ASL AVIATION GROUP LIMITED
FINANCIAL STATEMENTS 2013

AIRLINES

SUPPORT

LEASING

Directors' report and financial statements

Contents

Directors and other information

Directors	P.M. Chavanne (French) L. Criel (Belgian) H. Flynn K. Ottevaere (Belgian) B. Timmermans (Belgian) E. Verkest (Belgian)
Secretary	N. O'Connor
Bankers	Bank of Ireland The Mall Malahide Co. Dublin
	Lloyds TSB Bank plc 43 Irongate Derby DE1 3FT United Kingdom
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Registered office	No 3 Malahide Road Swords Co. Dublin

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2013.

Principal activities, business review and future developments

ASL Aviation Group Limited ("ASL" and / or "the Group") is a joint venture undertaking between Compagnie Maritime Belge NV ("CMB") and 3P Air Freighters Limited ("3P").

The principal activities of the Group during the year were as follows:

- Provision of air cargo transport services to the integrator and postal markets
- Provision of air passenger transport services
- Aircraft leasing
- Aircraft spares trading
- Other aviation related services

The ASL Aviation Group produced a robust set of trading results for the 2013 financial year given the improving, yet still challenging, trading conditions. The consolidated net profit reduced by 37% to €17.0 million in 2013.

While the trading result remains positive, in addition to the continuing economic and political conditions across the world, the volatile costs of fuel and regulatory compliance costs are creating added burdens on the industry.

The Group continues to focus on ensuring a safe, reliable service for its customers which continues to grow and strengthen our existing relationships with customers. Both our reliability in completing flights and punctuality aspects of leaving on time are critically examined towards targeting a 100% success rate. Particular focus is being dedicated to the increasing passenger activity across the Group which targets to exceed customer's expectations and which continues to produce steady returns.

The Group's leasing portfolio continues to provide steady financial returns. As an aircraft lessor the Group is exposed to credit and default risk but actively manages the portfolio and continues to target proven reliable lessees. This puts the Group in a strong position with regards to committed revenue streams for future trading periods. The Group continued to trade aircraft during the year at a profit.

During the year, the Group's shareholding in Safair Operations (Pty) Limited was diluted. The Group will continue to maintain a 25% shareholding in that company going forward.

The Group periodically reviews the carrying value of the fleet and compares it to the market value to ensure reasonableness. The Group actively trades in aircraft and is well placed to take advantage of opportunities when they arise particularly if the fleet profile no longer fits with customer's needs and the Group's objectives.

Looking forward, the strategic focus of the Group is to continue to optimise the financial and operational performance of the Group companies. The Group continues to actively seek strategic investment opportunities across the aviation industry which could enhance and grow the existing synergies obtained across the existing Group companies.

Results and dividends

The results for the year have been presented on page 9 and in the related notes. The directors do not recommend payment of a dividend.

As a consequence of the implementation in 2013 of amendments to an accounting standard, IAS19 "Employee Benefits", there have been some reclassifications of comparative figures for certain categories reflected within profit and other comprehensive income for 2012, as further described in Note 28. Total comprehensive income for 2012 and net assets at 31 December 2012 were not affected by this change.

Directors' report (continued)

Principal risks and uncertainties

Financial risk is managed within the framework set out by the Board of Directors and includes regular assessments and monitoring of risks within the Group. The Group has outsourced its internal audit function to an audit firm which performs periodic risk evaluations and reviews as and when directed by the Audit Committee.

Aircraft owning and leasing companies are exposed to changes in the values of the aircraft and the associated lease rates. While aircraft values have been impacted by the current downturn in the economic cycle, the directors remain confident that the carrying values are appropriate.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

Credit risk

The Group has a concentration of credit risk in the postal and integrator markets which are its primary customers. The large majority of these customers are established or state managed companies where the directors consider the exposure to be minimal.

The Group performs credit evaluations on an ongoing basis for individual counterparties.

The Group carefully considers all significant new customers before extending credit and implements reduced credit terms such as weekly payments wherever possible.

Cash is only deposited with financial institutions which have a strong credit rating.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group prepares cash forecasts and monitors liquidity levels to ensure that it maintains sufficient working capital balances to support the regular operations of the Group in the short term. In the long term substantial cash requirements for business expansion are financed from external borrowings, shareholder loans or capital contributions.

The directors are very careful to ensure that capital commitments are funded prior to entering into a binding commitment or that access to funding for capital commitments is reasonably assured.

Interest rate risk

The Group is exposed to interest rate risk through its borrowings and deposits. A proportion of the Group's borrowings have fixed interest rates in order to mitigate some of this risk.

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity. Furthermore, the spares trading activities conducted from the United Kingdom has income and expenses in US dollars, GBP and Euro. The holding company has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

Certain companies within the Group use derivative financial instruments to hedge exposure to exchange rates. In Group companies, where derivative financial instruments are not used to hedge exposure to foreign currency, the policy followed is to manage levels of inflows and outflows in each currency to reduce the overall exposure to movements in currency translation rates.

Further disclosures in relation to these principal risks and uncertainties are given in Note 23 to the financial statements.

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2013 had no interests in the shares of the Company or Group companies.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the company are maintained at its offices at No 3 Malahide Road, Swords, Co. Dublin.

Auditor

In accordance with Section 160 (2) of the Companies Act 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

H. Flynn
Director

L. Criel
Director

1 April 2014

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the consolidated and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated and company financial statements for each financial period. The directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU, and as applied in accordance with the Companies Acts, 1963 to 2013.

The consolidated and company financial statements are required by law and IFRSs as adopted by the EU, to present fairly the financial position of the Group and the Company and the performance of the Group. The Companies Acts, 1963 to 2013 provide in relation to such financial statements that references in the relevant part of these Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the consolidated and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs, as adopted by the EU and, in the case of the Company, as applied in accordance with the Companies Acts, 1963 to 2013; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2013. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts, 1963 to 2013.

On behalf of the board

H. Flynn
Director

L. Criel
Director

Independent auditor's report

to the members of ASL Aviation Group Limited

We have audited the Group and Company financial statements ("financial statements") of ASL Aviation Group for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2013.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2013 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the Company's affairs as at 31 December 2013; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The Company statement of financial position is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the directors' report is consistent with the financial statements. The net assets of the Company, as stated in the Company statement of financial position are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Independent auditor's report (continued)

to the members of ASL Aviation Group Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Sean O'Keefe

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

1 April 2014

Consolidated income statement
for the year ended 31 December 2013

	Note	2013	2012 Restated (Note 28)
		€'000	€'000
Continuing operations			
Revenue	2	**322,760**	380,037
Cost of goods and services		**(200,340)**	(236,047)
Depreciation and amortisation	4	**(31,398)**	(32,630)
Employee benefits expense	5	**(66,446)**	(74,660)
Other operating income	3	**5,829**	13,817
Other operating expenses	3	**(4,005)**	(6,183)
Results from operating activities		**26,400**	44,334
Finance income	6	**1,383**	992
Finance costs	6	**(5,630)**	(7,787)
Net finance costs		**(4,247)**	(6,795)
Share of profit of associate, net of tax	10	**2**	-
Profit before tax	4	**22,155**	37,539
Tax expense	7	**(5,137)**	(10,462)
Profit for the year		**17,018**	27,077
Profit attributable to:			
Owners of the Company		**15,401**	25,213
Non-controlling interest		**1,617**	1,864
Profit for the year		**17,018**	27,077

The accompanying notes are an integral part of these financial statements.

On behalf of the board

H. Flynn
Director

L. Criel
Director

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013

	2013	2012 Restated (Note 28)
	€'000	€'000
Profit for the year	**17,018**	27,077
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Defined benefit scheme actuarial gains/(losses)	**448**	(1,535)
Related tax	**(152)**	522
	296	(1,013)
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences on retranslation of foreign operations	**(4,985)**	(2,175)
Other comprehensive loss, net of tax	**(4,689)**	(3,188)
Total comprehensive income for the year	**12,329**	23,889
Attributable to:		
Owners of the Company	**10,865**	22,076
Non-controlling interest	**1,464**	1,813
Total comprehensive income for the year	**12,329**	23,889

Consolidated statement of financial position

at 31 December 2013

	Notes	2013	2012
Assets		**€'000**	€'000
Property, plant and equipment	*8*	**238,365**	262,804
Intangible assets	*11*	**8,548**	8,455
Deferred tax assets	*21*	**675**	709
Trade and other receivables	*14*	**3,871**	1,491
Investment in associate	*10*	**20**	-
Total non-current assets		**251,479**	273,459
Inventories	*12*	**15,736**	19,502
Trade and other receivables	*14*	**50,496**	51,476
Current tax assets	*13*	**716**	1,630
Cash at bank	*15*	**42,945**	53,428
Restricted cash	*15*	**7,830**	11,400
Assets classified as held for sale	*16*	**279**	910
Total current assets		**118,002**	138,346
Total assets		**369,481**	411,805
Equity			
Share capital	*17*	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Currency translation reserve		**(6,898)**	(2,066)
Retained earnings		**115,641**	99,944
Total equity attributable to equity holders of the company		**147,680**	136,815
Non-controlling interest		**8,307**	9,936
Total equity		**155,987**	146,751
Liabilities			
Loans and borrowings	*18*	**52,671**	69,424
Employee benefits	*19*	**6,999**	7,030
Provisions	*20*	**5,547**	11,338
Deferred tax liabilities	*21*	**22,596**	20,717
Trade and other payables	*22*	**569**	761
Total non-current liabilities		**88,382**	109,270
Loans and borrowings	*18*	**67,083**	76,009
Current tax liabilities	*13*	**1,133**	1,411
Trade and other payables	*22*	**55,605**	76,275
Provisions	*20*	**1,291**	2,089
Total current liabilities		**125,112**	155,784
Total liabilities		**213,494**	265,054
Total equity and liabilities		**369,481**	411,805

On behalf of the board

H. Flynn
Director

L. Criel
Director

Company statement of financial position
at 31 December 2013

	Notes	2013	2012
		€'000	€'000
Assets			
Property, plant and equipment	8	17,140	22,686
Investments in subsidiaries	9	72,786	72,786
Total non-current assets		89,926	95,472
Inventories	12	578	869
Assets held for sale	16	279	-
Loans to and receivables from subsidiaries	24	93,324	76,429
Trade and other receivables	14	969	1,397
Cash at bank	15	16,349	22,337
Total current assets		111,499	101,032
Total assets		201,425	196,504
Equity			
Share capital	17	-	-
Share premium		7,006	7,006
Capital contribution		31,931	31,931
Retained earnings		20,029	16,681
Total equity		58,966	55,618
Liabilities			
Loans and borrowings	18	30,040	27,038
Deferred tax liabilities	21	194	194
Total non-current liabilities		30,234	27,232
Loans and borrowings	18	50,434	54,930
Current tax liabilities	13	270	242
Amounts due to subsidiaries	24	57,870	51,154
Trade and other payables	22	3,651	7,328
Total current liabilities		112,225	113,654
Total liabilities		142,459	140,886
Total equity and liabilities		201,425	196,504

On behalf of the board

H. Flynn
Director

L. Criel
Director

Consolidated statement of changes in equity

	Attributable to equity holders of the Company							
	Share capital €'000	Share premium €'000	Capital contribution €'000	Currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2012	-	7,006	31,931	58	75,744	114,739	9,548	124,287
Total comprehensive income for year								
Profit for the year	-	-	-	-	25,213	25,213	1,864	27,077
Other comprehensive income	-	-	-	(2,124)	(1,013)	(3,137)	(51)	(3,188)
Total comprehensive income for the year	-	-	-	(2,124)	24,200	22,076	1,813	23,889
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	-	(1,425)	(1,425)
Total change in equity for the year	-	-	-	(2,124)	24,200	22,076	388	22,464
Balance at 31 December 2012	**-**	**7,006**	**31,931**	**(2,066)**	**99,944**	**136,815**	**9,936**	**146,751**
Balance at 1 January 2013	-	7,006	31,931	(2,066)	99,944	136,815	9,936	146,751
Total comprehensive income for year								
Profit for the year	-	-	-	-	15,401	15,401	1,617	17,018
Other comprehensive income	-	-	-	(4,832)	296	(4,536)	(153)	(4,689)
Total comprehensive income for the year	-	-	-	(4,832)	15,697	10,865	1,464	12,329
Transactions with owners								
Dividends to non-controlling interest shareholders	-	-	-	-	-	-	(3,093)	(3,093)
Total change in equity for the year	-	-	-	(4,832)	15,697	10,865	(1,629)	9,236
Balance at 31 December 2013	**-**	**7,006**	**31,931**	**(6,898)**	**115,641**	**147,680**	**8,307**	**155,987**

Company statement of changes in equity

	Share capital €'000	Share premium €'000	Capital contribution €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2012	-	7,006	31,931	11,390	50,327
Total comprehensive income for year					
Profit for the year	-	-	-	5,291	5,291
Balance at 31 December 2012	-	7,006	31,931	16,681	55,618
Balance at 1 January 2013	-	7,006	31,931	16,681	55,618
Total comprehensive income for the year					
Profit for the year	-	-	-	3,348	3,348
Balance at 31 December 2013	**-**	**7,006**	**31,931**	**20,029**	**58,966**

Consolidated statement of cash flows

for the year ended 31 December 2013

Operating activities	2013 €'000	2012 €'000
Profit for the year	17,018	27,077
Adjustments for:		
Depreciation of property, plant and equipment	30,683	31,869
Amortisation of intangible assets	715	761
Profit on disposal of property, plant and equipment	(4,604)	(2,019)
Profit on disposal of assets held for sale	-	(3,031)
Insurance proceeds and other compensation for impairment	(770)	(7,092)
Impairment of aircraft	4,005	6,183
Net finance costs	4,247	6,795
Tax expense	5,137	10,462
Operating cash inflows before movements in working capital	56,431	71,005
Decrease/(increase) in inventories	2,096	(51)
Decrease in assets held for sale	160	-
Decrease/(increase) in trade and other receivables	2,811	(2,715)
(Decrease)/increase in trade and other payables	(13,390)	6,521
Decrease in provisions and employee benefits	(2,543)	(16,877)
Foreign exchange translation	1,239	2,781
Taxes paid	(2,037)	(5,564)
Net cash from operating activities	44,767	55,100
Cash flows from investing activities		
Proceeds on disposal of assets held for sale	-	5,498
Proceeds on disposal of property, plant and equipment (including insurance compensation)	27,558	23,244
Purchases of property, plant and equipment	(41,702)	(37,611)
Purchases of intangible assets	(808)	(815)
Cash disposed of on cessation of control of subsidiary	(7,678)	-
Interest and similar income received	1,383	992
Net cash used in investing activities	(21,247)	(8,692)
Cash flows from financing activities		
New bank loans received	20,523	22,260
Repayment of bank loans	(35,442)	(65,825)
Loan repayments to shareholders	(10,760)	(8,725)
Interest paid	(5,820)	(10,058)
Dividends paid to non-controlling interest shareholders	(3,093)	-
Net cash used in financing activities	(34,592)	(62,348)
Net decrease in cash and cash equivalents	(11,072)	(15,940)
Cash and cash equivalents at the beginning of the year	64,828	82,280
Effect of exchange rate fluctuations on cash held	(2,981)	(1,512)
Cash and cash equivalents at end of the year	50,775	64,828

Company statement of cash flows

for the year ended 31 December 2013

	2013 €'000	2012 €'000
Operating activities		
Profit for the year	**3,348**	5,291
Adjustments for:		
Depreciation of property, plant and equipment	**2,683**	3,609
Profit on disposal of aircraft	**(683)**	(957)
Impairment of investments in subsidiaries	**-**	256
Net finance expense	**399**	914
Tax charge	**28**	133
Dividend income	**(3,098)**	(5,000)
Operating cash inflows before movements in working capital	**2,677**	4,246
Decrease in inventories	**291**	816
Increase in assets held for sale	**(279)**	-
Decrease in trade and other receivables	**428**	3,452
(Decrease)/increase in trade and other payables	**(3,677)**	39
Net cash (used in)/from operating activities	**(560)**	8,553
Cash flows from investing activities		
Proceeds on disposal of aircraft	**4,776**	-
Purchases of property, plant and equipment	**(1,230)**	(2,221)
Interest and similar income received	**3,070**	2,319
Dividends received from subsidiary undertakings	**3,098**	5,000
Net cash from investing activities	**9,714**	5,098
Cash flows from financing activities		
New bank loans received	**16,195**	2,609
Repayment of bank borrowings	**(9,458)**	(9,363)
Loans advanced and repayments to subsidiary undertakings	**(30,541)**	(38,596)
Loans and repayments received from subsidiary undertakings	**20,362**	43,957
Loan repayments to shareholders	**(8,231)**	(5,873)
Interest paid	**(3,469)**	(3,233)
Net cash used in financing activities	**(15,142)**	(10,499)
Net (decrease)/increase in cash and cash equivalents	**(5,988)**	3,152
Cash and cash equivalents at the beginning of the year	**22,337**	19,185
Cash and cash equivalents at end of the year	**16,349**	22,337

Notes (forming part of the financial statements)

1 Summary of significant accounting policies

Reporting entity

ASL Aviation Group Limited is a company domiciled in Ireland. The address of the Company's registered office is No 3, Malahide Road, Swords, Co. Dublin. The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its associate. The Group is primarily involved in the provision of air cargo transport services, the provision of air passenger transport services, aircraft leasing, aircraft spares and other aviation related services.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The individual financial statements of the company have been prepared in accordance with IFRSs as adopted by the EU, and as applied in accordance with the Companies Acts 1963 to 2013.

The standards and interpretations that were required to be applied for the first time in the year ended 31 December 2013 are set out below.

- Presentation of items of other comprehensive income (amendments to IAS 1);
- IFRS 13: Fair value measurement;
- IAS 19: Employee benefits (amended 2011);
- Annual improvements to IFRSs 2009-2011 cycle.

The main impact on the group financial statements is that under the amendments to IAS19: "Employee benefits", actuarial gains and losses on defined benefit pension obligations are now presented within other comprehensive income. In previous financial statements, actuarial gains and losses were included in or charged against profit. Comparatives have been restated in accordance with the amendments to IAS19. The impact of this change on the financial statements is explained in Note 28.

The only other impact on the financial statements in the current year from these standards is the inclusion of certain additional IAS 1 and IFRS 13 disclosure requirements.

Standards that are not yet required to be applied, but can be early adopted are set out below. None of these standards are expected to have a material impact on the financial statements.

- IFRS 10: Consolidated financial statements. Effective date: 1 January 2014;
- IFRS 11: Joint arrangements. Effective date: 1 January 2014;
- IFRS 12: Disclosure of interests in other entities. Effective date: 1 January 2014;
- IAS 27: Separate financial statements. Effective date: 1 January 2014;
- IAS 28: Investments in associates and joint ventures. Effective date: 1 January 2014;
- Offsetting Financial Assets and Liabilities (Amendment to IAS 32). Effective date: 1 January 2014;
- Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27). Effective date: 1 January 2014;
- Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36). Effective date: 1 January 2014;
- Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39). Effective date: 1 January 2014.

Notes (continued)

1 Summary of significant accounting policies (continued)

(a) Basis of preparation

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which have been recorded at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Note 23.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost (or at fair value where acquired as a result of a business combination). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, from the date that significant influence commences until the date significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

1 Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, only to the extent that there is no evidence of impairment.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at rates approximating the exchange rates at the dates of the transactions.

Foreign currency differences arising on the translation of foreign operations are recognised directly in equity, in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to profit or loss.

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(f) Intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is recognised as an asset and initially at its cost. After initial recognition goodwill is remeasured at cost less any accumulated impairment losses (see accounting policy (l)).

If the net fair value of the acquired net assets exceeds the cost of the acquisition, the excess is recognised immediately in profit or loss after a reassessment of the identifiable assets, liabilities and contingent liabilities.

Notes (continued)

1 Summary of significant accounting policies (continued)

(f) Intangible assets (continued)

(ii) Other intangible assets

Other intangible assets that are acquired are stated at cost less accumulated amortisation and impairment losses (see accounting policy (l)).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its cost can be measured reliably. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset as from the date they are available for use. The estimated maximum useful life is as follows:

Software 3-5 years

(g) Aircraft, property, plant and equipment

(i) Owned assets

Aircraft and other items of property, plant and equipment are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated depreciation (see below) and impairment losses (see accounting policy (l)) if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of aircraft or of another item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the aircraft or the item of property, plant and equipment and are recognised net.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenditure is recognised in the income statement as an expense as incurred.

(iii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of aircraft and other items of property, plant and equipment. Land is not depreciated.

1 Summary of significant accounting policies (continued)

(g) Aircraft, property, plant and equipment (continued)

Aircraft operated within the Group	These are depreciated on a component basis. The components are aircraft specific but typically include the airframe, engines, landing gear and major overhaul and inspection modules. Engines, landing gear and major overhaul and inspection items are depreciated over the period of the maintenance interval, to estimated residual core value, which does not exceed 8 years. Airframes are depreciated over a period from 4 to 22 years depending on the age of the aircraft at acquisition.

The estimated maximum useful lives of other assets are as follows:

Aircraft leased to third parties	Between 5 and 10 years to estimated residual values of between $1 million and $20 million or their equivalent.
Aircraft improvements	These are depreciated over the duration of the underlying aircraft lease.
Engines	Engines typically comprise the engine core and the life limited parts. Engine cores are depreciated over the remaining life of the engine between 3 and 10 years. Where the lessee is obliged to restore life limited components to their original condition, through lease return conditions or through contributing appropriate maintenance reserves, the life limited components of engines are not depreciated. Otherwise life limited components are depreciated on the basis of the engine usage.
Significant aircraft spare parts	2-10 years
Equipment and machinery	3-10 years
Motor vehicles	5 years
Buildings	Improvements to leased premises are depreciated over the term of the lease.

The useful lives and residual values are reassessed annually.

(h) Non-derivative financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position. Loans to and receivables from subsidiaries are disclosed separately in the company statement of financial position.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired (see accounting policy (l)).

(i) Inventories

Inventories of spare parts and consumables are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes (continued)

1 Summary of significant accounting policies (continued)

(j) Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy (l)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group's ability to withdraw funds is restricted.

(l) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy (v)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a loan or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss recognised for goodwill shall not be reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

1 Summary of significant accounting policies (continued)

(n) Share capital

(i) Ordinary share capital

Ordinary share capital is classified as equity.

(ii) Dividends

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders.

Interim dividends are recognised as a liability in the period in which they are declared.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs.

Attributable transaction costs relate to costs directly incurred in the initiation and arrangement of financing agreements. These costs are capitalised and charged to income over the term of the underlying financing agreement.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the period end on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses arising from defined benefit plans are recognised in other comprehensive income and all expenses related to defined benefit plans are recognised in employee benefits expense in profit or loss.

Notes (continued)

1 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(iii) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amount to which the Group has a present obligation to pay as a result of the employee's services provided to the period end. The accruals for employee benefits have been calculated at undiscounted amounts based on current salary rates. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating, when the absence occurs.

(q) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting, where the effect is material, the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In certain instances the Group may enter into long term aircraft lease contracts. These lease arrangements often create an obligation for the Group to return the aircraft in a specific condition on termination of the lease. In such circumstances the Group makes provision throughout the period of the lease on a systematic basis for the estimated cost of the maintenance and repair of the aircraft and in particular for time and usage limited components. Such costs are charged to the income statement on the basis of the use of the aircraft or the passage of time whichever is applicable. The provisions are reviewed and adjusted on an ongoing basis, taking account of changes in market rates and experience of the aircraft type. Any shortfall or surplus associated with a maintenance event is charged or credited to the income statement at the time of the maintenance event.

(r) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings; and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(s) Revenue

Revenue from aircraft chartering and related services rendered is recognised in the income statement in proportion to the fair value of services delivered in the period. Advance deposits for charters are deferred until the operation of the charter takes place.

Revenue from the sale of aircraft spares is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risk and rewards vary depending on the individual terms of the contract of sale.

Rental income from the leasing of aircraft under operating leases is recognised in the income statement on a straight-line basis over the term of the lease.

Revenue excludes value added tax.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

1 Summary of significant accounting policies (continued)

(t) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognised at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Other leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases and the leased assets are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised as an expense on a straight-line basis or using another systematic approach where this is more representative of the time pattern of the user's benefit. Payments made under operating leases with fixed escalation clauses are recognised in the income statement on a straight-line basis over the term of the lease.

Certain aircraft operating leases require that the lessee undertakes specific inspections and overhauls at minimum periodic intervals to re-certify that the airframe and engines are completely airworthy in accordance with civil aviation requirements. As such required overhauls and inspections are considered to constitute components of the lessor's asset, such payments are considered to be made in exchange for the right of use of the aircraft and are accrued according to the shorter of flying time or minimum periods between such inspections and overhauls.

(u) Finance income and finance costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(v) Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes (continued)

2 Revenue

	2013 €'000	2012 €'000
Group		
Aircraft charter and other related services	**278,605**	324,276
Aircraft spares trading	**16,690**	15,987
Aircraft leasing	**27,465**	39,774
	322,760	380,037

3 Other operating income/expenses

	2013 €'000	2012 €'000
Other operating income		
Insurance proceeds and other compensation from third parties for aircraft impairment	**770**	7,092
Profit on disposals of property, plant and equipment	**4,604**	2,019
Profit on disposals of assets held for sale	**-**	3,031
Other income	**455**	1,675
	5,829	13,817
Other operating expenses		
Impairment of aircraft	**4,005**	6,183
	4,005	6,183

4 Statutory and other information

Profit before tax is stated after charging:	2013 €'000	2012 €'000
Group		
Depreciation of property, plant and equipment	**30,683**	31,869
Amortisation of intangible assets	**715**	761
Rentals payable under operating leases		
- Land and buildings	**3,012**	3,486
- Aircraft	**14,471**	17,255
Net foreign exchange loss	**131**	1,332

4 Statutory and other information (continued)

	2013	2012
	€'000	€'000
Auditor's remuneration		
- Audit of group and company accounts	**185**	185
- Other assurance services	**20**	20
- Tax advisory services	**45**	60
	250	265

Auditor's remuneration for the audit of the company accounts was €30,000 *(2012: €30,000).*

5 Employee benefits and numbers

The average number of persons (including directors) employed by the Group was as follows:

	2013	2012
Directors and senior management	**36**	17
Crew, administration and engineering	**796**	970
	832	987

The aggregate payroll costs of these persons were as follows:

	2013	2012
		Restated (Note 28)
	€'000	€'000
Group		
Wages and salaries	**50,339**	56,416
Social welfare	**14,847**	16,337
Pension costs	**1,260**	1,907
	66,446	74,660

For services to the Group, the aggregate emoluments of directors of the Company, including pension contributions, were as follows:

	2013	2012
	€'000	€'000
Directors' emoluments	**530**	493

Notes (continued)

6 Finance income and finance costs

	2013 €'000	2012 €'000
Group		
Finance income		
Interest income	**1,383**	992
Finance costs		
Interest on bank borrowings	**4,582**	6,253
Interest on shareholder loans	**601**	712
Guarantee fees	**447**	822
	5,630	7,787

7 Tax expense

	2013	2012 Restated (Note 28)
Group	**€'000**	€'000
Recognised in profit or loss (a)	**5,137**	10,462
Recognised in other comprehensive income (b)	**152**	(522)
	5,289	9,940
(a) Amounts recognised in profit or loss		
Current tax expense		
Corporation tax – Ireland – current year	**260**	(135)
Corporation tax – foreign – current year	**2,341**	5,018
Adjustment for prior periods	**72**	(187)
	2,673	4,696
Deferred tax expense		
Origination and reversal of temporary differences	**2,464**	5,766
Total tax expense	**5,137**	10,462

7 Tax expense (continued)

A reconciliation of the expected tax of the Group and the actual tax charge is as follows:

	2013 €'000	2012 Restated (Note 28) €'000
Profit for the year	17,018	27,077
Tax expense	5,137	10,462
Profit before tax	22,155	37,539
Expected tax, computed by applying the Irish tax rate 12.5% *(2012: 12.5%)*	2,769	4,692
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	2,155	5,460
Income taxed at a higher rate	-	1
Non-deductible expenses	141	510
Other differences	-	(14)
Adjustment for prior periods	72	(187)
Tax expense	5,137	10,462
(b) Amounts recognised in other comprehensive income		
Deferred tax expense/(benefit) related to defined benefit plan actuarial gains/losses	152	(522)

Notes (continued)

8 Property, plant and equipment

Group

	Aircraft €'000	Equipment & Machinery €'000	Motor Vehicles €'000	Buildings €'000	Total €'000
Cost or deemed cost					
Balance at 1 January 2012	359,129	6,586	800	5,013	371,528
Impairment	(8,886)	-	-	-	(8,886)
Additions	36,060	1,309	194	48	37,611
Disposals	(33,214)	(99)	(104)	(183)	(33,600)
Foreign exchange movements	(3,873)	-	13	381	(3,479)
Balance at 31 December 2012	349,216	7,796	903	5,259	363,174
Impairment	(27,485)	-	-	-	(27,485)
Additions	40,676	935	65	26	41,702
Disposals	(69,946)	(755)	(78)	(2,517)	(73,296)
Foreign exchange movements	(13,176)	(90)	(7)	(352)	(13,625)
Balance at 31 December 2013	**279,285**	**7,886**	**883**	**2,416**	**290,470**
Depreciation					
Balance at 1 January 2012	86,198	2,430	226	1,001	89,855
Charge for the year	29,747	1,333	166	623	31,869
Impairment	(2,703)	-	-	-	(2,703)
Disposals	(19,307)	(74)	(58)	(120)	(19,559)
Foreign exchange and other movements	353	1	8	546	908
Balance at 31 December 2012	94,288	3,690	342	2,050	100,370
Charge for the year	28,657	1,403	162	461	30,683
Impairment	(23,480)	-	-	-	(23,480)
Disposals	(49,502)	(588)	(17)	(1,005)	(51,112)
Foreign exchange movements	(4,199)	(54)	(4)	(99)	(4,356)
Balance at 31 December 2013	**45,764**	**4,451**	**483**	**1,407**	**52,105**
Net book value					
At 31 December 2013	**233,521**	**3,435**	**400**	**1,009**	**238,365**
At 31 December 2012	254,928	4,106	561	3,209	262,804
At 31 December 2011	272,931	4,156	574	4,012	281,673

8 Property, plant and equipment (continued)

At 31 December 2013, aircraft with a net book value of €148.3 million *(2012: €143.8 million)* were mortgaged to lenders as security for bank loans (see Note 18).

Aircraft with a net book value of €169.6 million at 31 December 2013 *(2012: €233.4 million)* are leased to third parties under operating leases.

Company	**Aircraft**	**Office Equipment**	**Motor Vehicles**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Cost or deemed cost				
At 1 January 2012	39,344	21	251	39,616
Additions in year	1,267	97	130	1,494
Transfers from group undertakings	727	-	-	727
Disposals in year	(3,129)	-	(104)	(3,233)
At 31 December 2012	38,209	118	277	38,604
Additions in year	1,153	12	65	1,230
Disposals in year	(5,712)	-	(78)	(5,790)
At 31 December 2013	**33,650**	**130**	**264**	**34,044**
Accumulated depreciation				
At 1 January 2012	15,091	14	63	15,168
Charge for year	3,532	23	54	3,609
Disposals	(2,801)	-	(58)	(2,859)
At 31 December 2012	15,822	37	59	15,918
Charge for year	2,592	35	56	2,683
Disposals	(1,680)	-	(17)	(1,697)
At 31 December 2013	**16,734**	**72**	**98**	**16,904**
Net book value				
At 31 December 2013	**16,916**	**58**	**166**	**17,140**
At 31 December 2012	22,387	81	218	22,686
At 31 December 2011	24,253	7	188	24,448

Notes (continued)

9 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At 1 January 2012, 31 December 2012 and 31 December 2013	73,562
Provision for impairment	
At 1 January 2012	520
Impairment in the year	256
At 31 December 2012	776
Impairment in the year	-
At 31 December 2013	776
Net book value	
At 31 December 2013	72,786
At 31 December 2012	72,786
At 31 December 2011	73,042

9 Investments in subsidiaries (continued)

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
Air Contractors (Ireland) Ltd	Ireland	Aircargo transport services	100%
ASL Aircraft Investment Ltd	Ireland	Aircraft leasing	100%
Europe Airpost SA	France	Air transport services	*100%
Air Contractors (UK) Ltd	United Kingdom	Aviation related services	100%
ACL Aviation Ltd	Ireland	Aircraft leasing	50%
ACL Leasing Ltd	Ireland	Aircraft leasing	50%
ACL Air Ltd	Ireland	Aircraft leasing	50%
ACL Aircraft Trading Ltd	United Kingdom	Aviation related services	100%
ACLAS Global Ltd	United Kingdom	Aviation related services	*100%
Air Contractors Engineering Ltd	United Kingdom	Aviation related services	100%
S.A.S. Europe Airpost Holdings	France	Aircraft leasing	100%
Safair Holdings (Pty) Limited	South Africa	Investment in associate company	*100%
Safair Lease Finance (Pty) Ltd	South Africa	Aircraft leasing	*100%
Safair Aviation (Ireland) Ltd	Ireland	Aircraft leasing	100%
Safair Lease Finance (Ireland) Ltd	Ireland	Aircraft leasing	100%
Safair Lease Finance 72 Ltd	Ireland	Aircraft leasing	*100%

** Indirect shareholdings*

ACL Aviation Limited, ACL Leasing Limited, ACL Air Limited are considered to be subsidiary undertakings, in accordance with IAS27, as the parent has the power, in respect of those entities, (i) to appoint or remove the majority of members of their boards of directors and (ii) to cast the majority of votes at meetings of their boards of directors.

In the opinion of the directors the carrying value of the investments in subsidiary undertakings is supported by the fair value of those investments.

10 Investment in associate

Associate undertaking	Country of incorporation	Nature of business	Indirect shareholding
Safair Operations (Pty) Limited	South Africa	Air transport services	25%

Safair Operations (Pty) Limited ("Safair Operations") was formerly a subsidiary of the Company. During 2013, the Group undertook a corporate restructure of certain business activities in South Africa. This involved the introduction of other shareholders into Safair Operations, which intends to pursue potential future opportunities for scheduled passenger operations in South Africa.

The Group ceased to control Safair Operations with effect from 30 September 2013. Since then it became an associate as the Group no longer controls Safair Operations, and retains a 25% shareholding and significant influence in accordance with IFRS.

The net assets of Safair Operations at the date control ceased were not significant and no profit or loss arose on the cessation of control.

The Group's share of profit of Safair Operations for the period since it became an associate up to 31 December 2013 was €2,000 and the Group's share of net assets of the associate at 31 December 2013 was €20,000. Separately, the Group had loans of €5.4 million (non-current €2.4 million, current €3.0 million) and other receivables (current) of €3.3 million due from Safair Operations at 31 December 2013 (see Note 24 and Note 14).

Notes (continued)

10 Investment in associate (continued)

Summary financial information for the associate is as follows:

	31 December 2013 €'000
Current assets	13,804
Non-current assets	3,396
Total assets	17,200
Current liabilities	(11,487)
Non-current liabilities	(5,634)
Total liabilities	(17,121)
Net assets	79
Group share of net assets	20

	1 October 2013 to 31 December 2013 €'000
Income	10,201
Expenses	(10,193)
Profit	8
Group's share of profit	2

11 Intangible assets

	Goodwill €'000	Software €'000	Total €'000
Group			
Cost or deemed cost			
At 1 January 2012	7,389	1,607	8,996
Additions	156	659	815
At 31 December 2012	7,545	2,266	9,811
Additions	-	808	808
Disposals	-	(349)	(349)
At 31 December 2013	**7,545**	**2,725**	**10,270**
Amortisation			
At 1 January 2012	-	595	595
Amortisation in year	-	761	761
At 31 December 2012	-	1,356	1,356
Amortisation in year	-	715	715
Disposals	-	(349)	(349)
At 31 December 2013	**-**	**1,722**	**1,722**
Net book value			
At 31 December 2013	**7,545**	**1,003**	**8,548**
At 31 December 2012	7,545	910	8,455
At 31 December 2011	7,389	1,012	8,401

Goodwill primarily represents the excess paid over the fair value of the identifiable assets and liabilities of ACL Aviation Trading Limited (including its subsidiary, ACLAS Global Limited). This goodwill has been reviewed for impairment on the basis of future cashflows expected to be attributable to this cash-generating unit, discounted at an appropriate discount rate for these activities, currently 8%. No impairment has been recognised. There are no reasonably foreseeable circumstances in which a change in the cash flow assumptions underpinning the fair value of the underlying business would result in an impairment.

12 Inventories

	Group		Company	
	2013 €'000	2012 €'000	**2013 €'000**	2012 €'000
Aircraft parts held for resale and consumables	**15,736**	19,502	**578**	869

Inventories are stated at the lower of cost and net realisable value. The replacement cost of inventory does not differ materially from its carrying value. The impairment provision in respect of Group inventory amounted to €4,918,000 *(2012: €6,806,000)*. The write-down of inventories to net realisable value of €1,072,000 during the year *(2012: €2,492,000)* is reflected in cost of goods and services in the income statement.

Notes (continued)

13 Current tax assets and liabilities

	Group		Company	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Current tax assets	**716**	1,630	**-**	-
Current tax liabilities	**(1,133)**	(1,411)	**(270)**	(242)

Current tax asset and liabilities represents corporation tax receivable/(payable) in respect of the current year.

14 Trade and other receivables

	Group		Company	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Amounts due from associate *(Note 24)*	**8,705**	-	**11**	-
Trade receivables	**25,999**	32,830	**131**	304
Prepayments and accrued income	**11,062**	11,636	**308**	558
Derivatives	**67**	4	**-**	-
VAT receivable	**888**	1,631	**27**	65
Other debtors	**7,646**	6,866	**492**	470
	54,367	52,967	**969**	1,397
Non-current	**3,871**	1,491	**-**	-
Current	**50,496**	51,476	**969**	1,397
	54,367	52,967	**969**	1,397

15 Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Cash at bank	**42,945**	53,428	**16,349**	22,337
Restricted cash	**7,830**	11,400	**-**	-
	50,775	64,828	**16,349**	22,337

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group's ability to withdraw funds is restricted.

16 Assets held for sale

	Group		Company	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Aircraft held for sale	**279**	910	**279**	-

17 Share capital

	2013	2012
Group	**€'000**	€'000
Share capital – Group and Company		
Authorised		
100,000,000 Ordinary shares of €0.01 each	**1,000**	1,000
Allotted, called up and fully paid		
300 Ordinary shares of €0.01 each	**-**	-

18 Interest-bearing loans and borrowings

	Group		Company	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
Current	**67,083**	76,009	**108,304**	106,084
Non-current	**52,671**	69,424	**30,040**	27,038
	119,754	145,433	**138,344**	133,122
Non-current liabilities				
Bank loans	**52,671**	69,424	**30,040**	27,038
Current liabilities				
Current portion of bank loans	**30,022**	28,188	**13,459**	9,724
Other loans	**37,061**	47,821	**36,975**	45,206
Loans and borrowings	**67,083**	76,009	**50,434**	54,930
Loans from subsidiary undertakings (Note 24)	**-**	-	**57,870**	51,154
Total	**67,083**	76,009	**108,304**	106,084
(i) Bank loans				
Secured bank loans	**82,693**	97,612	**43,499**	36,762
Less current portion	**(30,022)**	(28,188)	**(13,459)**	(9,724)
Non-current portion	**52,671**	69,424	**30,040**	27,038

Notes (continued)

18 Interest-bearing loans and borrowings (continued)

The maturity profile of the bank borrowings is as follows:

Group	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	More than 5 years €'000
As at 31 December 2013	**82,693**	**30,022**	**28,044**	**24,627**	**-**
As at 31 December 2012	97,612	28,188	38,578	30,846	-

The bank loans are secured over aircraft assets with a net book value of €148.3 million *(2012: €143.8million)*. The loans bear interest at rates between 3.34% and 6.15%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2013 were US$ 84.2 million - equivalent to €61.0 million *(2012: US$85.4 million - equivalent to €64.7 million)*.

Company	Total €'000	Less than 1 year €'000	1-2 years €'000	2-5 years €'000	More than 5 years €'000
As at 31 December 2013	**43,499**	**13,459**	**14,245**	**15,795**	**-**
As at 31 December 2012	36,762	9,724	20,288	6,750	-

	Group		Company	
	2013 €'000	2012 €'000	**2013 €'000**	2012 €'000
(ii) Other loans				
Shareholder loans: CMB/3P (Note 24)				
Current portion	**37,061**	47,821	**36,975**	45,206

Shareholder loans are unsecured and interest-bearing at LIBOR plus 1%.

Included in other loans are foreign currency loans of which the amounts outstanding at 31 December 2013 were US$ 30.1 million – equivalent to €21.8 million *(2012: US$63.1million – equivalent to €47.8 million)*.

(iii) Undrawn borrowing facilities

At 31 December 2013 the Group has an undrawn overdraft facility of €5 million.

19 Employee benefits

The Group makes contributions to defined contribution schemes that provide pension benefits for employees upon retirement. The Group also operates an unfunded defined benefit scheme in respect of a subsidiary undertaking.

Defined benefit scheme

	2013	2012 Restated (Note 28)
	€'000	€'000
Group		
The amounts recognised in the statement of financial position in relation to post-employment benefits are as follows:		
Present value of unfunded obligations	6,999	7,030
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Net liability	6,999	7,030
Amounts in the statement of financial position:		
Liabilities	6,999	7,030
Assets	-	-
Net liability	6,999	7,030
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	7,030	4,683
Expense recognised in the income statement	417	812
(Gain)/loss recognised in other comprehensive income	(448)	1,535
Net liability at 31 December 2013	6,999	7,030
The amounts recognised in profit or loss are as follows:		
Current service costs	676	560
Interest on obligation	211	252
Curtailment gain	(470)	-
Total expense – included in 'Employee benefits expense'	417	812
The amounts recognised in other comprehensive income are as follows:		
Actuarial (gain)/loss recognised in year	(448)	1,535

Principal actuarial assumptions at 31 December	2013	2012
Discount rate	3.5%	3.0%
Future salary increases (including inflation)	0% + salary scale	0% + salary scale
Future pension increases	0%	0%
Inflation	2.0%	2.0%

Notes (continued)

20 Provisions

	2013 €'000	2012 €'000
Group		
Non-current portion	**5,547**	11,338
Current portion	**1,291**	2,089
	6,838	13,427
Aircraft maintenance	**5,296**	12,487
Claims and other	**1,542**	940
	6,838	13,427
Movements during the year		
Aircraft maintenance		
At beginning of year	**12,487**	30,380
Additional provisions in the year	**4,976**	8,767
Utilisations and releases in the year	**(8,538)**	(18,527)
Disposal of subsidiary	**(3,629)**	-
Reclassifications	**-**	(8,133)
At end of the year	**5,296**	12,487
Claims and other		
At beginning of year	**940**	736
Additional provisions in the year	**602**	204
At the end of the year	**1,542**	940
Total provisions	**6,838**	13,427

Claims relate to certain disputes with employees that are currently pending.

21 Deferred tax assets and liabilities

	Group		Company	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Deferred tax assets	675	709	-	-
Deferred tax liabilities	(22,596)	(20,717)	(194)	(194)
Net	(21,921)	(20,008)	(194)	(194)

Deferred tax assets and liabilities are attributable to the following:

	2013			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	€'000	€'000	€'000	€'000	€'000	€'000
Group						
Property, plant and equipment	420	(22,596)	(22,176)	454	(20,717)	(20,263)
Unused tax losses	255	-	255	255	-	255
	675	(22,596)	(21,921)	709	(20,717)	(20,008)
Company						
Property, plant and equipment	-	(395)	(395)	-	(395)	(395)
Unused tax losses	201	-	201	201	-	201
	201	(395)	(194)	201	(395)	(194)

Movement in temporary differences during the year

	Balance at 1 January 2013	Recognised in total comprehensive income	Disposal of subsidiary	Balance at 31 December 2013
	€'000	€'000	€'000	€'000
Group				
Property, plant and equipment	(20,263)	(2,616)	703	(22,176)
Unused tax losses	255	-	-	255
	(20,008)	(2,616)	703	(21,921)

	Balance at 1 January 2012	Recognised in total comprehensive income	Balance at 31 December 2012
	€'000	€'000	€'000
Property, plant and equipment	(15,119)	(5,144)	(20,263)
Provisions	30	(30)	-
Unused tax losses	325	(70)	255
	(14,764)	(5,244)	(20,008)

Notes (continued)

21 Deferred tax assets and liabilities (continued)

	Balance at 1 January 2013 €'000	Recognised in income statement €'000	Balance at 31 December 2013 €'000
Company			
Property, plant and equipment	(395)	-	(395)
Unused tax losses	201	-	201
	(194)	**-**	**(194)**

	Balance at 1 January 2012 €'000	Recognised in income statement €'000	Balance at 31 December 2012 €'000
Property, plant and equipment	(395)	-	(395)
Unused tax losses	201	-	201
	(194)	**-**	**(194)**

There are no unrecognised deferred tax assets and liabilities in the Group or Company.

22 Trade and other payables

	Group		Company	
	2013 €'000	2012 €'000	**2013 €'000**	2012 €'000
Amounts due to associate (Note 24)	**3**	-	**-**	-
Trade payables	**19,745**	35,606	**145**	975
VAT payable	**3,926**	5,247	**-**	-
Accruals and other payables	**20,438**	20,278	**1,801**	2,096
Advance deposits received	**11,782**	15,765	**1,705**	4,257
Derivatives	**280**	140	**-**	-
	56,174	77,036	**3,651**	7,328
Current	**55,605**	76,275	**3,651**	7,328
Non-current	**569**	761	**-**	-
	56,174	77,036	**3,651**	7,328

Advance deposits received relates to amounts received from customers in relation to contributions for aircraft maintenance, less amounts drawn by customers to fund such maintenance expenditure.

23 Financial instruments – market and other risks

In the course of its normal business the Group is exposed to credit, liquidity, interest rate and currency risks.

Credit risk

The Group performs counterparty credit evaluations on an on-going basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The ageing of trade and other receivables is as follows:

	31 December 2013 €'000	31 December 2012 €'000
Not past due	**47,258**	44,452
Past due 0-30 days	**4,840**	6,464
Past due 31-365 days	**2,269**	2,051
More than a year	**-**	-
	54,367	52,967

Past due amounts are not impaired when collection is still considered to be likely, for instance if management is confident the outstanding amounts can be recovered.

Trade and other receivables are stated net of provision for impairment of €2.3 million *(2012: €2.8 million)*.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Bank loans 2013 €'000	**Other loans 2013 €'000**	**Trade and other payables 2013 €'000**	**Total 2013 €'000**	Bank loans 2012 €'000	Other loans 2012 €'000	Trade and other payables 2012 €'000	Total 2012 €'000
Group								
Less than one year	**31,231**	**37,539**	**55,605**	**124,375**	30,925	48,542	76,275	155,742
Between 1 and 5 years	**56,034**	**-**	**569**	**56,603**	73,479	-	761	74,240
More than 5 years	**-**	**-**	**-**	**-**	-	-	-	-
	87,265	**37,539**	**56,174**	**180,978**	104,404	48,542	77,036	229,982

Notes (continued)

23 Financial instruments – market and other risks (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing borrowings was:

	31 December 2013 €'000	31 December 2012 €'000
Fixed rate instruments	**57,917**	63,380
Variable rate instruments	**61,837**	82,053
	119,754	145,433

Cashflow sensitivity analysis for variable rate instruments

A 50 basis point movement in the interest rates would have the (decreased)/increased equity and profit and loss by the amount shown below. This analysis assumes that all other variables remain constant.

	2013		2012	
	+ 50 basis points €'000	**- 50 basis points €'000**	+ 50 basis points €'000	- 50 basis points €'000
Variable rate instruments				
Financial liabilities	**(463)**	**463**	(427)	427

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity. Furthermore, the spares trading activities conducted from the United Kingdom has income and expenses in US dollar, GBP and Euro. The Company has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

Europe Air Post SA - the French subsidiary, has hedged a proportion of its 2013 estimated US dollar needs, mainly related to leasing and planned maintenance expenses, which amounts to US$28.3 million or €20.5 million *(2012: US$15.2 million or €11.5 million).*

At each closing date, these contracts are re-measured to fair value with any adjustment recognised in net profit or loss for the year.

For the remainder, the Group's currency risk is, to a large extent, limited to a translation risk and to an exposure on foreign currency cash holdings.

A 10% strengthening of the Euro against the US dollar at 31 December would have (decreased)/ increased the equity and profit by:

	31 December 2013 €'000	31 December 2012 €'000
Equity	**(4,050)**	(6,121)
Profit	**4,437**	4,259

23 Financial instruments – market and other risks (continued)

Currency risk (continued)

A 10% weakening of the Euro against the US dollar at 31 December 2013 would have had the equal but opposite effect on equity and profit to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Group is continuously optimising its capital structure (mix between debt and equity). The main objective is to maximise shareholder value while keeping the desired financial flexibility to execute strategic projects.

During 2013, additional bank funding was acquired to fund the purchase of a number of aircraft and facilitate the repayment of a portion of shareholder loans and bank loans.

Fair values versus carrying amounts

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carried at fair value	Assets at amortised cost	Liabilities at amortised cost	Carrying amount	Fair value		
					Level 1	Level 2	Level 3
	2013	2013	2013	2013	2013	2013	2013
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Derivatives – forward exchange contracts - assets	67	-	-	67		67	
Derivatives – forward exchange contracts - liabilities	(280)	-	-	(280)		(280)	
Loans and receivables	-	54,300	-	54,300			
Cash and cash equivalents	-	50,775	-	50,775			
Secured bank loans – fixed rate	-	-	(57,917)	(57,917)		(57,387)	
Secured bank loans – variable rate	-	-	(24,776)	(24,776)			
Shareholder loans – variable rate	-	-	(37,061)	(37,061)			
Trade and other payables	-	-	(55,894)	(55,894)			
	(213)	105,075	(175,648)	(70,786)			

Notes (continued)

23 Financial instruments – market and other risks (continued)

Fair values versus carrying amounts (continued)

	Carried at fair value	Assets at amortised cost	Liabilities at amortised cost	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
	2012	2012	2012	2012	2012	2012	2012
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Derivatives – forward exchange contracts - assets	4	-	-	4		4	
Derivatives – forward exchange contracts - liabilities	(140)	-	-	(140)		(140)	
Loans and receivables	-	52,963	-	52,963			
Cash and cash equivalents	-	64,828	-	64,828			
Secured bank loans – fixed rate	-	-	(63,380)	(63,380)		(62,425)	
Secured bank loans – variable rate	-	-	(34,232)	(34,232)			
Shareholder loans – variable rate	-	-	(47,821)	(47,821)			
Trade and other payables	-	-	(76,896)	(76,896)			
	(136)	117,791	(222,329)	(104,674)			

Estimation of fair values

For fixed rate bank loans the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the reporting date.

The fair values of forward exchange contracts are based on information provided by the financial institution with whom the contracts have been arranged.

24 Related parties

Identity of related parties

The Group has related party transactions with its major shareholders, directors and its associate undertaking. The Company also has related party transactions with its subsidiaries.

Group

Transactions with shareholders

The Company is a joint venture undertaking of Compagnie Maritime Belge NV ("CMB") and 3P Air Freighters Limited ("3P") who own 51% and 49% respectively of the Company's share capital.

Both CMB and 3P provide financing to the Group and CMB also guarantees some of the obligations of the Group. The guarantee is for debt in the amount of €23,227,000 at 31 December 2013 (2012: €35,479,000). The Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2013	2012	**2013**	2012
	€'000	€'000	**€'000**	€'000
3P				
Loan	**18,062**	22,131		
Management fees			**9**	9
Interest paid			**(295)**	(349)
CMB				
Loan	**18,999**	25,690		
Guarantee fees paid			**(447)**	(822)
Interest paid			**(306)**	(363)
	37,061	47,821		

Transactions with directors and key management personnel

Key management personnel are the directors of the Company. The total amount of remuneration payable to all directors of the Company for their services during the year was as follows:

	2013	2012
	€'000	€'000
Total remuneration – directors	**530**	493

Notes (continued)

24 Related parties (continued)

Transactions with associate undertaking

Safair Operations (Pty) Limited (see Note 10) was formerly a subsidiary undertaking and became an associate with effect from 30 September 2013. Related party transactions with the Group since it became an associate are summarised below:

	Receivable/ (payable) at end of year 2013 €'000	Income/(charge) for period since became associate 2013 €'000
Loans and interest	5,362	117
Other receivables and income	3,343	2,065
Other payables	(3)	

Loans

The loans relate to normal trading activities and bear interest at commercial rates. Loans in South African Rand equivalent to €2.4 million are repayable in full in 2023 and are classified within non-current assets. Loans in US dollars equivalent to €3.0 million are repayable on demand and are classified within current assets.

Other

These relate to trading transactions in the normal course of business, principally from leasing of aircraft. All transactions are on commercial terms and at market rates.

24 Related parties (continued)

Company

Details of transactions with related undertakings are outlined below:

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2013	Payable balance at 31 December 2013	Receivable balance at 31 December 2013
Subsidiaries		**€'000**	**€'000**	**€'000**
Air Contractors (Ireland) Ltd	Management fee	234	-	-
	Lease income	2,167	-	-
	Interest receivable/Loan	670	440	25,213
	Expense recharge	(349)	-	-
Air Contractors (UK) Ltd	Management fee	40	-	-
	Interest payable/Loan	(238)	8,337	24
	Expense recharge	(133)	-	-
ACL Aircraft Trading Ltd	Management fee	29	-	-
	Interest receivable/Loan	77	-	4,232
ACLAS Global Ltd	Management fee	350	-	-
	Lease income	700	-	-
	Interest receivable/Loan	353	18	5,174
	Expense recharge	(16)	-	-
Air Contractors Engineering Ltd	Management fee	18	-	-
	Interest receivable/Loan	88	3	3,435
	Expense recharge	(24)	-	-
Europe Air Post SA	Management fee	542	-	-
	Lease income	780	-	-
	Interest payable/Loan	(66)	31,410	233
ACL Aviation Ltd	Management fee	34	-	-
	Interest payable/Loan	(50)	2,648	-
	Expense recharge	(566)	-	-
ACL Air Ltd	Management fee/Loan	18	323	4
ACL Leasing Ltd	Management fee	119	-	-
	Interest payable/Loan	(114)	6,247	-
Safair Lease Finance (Pty) Ltd	Expense recharge	(716)	688	-
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	555	-	20,507
	Management fee	24	-	-
ASL Aircraft Investment Ltd	Interest Receivable/Loan	1,183	95	34,467
Safair Lease Finance 72 Ltd	Management fee/Loan	24	1,947	29
Safair Lease Finance (Ireland) Ltd	Management fee/Loan	24	5,714	6
			57,870	93,324
Associate (subsidiary up to 30 September 2013)				
Safair Operations (Pty) Limited	Amount receivable	-	-	11
Shareholders				
CMB	Interest Payable / Guarantee fees/ Shareholder loan	(560)	18,913	-
3P	Interest payable/ Shareholder loan	(295)	18,062	-
			36,975	-

Notes (continued)

24 Related parties (continued)

Company

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2012 €'000	Payable balance at 31 December 2012 €'000	Receivable balance at 31 December 2012 €'000
Subsidiaries				
Air Contractors (Ireland) Ltd	Management fee	331	14	-
	Lease income	2,792	-	-
	Interest receivable/Loan	934	-	28,038
	Expense recharge	(229)	-	-
Air Contractors (UK) Ltd	Management fee	40	-	-
	Interest payable/Loan	(246)	8,296	-
	Expense recharge	(429)	-	-
ACL Aircraft Trading Ltd	Management fee	40	-	-
	Interest receivable/Loan	82	-	5,328
ACLAS Global Ltd	Management fee	350	-	-
	Lease income	908	-	-
	Interest receivable/Loan	353	-	6,477
Air Contractors Engineering Ltd	Management fee	18	-	-
	Interest receivable/Loan	68	-	3,300
Europe Air Post SA	Management fee	410	-	1,265
	Lease income	1,946	-	-
	Interest payable/Loan	(177)	31,211	-
	Expense recharge	(180)	-	-
ACL Aviation Ltd	Management fee	34	-	-
	Interest receivable/Loan	50	1,277	-
	Interest payable/Loan	(82)	-	22
ACL Air Ltd	Management fee/Loan	18	-	476
ACL Leasing Ltd	Management fee	170	-	-
	Interest payable/Loan	(99)	10,356	-
	Interest receivable/Loan	86	-	2,615
Safair Lease Finance (Pty) Ltd	Expense recharge	-	-	2
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	680		15,106
ASL Aircraft Investment Ltd	Loan	-	-	13,748
Safair Operations (Pty) Ltd	Expense recharge	-	-	51
Safair Lease Finance 72 Ltd	Expense recharge	-	-	1
			51,154	76,429
Shareholders				
CMB	Interest payable /Guarantee fees/Shareholder loan	(720)	23,075	-
3P	Interest payable/ Shareholder loan	(349)	22,131	-
			45,206	-

25 Operating leases

As lessee	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Operating lease commitments				
The future non-cancellable operating lease rentals for aircraft and property that are payable are as follows:				
Less than one year	**12,535**	17,644	**-**	-
Between 1 and 5 years	**18,740**	25,434	**-**	-
More than 5 years	**7,690**	8,273	**-**	-
	38,965	51,351	**-**	-

As lessor

Aircraft leasing rights

The Group leases out certain aircraft under operating leases.

The future minimum operating lease payments that are receivable under non-cancellable leases are as follows:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Less than one year	**24,574**	24,508	**653**	780
Between 1 and 5 years	**55,900**	65,699	**1,577**	-
	80,474	90,207	**2,230**	780

26 Commitments

At 31 December 2013, the Group had the following commitments:

	Group 2013 €'000	Group 2012 €'000	Company 2013 €'000	Company 2012 €'000
Aircraft purchases	**-**	12,667	**-**	-

27 Major exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements:

	Closing rate 31 December 2013	Closing rate 31 December 2012	Average rate 31 December 2013	Average rate 31 December 2012
US Dollar	**1.3791**	1.3194	**1.3259**	1.291
British Pound	**0.8337**	0.8161	**0.8486**	0.8135
South African Rand	**14.566**	11.1727	**12.7300**	10.5225

Notes (continued)

28 Restatement in relation to reclassification of actuarial losses

In previous years, the Group elected to include actuarial gains and losses in respect of the Group's defined benefit obligations within employee benefits expense in arriving at the profit for the year in the income statement. Following the implementation of amendments to IAS19, "Employee Benefits", in 2013, actuarial gains and losses are required to be classified within other comprehensive income, along with the related deferred tax impact. Accordingly, comparative figures for 2012 have been restated where necessary on the same basis as presented in the current year. There was no net impact on total comprehensive income reported for the year ended 31 December 2012, or on net assets/equity as at 31 December 2012.

	As previously reported €'000	Reclassification €'000	As restated €'000
Income statement			
Employee benefits expense	(76,195)	1,535	(74,660)
Tax expense	(9,940)	(522)	(10,462)
Combined net impact of all other income statement captions	112,199	-	112,199
Profit for the year	26,064	1,013	27,077
Other comprehensive income			
Defined benefit scheme actuarial losses	-	(1,535)	(1,535)
Related tax	-	522	522
Foreign currency translation differences	(2,175)	-	(2,175)
Other comprehensive loss, net of tax	(2,175)	(1,013)	(3,188)
Total comprehensive income	23,889	-	23,889

29 Subsequent events

There were no events subsequent to the year end that require adjustment to the financial statements or the inclusion of a note thereto.

30 Company result for the year

A separate Company income statement is not presented in these financial statements as the Company has availed of the exemption provided by Section 148(8) of the Companies Act, 1963. The Company recorded a profit of €3,348,000 for the year ended 31 December 2013 *(2012: profit of €5,291,000)*.

31 Approval of financial statements

The board of directors approved these financial statements on 1 April 2014.

ASL AVIATION GROUP LIMITED

No. 3 Malahide Road
Swords, Co Dublin
Ireland

T +353 1 892 8100
F +353 1 892 8150
info@aslaviationgroup.com

www.ASLaviationgroup.com