



WEST ATLANTIC

West Air Europe – Annual Report 2011





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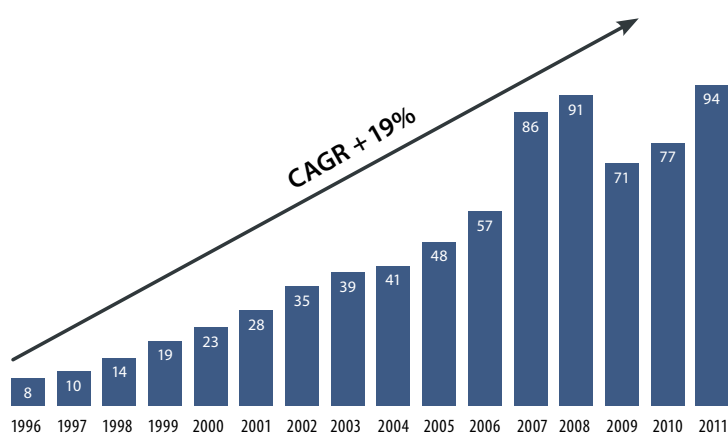
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The West Atlantic Group

West Atlantic Group is one of the leading service providers of efficient air freight solutions in the three - 20 tonne segment. The Group offers highly customised service for the global market through its three airlines; Atlantic Airlines Ltd, West Air Sweden AB and West Air Luxembourg S.A. Through the Group's aircraft leasing company, European Turboprop

Management AB, the business also includes aircraft leasing with a portfolio in excess of 35 aircraft. Base maintenance and line maintenance control are provided by European Aircraft Maintenance Ltd, operating out of the Isle of Man. The Group is controlled through a privately owned parent company – West Air Europe AB

Revenue MEUR



Aircraft Overview as at 2012-03-31

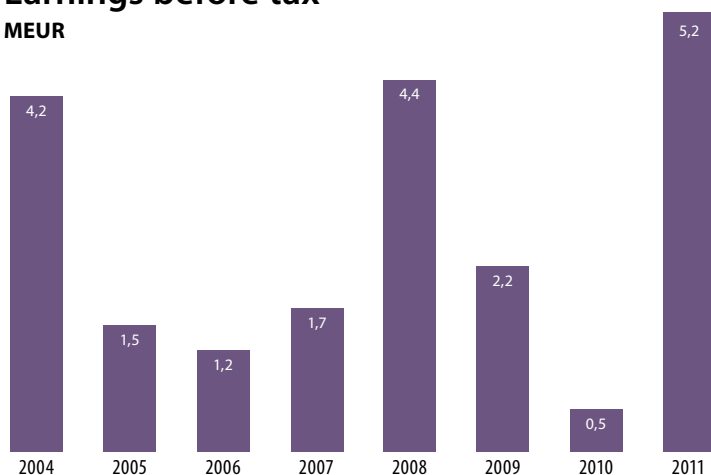
Aircraft	Number	Average age
BAe ATP	40	21 y
CRJ-200PF	3	17 y
L188 Electra	2	51 y
ATR 72-200	1	20 y
Boeing 737-300	1	21 y
	47	22 y

West Atlantic's aircraft fleet, has increased dramatically during the period 1996 to 2011. West Atlantic manages a fleet of over 45 aircraft including BAe ATP-F, CRJ-200PF, Boeing 737-300, ATR 72-200 and Lockheed L188 Electra. The Boeing 737 project was launched Q1 2012 with delivery and operation in the second quarter 2012.

In addition to West Atlantic's own fleet of 47 aircraft, an additional eleven aircraft (7 ATR 72 and 4 BAe ATP) are dry leased out on a operational basis through a joint venture with Erik Thun AB.

Earnings before tax

MEUR



Director's Report 2011





Headquartered in Gothenburg, Sweden, West Air Europe AB is the parent company to West Air Holding AB (SE) – including European Turboprop Management AB (SE) and West Air Sweden AB (SE) – as well as to West Air Luxembourg SA (LU), Atlantic Airlines LTD (UK), Elite Crew Training AB (SE), European Aviation Maintenance Ltd (IM) and Norway Aviation Services AS (NO). Together these entities form the West Atlantic Group.

Significant events in the group

The year 2011 was very similar to 2010 and the third year in a row characterised by recession. We note that demand continues to be about 20 per cent lower than the peak in 2008.

Our focus in 2011 has been on improving operational efficiency which led to a long-term decision to relocate the Group's flight operations to Luxembourg in early May. The goal of this operational restructuring was to lower flight operational costs by MEUR 1.5. The move was finalised in late Autumn and was characterised by high initial start-up costs which affected our performance in 2011. Although we believe that through this relocation we will strengthen our long-term position in the European market.

Adjusting price levels for our customers has remained difficult as the market is characterised by surplus capacity and low price levels.

We actively participated in the Amapola and the Swedish Post tender process for Air Freight Capacity of eight tonnes where six of the total requirement for 16 aircraft was up for tender. We put in our best efforts to win the entire contract and are delighted to say that the Group succeeded, further establishing that the BAE ATP aircraft is highly competitive in this market. We begin to operate these aircraft from 1st July 2012 and expect to carry on without changes until 2015. With this new contract West Air Europe has long-term air freight contracts for the Norwegian as well as the Swedish Post and as a result will grow by 33 per cent in the Swedish air freight market during 2012.

In addition we received additional management assignments

and we took over responsibility for twelve external aircraft. The largest assignment was to manage eleven ATR aircraft that were previously operated by Olympic Airways in Greece. During the year we also signed to enter the South American market in Chile where we see great market potential for the aircraft types we operate, particularly the CRJ200PF as it is very suitable due to its higher speed and longer range. During the year we continued to have surplus production capacity due to less demand than expected in the market.

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Our merger with Atlantic Airlines in the United Kingdom was finalised during 2011

Trading of aircraft reached six transactions in total; three purchases and three sales. Activity in our Joint Venture with Erik Thun AB resulted in five-year lease extensions on two ATR aircraft. The estimated total investment in this JV amounts to MUSD 50 and at the time of closing the accounts, the total accounted value was MUSD 30 as well as an anticipated profit of MUSD 12 to be divided equally amongst the parties. No profit for the venture is, however, included in our accounting.

Our investment in the BAE ATP "new generation" is now complete and we can begin to plan for the upgrading of all ATP aircraft in our fleet. Upgrades will be carried out over the coming years as the currently installed avionics and equipment are consumed. Total investment over time will amount to an estimated MUSD 15.

Our merger with Atlantic Airlines in the United Kingdom was finalised during 2011 and we are now a group including three airlines, two maintenance companies and one leasing company. The merger was completed through West Air Europe's acquisition of all shares in Atlantic Airlines Ltd by a directed rights issue. The acquisition took

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... a positive factor is that the number of inquiries for Air Freight transports have increased ...

place on December 31st 2011, and only the balance sheet is consolidated for the closing of accounts for the year. Profit and loss for the financial year 2011 only depicts the former West Air Group.

In addition, we were unable to develop our business with Airbus A320 passenger-to-freighter conversion project which meets our capacity requirements in the European market. Airbus cancelled the project due to complications with their partners and lack of demand. All costs incurred on this project are accounted for during the financial year 2011. On the other hand, additional demand for larger Boeing 767 and Airbus 300 capacity, prompted us to contract in capacity from other airlines with experience of these types. The result of this was very positive and we are now ready to expand our operational permits to primarily include the Boeing 767.

Production

The Group's revenue increased during 2011 by 21 per cent compared to the previous year and amounted to MEUR 94. Of the Group's revenue, 33 per cent came from outside Scandinavia and the distribution between mail and express cargo was 50 per cent to 39 per cent respectively (with others accounting for 11 per cent). In total 14,625 flights (13,535) were performed – an increase of 13 per cent over the previous year. Reliability was unchanged at 99.62 per cent (99.62) and continues to surpass the Group's long-term goal of 99.00 per cent.

Profit

The Group's gross profit amounted to MEUR 13, with MEUR 10 attributable to Air Freight production and MEUR 3 accounted for by management of aircraft. After deducting for costs of services provided, the Group recorded an operating profit of MEUR 6 compared to MEUR 1 for 2010. The improvement in profitability mainly results from lower depreciation and maintenance cost on our BAe ATP aircraft. Nevertheless, the newly-added Boeing 767 and Airbus A300 capacity, as well as the expanded external aircraft management assignments also contributed to this increased profitability. Margin was 6.5 per cent, which is an increase compared to 1.7 per cent in 2010.

Liquidity and financing

The Group's total assets increased mainly due to the acquisition of Atlantic Airlines Ltd and, upon closing, the accounts amounted to MEUR 75 (57). During the financial year the Group generated a positive cash flow from its operations of MEUR 7. On closing date there was MEUR 11 in liquidity available in cash and undrawn overdrafts. Approximately one quarter of the aircraft fleet is owned by the Group. These aircraft have been financed by loans from credit institutions and aircraft mortgages have been raised as security. Remaining three quarters of the fleet are leased in.

Significant events after closing date and future development

Towards the end of the year 2011 we expected a new year with growth and the start of three new contracts totalling 650 flight days. However, the recession has continued into 2012 and we are adapting our production to meet these conditions. At the time of writing we have lost three air freight contracts due to changes in our customer networks, but we will balance out these losses with the three new contracts signed, thus retaining our production volume.

An air freight production for Rio Baker LTDA in Chile will be established by our Swedish airline, West Air Sweden AB. At the end of 2012 we expect to have setup three sectors with the CRJ200PF.

It seems that 2012 will be characterised by surplus capacity and low price levels. However, a positive factor is that Air Freight transport enquiries have increased in general and consist of assignments on other continents. In Europe we intend to bid for two upcoming Postal tenders. Given that our offers have been highly competitive in tenders over the last two years, we are optimistic about receiving future awards.

Until the market regains strength we will continue working on adapting our cost structure to meet current conditions, and prepare for expansion in the year 2013. As the ATP aircraft maintenance cost has been lower than expected, we are lowering our airlines' operating cost and expect increased profitability.

During 2012 we intend to sell some aircraft in our jointly owned aircraft portfolio (JV Erik Thun AB) as three existing leasing contracts expire and we expect to realise a positive result. This will occur during the later parts of 2012.

Board of Directors

The board of the Group's parent company has met six times during the financial year. Rules of procedures are set and adopted and it is stipulated that the Board shall hold four regular meetings each year. Also stipulated is that the Group's policy for financing and investments as well as disinvestments in companies and operations shall be decided by the Board. In its assignment the Board have continuously kept itself informed about the Group's financial development and position.

Environmental Information

The Group company West Air Sweden AB is obliged to notify the authorities in accordance with the Swedish Environmental Code. This requirement stems from the company's small amount of handling of oils which does not need a permit.

Aircraft in the Group fleet consist largely of the second generation turboprop aircraft. These are substantially more environmentally friendly due to low noise, low fuel and CO₂ emissions compared to older first-generation turboprop aircraft. During 2012 the active trading of emission credits will begin in the European Union.

Business Strategy



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- meeting the demand for safe, efficient and profitable airfreight solutions, by the means of a customised aircraft fleet

West Atlantic Cargo Airlines' success is based on our business concept

“- meeting the demand for safe, efficient and profitable airfreight solutions, by the means of a customised aircraft fleet”

In order to live up to this concept, the Group has developed significant know-how in aircraft engineering, as well as operating skills. The Group is unique as it designs, develops and converts passenger aircraft into freighters, primarily for its own operations.

To secure supply and quality for maintenance and repairs, the Group established a provider based out of the Isle of Man, where most of the Group's heavy maintenance is being carried out. With the current Group structure West Atlantic is more or less self-sufficient in supporting its operations of the ATP-F.

The main aspects of the business strategy

Business to Business

Focusing on customers that outsource parts of their transportation needs, which are operated by aircraft with less than 30 tonnes payload.

Customer Focus

Focusing on customers with particular customisation needs, each by unique characteristics which can be well diversified.

Services

Focusing on the segment three to 30 tonnes payload and prioritise geographical expansion and thereby further utilise the fleet of aircraft.

Competitive Position

Differentiate from competitors through improving operations with outstanding engineering and operational quality. Thus further developing and marketing CRJ200PF, third generation turboprop ATP-F with EFIS and similar projects.

Cost Effectiveness & Efficiency

Direct operating costs are lowered by improvements on aircraft components as well as on systems.

Market

National Mail

Global Integrators

Third Party Logistics

National Cargo Carriers

Market characteristics

Air freight operations, in Europe, with mid-sized aircraft have an estimated market value of over 500 MEUR. Of these, the Group accounts for 94 MEUR in 2011. Competitors operating similar aircraft include Farnair in Switzerland, Air Contractors in Ireland and Swift Air in Spain.

In the wake of the financial crisis 2008-2009 the market has stagnated along the overall economic conditions but has shown very high historical growth. It is dividable into four key sectors:

- National mail companies.
- Global integrators such as FedEx, DHL, UPS and TNT.
- Third-party logistics companies such as Panalpina and Bridges.
- National air cargo carriers such as Lufthansa Cargo and Cargolux.

The market is characterised as a contractual market, where the customers mainly tender. To be awarded more contracts West Atlantic needed to find an "order-winner". The ATP Freighter, with or without the large freight door, was developed with the intention to be this order-winner. It has proven to generate the lowest transportation cost per kilo and cubic meter in volume.

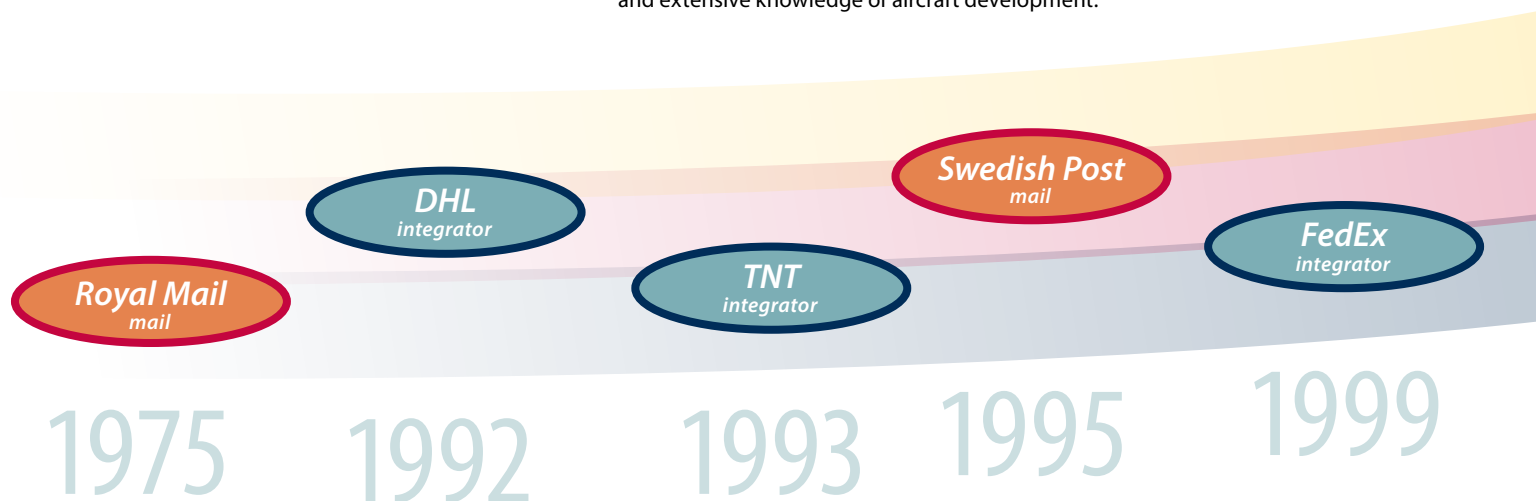
Contracts are most commonly signed for periods of 1-5 years with options for yearly extensions. In addition, examples of contracts running with just 30-90 days notice are also common.

Current client base

West Atlantic has an excellent customer base of leading logistic companies. Our extensive track record has proven us as a reliable partner for premier logistic solution companies, and customers have throughout the years appreciated West Atlantic's flexibility to meet the customer's specific requirements.

Reputation and development

Since the start of operations as dedicated cargo company in 1995, West Atlantic has achieved a remarkable reputation for its freight modification of the British Aerospace HS 748 and ATP aircraft. We introduced large aircraft cargo conversion solutions onto smaller aircraft types. In recent years we have noticed that most of our competitors have adopted this technique to be able to offer freight solutions on similar economical terms. West Atlantic is, and has always been, associated with excellent quality and extensive knowledge of aircraft development.



A current project within the Group is to develop the BAe ATP-F into a next-generation, advanced turboprop. This will be achieved by upgrading components and systems with state-of-the-art equipment like a new full EFIS cockpit which has been developed by the Group. Another on-going research project is the development of a new propeller design. A further project is a potential cargo pod, adding another 2 tonnes of payload, without significantly changing aircraft performance.

West Atlantic has co-developed and ordered the package freighter conversion programme for the CRJ200PF regional jet, which was developed for long, thin routes, where speed is of essence. The CRJ200PF has been proven highly efficient in West Atlantic's own operation and is a project carrying great potential.

All three airlines are operating under EU OPS and have adopted the extended quality system. So far no major incident has occurred in West Atlantic's operations. Each airline has a quality system and quality manager. Maintenance is done according to PART 145.

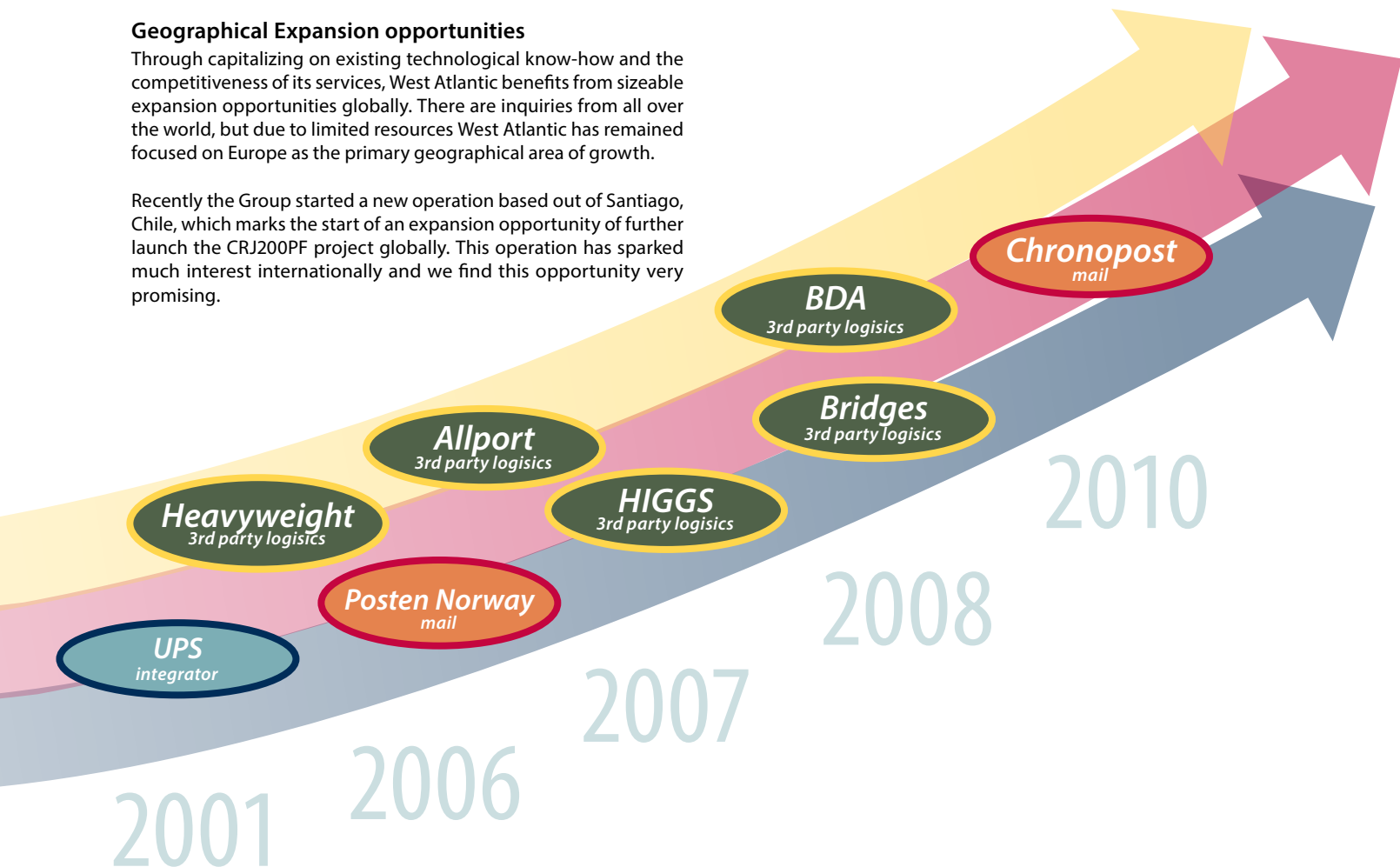
Geographical Expansion opportunities

Through capitalizing on existing technological know-how and the competitiveness of its services, West Atlantic benefits from sizeable expansion opportunities globally. There are inquiries from all over the world, but due to limited resources West Atlantic has remained focused on Europe as the primary geographical area of growth.

Recently the Group started a new operation based out of Santiago, Chile, which marks the start of an expansion opportunity of further launch the CRJ200PF project globally. This operation has sparked much interest internationally and we find this opportunity very promising.

Other opportunities for expansion, recognized by management include:

- Provide operational know-how and management around the world for mid-sized freighters such as the BAe ATP, ATR and CRJ200PF.
- Further development of a maintenance company to provide third party maintenance to other operators.
- Establish commercial alliances with integrators and third party logistic providers, to open up new routes that have been judged to be economically hazardous for each party alone.



The graph shows some of our important customers and the year of the first contract.

Customers & Suppliers

Global integrators

West Atlantic has serviced all four integrators, and has operated for three of them during 2011. However, the contract with one of them will expire in 2012. Hopefully, any realised expiry is only temporary as we have ongoing discussions.

TNT UPS FedEx DHL

The National Mail organisations

In the second segment – the National Mail organisations – we operate for four of them in Sweden, Norway, France and the UK. Much of this is due to national protectionism as a result of an old national monopoly system. However, this model is being disbanded partly due to privatisation of the national mail companies, and partly due to each country becoming more and more an integrated part of the European Community.

Over the years we have taken part in several countries' national mail companies' tenders for efficient air transportation. Several of these companies' logistic production units are currently in bilateral projects with West Atlantic group to test our services. In coming years there will be, on average, two different national mail tenders yearly.

**Swedish Post
Norwegian Post
Royal Mail
Deutsche Post
Posti
Correos
La Poste
Poste Italiane
Chronopost**

National cargo carriers

In Europe intercontinental air cargo operators still use trucking as the main feeder transport solution. Over the years we have only worked for one of the cargo carriers. However, we have several ongoing discussions where we see possibilities to start new routes in the future.

**SAS Cargo CargoLux
Lufthansa Cargo**

Third party logistic companies

These are building customised distribution systems utilising all the existing transport solutions available on the market. From time to time they are missing one unique connection for their network.

**HIGGS Bridges
PANALPINA**

Suppliers

We have mainly used aircraft manufactured by BAE Systems. These aircraft has been purchased from all over the world and brought to Sweden to be converted in-house. In 2002 we converted our first BAe ATP in-house. Future conversions for the Large Door Freighter were exported by BAE Systems to a third party which was made possible due to the transfer of know-how from West Air to the supplier. The reason for West Air assisting this way was to take advantage of lower manufacturing costs outside Sweden.

When we took delivery of our ATR 72, manufactured by Avions de Transport Régional, we implemented our third aircraft type. The capacity is identical to the already operating aircraft type ATP. This new service has been triggered by additional customer demand. Our fourth aircraft type – the CRJ 200, manufactured by Bombardier of Canada – was introduced in 2007 and has been an important tool for our success in Norway with flights to and from above the Arctic Circle.

Many suppliers for minor production necessities. The number of suppliers amount to in excess of 500. The largest single supplier represented approximately eleven per cent of total purchased volume in 2011 while the 50 largest suppliers represented approximately 82 per cent for the same period and during 2012 we will diversify.



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Our Services

Currently the Group has the capability to provide all the following air freight services:

- Bulk loading of mail and parcels.
- Roll-on/roll-off (RORO) loading of various carrying equipment, e.g. trolleys and euro-pallets.
- Containerised operation with purpose made or aviation standard containers, e.g. LD3, LD4 or palletised.
- Mixed loading through a combination of above.







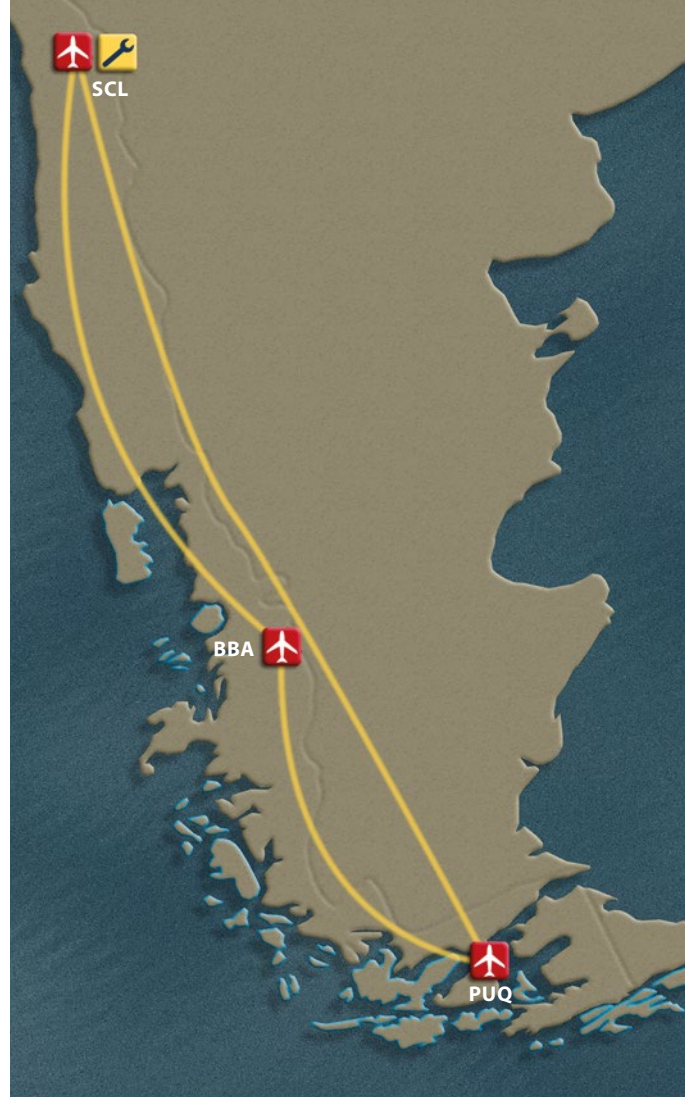
Production Facilities

Main hubs

West Atlantic has established several production facilities around Europe, and from 2012, also in Chile. The main production hubs include: East Midlands (EMA), Oslo (OSL), Arlanda (ARN), Marseille (MRS), Coventry (CVT), Tromsø (TOS) and Santiago (SCL).

Technical bases

The Group has established a significant presence for supporting and maintaining our European network with technical bases in Marseille (MRS), Oslo (OSL), Tromsø (TOS) as well as our main bases in Malmö (MMX), Coventry (CVT) and Isle of Man (IOM).

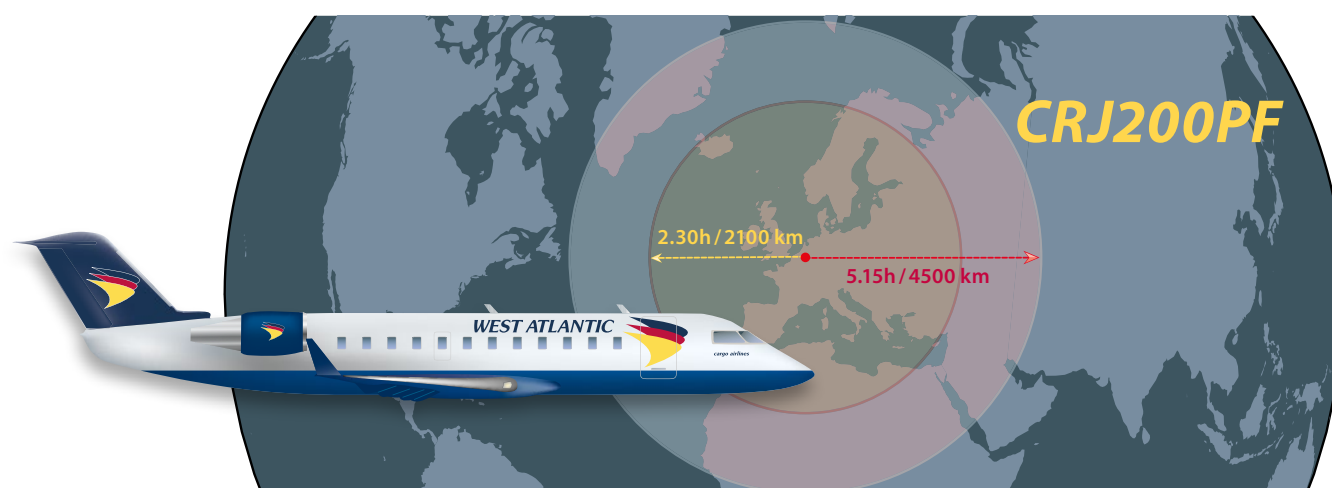


One of our CRJ200PF at Longyearbyen airport (LYR)

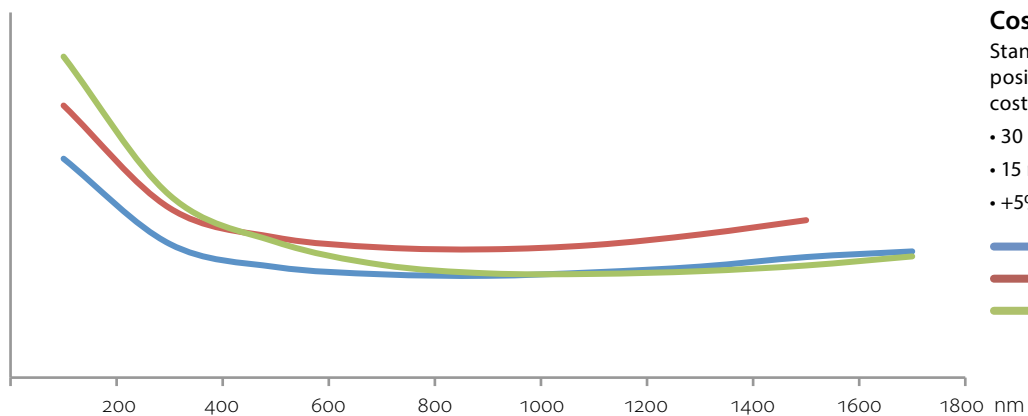
Our Fleet



Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
8400 kg	250 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

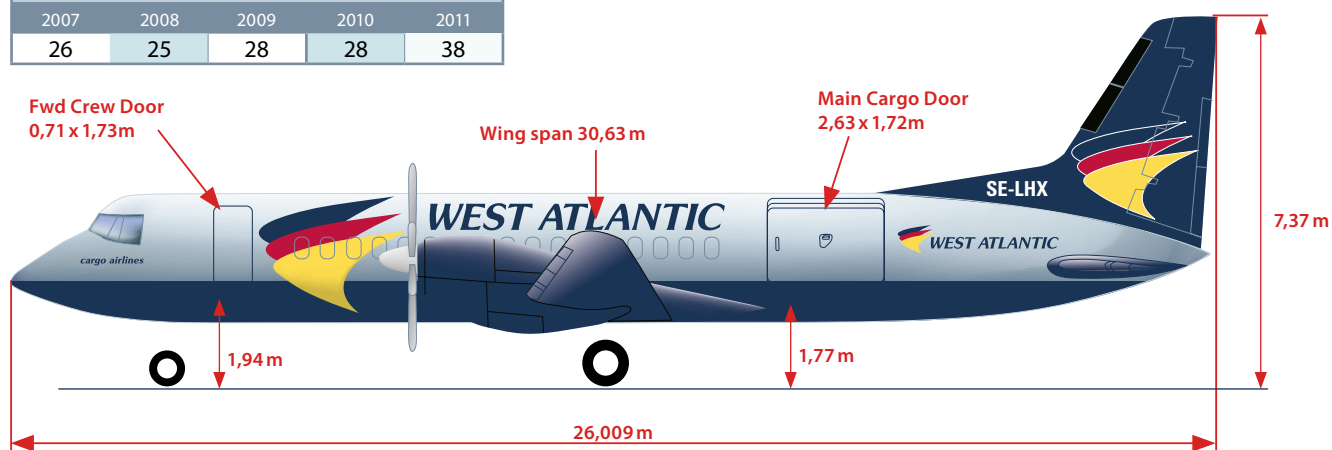


Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
6800 kg	464 kts	14,76 m	2,53 m	1,88 m	53 m ³	26,77 m	21,21 m	6,22 m	0,91 x 1,78m



BAE Advanced TurboProp – ATP-F

2007	2008	2009	2010	2011
26	25	28	28	38



Bombardier – CRJ200PF

2007	2008	2009	2010	2011
2	2	2	2	3





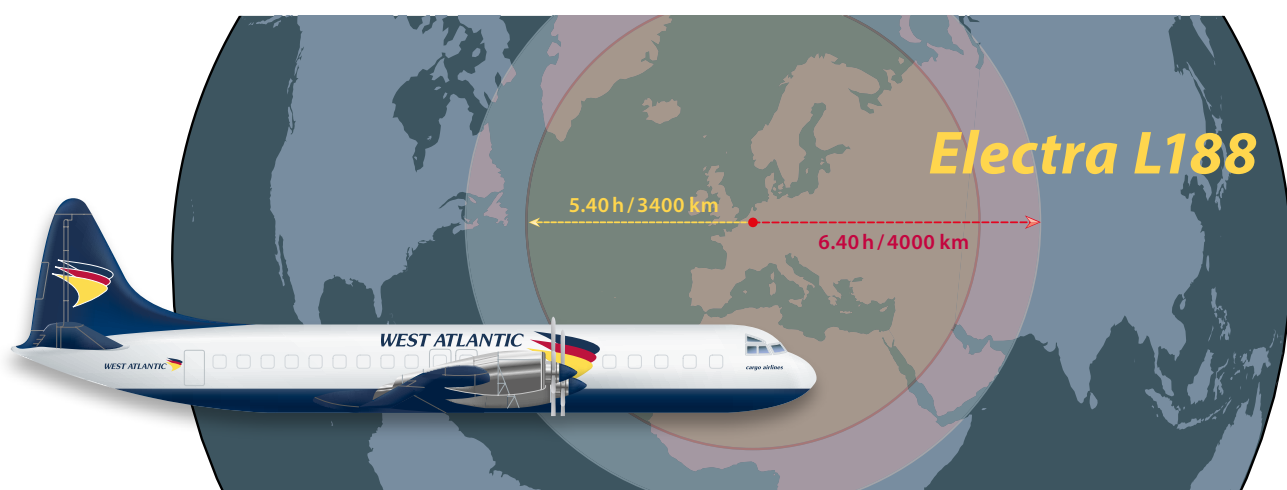
ATR72

Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
8 040 kg	260 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



737-300

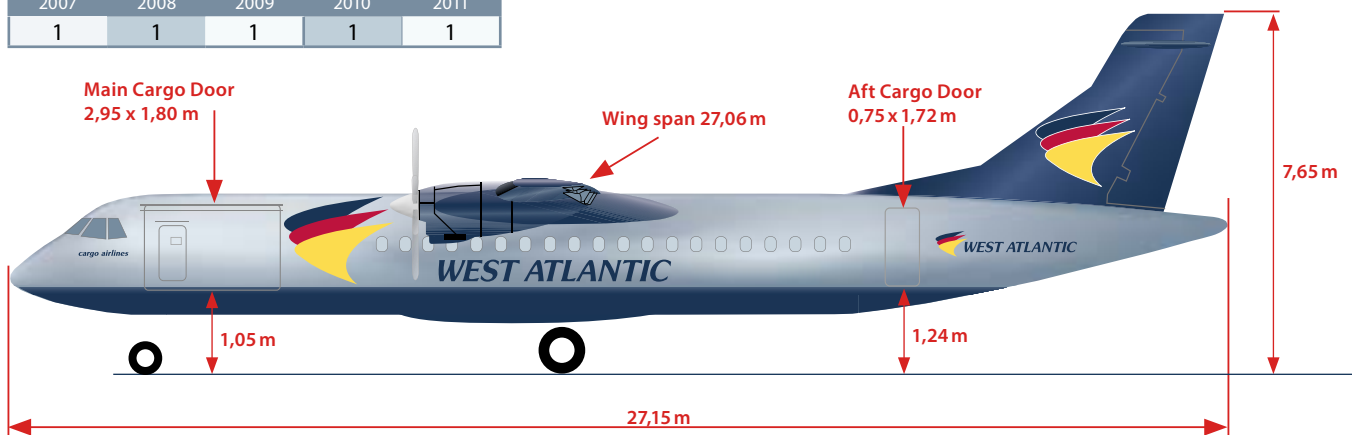
Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
18 600 kg	515 kts	20,95 m	3,24 m	2,20 m	135 m ³	33,4 m	28,88 m	11,13 m	3,54 x 2,20 m



Electra L188

Max payload	Cruise speed	Cabin length	Cabin width	Cabin height	Cabin vol gross	Aircraft length	Aircraft wingspan	Aircraft height	Main Cargo door
15 000 kg	320 kts	20,02 m	2,74 m	2,20 m	91 m ³	31,92 m	30,23 m	10 m	3,55 x 2,03 m

Avion Transport Regional – ATR72				
2007	2008	2009	2010	2011
1	1	1	1	1



Boeing 737-300				
2007	2008	2009	2010	2011
0	0	0	0	1



Lockheed Electra L188				
2007	2008	2009	2010	2011
6	6	5	3	2



NO STEP

NO STEP

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The People of West Atlantic



West Atlantic's reputation for high service quality and provision of excellent customer service is a reflection of its highly skilled and engaged personnel. Staff training and skill development has a high priority and is regarded as an important factor to maintain a high operating standard. This has resulted in a very harmonious workplace and low absence from work.

West Atlantic has been successful in reaching its goals. The Group's strength in its human capital structure is a result of the Group's ability to develop, retain and find skilled individuals.

The personnel employed in West Atlantic are provided with a standard social security and a health care package in accordance with the social security and health care regulations in the countries we are operating in.

All working conditions, including salaries, are regulated in Collective Working Agreements and the workers council has over the years supported management initiatives for the development of the company and proved to be co-operative.

Senior Ma

Gustaf Thureborn | Group CEO – Age 53

Thureborn has an extensive financial background that began with ten years within an international financial institution followed by 5 years in several corporate finance departments within one company group. Thureborn is an entrepreneur and has played a key role in several start-up business projects with his key strengths in these having been finance and business development.

In 1996 he joined the cargo airline industry and was appointed Managing Director of West Air Sweden AB, which was then a new establishment of a previously 'family driven' airline.

Thureborn has since been responsible for developing the West Air Group into one of the major forces in European regional cargo airlines.

Thureborn also holds the position of Accountable manager of the Swedish airline and is based at the company headquarters in Gothenburg, Sweden.



Tony Auld | Group Managing Director – Age 53

Auld is responsible to the West Atlantic Group CEO for his role as Group MD as well as to the West Atlantic Board for the position of Accountable Manager of the UK airline.

Additionally, Auld has a Board overview of the Group maintenance activity working closely with Robert Drews, Group Technical Director.

He has held the position of Accountable Manager within the industry for more than 20 years having spent his entire working life in aviation.

He has previously held various posts during this 30 years span ranging from Ground Services Manager, Commercial Manager, Airport Manager, Managing Director and Chief Executive.

He joined Atlantic Airlines in 1999 where, in 2001, he and Russell Ladkin formed an MBO team to acquire Atlantic Airlines from its founding owner prior to Atlantic's subsequent merger with West Air Europe in 2011. Auld is based at Coventry Airport, UK.



Russell Ladkin | Group Sales & Operations Director – Age 42

Ladkin is responsible for the Group's airline sales activity, including strategic direction, development of new products and services, new markets and regions, customer relationship management, operational service delivery and marketing communications.

Ladkin joined the company in 1989 serving as a pilot until 2002 when he transferred to full time ground duties. He accrued more than 6,000 flying hours for the airline on a wide variety of types, including cargo aircraft, corporate jets, passenger aircraft and coastguard/maritime-patrol aircraft.

In his 23 years Ladkin has held a number of roles in the business, including Training Captain, General Manager, Operations Manager, Director of Flight Operations and Managing Director.

In 2001 Ladkin joined with Tony Auld to form a successful partnership MBO team to acquire Atlantic Airlines from its original private owner.

In 2009 he transferred to Gothenburg, Sweden, to take up his current Group role in preparation for the merger of Atlantic Airlines and West Air Europe.



management



Magnus Dahlberg | Group Chief Financial Officer – Age 44

Dahlberg graduated in Business Administration. Between 1988 and 2001 he worked for an international financial institution where he held a number of positions within the accounting division.

Dahlberg commenced his aviation career in 2001 as Finance Director for a Swedish regional passenger airline before joining West Air Sweden in 2002 as Finance Director.

Today he is CFO for the West Atlantic Group.



Robert Drews | Group Technical Director – Age 53

Drews holds a university aeronautical degree and has accumulated 25 years of experience in senior roles within aviation maintenance management over a number of positions. He holds technical licences for various aircraft types.

Drews joined West Air Sweden in 1995 as Technical Manager, Part M and was appointed Technical Director in 2003.

His responsibilities were later increased with the addition of Group Fleet Manager to his duties and, in 2008 he was additionally appointed as Accountable Manager for the Swedish Part 145 maintenance organisation.



Peter Koster | Accountable Manager, West Air Luxembourg – Age 45

Koster is responsible to the West Atlantic Board as Accountable Manager for the Luxembourg airline.

He joined the air cargo industry in 1986 taking key roles in establishing various sales and service structures for wide-body and intercontinental cargo operators.

In 2002 he joined the West Air Group as Accountable Manager for West Air Luxembourg, a role that he maintains to this date.

Koster also holds the position of President of "Findel asbl", which is a lobby organisation representing 3,500 members with the objective to foster development of the aviation industry in and around Luxembourg airport.

Koster is also Vice President of the AUC (Airport User Committee) of Luxembourg, which represents all on site operators' interests with respect to airport issues.



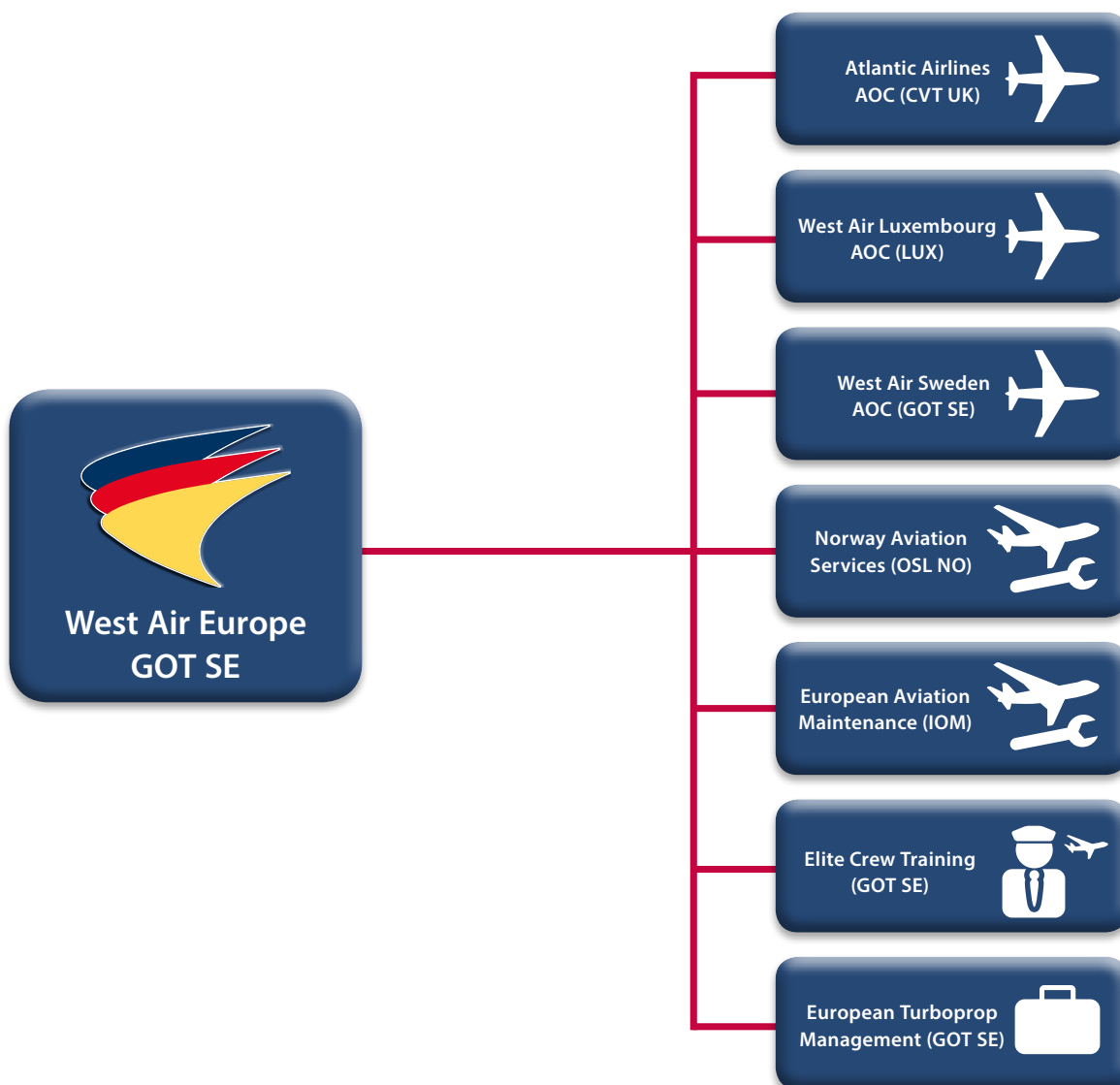
Group structure

The Group's headquarter is located in Gothenburg, Sweden and is currently the base for management, finance and Part-M.

The office houses 40 employees and nine legal entities. West Atlantic has two branch offices, one in Luxembourg and one in Coventry. The local branch office in

Coventry provides flight operation control for all three operating units.

The Group provides heavy maintenance at the Isle of Man and light maintenance at Sturup, Malmö, Sweden as well as Coventry, UK, Oslo and Tromsö (both in Norway) and Marseille, France.



Profit & Loss account

	note	2011	2010
Net turnover	1	93 655	77 128
Cost of services provided	2 3 4 8 10	-80 551	-72 369
Gross profit		13 104	4 758
Cost of sales	2 4 10	-1 892	-695
Administration costs	2 3 4 10	-4 818	-4 128
Other operating income		101	1 563
Other operating costs		-368	-174
Operating profit		6 128	1 324
Interest income and associated income	5	41	33
Profit in associated companies		38	27
Interest costs and associated costs	6	-967	-863
Profit after financial income and costs		5 239	521
Tax	7	-1 240	-242
Profit for the year		4 000	279

Profit and Financial Position

Group - West Air Europe AB	2011	2010	2009	2008	2007
Revenue	93 655	77 128	71 065	79 606	85 601
Result after financial items	5 239	521	2 202	3 855	1 725
Total assets	75 354	57 648	50 343	46 465	47 579
Solidity	27%	27%	25%	23%	21%
Avg. employees	264	261	304	302	265

Appropriation of profits

To the general assembly following profits are available for distribution:

Profit brought forward	3 793
This year's profit	4 000
	7 792

The board suggest that the profit is to be allocated as follows:

Profit to be carried forward	7 792
	7 792

This report reflects the original Swedish and has been converted into EUR at a rate of 8.9447 SEK for each 1 EUR. All amounts are reported in thousands of EURO (TEUR) if not stated otherwise. Information in parentheses refers to previous year. The previous year's rate was 9,002 SEK for each 1 EUR.

Balance Sheet

ASSETS	note	2011.12.31	2010.12.31
Non-tangible assets	9		
Goodwill		23	-
Licenses & IT system		518	31
		<u>542</u>	<u>31</u>
Tangible assets	10		
Machinery and technical equipment		37 056	23 577
Equipment		215	334
		<u>37 271</u>	<u>23 911</u>
Financial assets			
Shares in associated companies	11	255	253
Other financial assets	12	-	17
		<u>255</u>	<u>270</u>
Total fixed assets		38 068	24 212
<hr/>			
Current assets			
Inventories			
Spares and necessities		10 370	6 275
Work in process		-	1 006
		<u>10 370</u>	<u>7 281</u>
Short term assets			
Accounts receivable - trade		12 225	10 619
Tax receivable		2	2
Other receivables		8 869	8 713
Prepaid expenses and accrued income	13	1 276	918
		<u>22 371</u>	<u>20 253</u>
Cash and bank		4 545	5 903
Total current assets		37 286	33 436
TOTAL ASSETS		75 354	57 648

All amounts are accounted for, unless otherwise stated, in thousands of euros (TEUR).

Balance Sheet

EQUITY & LIABILITIES	note	2011.12.31	2010.12.31
Equity	14		
Share capital (20 253 480 shares)		2 264	2 250
Non-registered share capital (6 751 160 shares)		755	-
Restricted reserves		9 816	7 869
		12 835	10 119
Profit brought forward		3 793	5 373
Profit for the year		4 000	279
		7 792	5 652
Total Equity		20 627	15 771
Allocations			
Pension commitments	15	-	97
Deferred tax	16	5 507	4 189
Aircraft maintenance	17	6 230	8 084
		11 737	12 369
Long term liabilities	18		
Liabilities to credit institutions		7 730	8 903
Other liabilities		5 503	5 810
		13 233	14 713
Current liabilities			
Overdraft	19	1 090	-
Liabilities to credit institutions	20	3 371	2 045
Payment in advance from customers		-	1 129
Accounts payable - trade		9 922	4 773
Tax liabilities		667	318
Other liabilities		12 035	3 014
Prepaid income and accrued expenses	21	2 672	3 517
		29 757	14 795
TOTAL EQUITY & LIABILITES		75 354	57 648
Memorandum items			
Pledged collaterals	22	see note	see note
Contingent liabilities	23	see note	see note

All amounts are accounted for, unless otherwise stated, in thousands of euros (TEUR).

Cash Flow Statement

	note	2011	2010
Operating activities			
Profit after financial income and costs		5 239	521
Non-cash items			
Depreciation		2 354	4 840
Change in allocations		-1 689	1 245
Profit/loss from exchange rates fluctuations		-16	-166
Reservations on illiquid trade receivables		1 075	-
Disposal of fixed assets		776	80
		7 740	6 520
Income tax		-1 067	-466
Cash flow from operating activities before change in operating capital		6 673	6 054
Change in stock		-587	-1 009
Change in short term receivables		3 061	-3 667
Change in short term liabilities		5 369	1 433
Cash flow from operating activities		14 516	2 811
Acquisition of subsidiary company	24	-2 366	-
Changes in shares in associated companies		-1	4
Acquisition of intangible fixed assets		-580	-
Investments in tangible fixed assets		-11 295	-1 462
Sale of tangible fixed assets		-	999
Cash flow from investing activities		-14 241	-458
Currency differences in foreign businesses and changes in equity		13	-61
Increased liabilities to credit institutions		982	-
Amortisation on liabilities to credit institutions		-1 923	-2 706
Change in other liabilities		-630	-50
Dividend		-113	-
Cash flow from financing activities		-1 670	-2 817
Liquid assets in the beginning of the year		5 941	6 367
Change in liquid assets		-1 396	-464
Liquid assets at year end		4 545	5 903

All amounts are accounted for, unless otherwise stated, in thousands of euros (TEUR).

Accounting and valuation principals

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council, using the acquisition accounting method. Accounting and valuation principles are unchanged compared to previous year with the exception of changes in estimations and evaluations of residual values according to the applicable aircraft below.

Air freight services revenue

The Group provides air cargo transportation with customised aircraft. Accounting of revenue occur when transportation has been completed. On-going, non-invoiced services are accounted for at the calculated invoice value of services provided.

Other income

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

Write-downs on tangible and intangible fixed assets with a decidable lifetime.

The Group reviews the accounted balances for these assets with a decidable lifetime at least once a year to review if any indication has appeared for write-downs. If the highest value of real value or utility value of the asset is lower than accounted book value, the book value of that asset shall be written down.

Tangible 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 routine aircraft maintenance and reparations are accounted for continuously. Significant modifications and upgrades to aircraft and its components are activated and depreciated linearly during the determined economical lifespan. Profit or loss from sales or scrapping 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.

Inventory

Stock for flight operations are accounted at the lowest of acquisition value or net sales value. Acquisition values are calculated according to the first in/first out (FIFO) method. Certain parts are valued according to the principle of lowest value in collective with corresponding aircraft.

Appropriations

Appropriations are defined and accounted for as future expenses regarding commitments in agreed retirement plans, future tax expenses and future expenses for commitments on aircraft maintenance according to signed aircraft leasing agreements.

Accounts receivables are valued to estimated real value in relation to estimated inflow, other receivables and liabilities are accounted for at a nominal rate unless otherwise stated.

Receivables and liabilities in foreign currencies have been translated to closing day rate.

Solvency is calculated as (Equity + 73,7% of restricted reserves) divided by total capital.

Note 1

Net turnover	2011	2010
Flight production	82 922	71 998
Aircraft and component trading	51	252
Aircraft leasing	1 464	1 179
Technical services	7 998	3 145
Other income	1 219	555
	93 655	77 128

Note 2

Personnel Average number of employees	2011		2010	
	Totalt	Whereof men	Totalt	Whereof men
Sweden	113	96	162	139
Luxembourg	99	91	52	47
England	32	30	33	31
Norway	20	20	14	14
	264	237	261	231

Salaries, other remuneration and social security costs:

Sweden	2011	2010
The Board and Managing Director	-119	-109
Other employees	-6 203	-8 551
Sum of salaries and remunerations	-6 322	-8 660
Luxembourg	2011	2010
The Board and Managing Director	-90	-93
Other employees	-5 487	-3 601
Sum of salaries and remunerations	-5 577	-3 694

Note 2 cont.

Salaries, other remuneration and social security costs:

England	2011	2010
The Board and Managing Director	-30	-32
Other employees	-1 212	-1 317
Sum of salaries and remunerations	-1 242	-1 349
Norway	2011	2010
The Board and Managing Director	-	-
Other employees	-1 340	-899
Sum of salaries and remunerations	-1 340	-899

Social security costs:

Sweden	2011	2010
Total social security costs	-2 743	-3 608
Whereof pension costs:		
The Board and Managing Director	-38	-37
Other employees	-868	-1 154
Sum of social security costs	-906	-1 191

Luxembourg	2011	2010
Total social security costs	-790	-506
Whereof pension costs:		
The Board and Managing Director	-12	-7
Other employees	0	-286
Sum of social security costs	-461	-294

Note 2 cont.

Social security costs:

England	2011	2010
Total social security costs	-164	-182
Whereof pension costs:		
The Board and Managing Director	-1	-1
Other employees	-36	-41
Sum of social security costs	-37	-43

Norway	2011	2010
Total social security costs	-203	-145
Whereof pension costs:		
The Board and Managing Director	-	-
Other employees	-40	-18
Sum of social security costs	-40	-18

The company is not bound to any redundancy payment agreements with the Board or Managing Director. Normal conditions of employment apply.

Note 3

Remuneration to Auditors

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

Grant Thornton	2011	2010
The audit	-72	-60
Other assignments	-23	-33
	-95	-93
Others	2011	2010
The audit	-17	-18
	-17	-18

"The audit" reflects the review of the annual report, accounting, governance by the board of directors, other assignments it is incumbent on the auditors to perform as well as advising or other representation arising from observations by such reviews or completion of such assignments. Everything else is considered "other assignments".

Note 4

Depreciation and write-offs	2011	2010
Cost of goods sold	-2 324	-4 825
Selling expenses	-1	-1
Administrative expenses	-29	-14
	-2 354	-4 840

Note 5

Financial income	2011	2010
Interest income	35	22
Other financial income	6	11
	41	33

Note 6

Financial costs	2011	2010
Interest costs	-891	-857
Other financial costs	-77	-6
	-967	-863

Note 7

Tax on the profit for the year	2011	2010
Paid	-576	-139
Deferred	-664	-103
	-1 240	-242

Note 8

Leasing agreements

A financial lease agreement for CRJ aircraft rotables has been reported with 1.57 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 2011-12-31 signed aircraft operational lease agreements with an underlying value of 48 037 TUSD (61 449 TUSD) and 4 668 TEUR (4 668 TEUR). The durations are between 2012 and 2016.

	2011	2010
Lease payments	6 077	6 920

Future lease payments

Year 2012 , TUSD 6 904 & TEUR 388	5 732
Year 2013 , TUSD 6 009 & TEUR 408	5 059
Year 2014 , TUSD 10 208 & TEUR 428	8 329
Year 2015 or later , TUSD 4 657 & TEUR 1 122	4 727

Note 9

Intangible fixed assets

Goodwill	2011.12.31	2010.12.31
Opening acquisition value	-	-
Acquisitions	23	-
Closing day acquisition value	23	0
Opening depreciation	-	-
Depreciation for the year	-	-
Closing day depreciation	0	0
Book value	23	0

Goodwill from acquisition of Atlantic Airlines Ltd. Depreciation according to plan by 10 % per annum.

Notes

Note 9 cont.

Intangible fixed assets

Licenses and IT-systems	2011.12.31	2010.12.31
Opening acquisition value	31	27
Acquisitions	580	4
Closing day acquisition value	612	31
Opening depreciation	-	-
Depreciation for the year	-93	-
Closing day depreciation	-93	0
Book value	518	31

Licenses and IT-systems are depreciated according to plan by 10-20 % per annum. Assets not yet deployed, hence no depreciation has yet to occur.

Note 10

Tangible fixed assets

Aircraft & aircraft components	2011.12.31	2010.12.31
Opening acquisition value	51 589	51 178
Opening acquisitions from purchases	9 576	-
Acquisitions	11 836	1 398
Sales	-2 776	-1 315
Closing day acquisition value	70 225	51 261
Opening depreciation	-27 862	-23 302
Opening depreciation from purchases	-5 241	-
Sales	2 030	257
Depreciation for the year	-2 096	-4 640
Closing day depreciation	-33 169	-27 684
Book value	37 056	23 577

Aircraft are depreciated according to plan by 10 % over ten years for ATP and Cessna Citation; fifteen years for CRJ at 6.67 %. Aircraft components are depreciated according to plan by 10 % over ten years for ATP and CRJ. Other depreciations, mainly engines, are made according to special plan over twenty years, by 5 %.

Note 10 cont.

Tangible fixed assets

Equipment	2011.12.31	2010.12.31
Opening acquisition value	2 140	2 092
Acquisitions	57	59
Sales/scrap	-491	-25
Closing day acquisition value	1 706	2 127
Opening depreciation	-1 804	-1 595
Sales/scrap	479	3
Depreciation for the year	-165	-201
Closing day depreciation	-1 491	-1 793
Book value	215	334

Note 11

Shares in associated companies	Share of capital	Voting share	Stock	Booked value
Flyguppdraget Backamo AB org. nr. 556270-7322 residing in Ljungså, Sweden	15%	15%	150	112
Förvaltningsbolaget Örgryte KB org. nr. 969626-6726 residing in Gothenburg, Sweden	50%	-	-	136
VACS AB org. nr. 556814-3241 residing in Stockholm, Sweden	33%	33%	167	7
				255

Note 12

Other financial assets	2011.12.31	2010.12.31
Membership Älvereds Golf	-	17

Note 13

Prepaid expenses & accrued income	2011.12.31	2010.12.31
Prepaid expenses	942	918
Accrued income	334	-
	1 276	918

Note 14

Change in equity

	Share capital	Restricted reserves	Profit brought forward	Profit for the year	Total equity
Equity at the beginning of the year	2 250	7 869	5 373	279	15 771
Distribution of profit according to G. M. of Shareholders			281	-279	
Rights issue for acquisition	755		755		
Shift between restricted reserves and non restricted equity		1 897	-1 897		
Exchange rate fluctuation of currency loans			-888		
Tax effect on exchange rate fluctuation of currency loans	14	50	268		
Exchange rate fluctuation			14		
Paid dividend			-113		
Profit for the year				4 000	
Equity at the end of the year	3 019	9 816	3 793	4 000	20 627

Note 15

Pension commitments

Regarding determined pension benefits for staff in Norway. This plan was finished 2011.

Note 16

Deferred taxes	2011.12.31	2010.12.31
Regarding untaxed reserves	5 138	3 774
Regarding temporary differences	369	414
	5 507	4 189

Note 17

Aircraft maintenance

Regarding costs for future maintenance of aircraft.

Note 18

Liabilities to credit institutions

TEUR 1 153 (1 883) 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 31 982 (25 010) have been raised as security.

Note 19

Overdraft facilities

Granted overdraft facility in SEK and other currencies amounts to 6 674 (3 054) TEUR.
Business floating charges of TEUR 12 298 (6 665) has been raised as security.

Note 20

Liabilities to credit institutions

Granted factoring credit in foreign currencies amounts to 2 387 (0) TEUR.

Note 21

Prepaid income and accrued expenses	2011.12.31	2010.12.31
Holiday pay provision	842	1 260
Social security costs	137	536
Interest and lease for aircraft	132	352
Prepaid income	361	295
Miscellaneous accruals	1 201	1 073
	2 672	3 517

Note 22

Pledged collaterals	2011.12.31	2010.12.31
Pledged property on leasehold property	-	-
Business floating charge	12 298	6 665
Aircraft mortgages, TUSD 31 982 (TUSD 25 010)	24 755	18 899
Blocked deposit funds, TEUR 100 (TEUR 100)	100	100

Note 23

Contingent liabilities	2011	2010
Guarantee commitment	-	1

The guarantee commitment refer to employed staff's obligations with credit institutions.

Note 24

Acquisition of subsidiary	2011
Goodwill	23
Tangible fixed assets	4 932
Inventory	2 455
Trade receivables	3 473
Other receivables	2 651
Cash at bank	21
Provisions	-977
Long term liabilities	-285
Trade payables	-2 704
Other short term liabilities	-5 694
Purchase value	3 897
Whereof rights issue	-1 509
Cash payment	-2 387
Acquired cash	21
Liquidity effect	-2 366

All amounts are accounted for, unless otherwise stated, in thousands of euros (TEUR).

Gothenburg, Sweden June 2012


Göran Berglund

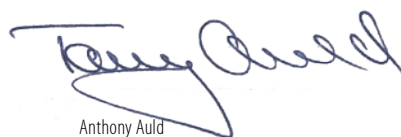
Chairman of the Board


Jörgen Arnebrar

Member of the Board


Gustaf Thureborn

Managing Director


Anthony Auld

Member of the Board


Russell Ladkin

Member of the Board

Audit Report

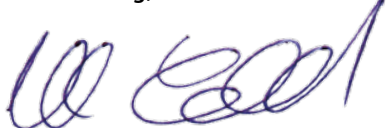
To the General Meeting of the Shareholders of West Air Europe AB Corporate identity number 556503-6083

We have audited the financial reports of West Air Europe AB for the financial year ended December 31, 2011 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 29 June, for the financial reports from where the financial reports in summary are deduced.

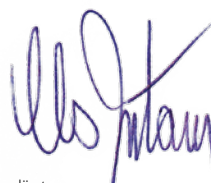
Our opinion is that the enclosed financial reports in summary, from a materiality perspective, are consistent with the financial reports from where this summary is deduced.

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.

Gothenburg, Sweden 29th June 2012



Ulf Careland
Authorized Public Accountant



Claes Jörstam
Approved Public Accountant



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Bergen spr	
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