselves were affected by airspace that was completely closed for a 5-day period and, in limited areas, for a further 5 days. The financial impact on the business was however partly reduced as many of our customers considered this to be an event of force majeure and shared the financial loss with us. When something so utterly unforeseen like this happens, we are fortunate to have such strong partner relationships with our customers.

Aircraft trading in 2010 was almost non-existent with only one purchase and a single sale. Also in this year our much anticipated project, the launch of the next generation, full EFIS equipped ATP, was delayed into 2011 on account of the overly slow regulatory process between EASA and the FAA - the base concept being originally an American STC.

"... in the Spring of 2011, it was decided that the Swedish flight operations activity should be transferred to our airline in Luxembourg ..."

"... our Dispatch Regularity which, for 2010, we managed to maintain at 99.5% ..."



"... in 2010 we became the launch customer for Airbus 320 passenger to freighter conversion."

"... we look forward to an increased demand in 2011 for our services that will likely see us back to our 2008 years figures ..."



Our customer driven business causes us to constantly evaluate market opportunity for new aircraft types and in 2010 we became the launch customer for Airbus 320 passenger to freighter conversion. This is a project established between the manufacturer, Airbus and the lessor, AerCap who have selected us as their launch operator with the first aircraft planned to be in service in January 2013.

2010 did not allow us to complete the merger with our UK based partner Atlantic Airlines for the same reasons as we did not manage to achieve it during 2009. It is however with great pleasure we can now welcome them into the Group from January 1st 2011. Positive developments are however worth waiting for.

Atlantic Airlines shared the challenges of the volcanic ash and economic climate, however in spite of this managed to post a modest profit. Overall the status quo was maintained in terms of our contracts with most customers and the UK Midlands based operations on behalf of a logistic customer settled down following an uncertain 2009. Three Mail contracts were extended for a further 18 months, Two contracts being renewed for 24 month and one contract swapped to another destination, also for 24 months duration.

This was augmented by a reasonable amount of ad-hoc activity co-ordinated by the UK commercial team using aircraft from all companies within the Group.

In addition to Atlantic Airlines, the Group now has another new member in Elite Crew Training. This was established in 2010 both to manage our internal training needs and to support 3rd party client requirements. With this supplement to the Group we can now genuinely state that West Atlantic is a full service provider covering the full range of requirements for the airline industry and with this extensive in-house capability we are now looking to extend our into other regions of the world beyond the mature and saturated European market that is our home.

We believe that 2011 will return an increased demand for our services that will likely see us back to our 2008 years figures later in the year. The operation will however have a lower yield so it is of the essence that we manage our profitability through lower overall operational costs.

I started by stating that things don't always go according to plan. Sometimes they go better and sometimes they get worse. Let's hope that 2011 trends towards the better and we are excited by the possibilities that lie ahead of us.....

Gustaf Thureborn, Managing Director, CEO

OUR AIRCRAFT FLEET



An uniquely capable fleet

The exceptional composition of West Atlantic's fleet allows us competitive operational reach over the entire European arena. This fleet is comprised of the most modern and environmentally efficient regional freighters available to the market today. The technologically advanced BAe ATP-F offers unbeatable economics for short to medium range application; conversely, the CRJ200PF Jet freighter provides excellent high speed-performance for longer and thinner routes whilst the ATR 72 remains a very accomplished intermediary solution.

BAE Advanced TurboProp – ATP-F

2006	2007	2008	2009	2010
22	26	25	28	28

Bombardier – CRJ 200 PF

2006	2007	2008	2009	2010
2	2	2	2	2

Avion Transport Regional – ATR 72

2006	2007	2008	2009	2010
4	1	1	1	1

The Aircraft Fleet

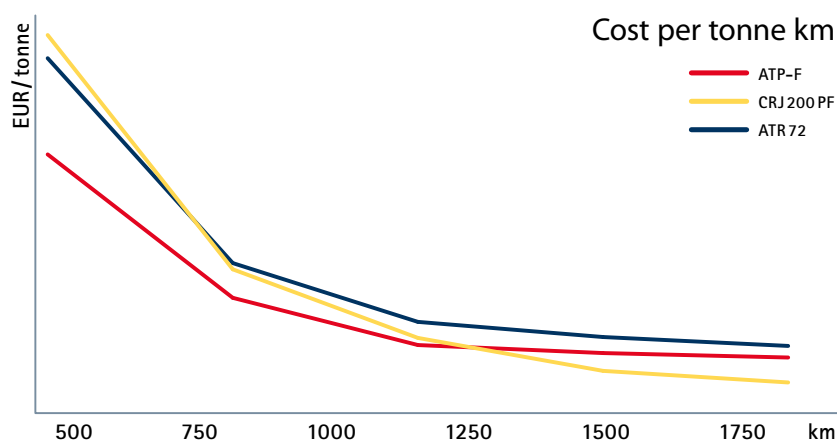
Capabilities of West Atlantic and its fleet

The overall capability of an aircraft is generally accepted to be a compromise between economics and performance which is why most aircraft are designed as special purpose passenger carrying vehicles.

The core of West Atlantic's operation is based around the BAe ATP-F freighter, which we have converted from their former regional passenger role and have optimized to carry a slightly more than 8 tonnes of payload over a short to medium range either in a containerized or bulk loaded configuration. On the contrary our regional jet, CRJ200PF, is optimal for carrying less load but over a longer distance and at approximately twice the speed of a Turboprop. Today this freighter is only available in

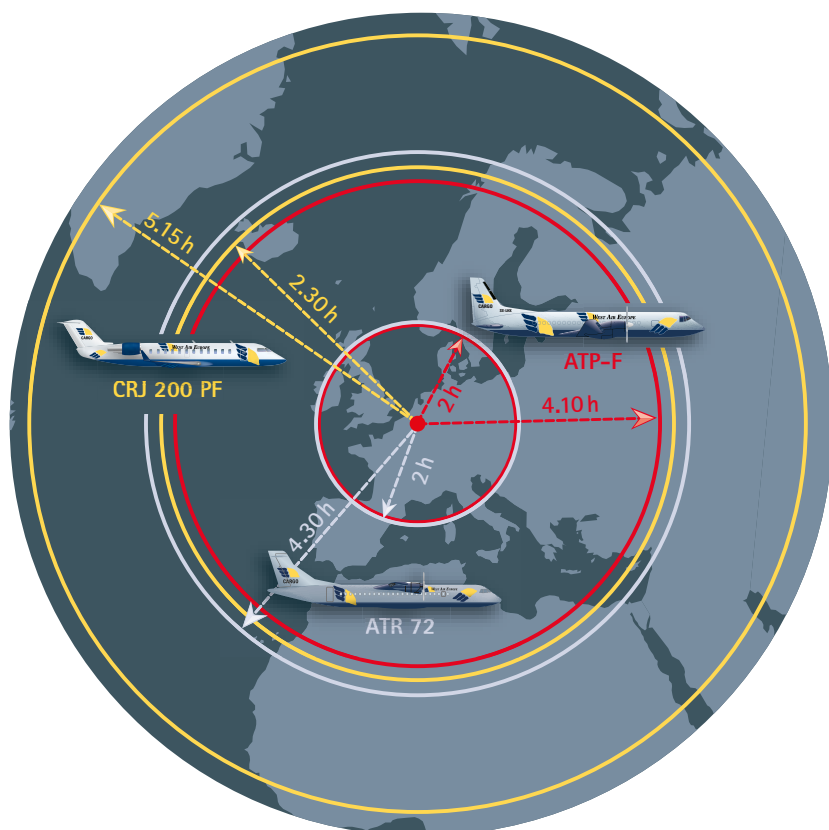
a bulk load configuration; however we have the intention to develop the Package Freighter into a fully containerised solution, equipped with a large cargo door, to realize the full potential of this unique aircraft.

Without passion there is no innovation and in an ever-changing world, aviation becomes an immensely complex science in which constant development is key to success. West Atlantic holds a unique advantage through its vast experience and know-how. Our passion for this industry has allowed us to land aircraft from the permafrost-covered Arctic to the sun-scorched African continent. We are looking forward to bringing this same passion to the challenges that lie ahead.



Range

ATP-F		
Payload	8 300 kg	7 000 kg
Range	925 km	2 000 km
Time	2 h	4.10 h
CRJ 200 PF		
Payload	6 500 kg	4 500 kg
Range	2 100 km	4 500 km
Time	2.30 h	5.15 h
ATR 72		
Payload	8 400 kg	7 000 kg
Range	925 km	2 300 km
Time	2 h	4.30 h

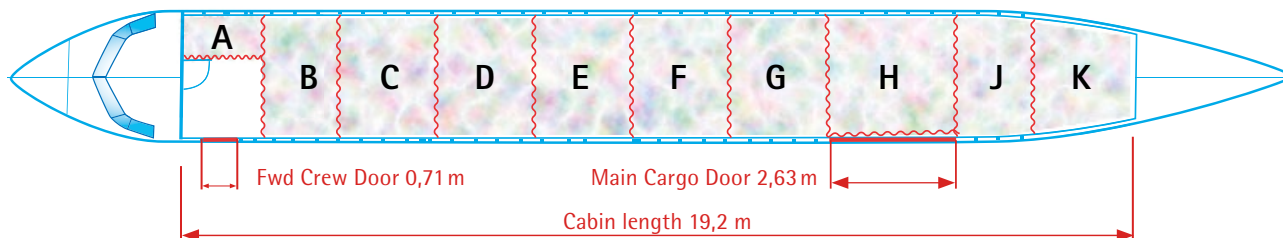




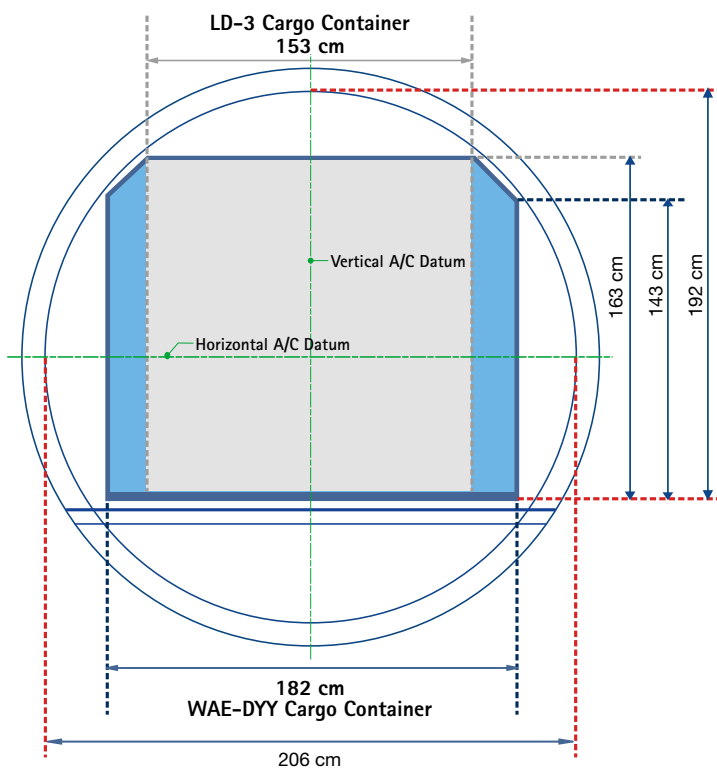
BAE Advanced TurboProp – ATP-F

Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
8 300 kg	260 kts	19,2 m	2,06 m	1,92 m	78 m ³	26 m	30,63 m	7,37 m	2,63 x 1,71m

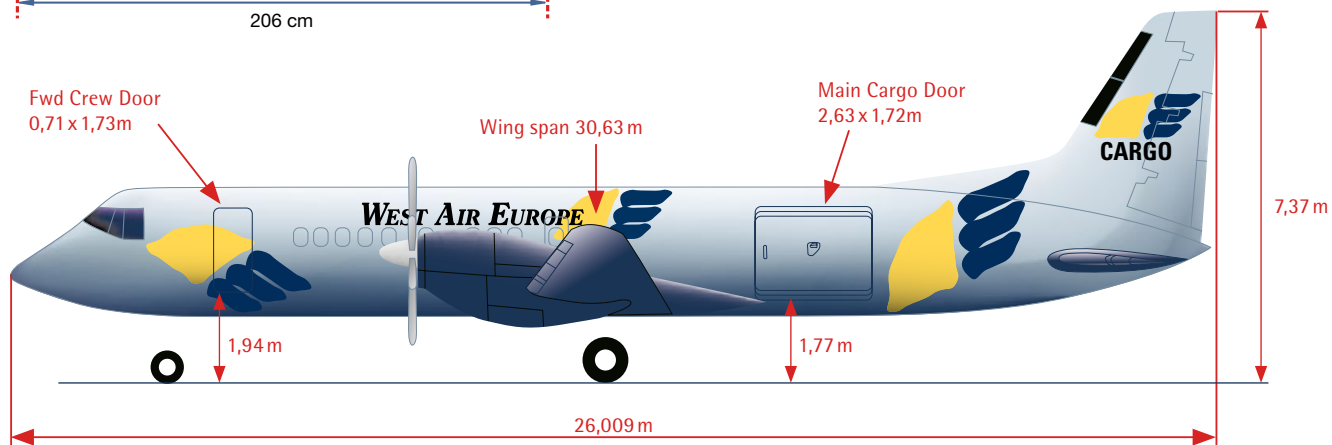
ATP-F Load Plan



ATP Freighter
Fuselage cross section



Position	Max Load	Volume
A	600 kg	1 m ³
B	600 kg	4,5 m ³
C	1 585 kg	10 m ³
D	1 585 kg	10 m ³
E	1 585 kg	10 m ³
F	1 585 kg	10 m ³
G	1 585 kg	10 m ³
H	1 585 kg	10 m ³
J	600 kg	4,5 m ³
K	850 kg	4,8 m ³

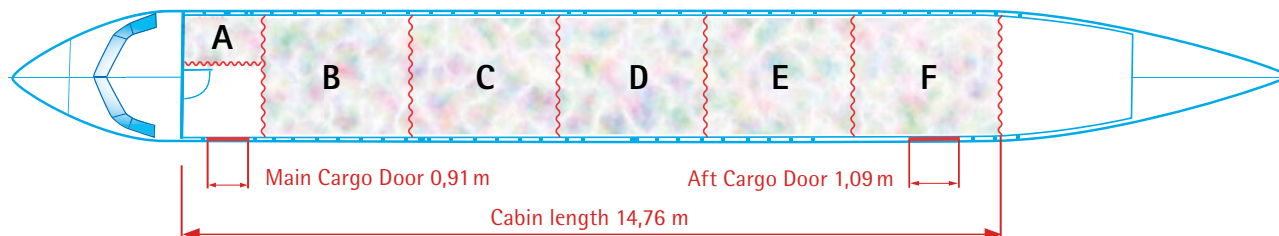


Bombardier – CRJ 200 PF

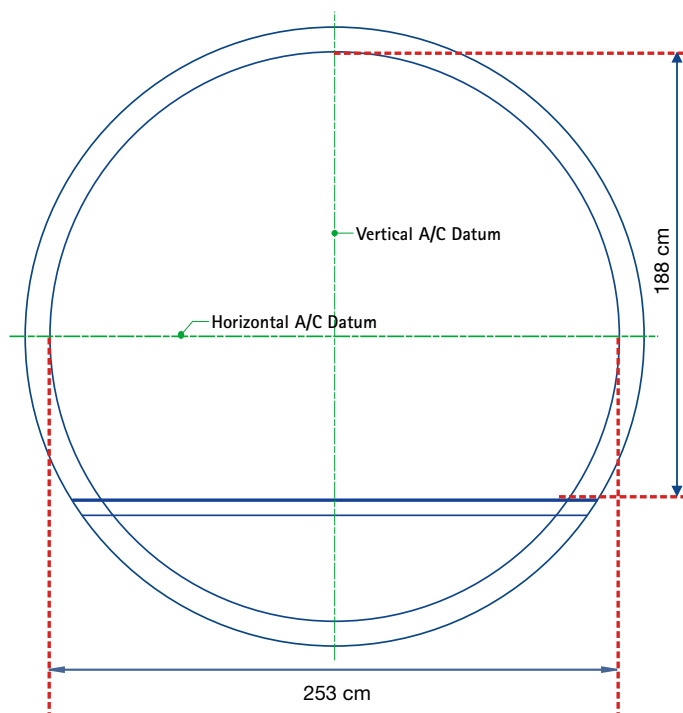


Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
6500 kg	464 kts	14,76 m	2,53 m	1,88 m	53 m ³	26,77 m	21,21 m	6,22 m	0,91 x 1,78 m

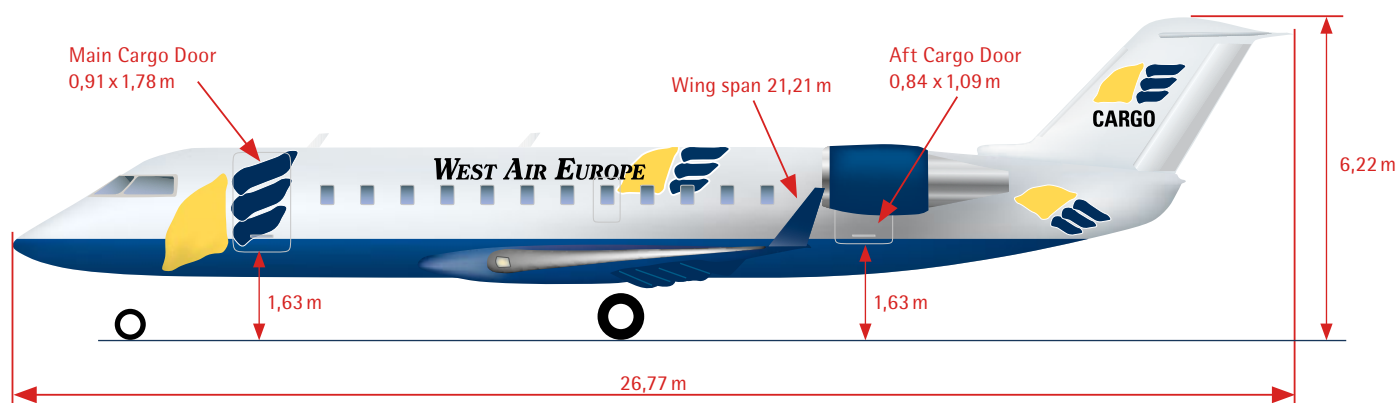
CRJ 200 PF Load Plan



CRJ 200 PF
Fuselage cross section



Position	Max Load	Volume
A	354 kg	4 m ³
B	1497 kg	9,8 m ³
C	1497 kg	9,8 m ³
D	1497 kg	9,8 m ³
E	1497 kg	9,8 m ³
F	1497 kg	9,8 m ³

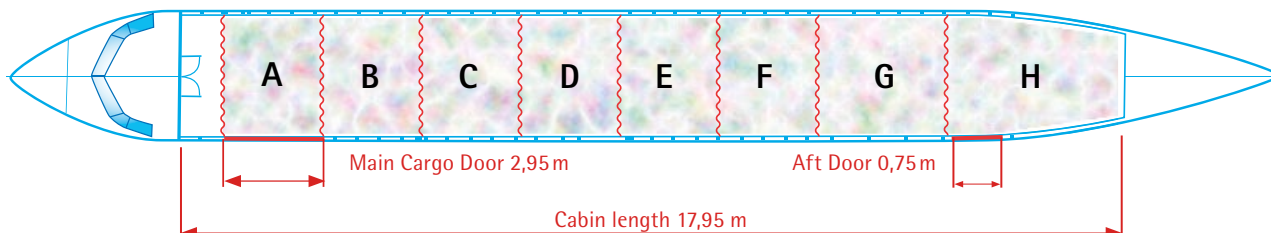




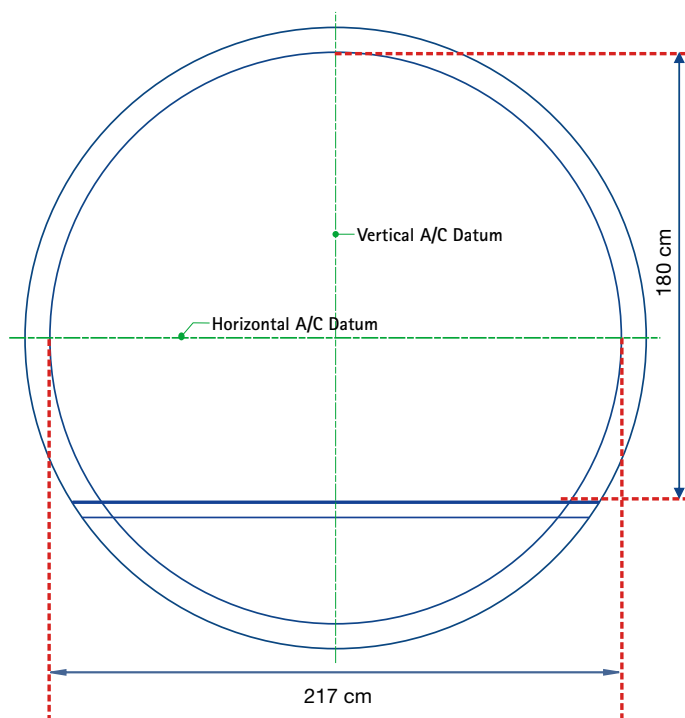
Avion Transport Regional – ATR72

Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
8 400 kg	277 kts	17,95 m	2,17 m	1,8 m	75 m ³	27,15 m	27,06 m	7,65 m	2,95 x 1,80 m

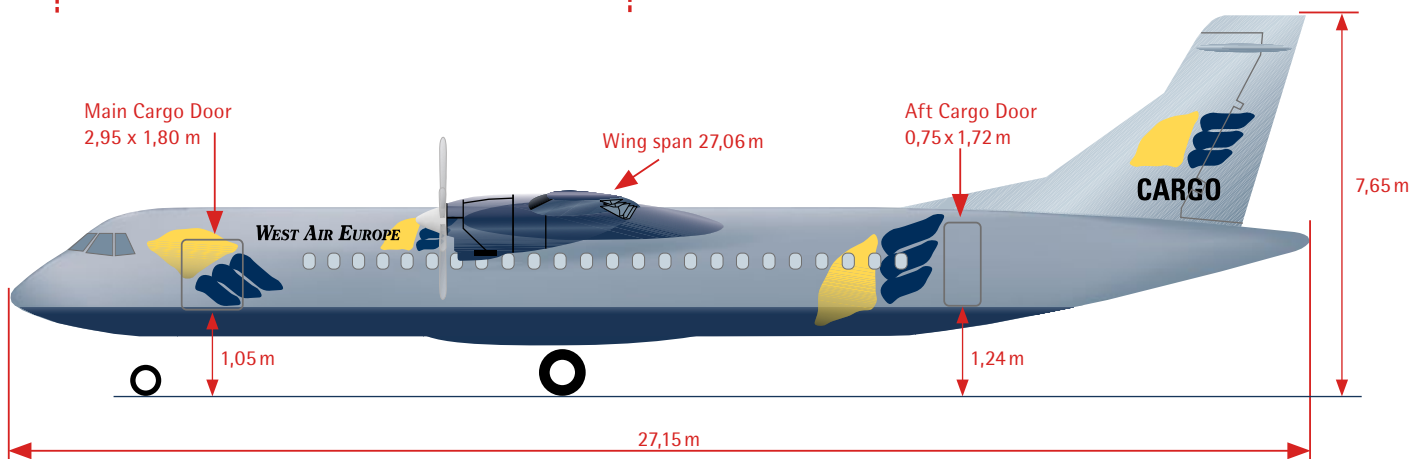
ATR72 Load Plan



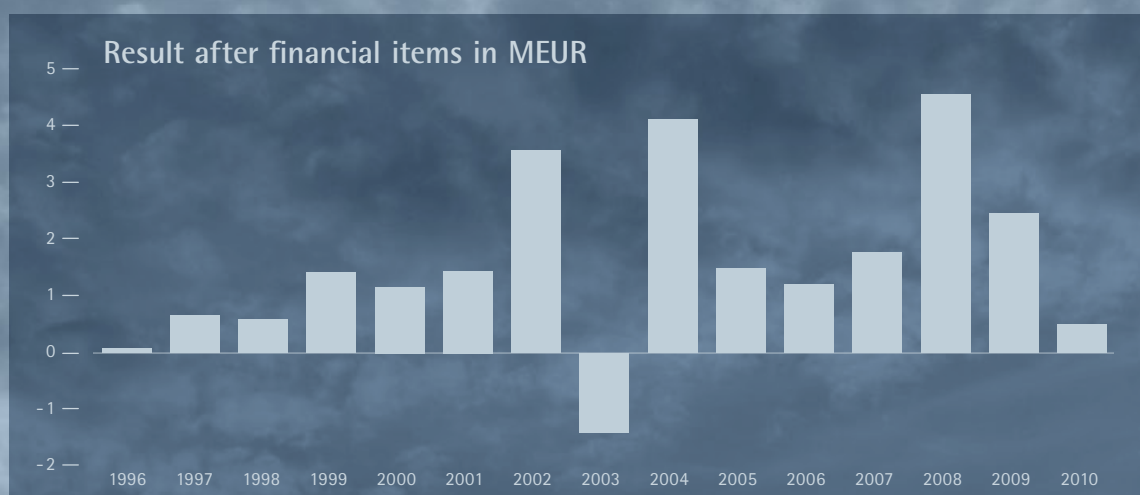
ATR 72
Fuselage cross section



Position	Max Load	Volume
A	1 400 kg	7 m ³
B	1 600 kg	7 m ³
C	1 600 kg	7 m ³
D	1 600 kg	7 m ³
E	1 600 kg	7 m ³
F	1 600 kg	7 m ³
G	1 600 kg	10 m ³
H	1 600 kg	10 m ³

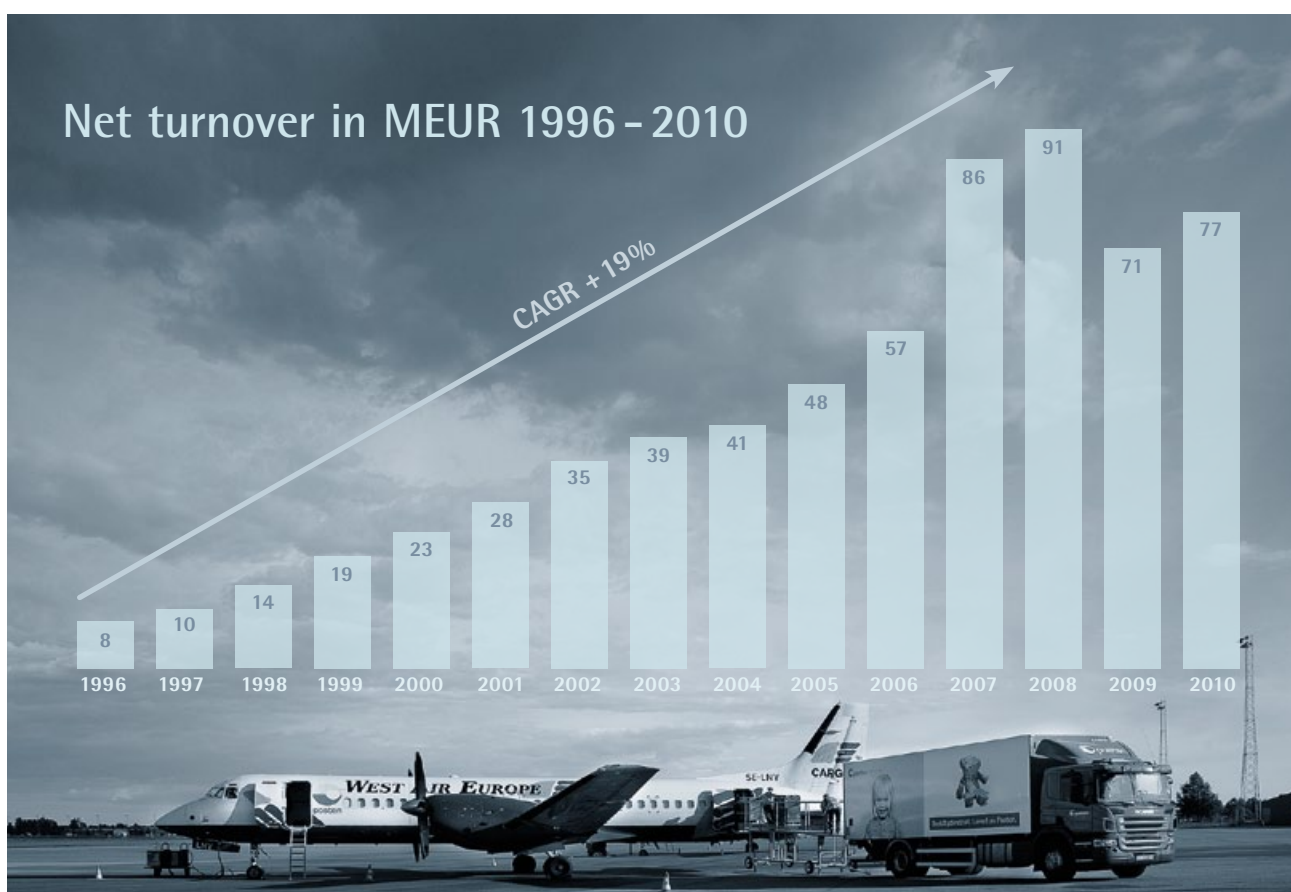


	2005	2007	2008	2009	2010
Number of aircraft in own operation	27	27	27	27	27
Number of crew members	87	114	133	128	94
Number of employees at the end of the year	238	286	319	277	261
Number performed flights	12 313	17 698	17 741	15 522	13 535
Reliability	98,85%	99,02%	99,00%	99,53%	99,62%



Profit and Loss account

	Note	2010	2009
Net turnover	1	77 128	71 085
Cost of services provided	2,6,7,8,9	- 72 369	-65 318
Gross profit		4 758	5 768
Cost of sales	2,6,9	-695	-531
Administration costs	2,6,7,9	-4 128	-3 260
Other operating income		240	-
Other operating costs		-76	-
Operating profit		99	1 977
Interest income and associated income	3	1 356	1 295
Profit in associated companies		27	-
Interest costs and associated costs	4	-961	-1 070
Profit after financial income and costs		521	2 202
Tax	5	-242	-720
Profit for the year		279	1 483



Balance Sheet

Assets	Note	2010-12-31	2009-12-31
Fixed assets			
Tangible assets	9		
Machinery and technical equipment		23 577	24 245
Equipment		365	456
		23 942	24 700
Financial assets			
Shares in associated companies	10	253	224
Other financial assets	11	17	14
		270	239
Total fixed assets		24 212	24 939
Current assets			
Inventories			
Spares and necessities		6 275	5 455
Work in process		1 006	-
		7 281	5 455
Short term assets			
Accounts receivable - trade		10 619	7 520
Other receivables		8 715	5 725
Prepaid expenses and accrued income	12	918	1 181
		20 253	14 426
Cash and bank		5 903	5 538
Total current assets		33 436	25 418
Total assets		57 648	50 357

Company balance	2006	2007	2008	2009	2010
Balance sheet total	48 146	47 597	52 874	50 357	57 648
Equity ratio	19 %	21 %	23 %	25 %	27 %

Appropriation of profits (amounts reported in TEUR)

At the disposal of the general meeting of shareholders:		The Board's suggestion is to appropriate the profits in the following manner:	
Profit brought forward	5 373	Dividend to shareholders	112
Profit for the year	279	Carry forward	5 540
	5 652		5 652

Balance Sheet

Equity and liabilities	Note	2010-12-31	2009-12-31
Equity	13		
Restricted equity			
Share capital		2 250	1 957
Restricted reserves		7 869	6 602
		10 119	8 559
Non restricted equity			
Profit brought forward		5 373	2 629
Profit for the year		279	1 483
		5 652	4 112
Total equity		15 771	12 670
Allocations			
Pension commitments	14	97	-
Deferred tax	15	4 189	3 249
Aircraft maintenance	16	8 084	6 427
		12 369	12 670
Long term liabilities			
Liabilities to credit institution	17	8 903	10 804
Other liabilities		5 810	5 097
		14 713	15 900
Current liabilities			
Overdraft	18	-	-
Liabilities to credit institution		2 045	2 069
Payment in advance from customers		1 129	-
Accounts payable - trade		4 773	4 400
Tax liabilities		318	475
Other liabilities		3 014	2 546
Prepaid income and accrued expenses	19	3 517	2 621
Total current liabilities		14 795	12 111
Total equity and liabilities		57 648	50 357
Memorandum items			
Pledged collaterals	20	see note	see note
Contingent liabilities	21	see note	see note

Statement of Cash Flows

Operating activities	2010	2009
Profit after financial income and costs	521	2 202
Non cash items		
Depreciation	4 840	4 019
Change in allocations	1 245	662
Profit/loss from exchange rates fluctuations	- 166	- 300
Disposal of fixed assets	80	-
Capital gain/loss on inventory sales	-	46
	6 520	6 626
Income tax	- 466	- 399
Cash flow from operating activities before change in operating capital	6 054	6 230
Change in stock	- 1 009	- 776
Change in short term receivables	- 3 667	763
Change in short term liabilities	1 433	165
Cash flow from operating activities	2 811	6 383
Investment activities		
Acquisition of shares in subsidiary companies	-	- 33
Acquisition of shares in associated companies	4	- 97
Investments in tangible fixed assets	- 1 462	- 4 960
Sale of tangible fixed assets	999	1 909
Cash flow from investing activities	- 458	- 3 181
Financing activities		
Currency differences in foreign businesses and changes in equity	- 61	- 162
Change in liabilities to credit institutions	- 2 706	- 879
Change in other liabilities	- 50	266
Change in minority shareholding	-	- 9
Dividend	-	- 724
Cash flow from financing activities	- 2 817	- 1 508
Liquid Assets		
Liquid assets in the beginning of the year	5 538	3 844
Exchange rate differences in cash and cash equivalents	829	-
Change in liquid assets	- 464	1 694
Liquid assets at the end of the year	5 903	5 538



Accounting and valuation principals

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council, with the acquisition accounting method. Accounting and valuation principles are unchanged compared to previous year.

Air cargo revenue

The group provides air cargo transportation with customised aircraft. Accounting of revenue occur when transportation has been completed.

Other income

Sales of goods and other services are accounted for when goods have been delivered or when service has been performed.

Write-offs of assets over the determinable economical life span

At least once every year the group reviews the accounted value of tangible and in-tangible assets over the determinable life spans in order to examine if there are any indications of necessary write-offs. If the highest value of either real value or estimated value in terms of usage is found to be lower than book value the asset's value shall be written down.

Fixed assets

Fixed assets are valued to acquisition costs less accumulated depreciation and write-offs (if any). The assets are linearly depreciated over the life of the asset. Costs for aircraft maintenance

and reparations are ongoing accounted for. Larger modifications and upgrades on aircraft and their components are activated and linearly written off during the determined economical life-span. Profit or loss from sales or scraping of tangible assets are calculated as the difference between book value and the acquired income. This is later accounted for in the profit and loss account.

Inventories

The inventory of aircraft parts is valued to the lowest of acquisition cost and net sales value. The acquisition cost is calculated according to the first in- first out method. Certain spare parts are valued according to the principle of lowest value collectively with corresponding aircraft.

Accounts receivable has been valued to estimated real value. Other receivables and liabilities are accounted for at a nominal rate. Receivables and liabilities in foreign currencies have been translated to closing day rate.

Work in process, not yet invoiced, is accounted for as the estimated invoice value for work that has been carried out.

The equity ratio is calculated as Total equity / Balance sheet total.

Note 1 Net turnover	2010	2009
Flight production	71 998	66 601
Sale of aircraft and aircraft components	252	142
Aircraft leasing	1 179	792
Technical services	3 145	2 843
Other income	555	707
Total	77 128	71 085

Note 2 Depreciation and write-off	2010	2009
Cost of goods sold	-4 825	-4 005
Selling expenses	-1	-1
Administrative expenses	-14	-14
	-4 840	-4 019

Note 3 Interest income and associated income		
Interest income	22	28
Exchange rate fluctuation	1 323	1 243
Other financial income	11	24
	1 356	1 295

Note 4 Interest costs and associated costs		
Interest costs	-858	-946
Exchange rate fluctuation	-97	-95
Other financial costs	-7	-29
	-961	-1 070

Note 5 Tax on the profit for the year		
Paid	-139	-268
Deferred	-103	-452
	-242	-720

Note 6 Personnel

Average number of employees				
	2010		2009	
	Number of employees	Whereof men	Number of employees	Whereof men
Total	261	231	304	260
Sweden	162	139	201	165
Luxembourg	52	47	69	63
England	33	31	34	32
Norway	14	14	-	-

Salaries, other remuneration and social security costs								
	Sweden		Luxembourg		England		Norway	
	2010	2009	2010	2009	2010	2009	2010	2009
Salaries								
The Board & Managing Director	109	92	93	89	32	36	-	-
Other Employees	8 551	8 952	3 601	3 128	1 317	1 220	899	-
	8 660	9 044	3 694	3 217	1 349	1 256	899	-
Social security costs	3 608	4 057	506	501	182	166	145	-
whereof pension costs	1 191	1 377	294	292	43	34	18	-
The Board & Managing Director	37	32	7	7	1	-	-	-
Other Employees	1 154	1 344	286	285	41	34	18	-
The company is not bound to any redundancy payment agreements with the Board or the Managing Director. Normal conditions of employment applies.								

Absence due to sickness, employees in Sweden			2010	2009
Total absence			1 %	2 %
Whereof long-time absence, more than 60 days			19 %	30 %
Absence for men			1 %	2 %
Absence for women			2 %	2 %
Employees ≤ 29 years			1 %	1 %
Employees 30 - 49 years			1 %	1 %
Employees ≥ 50 years			2 %	4 %

Note 7 Remuneration to Auditors

Remuneration to the Auditors has been given at the amount of:

Grant Thornton

The audit

Other assignments

Other

The audit

Other assignments

	2010	2009
	60	44
	33	3
	93	47
	18	21
	-	9
	18	30

The audit includes the auditing of the annual report and the book keeping as well as the boards management, other work tasks and advices for the auditor or other assistance that is caused from such audit or conducting such other work tasks. Everything else is other assignments.

Note 8 Lease agreements	2010	2009
Lease payments for the year	6 920	6 274

A financial lease agreement for CRJ aircraft rotables has been reported with 1,56 MEUR both as "machinery and other technical fixed assets" and as "liabilities to credit institutions". These assets are depreciated according to plan over ten years.

The daughter company European Turboprop Management AB has per 31 December 2010 signed aircraft operational lease agreements with an underlying value of TUSD 61 449 (TUSD 61 449) and TEUR 4 668 (TEUR 4 668). The duration of the agreements are between 2011 and 2015.

Future lease payments	TUSD	TEUR
2011	7 705	2 740
2012	7 750	-
2013	7 418	-
mature after 2013	14 192	-

Note 9 Tangible fixed assets	2010-12-31	2009-12-31
Aircraft and components		
Opening acquisition value	51 178	39 982
Opening acquisition value in acquisitions	-	749
Purchases	1 398	4 738
Sales	- 1 315	- 957
Closing day acquisition value	51 261	44 512
Opening depreciations	- 23 302	- 16 324
Opening depreciation in acquisitions	-	- 274
Sales	257	79
Depreciations for the year	- 4 640	- 3 748
Closing day depreciations	- 27 684	- 20 267
Book value	23 577	24 245

Aircraft are depreciated according to plan over ten years for ATP and Cessna Citation and fifteen years for CRJ.

Aircraft components are depreciated according to plan over ten years for ATP and CRJ.

Other depreciations, mainly engines, are made according to special plan over twenty years.

Equipment	2010-12-31	2009-12-31
Opening acquisition value	2 119	1 621
Purchases	64	222
Sales/Scrap	- 25	-
Closing day acquisition value	2 158	1 843
Opening depreciations	- 1 595	- 1 183
Sales/Scrap	3	-
Depreciations for the year	- 201	- 205
Closing day depreciations	- 1 793	- 1 387
Book value	365	456

Equipment is depreciated according to plan over five years.

Note 10 Shares in associated companies	2010-12-31	2009-12-31
Opening acquisition value	257	127
Sales	-	97
Withdrawal	- 4	-
Closing day acquisition value	253	224
Opening write-down	-	-
Write-down for the year	-	-
Closing day write-downs	0	0
Book value	253	224

Flyguppdraget Backamo AB
Reg. no. 556270-7322

Förvaltningsbolaget Örgryte KB
Reg. no. 969626-6726

Share of capital	Share of voting rights	Number of shares	Booked value
15 %	15 %	150	111
50 %			142

Note 11 Other financial assets	2010-12-31	2009-12-31
Membership Älvereds Golf	17	14

Note 12 Prepaid expenses and accrued income	2010-12-31	2009-12-31
Prepaid expenses	918	933
Accrued income	-	248
	918	1 181

Note 13 Change in equity

	Share capital	Legal reserve	Profit brought forward	Profit for the year	Total equity
Equity at the beginning of the year	1 957	6 602	2 629	1 483	12 670
Distribution of profit according to the General Meeting of Shareholders			1 483	- 1 483	
Fluctuation between restricted and not restricted equity		278	- 278		
Change in structure of group companies			25		
Exchange rate fluctuation of currency loans			1 331		
Tax effect on exchange rate fluctuation of currency loans			- 350		
Exchange rate fluctuation	293	989	534		
Profit for the year				279	
Equity at the end of the year	2 250	7 869	5 373	279	15 771

Note 14 Pension commitments

Regarding determined pension benefits for staff in Norway.

Note 15 Deferred tax	2010-12-31	2009-12-31
Regarding untaxed reserves	3 774	3 260
Regarding temporary differences	414	- 12
	4 189	3 249

Note 16 Aircraft maintenance

Regarding costs for future maintenance of aircraft.

Note 17 Liabilities to credit institutions

TEUR 1 883 (TEUR 2 466) of the long-term liabilities to credit institutions will be due beyond five years after the end of the accounting year. Aircraft mortgages of TUSD 25 010 (TUSD 27 400) has been raised as security.

Note 18 Overdraft facility

Granted overdraft facility in EUR and other currencies amounts to TEUR 3 054 (TEUR 4 566). Business floating charges of TSEK 60 000 (TSEK 60 000) has been raised as security.

Note 19 Prepaid income and accrued expenses	2010-12-31	2009-12-31
Holiday pay provisions	1 260	1 045
Social security costs	536	545
Interest and lease for aircraft	352	192
Prepaid income	295	99
Miscellaneous accruals	1 073	741
	3 517	2 621

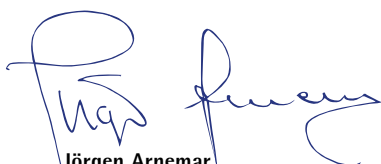
Note 20 Pledged collaterals	2010-12-31	2009-12-31
Business floating charge, TSEK 60000 (TSEK 60000)	6 665	5 797
Aircraft mortgages, TUSD 25010 (TUSD 27 400)	18 899	19 094
Blocked deposit funds, TEUR 100 (TUSD 1 145)	100	798

Note 21 Contingent liabilities	2010-12-31	2009-12-31
Guarantee commitment	1	6
The guarantee commitment refer to employed staff's obligations with credit institutions.		

Gothenburg, Sweden, 11th of April, 2011



Göran Berglund
Chairman of the Board



Jörgen Arnebrink
Member of the Board



Gustaf Thureborn
Managing Director



Audit Report

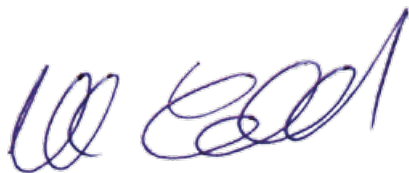
To the General Meeting of the Shareholders of West Air Europe AB Corporate identity number 556503-6083

We have audited the financial reports of West Air Europe AB for the financial year ended December 31, 2010 in accordance with generally accepted auditing standards in Sweden, from where the financial reports in summary are deduced. We have submitted an unmodified auditor's report, dated April 11, for the financial reports from where the financial reports in summary are deduced.

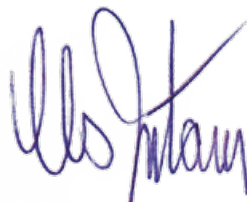
Our opinion is that the enclosed financial reports in summary, from a materiality perspective, are consistent with the financial reports from where this summary is deduced.

For a better understanding of the financial position of the Company and the Group, the financial result of the business for the period, and for, the scope of our audit, the financial reports in summary must be read together with the complete financial reports and the auditor's report submitted with the financial reports.

Göteborg, Sweden 11 April, 2011



Ulf Careland
Authorized Public Accountant



Claes Jörstam
Approved Public Accountant



The West Air Europe group

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