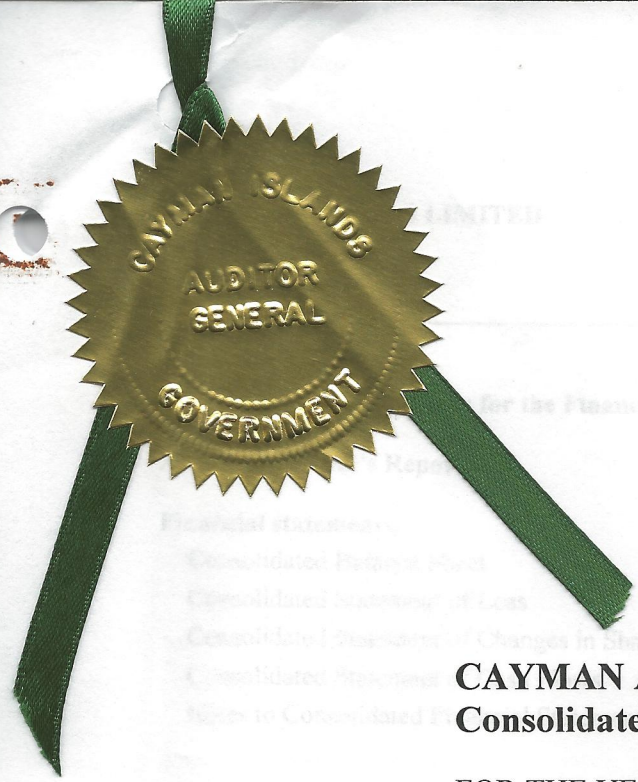




CAYMAN AIRWAYS LIMITED
Consolidated Financial Statements

FOR THE YEAR ENDED
JUNE 30, 2005

CAYMAN AIRWAYS LIMITED

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These financial statements have been prepared by Cayman Airways Limited in accordance with the provisions of the Public Management and Finance Law (2005 Revision).

It is hereby noted that the current Directors and Board Members for Cayman Airways Limited were appointed to their respective positions in July 2004 and were not associated with the Company during the audit year under review. All of our preparations, discussions, responses and negotiations regarding the financial information as of 30 June 2005 and for the year then ended is understood to be given based on the best of our knowledge and belief.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

As the Chairman, Chief Executive Officer (Acting) and Chief Financial Officer, we are responsible for establishing and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by law, and properly record the financial transactions of Cayman Airways Limited.

As the Chairman, Chief Executive Officer (Acting) and Chief Financial Officer, we are responsible for the preparation of Cayman Airways Limited financial statements and for the judgements made therein.

The financial statements fairly present the financial position, financial performance and cash flows of Cayman Airways Limited for the financial year ended 30 June 2005.

To the best of our knowledge we represent that these financial statements:

- completely and reliably reflect the financial transactions of Cayman Airways Limited for the year ended 30 June 2005;
- fairly reflect the financial position as at 30th June 2005 and performance for the Year ended 30th June 2005;
- comply with the national Financial Reporting Standards under the responsibility of the International Accounting Standards Board.



Cayman Airways

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Cayman Airways Limited in accordance with the provisions of the Public Management and Finance Law (2005 Revision).

It is duly noted that the current Directors and Board Members for Cayman Airways Limited were appointed to their respective positions in July 2009 and were not associated with the Company during the audit year under review. All of our preparations, disclosures, responses and representations regarding the financial information as of 30 June 2005 and for the year then ended is understood to be given based on the best of our knowledge and belief.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

As the Chairman, Chief Executive Officer (Acting) and Chief Financial Officer, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of Cayman Airways Limited.

As the Chairman, Chief Executive Officer (Acting) and Chief Financial Officer, we are responsible for the preparation of Cayman Airways Limited financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of Cayman Airways Limited for the financial year ended 30 June 2005.

To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of Cayman Airways Limited for the year ended 30 June 2005;
- (b) fairly reflect the financial position as at 30th June 2005 and performance for the Year ended 30th June 2005;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

Jude L. Hoff.

Chairman

Date: 29-6-10

[Signature]

Chief Executive Officer, Acting

Date: 29 JUNE 2010

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Airways Limited

[Signature]
Chief Financial Officer

Date:

6/29/10

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion. In rendering my opinion on the consolidated financial statements of the Group, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

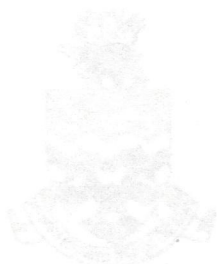
Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Cayman Islands



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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Airways Limited

I have audited the accompanying financial statements of the Cayman Airways Limited and its subsidiary Cayman Airways Express (together the "Group"), which comprise the consolidated balance sheet as at June 30, 2005, and the consolidated statement of loss, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 17 in accordance with the provisions of section 52(3) of the *Public Management and Finance Law, (2005 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion. In rendering my opinion on the consolidated financial statements of the Group, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2005, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

CAYMAN AIRWAYS LIMITED

CONSOLIDATED BALANCE SHEET

Emphasis of Matters

Without qualifying my opinion, I draw attention to the fact as discussed in note 2, the Group is dependent upon the financial support of the government of the Cayman Islands to enable it to continue as a going concern and to meet its obligations as they fall due.

The preparation of these consolidated financial statements did not comply with the requirements of the *Public Management and Finance Law (2005 Revision)* under the following sections:

- Section 4: the financial statements are to be prepared in accordance with International Public Sector Accounting Standards ("IPSAS"). The Group presented the consolidated financial statements in accordance with International Financial Reporting Standards and was audited to those Standards. No assessment has been made to determine if significant differences in presentation or disclosures exist if these consolidated financial statements had been prepared in accordance with IPSAS.
- Section 52: annual financial statements are to be prepared, submitted to the Auditor General for auditing, and included in an annual report that is required to be presented to the Legislative Assembly four months and two weeks after the end of the financial year. In this case, the Group's reporting of its financial information to the Legislative Assembly was not in the timeframe required to be in compliance with the Law.

LIABILITIES AND SHAREHOLDER'S DEFICIT

Garnet Harrison, CA
Acting Auditor General

29 June 2010
Cayman Islands

Current assets		
Cash and cash equivalents		
Accounts receivable		
Prepaid expenses		
Flight equipment		
Total assets	\$23,024,330	\$13,123,606
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities		
Accrued expenses (Note 5)		
Unsettled transportation liability and other liabilities		
Current portion of long-term liabilities (Note 8)		
Total current liabilities	2,571,409	24,294,936
Long-term liabilities (Note 8)	11,346,794	23,817,436
Total liabilities	13,918,203	48,112,372
Shareholder's deficit (Note 9)		
Share capital (Note 9)	38,376,215	18,376,215
Share subscriptions (Note 9)	20,990,143	19,351,653
Accumulated deficit	(83,436,230)	(87,416,174)
Total shareholder's deficit	(24,069,872)	(49,688,306)
Total liabilities and shareholder's deficit	\$13,918,203	\$13,123,606

Approved for issuance on behalf of Cayman Airways Limited's Board of Directors by:

Jude L. Scott
Director

29 June 2010
Date

Philip Rankine
Director

29 June 2010
Date