BWIA WEST INDIES AIRWAYS LIMITED

ANNUAL REPORT 2003

Bringing People Together

Form of Proxy

Republic of Trinidad & Tobago
The Companies Act, Chap. 81:01 (Section 143(1)

BWIA WEST INDIES AIRWAYS LIMITED Company No: B-997 (C)

10th ANNUAL MEETING scheduled for **Friday August 20, 2004** at **10:00 a.m.** at **Angostura House, Angostura Street and Eastern Main Road, Laventille**, Trinidad.

I/WE ____
(Name of Shareholder/s)

of ____
(Address)

Shareholder(s) of the above Company, hereby appoint the Chairman of the Meeting or failing him,

Mr/Ms/Mrs____
(Name of Proxy)

of ____
(Address of Proxy)

as my/our Proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof as indicated below on the Resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

Dated this day of 2004.

Signature of Shareholder ....

Signature of Shareholder ....

NOTES:

1. A Shareholder may appoint a proxy of his own choice. If such an appointment is made, delete the words "the Chairman of the meeting" and insert the name of the person appointed proxy in the space provided.
2. If the Shareholder is a corporation, this form must be under its common seal or under the hand of some Officer or Attorney duly authorised in that behalf.
3. In a case of a joint holding, the signature of any one Shareholder is sufficient, but the names of all joint Shareholders should be stated.
4. If the Proxy form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
5. To be valid, this Proxy must be stamped at the Board of Inland Revenue with a value of not less than 5¢. You are invited to submit your Proxy and by so doing, authorize the Company to arrange to have it stamped on your behalf at the Board of Inland Revenue. The completed form must be deposited with the Corporate Secretary at the Registered Office of the Company at least forty-eight hours (48hrs) before the time appointed for holding the meeting or adjourned meeting.
6. Any alterations made on this form should be initialed.

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the Resolutions referred to:

RESOLUTIONS:	FOR:	AGAINST:
1. That the Report of the Directors and the Audited Financial Statements as at December 31, 2003 together with the Auditors' Report thereon be and are hereby received.		
2. (a) That the Directors to be re-elected be re-elected en bloc		
(b) That Messrs Lawrence Duprey, Rodney Prasad, John O'Brien and Krishna Narinesingh be re-elected by the holders of Class A Series II Ordinary Shares and Class B Ordinary Shares, for the term from the date of their re-election until the close of the Third Annual Meeting following their re-election.		
3. That PricewaterhouseCoopers be re-appointed Auditors of the Company and the Directors be authorised to fix their remuneration for the ensuing year.		

RETURN TO:
The Corporate Secretary
BWIA West Indies Airways Limited
30 Edward Street
Port-of-Spain
Trinidad, West Indies

For Official Use ONLY:

- Class of Shares: ____________________
- No. of Shares: ____________________

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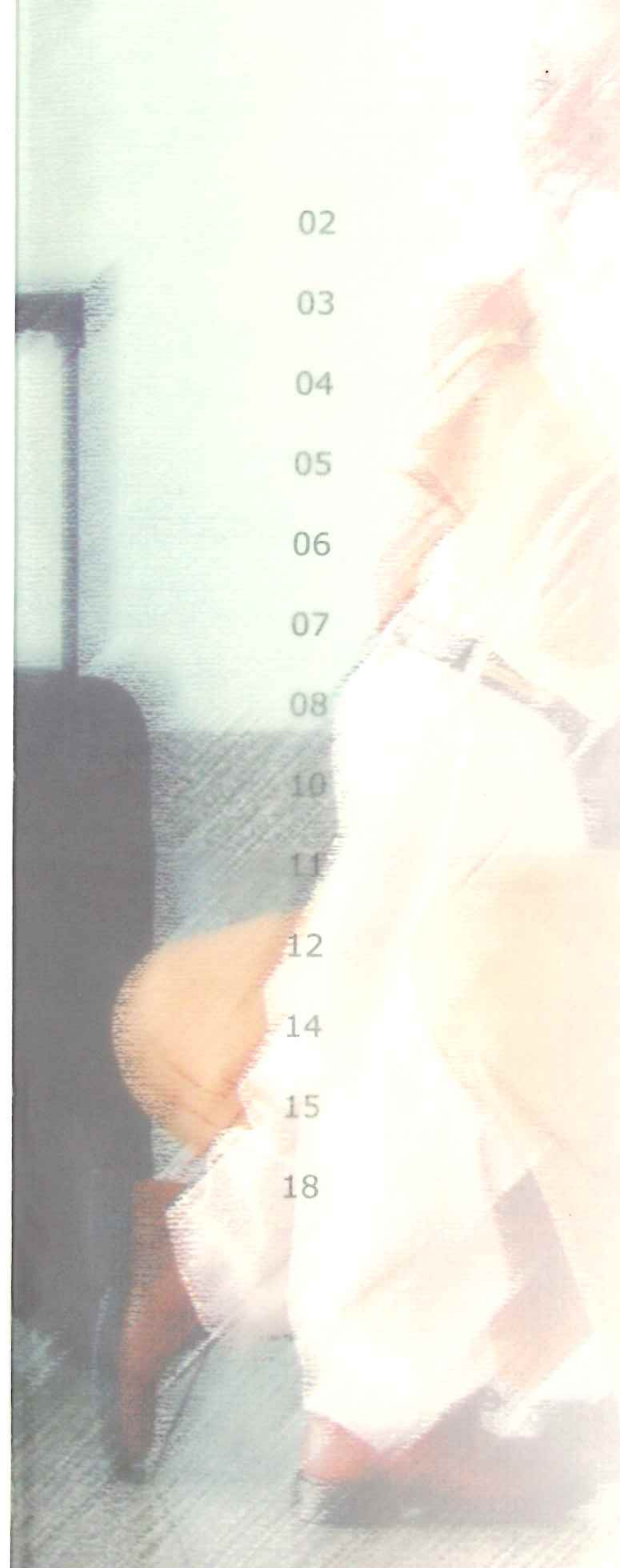

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Board of Directors:

	Mr Lawrence A. Duprey, CMT -	Chairman
	Mr Charles Anthony Jacelon, SC -	Deputy Chairman
	Mr Krishna Narinesingh, CMT -	Member
	Captain John O'Brien -	Member
	Mr Rodney Sastri Prasad -	Member
	Mr Michael Small -	Member
*	Mrs Indira Maharaj-Ramrekersingh -	Member
*	Mr Neil Parsanlal -	Member

General Manager:
Mr Nelson Tom yew

Corporate Secretary:
Ms Nicole Richards

Registered Office:
BWIA West Indies Airways Limited
30 Edward Street
Port-of-Spain
Trinidad
West Indies

Registrar:
BWIA West Indies Airways Limited
Golden Grove Road
Piarco
Trinidad
West Indies

Auditors:
PricewaterhouseCoopers
11-13 Victoria Avenue
Port-of-Spain
Trinidad
West Indies

Bankers:
RBTT Bank Limited
Royal Court
19-21 Park Street
Port-of-Spain
Trinidad
West Indies

Citibank N.A.
111 Wall Street
New York
New York 10043
USA

Attorneys-at-Law:
Messrs Pollonais, Blanc, de la Bastide & Jacelon
Pembroke Court
17-19 Pembroke Street
Port-of-Spain
Trinidad
West Indies

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* Mrs Indira Maharaj-Ramrekersingh tendered her resignation as a Director of the Board on January 30, 2004, and Mr Neil Parsanlal was appointed to the Board of Directors on May 17, 2004 by the sole holder of Class A Series I Ordinary Shares.

NOTICE is hereby given that the 10th Annual Meeting of the Shareholders of BWIA West Indies Airways Limited will be held at **Angostura House, Angostura Street and Eastern Main Road, Laventille** on **Friday August 20,** at **10:00 a.m.** for the following purposes:-

1. To review and consider the Report of the Directors and the Consolidated Audited Financial Statements for the year ended December 31, 2003, together with the Auditors' Report thereon.

2. To re-elect Directors.

3. To re-appoint Auditors and empower the Directors to determine their remuneration for the ensuing year.

BY ORDER OF THE BOARD

Nicole Richards
Corporate Secretary

June 29, 2004

NOTES:

1. The Directors of the Company have not fixed a Record Date for the determination of Shareholders who are entitled to receive Notice of the Annual Meeting. In accordance with Section 111 (a) of the Companies Act, 1995, the statutory record date applies. Only Shareholders on record at the close of business on June 28, 2004 the date immediately preceding the day on which this Notice is given, are therefore entitled to receive Notice of the Annual Meeting. A list of such Shareholders will be available for examination by Shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

2. A Shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her/it. A proxy need not be a Shareholder. Attached is a Proxy Form for your convenience, which must be completed and signed in accordance with the Notes on the Proxy Form and then deposited with the Corporate Secretary at the Registered Office of the Company at least forty-eight (48) hours before the time appointed for the Meeting.

3. A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or its governing body to represent it at the Annual Meeting.

Mr. Lawrence A. Duprey, CMT
CHAIRMAN

Mr. Michael Small
DIRECTOR

Mr. Charles A. Jacelon, SC
DEPUTY CHAIRMAN

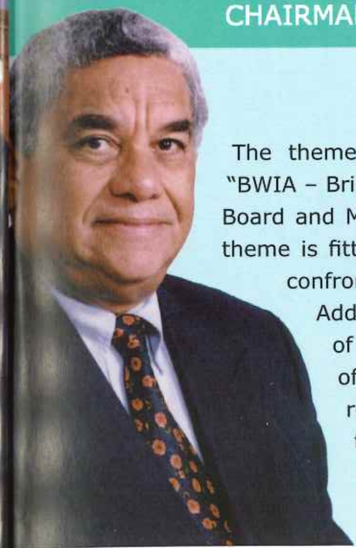
Mr. Krishna Narinesignh, CMT
DIRECTOR

Mr. Neil Parsanlal
DIRECTOR

Captain John O'Brien
DIRECTOR

Mr. Rodney Sastri Prasad
DIRECTOR

Mr. Lawrence A. Duprey, CMT
CHAIRMAN



The theme of this annual report is "BWIA – Bringing People Together." The Board and Management know that this theme is fitting for the challenges that confronted the airline in 2003. Additionally, it is more reflective of the fundamental purpose of BWIA and the important role it plays to the people of this region and to the many loyal customers throughout the BWIA network.

2003 was not an easy year for the Board and Management of BWIA. In an effort to ensure long-term sustainability and after much deliberation Management made a decision to undertake a critical restructuring exercise. The most difficult and far reaching resolution was to make redundant 617 positions systemwide. The redundancies were part of a New Business Model and were undertaken to immediately reduce the cost of operations in order to qualify for essential financial assistance of US$18.6M from the Government of the Republic of Trinidad and Tobago.

The seizure of two BWIA 737-800 aircraft in Miami, by agents of the lessors, International Lease Finance Corporation (ILFC), put the airline in a negative international spotlight which resulted in travel agents opting for alternative carriers for fear that BWIA would close its doors and leave passengers stranded. ILFC continued to apply pressure on BWIA and ultimately refused to deliver the second A340-300 aircraft, which the airline desperately needed to complete fleet renewal and streamlining - two key features of the Business Plan.

The search for a second Airbus A340-300 aircraft continued until the end of 2003. At year's end negotiations with aircraft lessor debis AirFinance resulted in the airline securing this second Airbus aircraft, which will ensure greater reliability on the United Kingdom routes as well as open the door to new opportunities in the United Kingdom and Europe.

Management achieved some additional cost savings through executive pay cuts and cooperation from the trade unions representatives. It should be reiterated that the airline's employees remain committed to BWIA's long term survival and have rallied behind Management through this very difficult period.

This deeply rooted staff and passenger loyalty and a new combined marketing and route thrust saw the airline struggling through its 1st and 2nd quarters to arrive at the Summer Peak with a reasonable hope of short term earnings to prove viability and raise confidence all around.

The BWIA team has bonded to provide stability despite losing key members of the Executive Team. A net loss of US$21.9M, while disappointing, is not representative of the full picture of a company rallying against the odds. There is no doubt that there is work to be done to ensure that BWIA maintains its place as the pride of the West Indies.

Sincerest thanks to the Government of the Republic of Trinidad and Tobago for publicly supporting the future of the airline and to the shareholders for recognising that BWIA is far more than aircraft and schedules and is in fact the way we connect with the world and each other. The theme of this report sums it up clearly and precisely, "BWIA – Bringing People Together."

L. A. Duprey

Lawrence A. Duprey

Nelson Tom Yew
General Manager

The year of the perfect economic storm, continued into 2003 for the airline industry in general and BWIA West Indies Airways (BWIA) in particular. The normally reliable indicators of future based demand for the aviation product were distorted by the events of September 11, 2001, the SARS epidemic, war in Iraq and global terrorism which all had unprecedented negative impact on demand for travel.

In 2003 and in an effort to weather the storm, BWIA took steps to improve its financial condition and to commence restructuring to stabilize the airline. These actions included adjusting flight schedules, route and capacity adjustment, retiring aircraft, outsourcing ramp and heavy maintenance services, significantly reducing planned capital spending and seeking concessions from all employees by way of salary reductions and flexible work rules. Although these measures resulted in some productivity gains, they fell short of the level of savings needed to facilitate sustained viability and the extremely difficult decision to further downsize the workforce had to be taken.

In an effort to enhance our revenue earning potential and to be able to thrive in an increasingly competitive environment, BWIA, with the assistance of the Government of the Republic of Trinidad and Tobago, continued to diversify its route structure and to identify new revenue streams through pioneering new routes where economically feasible to complement the maturing routes in our existing network.

In 2003, phase one of this initiative saw the introduction of service to Costa Rica and Cuba with service to the Dominican Republic planned for early 2004. Phase two of this south-south route development programme envisages the introduction of service to points in South America other than Caracas, Venezuela.

The reinstatement of Category One status for Trinidad and Tobago will play an important role in BWIA's route development into the United States. This should be in place in 2004 since Trinidad and Tobago has met the requirements in terms of regulations that would enable the reassignment of Category One status by the United States. BWIA will then have the authority to expand its route structure between the Caribbean and the United States. The ability to exploit fully the alliance with United Airlines and similar arrangements to be negotiated with Canadian and European carriers will provide the flexibility to earn revenues without the costs associated with direct operations and will facilitate a return to viability.

The aviation industry is perceived to be both cyclical and subject to national and international economic cycles. In addition, the industry is perhaps the most dynamic and challenging in the world. It is highly regulated by governments in whose hands its future ultimately lies. Government Agencies have the authority to impose regulations affecting safety, security and other key areas and there is no failsafe way of predicting changes that may adversely affect operations in any way.

In 2004, we will continue to place focus and emphasis on a planned policy of commercialization to develop the airline's competitiveness. Strategic synergies will be developed, costs will be contained, yields will be improved and economic value adding will be promoted. At all times and at all levels excellence and total quality will be pursued with diligence and determination.

Nelson Tom Yew

Left to right:

Peter McCarthy, Director, Security

Hugh Henderson, Vice President, Employee Service

Nicole Richards, General Counsel & Corporate Secretary

Nelson Tom Yew, General Manager

Beatrix Carrington, Vice President, Marketing & Sales

Brenda Billy, Chief Financial Officer

Kimchand Rampaul, Vice President, Maintenance & Engineering

Michael Clarke, Director, Cargo

BeatrixCarrington
Vice President,
Marketing & Sales

The global tourism sector's performance during the latter half of 2003 represented a continuing process of recovery after the worldwide fall-out in travel which began in March 2001. This downturn was compounded by factors such as heavy lay-offs in the US economy, the devastating effects of September 11, the Bali bombing in October 2002, the wars in Afghanistan and Iraq and the SARS (Severe Acute Respiratory Syndrome) scare.

The global decline in travel affected travel to the region as evidenced by the reduction in leisure passengers transported. BWIA paid keen attention to the changing dynamics of the global tourism sector and adjusted its pricing and inventory strategy in order to realize the best competitive advantage for BWIA.

Beyond our control was the negative publicity the airline received from the seizure of two aircraft which generated the perception of impending bankruptcy. This created severe loss of passenger confidence with the resultant cancellation of services by its core visiting friends and relatives (VFR) and intra-regional traffic. For the first 6 months of 2003, BWIA's passenger sales were 12% below the corresponding period in 2002.

Fortunately, by August 2003, following statements of support from the Government of the Republic of Trinidad and Tobago and the assurance that the airline would continue to operate, the hysteria abated and consumer confidence, and consequently forward bookings for the winter period, returned. In a dramatic turn-around, scheduled passenger revenue for the last quarter of 2003 exceeded passenger revenue for the same period in 2002 by 13.1%. This performance was 5.7% better than budgeted.

Pricing

Pricing of international travel is no longer the exclusive domain of scheduled carriers but continues to be the combined function of competitive pricing among the scheduled carriers and between the scheduled and non-scheduled operators.

With pricing and promotions now dominating the market and the published results of numerous consumer surveys indicating that customer service, passenger safety and safe baggage delivery are deemed essential along with low and flexible air fares, BWIA had to change its sales strategy.

This action yielded almost immediate results: the revenue and passenger uplift of the second half of 2003 were positive, showing an increase of 1.3% and 1.6% respectively, over the corresponding period in 2002, and within this context the last quarter of 2003 reflected the increase taking place in travel as reported by the World Travel Council and the Caribbean Tourism Organization.

E-Commerce

The changing paradigm of ticket sales was apparent in BWIA's internet sales in 2003. Internet sales increased by 108% over the corresponding period in 2002. Consumer confidence in "BWee-ticket" is high, and this, coupled with the attractive pricing offered on this low cost distribution channel, the addition of an interline booking facility, the availability of BWIA's on-line fares through on-line travel agencies such as Hotwire and Priceline.com (among others) contributed significantly to the increase in revenue from direct sales. Twenty-five promotions were offered during the year and the response to each promotion far exceeded expectations.

Call Centre

The Marketing Team is cognizant of the critical role the BWIA Call Centre plays in building the customer-airline relationship. In 2003, a decision was taken to have this department play an even bigger role in the recovery of consumer confidence in BWIA. Consequently, the "YES WE CAN" campaign was enthusiastically pursued, with the aim of regaining consumer and travel agency business. This campaign is a work in progress and continues to yield very

positive results for the airline.

New Routes

The difficulties of 2003 cannot be understated. However, the BWIA team has the uncanny ability to rise to the most challenging situations, and was determined to fulfill its objectives as stated in its revised Business Plan. One such objective was the launching of new routes: BWIA launched six new services

- Washington –Tobago
- Miami –Tobago
- New York – Tobago
- Trinidad – San Jose (Costa Rica)
- Trinidad – Santo Domingo (Dominican Republic)
- Trinidad – Havana (Cuba)

The availability of the required resources to create awareness and promote these services is key to the achievement of a positive contribution to the Company's bottom line.

The Marketing Team is resolute in its commitment to restore and build the BWIA brand and is confident that the continued success of its revised sales strategy, as demonstrated in the 4th Quarter 2003, places the Airline firmly on the springboard to not only reclaim but also increase its market share on all routes in 2004.

Beatrix Carrington

Kimchand Rampaul
Vice President, Maintenance & Engineering

During the year 2003, the Maintenance and Engineering Team again worked through immense challenges to deliver superior customer service.

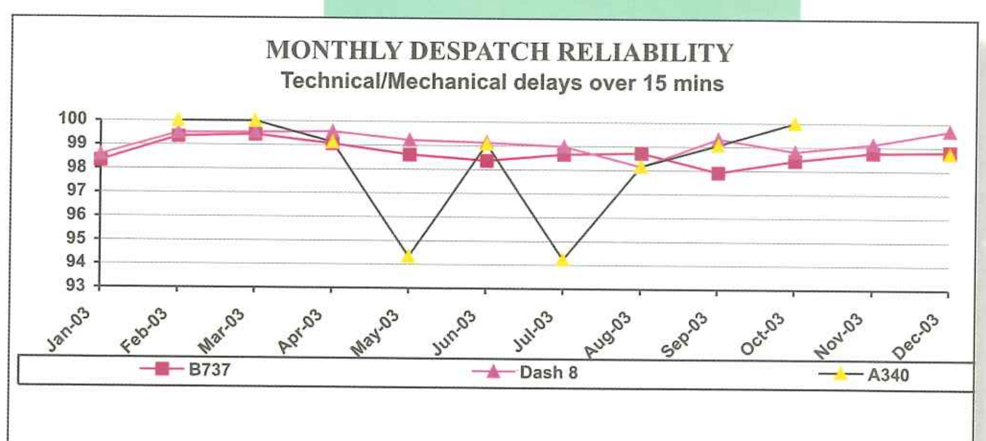
The B737 fleet accumulated 25,341 hours and made 12,165 landings, whilst the A340 flew a total of 5,274 hours and accomplished 1,123 landings. We accomplished a total of 84 "A" checks on the B737 aircraft and 10 on the A340. The average dispatch reliability of the B737 fleet was 98.71%.

The Maintenance and Engineering Team maintained one A340 for an entire year's operation at an average reliability of 98.27%. Airbus Industries advised that during the period of November 2002 to October 2003, the A340 had accumulated approximately 5,638 hours and 1,239 cycles in revenue service. During this period the Dispatch Reliability was 98.7%. The average for the worldwide A340 fleet was 98.4%. This was accomplished although our average daily utilization was 15.58 hours per day, whereas the world wide average was 12.87 hours per day.

We continued to provide Tobago Express Limited with technical support for their fleet of Dash 8 aircraft, which accumulated 2,348 hours and 5,374 landings. We also accomplished 15 "A" checks and 2 "C" checks on their fleet. The overall dispatch reliability was 99.14%.

In 2003, we continued our fleet rationalization program by successfully delivering another L1011 to a customer from Jordan. We also completed "C" checks on the B737 fleet and the A340 aircraft at facilities in Miami and Montreal respectively. During these heavy maintenance visits, we had technical representatives from the Maintenance and Engineering Department overseeing activities on our behalf.

We wish to give our continued assurance to our Shareholders and members of the public that the Maintenance and Engineering Department remains very focused on ensuring the highest levels of safety and technical competence.



Kimchand Rampaul

Brenda Billy
Chief Financial Officer

The road on the return to profitability is challenging. BWIA has, however, embarked on that journey by recording a significant thirty six percent (36%) or US$12.5M reduction in the group loss reported for the previous year. The loss of US$21.9M, though large, is indicative that the key strategies implemented in the New Business Model 2003 have started to arrest the loss levels evident in year 2002.

During year 2003 the airline confronted unprecedented financial challenges:

The revenue environment of the aviation industry continued to be weak and the seizure of two (2) of the airline's leased aircraft in May of that year contributed to a sharp decline in scheduled passenger revenue earnings for the succeeding months. This combined with customer service issues during the extended period when wet leased aircraft operated the United Kingdom routes, largely accounted for the seven percent (7%) or US$14M reduced passenger revenue over year 2002.

In like manner, certain cost components increased either permanently – as in the case of security and insurance related costs or at least semi-permanently - as in the case of aviation fuel which rose by approximately thirty percent (30%) over the previous year due to anxiety in the marketplace over the events in Venezuela and the Middle East.

The non-delivery of the second A340-300 aircraft resulted in the Company having to enter into wet-leasing arrangements of aircraft to (i) operate the Manchester Service, and (ii) to provide downtime for routine maintenance on the single widebodied A340-300 aircraft in its fleet. This added aircraft leasing costs of US$5M over budgeted levels and year 2002 costs.

Further, for the six (6) week period during which this aircraft was undergoing its scheduled major maintenance at Air Canada's facility in Montreal, the airline was also forced to wet lease several long range aircraft with foreign crews at additional costs of US$4.0M to maintain its scheduled transatlantic services.

This approximately US$9M of additional aircraft wet leasing costs contributed directly to the Operating Loss, severely strained the airline's cash flows and offset the gains realised from the implementation of cost savings initiatives. To meet these and other financial expenditures, BWIA negotiated funding from several local financial institutions backed by Letters of Comfort totaling US$18.6M from its largest Shareholder – the Government of the Republic of Trinidad and Tobago.

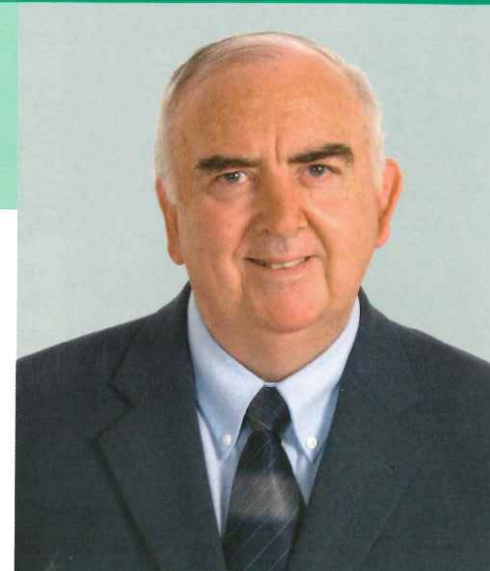
In spite of these challenges, the airline has kept its eye firmly on the ball – to ensure its survival through aggressive cost management and to continue to position itself to grow and return to profitability. During the year 2003, the Company renegotiated several of its supply contracts with a view to achieving cost reductions. In an industry where many of these contracts contain automatic cost escalation clauses tied to various price indices, the airline was able to offset some of these increases against cost savings realized from its renegotiation of services in such areas as telecommunications, hotel accommodation and certain maintenance and repair services. In several instances where outright cost reductions were not achieved, the airline was able to hold these costs steady or to aggressively seek alternative sources of supply for goods and services.

Arising from these and other strategies implemented in the New Business Model for year 2003, BWIA was able to reduce its operating costs by approximately six percent (6%) or US$16.8M over year 2002.

In summary, the evidence of year 2003 is that of declining revenues. However the projection for year 2004 is a clear improvement both in terms of quality and absolute numbers. On the expenditure side there was a significant reduction in operating costs and there must be a disciplined and genuine commitment by all stakeholders to maintain that downward pressure on costs.

Employee Service's Report

Hugh Henderson
Vice President,
Employee Service



2003 was a challenging year for the BWIA Team in general and the Employee Service Team in particular. These challenges were primarily the result of extensive restructuring undertaken by the Company to ensure its long-term sustainability. The most difficult area of this process fell to the Employee Service team which was responsible for the administrative portion of the retrenchment of 471 members of the BWIA team. After this exercise took place the Employee Service team implemented several programs to rebuild morale and to assist the remaining team members through what was an extremely difficult period in the Company's history. The final tranch of the approximate $50 million severance bill was paid in early 2004.

Funding for employee activities in 2003 was difficult to come by, however, there is much to be said about the tenacity and dedication of team BWIA who found creative ways to get together to keep the spirit of the Company alive.

Additionally, the Employee Service Team placed heavy emphasis on training in Management Skills and Computer Literacy, both at Piarco and Sunjet House. Approximately 200 employees at both venues attended five two hour sessions on subjects such as "Why businesses fail and What is required for success," "What is Managing all about?" "Basic Marketing," "Communication" and "Customer Service." Also, 80 employees attended various computer literacy courses on their own time and received appropriate certificates.

In the last four months of the year, the Employee Service Team organized an employee Family Picnic in Mayaro, and a River "Lime" in Valencia, both were very well attended. In November, we held the annual Long Service Award ceremony at which 128 employees were recognized, and the annual Retirees Dinner for the 16 staff members who retired in 2003. In December a very successful Children's Christmas Party was held for 600 children, however, for budgetary reasons, we were unable to have a staff Christmas Party. Throughout the year the BWeekly (the internal newsletter) was produced on time.

BWIA's dedicated and willing employees are one of its most valuable assets. These qualities differentiate BWIA from other carriers and it is this tenacity and spirit which will guarantee that BWIA remains the pride of the West Indies.

Hugh henderson

BWIA Invaders perform at the Official Launch Event, at the Conference Centre of the Hotel Herradura on the occasion of the Inaugural Service to Costa Rica

The Costa Rican Ambassador, H. E. Carlos Echeverria Perera addressing guests at the Official Launch Event, at the Conference Centre of the Hotel Herradura on the occasion of the Inaugural Service to Costa Rica

BWIA's Retirees' Function was held for employees who retired during the year 2003 at the Hotel Normandie on December 9, 2003

Republic of Trinidad and Tobago
The Companies Act, Chap. 81:01 (Section 144)

1. **Name of Company:**
   BWIA West Indies Airways Limited Company No. B-997 (C)

2. **Particulars of Meeting:**
   10th Annual Meeting of the Shareholders of the Company to be held on Friday August 20, 2004 at 10:00 a.m. at Angostura House, Angostura Street & Eastern Main Road, Laventille, Trinidad.

3. **Solicitation:**
   It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified herein and, in the absence of a specific direction, in the discretion of the Proxy-holder in respect of any other resolution.

4. **Any Director's statement submitted pursuant to Section 76(2):**
   No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Chap. 81:01.

5. **Any Auditor's statement submitted pursuant to Section 171(1):**
   No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Chap. 81:01.

6. **Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):**
   No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Chap. 81:01.

DATE	NAME AND TITLE	SIGNATURE
June 29, 2004	**Nicole Richards** Corporate Secretary	N. Richards

The Directors hereby submit their Report for the year ended December 31, 2003:

Financial Results:	TT$'000	US$'000
Turnover	1,551,298	246,242
Net Loss for the Year	(138,228)	(21,942)
After charging/(crediting) the following:-		
Depreciation & Amortisation	100,440	15,943
Directors' Fees & Expenses	47	7
Foreign Exchange	(540)	(86)
Interest Expenses	42,760	6,787
Interest Income	(4,574)	(726)
Retirement Plan Contributions	19,390	3,078

Dividend:

The Directors do not recommend the payment of a dividend for the year ended December 31, 2003.

Appointment of Directors:

In accordance with paragraph 5.5 of By-Law No 3 of the Company, Messrs Lawrence Duprey, Rodney Prasad, John O'Brien and Krishna Narinesingh retire from the Board and being eligible, offer themselves for re-election by the holders of Class A Series II and Class B Ordinary Shares for a term from the date of their re-election until the close of the Third Annual Meeting following their appointment.

Directors' And Substantial Interests:

In accordance with paragraphs 7(f) and 7(g) of the Company's Listing Agreement with the Trinidad and Tobago Stock Exchange Limited, and paragraphs 17(f) and 17(g) of the Company's Listing Agreement with the Securities Exchange of Barbados Limited, we record hereunder particulars of the interest of each Director of the Company and substantial interests in the Capital of the Company as at the end of the Company's Financial Year – December 31, 2003 – and any changes in these interests at a date not more than one (1) month prior to the date of the Notice convening the Annual Meeting:

Directors' Interests:

	As at December 31, 2003		*As at June 15, 2004*	
Directors:	**Beneficial Shareholding**	**Non-Beneficial Shareholding**	**Beneficial Shareholding**	**Non-Beneficial Shareholding**
Lawrence A. Duprey, CMT	Nil	Nil	Nil	Nil
Charles Anthony Jacelon, SC	Nil	Nil	Nil	Nil
Krishna Narinesingh, CMT	5,000	Nil	5,000	Nil
John O'Brien	600	Nil	600	Nil
Rodney Sastri Prasad	1,000	Nil	1,000	Nil
* Indira Maharaj-Ramrekersingh	Nil	Nil	Nil	Nil
Michael Small	Nil	Nil	500	Nil
* Neil Parsanlal	Nil	Nil	Nil	Nil

* Mrs Indira Maharaj-Ramrekersingh tendered her resignation as a Director of the Board on January 30, 2004, and Mr Neil Parsanlal was appointed to the Board of Directors on May 17, 2004

Substantial Interests as at June 15, 2004:

Shareholder:	**Ordinary Shares:**	**% of Issued Share Capital:**
Minister of Finance (Corporation Sole)	23,219,999	49
American International Underwriters Overseas Limited	5,000,000	10
Roytrin Securities Limited	4,691,500	9
Gordon A Cain	3,636,364	7
Lant & Co	2,727,272	5

(A substantial interest means a holding of 5% or more of the Issued Share Capital of the Company).

Service Contracts:

No service contracts exist nor have been entered into by the Company and any of its Directors.

Auditors:

The Auditors, PricewaterhouseCoopers, retire at the Annual Meeting and, being eligible, offer themselves for re-appointment.

By Order of the Board

Nicole Richards
Corporate Secretary

Dated: June 29, 2004

PRICEWATERHOUSECOOPERS

Auditors' Report
To the members of
BWIA West Indies Airways Limited

We have audited the accompanying consolidated balance sheet of BWIA West Indies Airways Limited as at 31 December 2003, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, as set out on pages 20 to 52. These financial statements are the responsibility of the Company's management. Our 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw attention to note 2 to the financial statements, which indicates that the Group incurred losses after taxation and extraordinary items of TT$138,228,000 for the year ended 31 December 2003 and has accumulated losses of TT$559,129,000. Its current liabilities exceed its current assets by TT$448,693,000 at 31 December, 2003 and it has net liabilities of TT$205,712,000. The Group is increasing its share capital by TT$256 million through a rights issue with the support of the Government of the Republic of Trinidad and Tobago. These financial statements have been prepared on the going concern basis, which assumes that adequate facilities will be obtained and that the Group returns to profitability.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Port of Spain
Trinidad, West Indies
28 June 2004

CONSOLIDATED BALANCE SHEET

As at 31 December	Notes	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000
ASSETS					
Non-current Assets					
Property, plant and equipment	3	54,223	67,571	341,596	425,688
Intangible assets	4	880	1,241	5,541	7,816
Aircraft and other deposits		11,802	11,331	74,359	71,384
Investments	5	265	1,022	1,668	6,441
		67,170	81,165	423,164	511,329
Current Assets					
Inventories	6	6,827	14,692	43,009	92,560
Receivables and prepayments		76,954	55,453	484,802	349,349
Cash		2,494	9,427	15,712	59,387
		86,275	79,572	543,523	501,296
Total Assets		153,445	160,737	966,687	1,012,625
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	7	56,098	56,098	353,417	353,417
Translation differences		1	6	--	--
Deficit		(88,752)	(66,816)	(559,129)	(420,901)
		(32,653)	(10,712)	(205,712)	(67,484)
Minority interest		2,151	1,440	13,551	9,072
Non-current Liabilities					
Borrowings	8	26,040	40,150	164,048	252,943
Deferred tax liability	10	410	479	2,584	3,001
		26,450	40,629	166,632	255,944
Current Liabilities					
Accounts payable		47,947	44,594	302,061	280,950
Accrued expenses and other payables		36,721	31,367	231,341	197,606
Provision for overhaul	11	11,633	6,055	73,291	38,148
Provision for severance liability		1,692	7,314	10,659	46,077
Unearned transportation revenues		25,084	23,052	158,024	145,226
Borrowings	8	32,116	15,818	202,327	99,651
Taxation payable		2,304	1,180	14,513	7,435
		157,497	129,380	992,216	815,093
Total Equity and Liabilities		153,445	160,737	966,687	1,012,625

On 28 June 2004, BWIA West Indies Airways Limited's Board of Directors authorised these financial statements for issue. The accounting policies on pages 24 to 30 and the notes on pages 31 to 52 form an integral part of these financial statements.

Director

Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December	Notes	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Operating Revenues					
Scheduled passengers		210,411	224,848	1,325,569	1,416,519
Cargo and mail		9,458	10,520	59,581	66,277
Incidental and other		26,373	19,963	166,148	125,763
		246,242	255,331	1,551,298	1,608,559
Operating Expenses					
Staff costs		44,826	57,495	282,400	362,215
Fuel		40,310	34,309	253,949	216,145
Lease of aircraft and engines		47,031	37,452	296,292	235,947
Maintenance		17,963	18,204	113,164	114,683
Passenger expenses		15,697	19,439	98,887	122,461
Marketing		6,489	8,977	40,876	56,552
Commissions		11,952	12,398	75,294	78,104
Aircraft handling and navigation		23,310	21,748	146,851	137,010
Crew route expenses		3,630	4,854	22,869	30,580
Other		29,806	25,045	187,775	157,780
Depreciation and amortisation	3	15,943	33,851	100,440	213,255
		256,957	273,772	1,618,797	1,724,732
Loss From Operations	12	(10,715)	(18,441)	(67,499)	(116,173)
Non Operating (Expenses)/Income					
Interest income		726	860	4,574	5,417
Interest expense		(6,787)	(7,314)	(42,760)	(46,075)
Foreign exchange gain		86	1,525	540	9,610
Fixed asset disposal		(964)	(1,015)	(6,074)	(6,394)
Miscellaneous and other		(2,066)	24	(13,011)	144
		(9,005)	(5,920)	(56,731)	(37,298)
Loss Before Taxation and Extraordinary Item		(19,720)	(24,361)	(124,230)	(153,471)
Taxation	9	(1,338)	(1,568)	(8,432)	(9,879)
Loss After Taxation		(21,058)	(25,929)	(132,662)	(163,350)
Extraordinary Items	23	(168)	(8,200)	(1,061)	(51,657)
Loss After Taxation and Extraordinary Item		(21,226)	(34,129)	(133,723)	(215,007)
Minority Interest		(716)	(272)	(4,505)	(1,715)
Group Loss After Taxation		(21,942)	(34,401)	(138,228)	(216,722)
Loss Per Share					
Basic	20	(47¢)	(74¢)	($2.98)	($4.65)

The accounting policies on pages 24 to 30 and the notes on pages 31 to 52 form an integral part of these financial statements.

CONSOLIDATED STATEMENT of CHANGES in EQUITY

	Translation Differences US$000's	Share Capital US$000's	Share Capital TT$000's	Deficit US$000's	Deficit TT$000's
Balance at 1 January 2003	6	56,098	353,417	(66,816)	(420,901)
Restate opening balance at closing rate	--	--	--	6	--
	6	56,098	353,417	(66,810)	(420,901)
Currency translation adjustment	(5)	--	--	--	--
Net Loss	--	--	--	(21,942)	(138,228)
Balance at 31 December 2003	1	56,098	353,417	(88,752)	(559,129)
Balance at 1 January 2002	29	56,313	352,806	(32,617)	(204,179)
Restate opening balance at closing rate	--	(313)	--	202	--
	29	56,000	352,806	(32,415)	(204,179)
Issue of shares	--	98	611	--	--
Currency translation adjustment	(23)	--	--	--	--
Net loss	--	--	--	(34,401)	(216,722)
Balance at 31 December 2002	6	56,098	353,417	(66,816)	(420,901)

The accounting policies on pages 24 to 30 and the notes on pages 31 to 52 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December	**Note**	**2003 US$000's**	**2002 US$000's**	**2003 TT$000's**	**2002 TT$000's**
Operating Activities					
Loss before taxation and extraordinary item		(19,720)	(24,361)	(124,230)	(153,471)
Adjustment to reconcile loss to net cash from operating activities:					
Deconsolidation of property, plant and equipment		10,578	--	66,638	--
Depreciation and amortisation		15,943	33,851	100,440	213,255
Loss on disposal of fixed assets		964	1,015	6,074	6,409
Net change in operating assets and liabilities	13	(8,792)	20,898	(55,390)	132,170
Net cash inflow before extraordinary item		(1,027)	31,403	(6,468)	198,363
Tax paid		(285)	(1,083)	(1,797)	(6,821)
Extraordinary item		(168)	(8,200)	(1,061)	(51,657)
Net cash (outflow)/inflow from operating activities		(1,480)	22,120	(9,326)	139,885
Investing Activities					
Purchase of property, plant and equipment		(9,447)	(17,042)	(59,514)	(107,363)
Proceeds from sale of property, plant and equipment		1,554	2	9,792	12
Sale of investments		758	735	4,773	4,630
Increase in intangible assets		(33)	(919)	(207)	(5,792)
Aircraft and other deposits		(472)	(3,811)	(2,974)	(24,007)
Net cash outflow from investing activities		(7,640)	(21,035)	(48,130)	(132,520)
Financing Activities					
Issue of shares		--	98	--	611
Long-term loan proceeds		9,386	12,700	59,137	80,009
Repayment of loans		(7,199)	(19,562)	(45,356)	(123,236)
Net cash inflow/(outflow) from financing activities		2,187	(6,764)	13,781	(42,616)
Decrease in Cash and Cash Equivalents		(6,933)	(5,679)	(43,675)	(35,251)
Cash and Cash Equivalents					
At start of year		9,427	15,106	59,387	94,638
Decrease		(6,933)	(5,679)	(43,675)	(35,251)
At end of year		2,494	9,427	15,712	59,387
Represented By					
Cash		10,259	15,224	64,631	95,909
Bank overdrafts and bankers' acceptances		(7,765)	(5,797)	(48,919)	(36,522)
		2,494	9,427	15,712	59,387

The accounting policies on pages 24 to 30 and the notes on pages 31 to 52 form an integral part of these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

i **Basis of Preparation**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and financial assets and liabilities held-for-trading.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

ii **Consolidation**

a) Subsidiaries

Subsidiary undertakings are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

b) Associates

Investments in associates are accounted for by the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

A listing of the Group's principal subsidiaries and associates is set out in Note 19.

iii **Foreign Currencies**

- Measurement Currency

  Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events relevant to that entity ("the money measurement currency"). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the measurement currency of the parent. Amounts expressed in United States (US) dollars are presented for convenience and have been translated at a rate of TT$6.2999 to US$1.00, (2002: TT$6.2999 to US$1.00) for the balance sheet and items in the income statement have been translated at the exchange rate prevailing at the date of the transaction. The Group generates substantial foreign currency revenues in United States dollars and UK pounds sterling.

- Transactions and Balances

  Foreign currency transactions are translated into the measurement currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

- Group Companies

  Income statements and cash flows are translated into the Group's reporting currency at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling on 31 December.

iv **Financial Instruments**

The Group enters into forward contracts in order to reduce the business risk of fuel price fluctuations. These contracts provide for the purchase of fuel at a predetermined rate at a future date.

These contracts are recognized as derivatives instruments and are recorded in the financial statements. They are initially recorded at cost, which consists primarily of direct external transaction costs and are subsequently measured to fair value. Fair value excludes transaction cost. Changes in fair values of these instruments are recognized in the consolidated income statement as they arise. Derivatives are liabilities when they have a negative fair value and are shown under expenses and other payables. Derivative assets are categorized as trading investments.

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables and prepayments, accounts payable, accrued expenses and other payables, leases and borrowings. The particular recognition methods adopted are disclosed in the policy statements associated with each item.

v **Property, Plant and Equipment**

Property, plant and equipment are stated at cost, or if acquired under finance leases, at the lower of the present value of minimum lease payments and fair market value at the inception of the lease less depreciation. Property, plant and equipment that is retired from active use, and held for disposal is carried at carrying amounts at the date of retirement and tested for impairment at each financial year end. Depreciation and amortization for principal asset classifications are provided on a straight-line basis to estimated residual values over estimated service lives as follows:

		Estimated Service Life
Flight equipment	- Dash 8 Turbo Prop	12-15 years
	- L1011's	4 years
	- Other aircraft	20 years
	- Engines and related spares	15 years
Other equipment		2 - 10 years
Buildings		25 years

Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in non-operating income.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major improvements is included in the carrying amount of the asset when it is probable that future benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major improvements are depreciated over the remaining useful life of the related asset.

vi **Deferred Income Taxes**

Deferred income tax is provided in full, using the liability method on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates that have been substantially enacted at the balance sheet date are used in the determination of deferred income taxes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

BWIA West Indies Airways Limited was exempt from Trinidad and Tobago taxation on its income for a period of seven (7) years which commenced 1 January 1995 and ended on 31 December 2001. The company is liable to pay the environmental tax "Green Fund" and Business Levy at the rates of .10% and .20% respectively, of its gross sales for the year ended 31 December 2003. As at 31 December 2003, the Company has estimated tax losses carried forward in excess of approximately TT$500 million (US$79 million).

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward.

The subsidiaries West Indies Airways Aircraft Limited (WIAAL) and West Indies Airways Aircraft Limited No. 2 (WIAAL 2) are incorporated in the Cayman Islands and are not subject to corporation taxes in that jurisdiction.

vii **Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at bank net of bank overdrafts.

viii **Accounts Receivable**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off when identified.

ix **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realizable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

The cost of expendable aircraft spares is determined by the weighted average method. The Group provides for losses due to obsolescence and deterioration of expendable aircraft spares. The provision is calculated on the carrying value of the inventory at the rate of 0.34% per month up to a maximum of 50% of the value of the item. However, where permanent diminution in value is identified, the relevant inventory items are fully written down to net realizable values.

The cost of goods held for resale and food and beverage items is determined by the first in first out method.

Other inventories include commissary items and other material supplies, are stated at the lower of cost or net realizable value.

x **Employee Benefits**

(i) **Pension Obligations**

The Group operates separate pension plans for different categories of employees in Trinidad and Tobago and for its overseas employees. The pension plans for locally employed pilots and general and management staff are defined contribution plans. There are separate defined benefit plans for employees based in overseas territories, which are not material to these financial statements. The assets of these plans are held in separate trustee administered funds, which are funded by payments from employees and, by the Group, taking account of the recommendations of independent qualified actuaries.

The Group's contributions to the defined contributions pension plans are charged to the income statement as incurred.

(ii) **Termination Benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) **Equity Compensation Benefits**

(a) Management

Share options are granted to management. These options are granted at an option price equal to the average of the closing quoted prices of the shares as derived from the stock exchange on the three (3) days preceding the date before the date of the offer of such option.

The ordinary shares issued on the exercise of the option will rank equally in all respects with the existing issued ordinary shares. On exercise of the option, the difference between the market price of the share and the option price, along with the proceeds will be included in share capital.

(b) Employees

An Employee Share Ownership Plan (ESOP) has been created for BWIA West Indies Airways Limited permanent employees. Approval for the trust deed and rules was received from the Board of Inland Revenue in 2002. The plan is currently being established.

xi **Intangible Assets**

- **Research, Development and Pre-Operating Costs**

Research expenditure is recognized as an expense as incurred. Development and pre-operating costs including new integration costs are expensed when incurred.

- **Computer Software**

Cost associated with development or maintaining software programs are recognized as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding cost beyond one year are recognized as intangible assets. Direct costs include staff cost of the software development team and an appropriate portion of relevant overheads.

xvi **Leases (Continued)**

The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset.

xvii **Segment Reporting**

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

xviii **Share Capital**

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

xix **Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions:

- Government grants relating to compensation for expenses/losses already incurred are recognized as income in the period in which they are recoverable.
- Where the grant is to lend assistance for current or future expenses, it is recognized as income over the period of the expense to which it specifically relates.

xx **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transactions costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowing.

xxi **Comparatives**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

1 **Incorporation and Principal Activity**

BWIA West Indies Airways Limited ("BWIA", "New BWIA" or the "Company") is incorporated in Trinidad and Tobago and was established by the BWIA International Airways Limited (Vesting) Act, 1995. BWIA is successor to the scheduled airline business formerly operated by Trinidad and Tobago (BWIA International) Airways Corporation owned by the Government of the Republic of Trinidad and Tobago ("GORTT"). A list of the subsidiary companies is shown at Note 19.

The company's registered office is located at Sunjet House, 30 Edward Street, Port of Spain.

2 **Going Concern, Continuing Operations and Subsequent Events**

These financial statements have been prepared on the basis of accounting principles applicable as a going concern. Accordingly they do not give effect to adjustments that would be necessary should the group be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Group incurred losses after taxation and extraordinary items of TT$138,228,000 (US$21,942,000) for the year ended 31 December 2003 and has accumulated losses of TT$559,129,000 (US$88,752,000). Its current liabilities exceed its current assets by TT$448,693,000 (US$71,222,000) at 31 December 2003 and it has net liabilities of TT$205,712,000 (US$32,653,000). The Group cannot continue as a going concern without improved profitability, continued support of its financiers, or further injection of capital by its shareholders.

By letter dated 25 April, 2003, The Government of the Republic of Trinidad and Tobago approved further financial assistance to the Airline in the sum of US$18,600,000 (TT$116,700,000).
These funds were drawn down against Letters of Comfort as follows:

Approved 2 June, 2003 - US$5.0 million (drawn down June, 2003)
Approved 16 July, 2003 – US$ 5.0 million (drawn down July 2003)
Approved 14 and 17 October, 2003 - US$600,000 and TT$15 million (drawn down October 2003)
Approved 16 January, 2004 - US$5 million and TT$8 million (drawn down January, 2004)

On 15 April 2004, The Board of Directors approved the issue and offer for sale of a rights issue of twenty seven (27) ordinary shares for every one (1) ordinary share held by shareholders at the close of business on 18 June 2004 at an issue price of TT$0.20 per share. This represents a rights issue to ordinary shareholders of 1,283,408,712 ordinary shares amounting to approximately TT$256 million or US$40 million.

The Government of the Republic of Trinidad Tobago which is the largest single shareholder has committed, by letter dated 17 April 2004, to take up the full amount of the rights issue to the extent that other shareholders do not subscribe.

2 Going Concern, Continuing Operations and Subsequent Events (Continued)

In May 2003, International Lease Finance Corporation (ILFC), an Aircraft Leasing Company based in the United States of America, served a Notice of Default on the Company for breach of contract. This breach was in respect of the non-payment of aircraft lease rentals and maintenance reserves for aircraft leased by the Company from that company. Under the terms of a "Standstill Agreement" between ILFC and the Company, the Company was required to liquidate all outstanding aircraft lease rentals and to maintain future monthly lease and maintenance reserves obligations on a current basis. Negotiations are on going between GORTT and ILFC on outstanding maintenance reserves and interest accrued thereon.

The Company was not in compliance with the financial covenants of a loan and security agreement with the Canadian Regional Aircraft Finance Transaction No. 1 Limited as follows:

(a) The tangible net worth shall not be less than US$40,000,000 for the fiscal year 2003.
(b) The current ratio shall not be less than .80 for the fiscal year 2003.
(c) The leverage ratio shall not exceed .85 for the fiscal year 2003.
(d) The cash flow average shall not be less than 1.05 for the fiscal year 2003.

On 8 January 2003 the Company operated its last Boeing MD83 flight. Following this on 28 January 2003 the last flight by the L1011 Tristar arrived at Piarco. This concludes the Company's fleet modernization program.

3 Property, Plant and Equipment

	Buildings TT$000's	Flight Equipment And Related Spares TT$000's	Other Property and Equipment TT$000's	Total TT$000's
Year ended 31 December 2003				
Opening net book amount	30,549	369,148	25,991	425,688
Additions	--	56,272	3,229	59,501
Reclassification	1	(3)	15	13
Disposals	--	(13,016)	(46)	(13,062)
Deconsolidation of investment	--	(66,340)	(298)	(66,638)
Impairment loss	--	(27,871)	--	(27,871)
Depreciation charge	(2,461)	(26,594)	(6,980)	(36,035)
Closing net book amount	TT$28,089	TT$291,596	TT$21,911	TT$341,596
	US$4,459	US$46,286	US$3,478	US$54,223
At 31 December 2003				
Cost	59,263	716,981	110,516	886,760
Impairment loss	--	(82,888)	--	(82,888)
Accumulated depreciation	(31,174)	(342,497)	(88,605)	(462,276)
Net book amount	TT$28,089	TT$291,596	TT$21,911	TT$341,596
	US$4,459	US$46,286	US$3,478	US$54,223
At 31 December 2002				
Cost	59,262	740,068	107,620	906,950
Impairment loss	--	(55,017)	--	(55,017)
Accumulated depreciation	(28,713)	(315,903)	(81,629)	(426,245)
Net book amount	TT$30,549	TT$369,148	TT$25,991	TT$425,688
	US$4,849	US$58,596	US$4,126	US$67,571

The depreciation and amortization charge in the consolidated income statement is a net figure of:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Depreciation on property, plant and equipment	(5,720)	(19,431)	(36,035)	(122,410)
Amortization – Intangible assets	(394)	(131)	(2,482)	(827)
	(6,114)	(19,562)	(38,517)	(123,237)
Impairment Loss- L10-11 Flight Equipment	(4,424)	(8,733)	(27,871)	(55,017)
Increase in provision for obsolescence/losses on inventories	(5,405)	(5,556)	(34,052)	(35,001)
	(9,829)	(14,289)	(61,923)	(90,018)
	(15,943)	(33,851)	(100,440)	(213,255)

3 **Property, Plant and Equipment (Continued)**

The Group is in the process of restructuring its fleet of aircraft and has recognized the impairment loss on the related aircraft and expendables amounting to TT$27,871,000 (US$4,424,000). The carrying value of the related items has been written down to its recoverable amount.

4 **Intangible Assets**

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Computer Software				
Opening net book amount	1,241	455	7,816	2,851
Additions	33	917	207	5,792
Amortization	(394)	(131)	(2,482)	(827)
Closing net book amount	880	1,241	5,541	7,816

5 **Investments**

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Available for Sale Securities				
LIAT (1974) Limited				
Cost	2,679	2,679	16,771	16,771
Post acquisition profits	86	86	540	540
	2,765	2,765	17,311	17,311
Provision for diminution in value	(2,765)	(2,765)	(17,311)	(17,311)
Net carrying value	--	--	--	--
Tobago Express Limited				
Cost	1,293	--	8,148	--
Post acquisition losses	(886)	--	(5,580)	--
	407	--	2,568	--
Provision for diminution in value	(407)	--	(2,568)	--
Net carrying value	--	--	--	--
France Telecom at cost	--	5,000	--	31,325
Fair value adjustment	--	(4,267)	--	(26,709)
Net carrying value	--	733	--	4,616
Other available for sale	265	289	1,668	1,825
Total available for sale investments at fair value	265	1,022	1,668	6,441

5 **Investments (Continued)**

A full provision was made for the investment in LIAT (1974) Limited and the Company has offered the shares for sale. Full provision was also made for the investment in Tobago Express Ltd, which has been reduced as a result of accumulated losses. The other investments are mainly unquoted investments and have been recorded at cost.

Other available for sale investments comprise mainly of investment certificates held in Societe Internationale de Telecommunications Aeronautiques (SITA). This is a non-profit organization to which all airlines contribute towards the operating expenditure. In return the airlines are provided with communication services. The certificates essentially represent contributions, which are unspent and are evidenced to the airlines in the form of certificates.

6 **Inventories**

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Expendable aircraft spares - at cost	11,845	10,743	74,618	67,678
Goods held for resale	2,134	2,260	13,444	14,239
Food and beverage	74	88	469	554
Other - motor pool, special traffic documents	7,774	9,211	48,975	58,030
	21,827	22,302	137,506	140,501
Provision for obsolescence	(15,000)	(7,610)	(94,497)	(47,941)
Maintenance and operating supplies	6,827	14,692	43,009	92,560

7 **Ordinary Shares and Share Options**

The authorized share capital of the Company consists of:

a) One Golden Share to be issued and held only by the Minister of Finance on behalf of the GORTT.

b) An unlimited number of Class A Preference Shares and Class B Convertible Preference Shares without nominal or par value which may be issued and held only by the Minister of Finance on behalf of the GORTT. Class B Convertible Preference Shares are convertible into Class A Series I Ordinary Shares (described below).

c) An unlimited number of Ordinary Shares without nominal or par value divided into the following classes:

(i) Class A Series I Ordinary Shares may only be issued to the Minister of Finance on behalf of the GORTT.

7 **Ordinary Shares and Share Options (Continued)**

(ii) Class A Series II Ordinary Shares may only be issued to Regional Shareholders, including Trinidad and Tobago Nationals.

(iii) Class B Ordinary Shares may only be issued to Foreign Shareholders.

c) Issued and fully paid:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
1 Golden share	--	--	--	--
Preference shares:				
Class A - 10,000 shares	9,445	9,445	59,500	59,500
Ordinary shares:				
Class A Series I – 23,219,999	23,407	23,407	147,461	147,461
Class A Series II –11,203,793				
(10,392,693 – 2002)	9,644	8,710	60,760	54,880
Class B – 13,109,864				
(13,920,864 – 2002)	13,602	14,536	85,696	91,576
	56,098	56,098	353,417	353,417

With effect from 1 January 1998, holders of Class A Preference shares shall be entitled to 6% annual cumulative dividends amounting to TT$3,570,000 per annum payable quarterly. The liquidation value of Class A Preference shares is increased by the amount of unpaid cumulative dividends which at 31 December 2003 amounted to TT$21,420,000. Dividends can only be paid from distributable profits and in accordance with the provisions of the Companies Act 1995, as amended. Unless full cumulative dividends (including additional dividends) on the Preference shares have been paid, or set aside for payment, no dividends shall be declared, paid, or distributed upon the ordinary shares of the Company ranking junior to or on par with the Preference shares as to dividends on liquidation.

d) **Management Share Options**

At the 60th Board Meeting of the Board of Directors of BWIA held on 9 July 1999 the Board approved the establishment of a Share Option Plan for Management ("the Share Option Plan") for the benefit of the Chief Executive Officer and full-time employees of the Company employed in Executive, Senior or Middle Management positions ("Eligible Persons") in a maximum aggregate of 4% of the total number of issued Ordinary Shares of the Company to be allocated under the Share Option Plan.

Grant of further options are under the control and absolute discretion of the Directors and can be effected under the Share Option Plan throughout the Plan Term of ten (10) years expiring on 30 July 2009. The option period for each option shall not exceed eight (8) years from the grant date and vests over a four (4) year period in equal tranches of 25% each year.

7 **Ordinary Shares and Share Options (Continued)**

d) **Management Share Options**

Also, at the 60th Meeting of the Board of Directors of the Company, the Board approved the grant of share options to individuals recommended by the President and Chief Executive Officer and approved by the Chairman as "turn around team members". As at 31 December 2002 the total number of Ordinary Shares for which options were granted to seven (7) individuals identified as the "Turnaround Team Leaders" was 352,000 of which all were exercised.

8 **Borrowings**

		2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
a)	Sagicor Life Inc	865	939	5,445	5,915
b)	Clico Investment Bank Limited	3,091	7,674	19,476	48,346
c)	RBTT Bank Limited	502	--	3,159	--
d)	Fleet Capital Leasing	839	2,325	5,287	14,645
e)	Canadian Regional Aircraft Finance	23,811	24,352	150,008	153,413
f)	Export Development Corporation	--	5,169	--	32,562
g)	Bombardier Capital Inc.	--	4,165	--	26,242
h)	Government of Trinidad & Tobago	3,189	3,189	20,090	20,090
i)	Ansa Finance & Merchant Bank Limited	2,105	2,105	13,263	13,263
j)	Caribbean Money Market Brokers	975	1,978	6,144	12,459
k)	First Citizens Bank Limited	22,779	4,072	143,503	25,659
	Total	58,156	55,968	366,375	352,594
	Less current maturities	(32,116)	(15,818)	(202,327)	(99,651)
		26,040	40,150	164,048	252,943

(a) The loan with Sagicor Life Inc is repayable in 180 equal monthly payments of US$14,692 plus interest at 11.25% per annum and is secured by a first legal mortgage over the property at Sunjet House, Bridgetown, Barbados. This loan is repayable by December 2010.

(b) The Clico Investment Bank Limited granted a US$3.0 million loan facility on 28 February 2003 with interest at 9% per annum and moratorium of one year on principal and interest. The loan is repayable in a period of 18 monthly instalments of principal & interest starting 31 January 2004 and is secured by the assignment of travel agents receipts in the United States of America.

A US$1.0 million short-term loan was re-negotiated in October 2001 at 11.5% per annum and is secured by the assignment of travel agent receipts in the United States of America. This loan was fully repaid on 27 February 2004.

The US$15,000,000 Loan was repaid in November, 2003.

(c) This loan was received on the 5 March 2003 from RBTT Bank Limited at an interest rate of 6.5% per annum. It is secured by term deposits held by the bank.

8 **Borrowings (Continued)**

(d) A loan agreement was entered into with Fleet Capital Leasing to purchase L1011 aircraft N3140D in January 2001. The loan was for the sum of US$4,379,000, financed over 36 months at 10.5% interest with monthly payments of principal and interest of US$126,860. This loan was fully repaid in March 2004.

(e) The fully owned special purpose company - WIAAL – financed the purchase of three (3) de Havilland DHC-8-Q300 aircraft from loans received from Canadian Regional Aircraft Finance Transactions No.1 Limited, a Jersey Channel Islands Company.

The first two (2) aircraft were purchased in February 1999 from Bombardier Inc. at a cost of US$10.9 million each. The Company financed 85% of the cost amounting to US$9,265,000 for each aircraft, by way of a loan for twelve (12) years ending 18 February 2011, bearing interest at 8.3175% per annum and repayable in fixed monthly instalments of US$89,087.32 per aircraft. The loan is secured by mortgage on the aircraft and a share in WIAAL which conveys preferred rights of control to the lender in the event of default.

A third aircraft was acquired in December 1999 at a cost of US$11,222,477 of which 90% or US$10,100,229 was financed by a loan. This loan bears interest at 9.482% and is repayable over twelve (12) years ending 30 November 2011 by fixed monthly instalments of US$105,612.76. The loan is secured by a mortgage on the aircraft and a share in WIAAL which conveys preferred rights of control to the lender in the event of default.

(f)(g) The fully owned subsidiary of Tobago Express Limited – Caribbean Aircraft Acquisition Limited (CAAL) financed the purchase of one Havilland DHC-8-Q300 aircraft at a cost of US$9.6 million. This was financed from loans received from Export Development Corporation (Senior Lender) and Bombardier Capital Inc, (Junior Lender). The Senior debt is repayable at an interest rate of 7.889% over a period of twelve (12) years ending 19 December 2013, fixed semi-annual instalments of US$348,078.59. The loan is secured by a mortgage on the aircraft. The Junior debt is repayable over twelve (12) years ending 19 December 2013 with fixed monthly principal instalments of US$8,803.82 and monthly interest based on one (1) month LIBOR. These loans are guaranteed by the Company See note 15(d).

These loans have not been consolidated, as the Group accounts for the investment in Tobago Express Limited as an associate company.

(h) The following have been received from The Government of the Republic of Trinidad & Tobago:

US$1.24 million to assist the airline in meeting the increased cost of passenger insurance premiums following the events of 11 September 2001.

A long-term loan of TT$12.6 million (US$2 million) was received on 16 December 2002, to meet critical payments to lessors. A two (2) year moratorium was granted on the repayment of principal and interest, after which time interest is payable at 6% per annum, with principal and interest to be paid in monthly instalments.

Loan conditionalities are still being negotiated with the Government and are unsecured.

8 **Borrowings (Continued)**

(i) The Company negotiated a loan of US$2.1 million from ANSA Finance and Merchant Bank Limited, which was received on 7 August, 2002. The loan is for a period of two (2) years, with quarterly interest payments at 8.75% per annum, commencing 7 November 2002. This loan is to be repaid with a bullet payment for the full amount of the principal on 7 August 2004. It is secured by the assignment of a call deposit and certain aircraft spares.

(j) A loan of US$2.5 million was negotiated with Caribbean Money Market Brokers Limited (CMMB) which was distributed in two tranches:

The first tranche of US$1 million was received in April 2002, with interest payable monthly at a rate of 9% per annum on the reducing balance and principal repayable in 10 quarterly instalments. The loan is for duration of 2.5 years ending 28 September 2004.

The second tranche of US$1.5 million was received in May 2002, with interest payable monthly at a rate of 9% per annum on the reducing balance and principal repayable in 10 quarterly instalments. The loan is for duration of 2.5 years ending 14 November 2004.

These loans are fully secured by call deposits.

(k) The following loans were granted upon receipt of Letters of Comfort from the Government of the Republic of Trinidad and Tobago.

First Citizens Bank Limited – A US$9.75 million demand loan to settle the Company's outstanding debts with a 10-year repayment period at 5.65% per annum. Interest payments are quarterly in arrears to commence six (6) months after draw down date and forty (40) quarterly equal principal payments to commence six (6) months after draw down date. The draw down date for this loan was on the 1 November 2003.

First Citizen Bank Limited – A US$5.0 million demand loan at 5.5% expired on 31 October 2003. The Letter of Comfort has been extended for ten (10) years in March 2004. The facility was provided to settle outstanding debts and was disbursed on 2 June 2003.

First Citizens Bank Limited – A US$600 thousand loan to pay WIAAL/CRAFT for aircraft leases at 5.0% interest per annum with a moratorium on interest and principal payments for the first six (6) months. Thereafter 4 semi-annual payments of Principal and Interest are due and payable. The Loan was disbursed on 30 October 2003.

First Citizens Bank Limited – A TT$15.0 million loan to assist in payment of severance benefits at 5.85% per annum with a moratorium on interest and principal for two (2) years. Thereafter interest to be paid semi-annually with principal to be repaid by sixteen (16) equal semi-annual payments. These funds were received on 31 October 2003.

First Citizens and Merchant Bank Limited – A US$5.0 million loan to settle the Company's outstanding debt at 5.415% per annum with three and a quarter (3 1/4) years moratorium on principal and interest after the disbursement of 16 July 2003.

9 Taxation

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
(a) Current tax	637	803	4,011	5,062
Deferred tax	(69)	(2)	(417)	(15)
Business levy	513	505	3,232	3,182
Green fund levy	257	262	1,606	1,650
	1,338	1,568	8,432	9,879

(b) The Group's effective tax rate differs from the statutory rate as a result of the differences shown below:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Loss before taxation and after extraordinary items	(19,888)	(32,561)	(125,291)	(205,128)
Corporation tax at the statutory rate of 30% (2002:35%)	(5,966)	(11,396)	(37,587)	(71,795)
Tax effect of non-deductible items	2	--	13	--
Temporary difference	--	(40)	--	(249)
Tax Losses not recognized	6,532	12,237	41,168	77,091
Business levy	513	505	3,232	3,182
Green Fund levy	257	262	1,606	1,650
	1,338	1,568	8,432	9,879

10 Deferred Tax Liability

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Opening amount	479	481	3,001	3,016
Charge to income statement	(69)	(2)	(417)	(15)
Closing amount	410	479	2,584	3,001

Deferred tax has been charged on the following temporary differences:

	31/12/02 TT$000's	Charge to Income Statement TT$000's	31/12/03 TT$000's
Accelerated tax depreciation	3,001	(417)	2,584
	US$479	US$(69)	US$410

11 Provision for Overhaul

Year ended 31 December 2003	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Opening net book amount	6,055	5,185	38,148	32,478
Additions	8,862	7,828	55,832	49,507
Provisions utilized	(3,284)	(6,958)	(20,689)	(43,837)
Net carrying amount	11,633	6,055	73,291	38,148

12 Loss From Operations

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
The following items have been charged in arriving at operating loss:				
Staff costs (see note 14)	44,819	57,443	282,353	361,888
Directors' fees and expenses (see note 14)	7	52	47	327
Depreciation and amortization	15,943	33,851	100,440	213,255

13 Net Change In Operating Assets And Liabilities

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Increase in receivables and prepayments	(21,501)	(6,810)	(135,453)	(44,598)
Decrease in inventories	2,014	2,269	12,695	13,475
Increase in accounts payable and accrued liabilities	8,706	18,770	54,846	120,250
Increase in provision for overhaul	5,578	870	35,142	5,670
(Decrease)/Increase in provision for severance	(5,622)	6,847	(35,418)	43,160
Increase/(Decrease) in unearned transportation revenue	2,033	(1,048)	12,798	(5,787)
Total	(8,792)	20,898	(55,390)	132,170

14 Staff Costs

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Salaries and wages	33,962	44,464	213,955	280,121
Crew allowances	2,687	3,621	16,930	22,811
Pension fund contributions	3,078	3,974	19,390	25,036
National and health insurance	2,293	2,771	14,443	17,457
Other personnel expenses	2,806	2,665	17,682	16,790
Total	44,826	57,495	282,400	362,215

Total number of employees as at 31 December 2003 was 1,868. The comparative figure for 2002 was 2,572.

15 Contingent Liabilities, Capital Commitments and Guarantees.

a) Operating Lease commitments

The Group leases the majority of its ground facilities including executive and administrative offices, overhaul and maintenance bases and ticket and reservation offices. Public airports are utilized for flight operations under lease arrangements with the governments or agencies owning or controlling such airports.

Substantially all leases provide that the lessee shall pay taxes, maintenance, insurance and certain other operating expenses applicable to the leased property. Most leases also include renewal options.

15 Contingent Liabilities, Capital Commitments and Guarantees (Continued)

a) Operating Lease commitments

Operating Lease commitments as at 31 December 2003:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
2003	--	37,452	--	235,947
2004	37,363	35,914	236,383	226,255
2005	33,762	32,504	212,697	204,772
2006	31,494	32,756	198,409	206,360
2007	28,686	33,008	180,719	207,947
Thereafter	85,164	103,011	536,525	648,959

There were no material Finance Leases.

b) Legal proceedings

(i) Pegasus Aviation 1 Inc of the United States of America has filed claim in US District Court seeking money damages for the breach of a Lease agreement which required the re-delivery of a Mc Donnell Douglas MD 83 Aircraft equipped with two (2) JTD-219 engines on 31 March 2003.

The aircraft was leased to BWIA West Indies Airways Ltd in 1986 and on expiration of the lease term; certain repairs and overhaul were to be completed to the specifications outlined under "Redelivery Conditions" of the subject Lease Agreement.

Management has made and included in these financial statements provisions to complete the outstanding re-delivery work on the aircraft.

In Management's opinion after taking appropriate legal advice, the outcome of this legal claim will not give rise to any material loss beyond the amount provided at 31 December 2003

(ii) The Company has been named as defendant in various other suits and proceedings, which involve principally employment matters. These suits and proceedings are at various stages of litigation and their outcomes are difficult to predict. In the Company's opinion, however, the disposition of these matters is not likely to have a materially adverse effect on its financial condition or results of operation.

c) Capital commitments

On 8 December 2003, the Company signed a Letter of Intent with debis Air Finance for the delivery of one A340-300 airbus aircraft in January 2004. The finalised lease agreement covers a period of 18 months from 23 January 2004 with an option to renew for a further period. The Lease costs approximate US$7 million.

15 **Contingent Liabilities, Capital Commitments and Guarantees (Continued)**

d) Guarantees

By agreement dated 7 March, 2002, BWIA provided guarantees and indemnities to the Lessor, Rheintalflug Vorarlberger Luftfahrt GmbH of Seegalerie, Bahnhofstrasse 10, A-6900 Bregenz, Austria - in respect of one (1) Bombardier DHC-8Q-314 Aircraft bearing Manufacturer's Serial Number 487 and Registration Number 9Y WIT. This aircraft was leased to Tobago Express Limited. Under the guarantee provisions, BWIA guarantees the obligations of Tobago Express Limited under the Lease Agreement, the Aircraft Purchase Agreement and other Operative Documents.

Operating Lease commitments due under this Lease as at 31 December 2003 are as follows:

Year	2003 US$000's	2003 TT$000's
2004	1,020	6,425
2005	1,020	6,425
2006	1,020	6,425
2007	1,020	6,425
March 31, 2008	255	1,606
Total	4,335	27,306

As at 31 December 2003 a security deposit in the sum of US$1.2 million was held by the lessor and the instalments due under the lease agreement are being serviced by the lessee.

By agreement dated 20 December, 2001 BWIA provided guarantees in favor of Caribbean Aircraft Acquisitions Limited (CAAL), a company incorporated under the laws of the Cayman Islands (the Lessor), Export Development Corporation (EDC) of Canada, a corporation established by an Act of Parliament of Canada (the Senior Lender), Bombardier Capital Inc, a corporation organized under the laws of Massachusetts (the Junior Lender) and Wells Fargo Bank Northwest, National Association, not in its individual capacity, but solely as security trustee (the "Security Trustee"). Under the provisions of this agreement, BWIA guarantees the payment and performance as primary obligor of obligations for one (1) de Havilland DHC-8-Q300 Aircraft, Manufacturer's Serial Number 557 and Registration Number 9Y WIZ owned by CAAL(the lessor) and leased by Tobago Express Limited (the lessee) for a period of twelve (12) years.

The principal balances due at 31 December 2003 were as follows:

	US$	TT$
Senior Lender	5,054,492	31,838,245
Junior Lender	4,033,636	25,407,873
Total	9,088,128	57,246,118

15 **Contingent Liabilities, Capital Commitments and Guarantees (Continued)**

The Junior Loan is being serviced by monthly instalments. As at 31 December 2003 the monthly instalments due under the Junior Loan Agreement were paid up to date.

The Senior Loan is serviced by two (2) semi annual payments due on the 19 June and 19 December. As at 31 December 2003 the semi annual instalment due 19 December 2003 under the Senior Loan Agreement was in arrears. However, this instalment was paid in 2004.

Under the provisions of this Guarantee, the Company (the Guarantor) is required to maintain the following financial covenants:

A. The Tangible Net Worth shall not be less than US$8,000,000
B. The Current Ratio shall not be less than 0.50
C. The Cash Flow Coverage Ratio effective 3 June 2002 shall be 1.20

As at 31 December 2003 the Company was in default of these financial covenants.

16 **Employee Share Ownership Plan (ESOP)**

Under the ESOP employee participants will be entitled to purchase newly issued Ordinary Shares up to an aggregate of 10% of the issued share capital of the Company.

17 **Option to Acquire Catering Business**

An option has been granted to one of the existing shareholders of Allied Caterers Limited, to acquire a further 15% of the issued share capital of that company. This option can be exercised at any time between December 2005 and December 2006.

18 **Financial Risk Management**

The Company's activities expose it to a variety of financial risk including the effect of fuel prices, foreign exchange rates and interest rates. The Company's overall risk management programme seeks to minimize potential adverse effects on financial performance of the Company. Risk management is carried out by a central treasury department using prudent policies and best practice.

(i) **Credit risk**

Credit risk is managed by limiting the aggregate exposure to any individual counter party, customer or financial institution. The Company has no significant concentration of credit risk.

18 **Financial Risk Management**

(ii) **Financing and interest rate risk**

Most of the Company's debt is asset related, reflecting the capital-intensive nature of the airline industry and the attractiveness of aircraft as security to lenders and financiers. All of the Company's borrowings are at fixed rates of interest and most of these borrowings are denominated in United States dollars. The Company is able to negotiate loans linked to US Prime, which is lower than rates available for local borrowing. External borrowings are repaid from externally generated cash flows, mainly United States dollars, which minimizes finance and interest rate risks.

(iii) **Foreign currency risk**

The Company does business in approximately 15 currencies and generates surpluses in most of these currencies after paying local expenses. Surpluses are converted mainly to United States dollars or local currency to meet payments for fuel, lease costs, major overhaul, payments to other carriers, and which is mainly denominated in United States dollars, and local salaries and expenses. The Company manages its foreign exchange exposure arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, either spot or forward, for United States dollars. Balances held in soft currencies are constantly reviewed and managed to reduce the Company's exposure.

(iv) **Fair values**

The fair value of trading and available-for-sale securities is based on quoted market prices at the balance sheet date. The fair value of forward contracts is determined using the forward rates, agreed at the balance sheet date.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.

19 **Principal Subsidiaries**

	Group shareholdings	Country of Incorporation
Allied Caterers Limited	51% (2002 - 55%)	Trinidad and Tobago
• Subsidiary - Contract Caterers Limited	51% (2002 - 55%)	Trinidad and Tobago
West Indian Airways Aircraft Limited	100%	Cayman Islands
West Indian Airways Aircraft Limited No. 2	100%	Cayman Islands
• Subsidiary - Katerserv Limited	55%	Trinidad and Tobago

At the 119th meeting of the Board of Directors, held on 12 December 2003, the Board approved the sale of 3,636 Allied Caterers Limited shares to an individual investor. These shares were transferred on 18 December 2003.

19 **Principal Subsidiaries (Continued)**

	Group shareholdings	Country of Incorporation
Associate Companies		
LIAT (1974) Limited	23.6%	Antigua
Tobago Express Limited	49%	Trinidad and Tobago

With effect from 1 January 2003, the Group decided to discontinue accounting for the investment in Tobago Express Ltd as a subsidiary. The Group now accounts for the investment as an associate, which was previously consolidated as a subsidiary. No audited financial statements were available to management for the year ended 31 December 2003 and as a result a full provision was made for the total investment of TT$8 million.

The sales, results and net assets of Tobago Express Limited that were included in the financial statements for year ended 31 December 2002 were as follows:

December	**2002** **TT$000's**
Sales	34,387
Costs	(38,742)
Loss for the year	(4,355)
Minority Interest	(2,221)
Attributable to Group	(2,134)
	(4,355)
Property Plant and Equipment	66,638
Other Non-current Assets	7,468
Current Assets	23,242
Total Assets	97,348
Total Liabilities	(96,259)
Net Assets	1,089
Minority Interest	555
Attributable to Group	534
	1,089

20 **Loss Per Share (LPS)**

Basic LPS is calculated by dividing the net loss attributable to shareholders, after deducting preference dividends of TT$3,570,000 (See Note 7), by the weighted average number of common shares in issue during the year.

20 **Loss Per Share (LPS) (Continued)**

For the diluted LPS, the weighted average number of common shares in issue is adjusted to assume conversion of all dilutive potential common shares. The management shares options of 4% of the issued share capital are to be issued at fair value at the date of issue and therefore are not dilutive in nature.

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Group loss after taxation	(21,942)	(34,401)	(138,228)	(216,722)
Preference share dividends	(568)	(568)	(3,570)	(3,570)
Loss attributable to shareholders	(22,510)	(34,969)	(141,798)	(220,292)
Weighted average number of ordinary shares in issue	47,533,556	47,533,556	47,533,556	47,533,556
Basic (LPS)	(47¢)	(74¢)	($2.98)	($4.65)

21 **Segment Reporting**

The directors regard all material activities of the Group relating to airline operations. Airline operations relate to scheduled passenger and other airline related operations, which include the transportation of cargo, mail and freighter services, duty-free sales, sale of package holidays, third party aircraft maintenance and incidental revenue.

Catering operations relates to the activities of subsidiaries and segmental revenue, expenses and results are shown for information purposes only.

The segmental results are calculated after deducting directly attributable costs of these segments.

The major revenue-earning assets of the Group consist of its aircraft fleet and related spares and inventory. These assets are employed flexibly within the airline operations. Segmental assets of the catering operations are shown for information purposes only.

Geographic segments:

The major geographic locations of the Group's operations are Trinidad and Tobago, Caribbean and South/Central America, North America and UK/Europe.

The analysis of scheduled passenger revenues by area of sale is derived by allocating revenue to the region where the sale was made.

21 **Segment Reporting(Continued)**

Geographic segments (Continued):

The analysis of scheduled passenger revenues by points of origin and destination between Trinidad and Tobago and overseas points is attributed to the geographic region in which the relevant overseas point lies. Revenue on the Trinidad to Tobago service is shown as domestic revenue.

Revenues attributed to other airline operations and catering operations are derived mainly in Trinidad and Tobago.

a. Business segment information is analysed as follows:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Revenue by business segment:				
Airline operations				
- scheduled passenger	210,411	224,848	1,325,569	1,416,519
- other airline related	32,461	28,811	204,499	181,508
	242,872	253,659	1,530,068	1,598,027
Catering operations	3,370	1,672	21,230	10,532
Operating revenue	246,242	255,331	1,551,298	1,608,559

Expenses by business segment:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000s
Airline operations	253,210	270,616	1,595,200	1,704,848
Catering operations	3,747	3,156	23,597	19,884
Operating expenses	256,957	273,772	1,618,797	1,724,732
Segment result:				
Airline operations	(10,338)	(16,957)	(65,132)	(106,821)
Catering operations	(377)	(1,484)	(2,367)	(9,352)
Operating loss	(10,715)	(18,441)	(67,499)	(116,173)
Segmental assets:				
Airline operations	145,923	155,522	919,301	979,769
Catering operations	7,522	5,215	47,386	32,856
Group	153,445	160,737	966,687	1,012,625
Segmental liabilities:				
Airline operations	181,167	168,026	1,141,336	1,058,543
Catering operations	2,780	1,983	17,512	12,494
Group	183,947	170,009	1,158,848	1,071,037

21 **Segment Reporting (Continued)**

Segmental capital expenditure:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Airline operations	9,394	16,940	59,181	106,725
Catering operations	53	102	333	640
Group	9,447	17,042	59,514	107,365

Segmental depreciation and amortisation:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Airline operations	11,251	24,814	70,882	156,326
Airline operations – impairment loss	4,424	8,733	27,871	55,017
Catering operations	268	304	1,687	1,912
Group	15,943	33,851	100,440	213,255

b. Segmental revenue by geographic location is analyzed as follows:

Scheduled passenger revenue by area of sale:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Trinidad and Tobago	41,081	46,706	258,806	294,245
Other Caribbean, South and Central America	46,274	53,736	291,523	338,531
North America	68,253	73,728	429,986	464,480
United Kingdom and Europe	54,803	50,678	345,254	319,263
	210,411	224,848	1,325,569	1,416,519

Scheduled passenger revenue by point of origin and destination:

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Domestic	1,675	2,539	10,550	15,994
Other Caribbean, South and Central America	29,691	33,175	187,053	209,001
North America	111,930	126,591	705,146	797,508
United Kingdom and Europe	67,115	62,543	422,820	394,016
	210,411	224,848	1,325,569	1,416,519

22 **Related Party Transactions**

The Company has had related party transactions, during the year under review, with LIAT (1974) Limited in which it has a 23.6% interest, and Tobago Express Limited, in which it has a 49% interest, see Note 5. LIAT (1974) Limited provides ground handling services in Antigua and Grenada, and the Company provides similar services for LIAT (1974) Limited in Guyana.

As is common practice in the airline industry, both LIAT & BWIA accept passenger tickets and cargo airway bills raised by one airline for carriage on the other airline. The settlement between the two carriers is actioned through the IATA Clearing House, of which both airlines are members.

Tobago Express Limited provides air transport & Cargo services to limited destinations, on behalf of BWIA West Indies Airways Limited. BWIA West Indies Airways Limited simultaneously provides maintenance handling, administrative and other services to Tobago Express Limited.

Transactions between these two carriers are settled by way of normal inter company invoicing, since Tobago Express Limited is not a member of the Airline Clearing House.

	2003 US$000's	2002 US$000's	2003 TT$000's	2002 TT$000's
Amounts due from related parties				
LIAT (1974) Limited	371	573	2,335	3,610
Tobago Express Limited	5,487	--	34,565	--
	5,858	573	36,900	3,610
Amounts due to related parties				
LIAT (1974) Limited	688	501	4,332	3,155
Tobago Express Limited	31	--	199	--
	719	501	4,531	3,155
Transactions				
Passenger, cargo and handling services to LIAT (1974) Limited	4,680	3,423	29,486	21,564
Passenger, cargo and handling services by LIAT (1974) Limited	(6,834)	(5,152)	(43,052)	(32,459)
Maintenance, rental, handling and administrative services to Tobago Express Limited	(7,930)	--	(49,961)	--

23 **Extraordinary Items**

Restructuring costs - 2002

The costs associated with the restructuring of the activities of the Company relate specifically to the retrenchment of employees, whose services will no longer be required as a result of the fundamental restructuring of the Company that commenced in December 2002.

The Company has reviewed all areas of its operations with a view to significantly reducing its cost base in order to compete effectively in the environment in which it operates. As a result of this review it has been decided to:

1. Outsource its heavy maintenance capability for the Boeing 737-800 fleet.
2. Outsource Ramp Handling at Piarco Airport Trinidad.
3. Outsource the operations of the Sunjet Duty Free Shop at Piarco to an external party.
4. Reduce Managerial and General Staffing levels across the organization in line with revised productivity goals.

The majority of staff affected by this restructuring was served with retrenchment notices on 28 January 2003. These were fully settled in 2004.

NOTES