SAFETY PEOPLE RELIABILITY QUALITY PROFITABILITY

ASL AVIATION GROUP LIMITED

SHAPING THE FUTURE OF AVIATION

2014

FINANCIAL STATEMENTS

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 2014.

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; and
- Other aviation related services.

The ASL Aviation Group produced a strong set of trading results for the 2014 financial year. The consolidated net profit was in line with 2013 which demonstrates the Group's ability to adapt to the changing and challenging trading environment.

During the year, the Group completed the acquisition of the Farnair Group of companies. The acquisition will strengthen and bolster the Group's European cargo operations but also provides the experience and opportunity to expand in both India and Southeast Asia through existing trading platforms already in place.

The trading results continue to be impacted by the changing political and economic conditions across the world and in particular the volatile fuel and foreign exchange rates.

Reliability and safety continues to be of paramount importance to our customers and this continues to be an important driver of our business. The Group continues to strive for perfection in this regard and to surpass customers' expectations. While the cargo business continues to remain steady and has demonstrated growth with the acquisition, particular focus continues to be placed on the growing passenger activity.

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.

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 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.

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 Group 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. Due to the Group's acquisition of the Farnair Group in December 2014, the Group is now also exposed to movements in the Swiss Franc. 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 25 to the financial statements.

DIRECTORS AND SECRETARY AND THEIR INTERESTS

The directors and secretary who held office at 31 December 2014 had no interests in the shares of the Company or Group companies.

POLITICAL DONATIONS

During the year, the Group and Company made no donations which are disclosable in accordance with the Electoral Act, 1997.

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 2015

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 Limited for the year ended 31 December 2014 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 Financial Reporting Council's Ethical Standards for Auditors.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 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 2014; 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 2014 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.

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 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

	Note	2014	2013
		€'000	€'000
Continuing operations			
Revenue	2	331,672	322,760
Cost of goods and services		(218,140)	(200,340)
Depreciation and amortisation	4	(32,770)	(31,398)
Employee benefits expense	5	(63,221)	(66,446)
Other operating income	3	10,197	5,829
Other operating expenses	3	(3,991)	(4,005)
Results from operating activities		23,747	26,400
Finance income	6	2,853	1,383
Finance costs	6	(4,617)	(5,630)
Net finance costs		(1,764)	(4,247)
Share of (loss)/profit of equity-accounted investees, net of tax	10,11	(5)	2
Profit before tax	4	21,978	22,155
Tax expense	7	(4,840)	(5,137)
Profit for the year		17,138	17,018
Profit attributable to:			
Owners of the Company		15,525	15,401
Non-controlling interest		1,613	1,617
Profit for the year		17,138	17,018

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 2014

	2014 €'000	2013 €'000
Profit for the year	**17,138**	17,018
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Defined benefit scheme actuarial (losses)/gains	**(420)**	448
Related tax credit/(charge)	**106**	(152)
	(314)	296
Items that are or may be reclassified to profit or loss		
Cashflow hedges – effective portion of changes in fair value	**584**	-
Foreign currency translation differences on retranslation of foreign operations	**16,187**	(4,985)
	16,771	(4,985)
Other comprehensive income/(loss), net of tax	**16,457**	(4,689)
Total comprehensive income for the year	**33,595**	12,329
Attributable to:		
Owners of the Company	**31,150**	10,865
Non-controlling interest	**2,445**	1,464
Total comprehensive income for the year	**33,595**	12,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2014

	Notes	2014	2013
Assets		**€'000**	€'000
Property, plant and equipment	8	**290,038**	238,365
Intangible assets	12	**26,292**	8,548
Deferred tax assets	23	**672**	675
Trade and other receivables	16	**3,005**	3,871
Investment in associate	10	**18**	20
Investments in joint ventures	11	**3,479**	-
Total non-current assets		**323,504**	251,479
Inventories	14	**22,185**	15,736
Trade and other receivables	16	**64,793**	50,496
Current tax assets	15	**284**	716
Cash at bank	17	**55,820**	42,945
Restricted cash	17	**7,140**	7,830
Assets classified as held for sale	18	**107**	279
Total current assets		**150,329**	118,002
Total assets		**473,833**	369,481
Equity			
Share capital	19	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Currency translation reserve		**8,457**	(6,898)
Cash flow hedge reserve		**584**	-
Retained earnings		**130,852**	115,641
Total equity attributable to equity holders of the company		**178,830**	147,680
Non-controlling interest		**10,752**	8,307
Total equity		**189,582**	155,987
Liabilities			
Loans and borrowings	20	**130,509**	52,671
Employee benefits	21	**9,416**	6,999
Provisions	22	**5,927**	5,547
Deferred tax liabilities	23	**29,439**	22,596
Trade and other payables	24	**1,138**	569
Total non-current liabilities		**176,429**	88,382
Loans and borrowings	20	**39,118**	67,083
Current tax liabilities	15	**3,668**	1,133
Trade and other payables	24	**63,600**	55,605
Provisions	22	**1,436**	1,291
Total current liabilities		**107,822**	125,112
Total liabilities		**284,251**	213,494
Total equity and liabilities		**473,833**	369,481

On behalf of the board

H. Flynn
Director

L. Criel
Director

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	Notes	2014 €'000	2013 €'000
Assets			
Property, plant and equipment	8	13,229	17,140
Investments in subsidiaries	9	140,398	72,786
Trade and other receivables	16	352	-
Total non-current assets		153,979	89,926
Inventories	14	59	578
Assets held for sale	18	107	279
Loans to and receivables from subsidiaries	26	93,451	93,324
Trade and other receivables	16	830	969
Cash at bank	17	5,631	16,349
Restricted cash	17	1,755	-
Current tax asset	15	234	-
Total current assets		102,067	111,499
Total assets		256,046	201,425
Equity			
Share capital	19	-	-
Share premium		7,006	7,006
Capital contribution		31,931	31,931
Retained earnings		17,595	20,029
Total equity		56,532	58,966
Liabilities			
Loans and borrowings	20	112,135	30,040
Deferred tax liabilities	23	217	194
Total non-current liabilities		112,352	30,234
Loans and borrowings	20	14,685	50,434
Current tax liabilities	15	-	270
Amounts due to subsidiaries	26	66,938	57,870
Trade and other payables	24	5,539	3,651
Total current liabilities		87,162	112,225
Total liabilities		199,514	142,459
Total equity and liabilities		256,046	201,425

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	Cash flow hedge reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
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**
Balance at 1 January 2014	-	7,006	31,931	(6,898)	-	115,641	**147,680**	8,307	**155,987**
Total comprehensive income for year									
Profit for the year	-	-	-	-	-	15,525	**15,525**	1,613	**17,138**
Other comprehensive income	-	-	-	15,355	584	(314)	**15,625**	832	**16,457**
Total change in equity for the year	-	-	-	15,355	584	15,211	**31,150**	2,445	**33,595**
Balance at 31 December 2014	**-**	**7,006**	**31,931**	**8,457**	**584**	**130,852**	**178,830**	**10,752**	**189,582**

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 2013	-	7,006	31,931	16,681	**55,618**
Total comprehensive income for year					
Profit for the year	-	-	-	3,348	**3,348**
Balance at 31 December 2013	-	7,006	31,931	20,029	**58,966**
Balance at 1 January 2014					
Total comprehensive income for the year	-	7,006	31,931	20,029	**58,966**
Loss for the year	-	-	-	(2,434)	**(2,434)**
Balance at 31 December 2014	**-**	**7,006**	**31,931**	**17,595**	**56,532**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014 €'000	2013 €'000
Operating activities		
Profit for the year	17,138	17,018
Adjustments for:		
Depreciation of property, plant and equipment	32,275	30,683
Amortisation of intangible assets	495	715
Profit on disposal of property, plant and equipment	(4,150)	(4,604)
Insurance proceeds and other compensation for impairment	(5,640)	(770)
Impairment of aircraft	3,991	4,005
Net finance costs	1,764	4,247
Tax expense	4,840	5,137
Operating cash inflows before movements in working capital	50,713	56,431
(Increase)/decrease in inventories	(3,471)	2,096
Decrease in assets held for sale	172	160
Decrease in trade and other receivables	658	2,811
Increase/(decrease) in trade and other payables	934	(13,390)
Increase/(decrease) in provisions and employee benefits	22	(2,543)
Foreign exchange translation	(177)	1,239
Taxes paid	(470)	(2,037)
Net cash from operating activities	48,381	44,767
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	(63,730)	-
Proceeds on disposal of property, plant and equipment (including insurance compensation)	29,179	27,558
Purchases of property, plant and equipment	(14,771)	(41,702)
Purchases of intangible assets	(1,258)	(808)
Cash disposed of on cessation of control of subsidiary	-	(7,678)
Interest income received	656	1,383
Net cash used in investing activities	(49,924)	(21,247)
Cash flows from financing activities		
New bank loans received	47,093	20,523
Repayment of bank loans	(33,324)	(35,442)
Loan repayments to shareholders	-	(10,760)
Interest paid	(4,617)	(5,820)
Dividends paid to non-controlling interest shareholders	-	(3,093)
Net cash from/(used in) financing activities	9,152	(34,592)
Net increase/(decrease) in cash and cash equivalents	7,609	(11,072)
Cash and cash equivalents at the beginning of the year	50,775	64,828
Effect of exchange rate fluctuations on cash held	4,576	(2,981)
Cash and cash equivalents at end of the year	62,960	50,775

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014	2013
	€'000	€'000
Operating activities		
(Loss)/profit for the year	(2,434)	3,348
Adjustments for:		
Depreciation of property, plant and equipment	1,979	2,683
Profit on disposal of aircraft	(1,586)	(683)
Net finance expense/(income)	(328)	399
Tax charge/(credit)	(553)	28
Dividend income	-	(3,098)
Operating cash (outflows)/inflows before movements in working capital	(2,922)	2,677
Decrease in inventories	519	291
Decrease/(increase) in assets held for sale	172	(279)
(Increase)/decrease in trade and other receivables	(213)	428
Increase/(decrease) in trade and other payables	1,888	(3,677)
Foreign exchange translation	(6,586)	-
Net cash used in operating activities	(7,142)	(560)
Cash flows from investing activities		
Proceeds on disposal of aircraft	3,886	4,776
Purchases of property, plant and equipment	(204)	(1,230)
Interest and similar income received	3,519	3,070
Dividends received from subsidiary undertakings	-	3,098
Acquisition of subsidiary undertakings	(67,612)	-
Net cash (used in)/from investing activities	(60,411)	9,714
Cash flows from financing activities		
New bank loans received	47,093	16,195
Repayment of bank borrowings	(5,466)	(9,458)
Loans advanced and repayments to subsidiary undertakings	(4,650)	(30,541)
Loans and repayments received from subsidiary undertakings	25,176	20,362
Loan repayments to shareholders	-	(8,231)
Interest paid	(3,563)	(3,469)
Net cash from/(used in) financing activities	58,590	(15,142)
Net decrease in cash and cash equivalents	(8,963)	(5,988)
Cash and cash equivalents at the beginning of the year	16,349	22,337
Cash and cash equivalents at end of the year	7,386	16,349

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 2014 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 and joint venture undertakings. 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 2014 are set out below and had no significant impact on the Group's results for the period or financial position.

- 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;

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.

- IAS 19: Defined benefit plans: Employee contributions. Effective date: 1 February 2015.
- Annual improvements to IFRSs 2010 – 2012 cycle: Effective date: 1 February 2015.
- Annual improvements to IFRSs 2011 – 2013 cycle. Effective date: 1 February 2015.

(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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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 25.

(c) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expenses as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method and are recognised initially at cost which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, from the date that significant influence commences until the date significant influence ceases.

(v) Joint venture

A joint venture is an arrangement where the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. Interests in joint ventures are initially recognised at cost, which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, until the date of which joint control ceases.

(vi) 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 (associates and joint ventures) 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 reporting 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.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency and interest rate 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, except where the derivative is designated as a cash flow hedging instrument and hedge accounting is applied.

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).

Cash flow hedges and hedge accounting

When a derivative is designated as a cashflow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(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.

(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.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(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
Trademarks	10 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.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

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 30 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 reporting 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. 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 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.

For impairment testing of non-financial assets, the assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(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 is not 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 reclassified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

(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 when paid.

(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 profit or loss 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.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(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 statement of financial position 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.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 reporting 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 reporting 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.

2 REVENUE

	2014	2013
	€'000	€'000
Group		
Aircraft charter and other related services	287,077	278,605
Aircraft spares trading	17,111	16,690
Aircraft leasing	27,484	27,465
	331,672	322,760

3 OTHER OPERATING INCOME/EXPENSES

	2014	2013
Group	€'000	€'000
Other operating income		
Insurance proceeds and other compensation from third parties for aircraft impairment	5,640	770
Profit on disposals of property, plant and equipment	4,150	4,604
Profit on disposals of assets held for sale	357	-
Other income	50	455
	10,197	5,829
Other operating expenses		
Impairment of aircraft	3,991	4,005
	3,991	4,005

4 STATUTORY AND OTHER INFORMATION

Profit before tax is stated after charging:	2014	2013
	€'000	€'000
Group		
Depreciation of property, plant and equipment	32,275	30,683
Amortisation of intangible assets	495	715
Rentals payable under operating leases		
– Land and buildings	3,000	3,012
– Aircraft	16,245	14,471
Net foreign exchange (gain)/loss	(392)	131
Auditor's remuneration		
– Audit of group and company accounts	210	185
– Other assurance services	20	20
– Tax advisory services	45	45
	275	250

Auditor's remuneration for the audit of the company accounts was €30,000 *(2013: €30,000)*.

5 EMPLOYEE BENEFITS AND NUMBERS

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

	2014	2013
Directors and senior management	36	36
Crew, administration and engineering	609	796
	645	832

The reduction in average employee numbers in 2014 primarily reflects the effect of Safair Operations (Pty) Limited becoming an associate undertaking with effect from 30 September 2013 (Note 10).

The aggregate payroll costs of these persons were as follows:

	2014	2013
	€'000	€'000
Group		
Wages and salaries	45,956	50,339
Social welfare	15,224	14,847
Pension costs	2,041	1,260
	63,221	66,446

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

	2014	2013
	€'000	€'000
Directors' emoluments	685	530

6 FINANCE INCOME AND FINANCE COSTS

	2014 €'000	2013 €'000
Group		
Finance income		
Interest income	**656**	1,383
Gains on fair value of derivatives through profit or loss	**2,197**	-
	2,853	1,383
Finance costs		
Interest on bank borrowings	**3,198**	4,505
Interest on shareholder loans	**584**	601
Guarantee fees	**835**	447
Loss on fair value of derivatives through profit or loss	**-**	77
	4,617	5,630

7 TAX EXPENSE

	2014 €'000	2013 €'000
Group		
Recognised in profit or loss (a)	**4,840**	5,137
Recognised in other comprehensive income (b)	**(106)**	152
	4,734	5,289
(a) Amounts recognised in profit or loss		
Current tax expense		
Corporation tax – Ireland – current year	**2,677**	260
Corporation tax – foreign – current year	**440**	2,341
Adjustment for prior periods	**-**	72
	3,117	2,673
Deferred tax expense		
Origination and reversal of temporary differences	**1,723**	2,464
Total tax expense	**4,840**	5,137

7 TAX EXPENSE (CONTINUED)

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

	2014 €'000	2013 €'000
Profit for the year	17,138	17,018
Tax expense	4,840	5,137
Profit before tax	21,978	22,155
Expected tax, computed by applying the Irish tax rate 12.5% *(2013: 12.5%)*	2,747	2,769
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	1,913	2,155
Non-deductible expenses	180	141
Adjustment for prior periods	-	72
Tax expense	4,840	5,137
(b) Amounts recognised in other comprehensive income		
Deferred tax (credit)/expense related to defined benefit plan actuarial gains/losses	(106)	152

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 2013	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
Impairment	(4,534)	-	-	-	(4,534)
Additions	13,611	949	165	46	14,771
Acquisitions through business combinations	64,276	6,130	-	-	70,406
Disposals	(35,053)	(878)	(142)	-	(36,073)
Foreign exchange movements	32,566	102	21	-	32,689
Balance at 31 December 2014	**350,151**	**14,189**	**927**	**2,462**	**367,729**
Depreciation					
Balance at 1 January 2013	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
Charge for the year	30,568	1,382	158	167	32,275
Impairment	(543)	-	-	-	(543)
Disposals	(15,763)	(820)	(101)	-	(16,684)
Foreign exchange movements	9,649	873	16	-	10,538
Balance at 31 December 2014	**69,675**	**5,886**	**556**	**1,574**	**77,691**
Net book value					
At 31 December 2014	**280,476**	**8,303**	**371**	**888**	**290,038**
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

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

At 31 December 2014, aircraft with a net book value of €153.2 million *(2013: €148.3 million)* were mortgaged to lenders as security for bank loans (see Note 20).

Aircraft with a net book value of €219.2 million at 31 December 2014 *(2013: €169.6 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 2013				
Additions in year	38,209	118	277	38,604
Transfers from group undertakings	1,153	12	65	1,230
Disposals in year	(5,712)	-	(78)	(5,790)
At 31 December 2013	33,650	130	264	34,044
Additions in year	62	54	88	204
Disposals in year	(3,251)	-	(32)	(3,283)
At 31 December 2014	**30,461**	**184**	**320**	**30,965**
Accumulated depreciation				
At 1 January 2013	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
Charge for year	1,877	42	60	1,979
Disposals	(1,123)	-	(24)	(1,147)
At 31 December 2014	**17,488**	**114**	**134**	**17,736**
Net book value				
At 31 December 2014	**12,973**	**70**	**186**	**13,229**
At 31 December 2013	16,916	58	166	17,140
At 31 December 2012	22,387	81	218	22,686

9 INVESTMENTS IN SUBSIDIARIES

	Shares in subsidiaries €'000
Company	
Cost	
At 1 January 2013 and 31 December 2013	73,562
Additions (see Note 13)	67,612
At 31 December 2014	**141,174**
Provision for impairment	
At 1 January 2013, 31 December 2013 and 31 December 2014	**776**
Net book value	
At 31 December 2014	**140,398**
At 31 December 2013	72,786
At 31 December 2012	72,786

9 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
Air Contractors (Ireland) Ltd	Ireland	Air 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%
ACLAS Technics 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%
FARNAIR Holding SA	Switzerland	Investments in companies	100%
FARNAIR Switzerland AG	Switzerland	Air transport services	*100%
OFSB Ltd	Bermuda	Aircraft leasing	*100%
COBiiAS AG	Switzerland	Aviation related services	*74%
FARNAIR Hungary Kft	Hungary	Air transport services	*100%
FARNAIR Handling Kft	Hungary	Cargo handling services	100%
FARNAIR Trading and Leasing Ltd	Ireland	Aircraft leasing	*100%
FARNAIR Training GmbH	Austria	Aviation related services	*100%
FARNAIR Rail GmbH	Germany	Cargo handling services	100%
FARNAIR Rail – Logistics GmbH& Co KG	Germany	Cargo handling services	100%

** Indirect shareholdings*

ACL Aviation Limited, ACL Leasing Limited, ACL Air Limited are considered to be subsidiary undertakings, as the parent has the power, in respect of those entities, to appoint or remove the majority of members of their boards of directors and 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") became an associate undertaking with effect from 30 September 2013, having formerly been a subsidiary of the Company.

The Group's share of loss of Safair Operations for the year was €3,000 *(3 month period as associate in 2013: share of profit €2,000)* and the Group's share of net assets of the associate at 31 December 2014 was €18,000 *(2013: €20,000)*. Separately, the Group had loans of €5.8 million (non-current €2.5 million, current €3.3 million) *(2013: €5.4 million)* and other receivables (current) of €5.3 million *(2013: €3.3 million)* due from Safair Operations at 31 December 2014 (see Note 16).

Summary financial information for the associate is as follows:	**2014**	2013
	€'000	€'000
Current assets	**24,860**	13,804
Non-current assets	**2,578**	3,396
Total assets	**27,438**	17,200
Current liabilities	**(20,006)**	(11,487)
Non-current liabilities	**(7,360)**	(5,634)
Total liabilities	**(27,366)**	(17,121)
Net assets	**72**	79
Group share of net assets	**18**	20

	Year ended 31 December 2014	1 October 2013 to 31 December 2013
	€'000	€'000
Income	**48,337**	10,201
Expenses	**(48,347)**	(10,193)
(Loss)/profit	**(10)**	8
Group's share of (loss)/profit	**(3)**	2

11 INVESTMENTS IN JOINT VENTURES

As part of the acquisition of the Farnair Group on 4 December 2014 (see Note 13), the Group acquired interests in two joint venture undertakings; an Indian cargo airline based operator, Quikjet Cargo Airlines Pvt. Ltd. and a Thai based cargo airline operator, K-Mile Air Company Ltd. The percentage shareholdings held by the Group on 31 December 2014 were 50.93%, with regards to the Indian JV, and 45.00% with regards to the Thai JV.

Summary financial information for the joint ventures is as follows:

	Quikjet Cargo Airlines Pvt. Ltd	K-Mile Air Company Ltd	Total
	€'000	€'000	€'000
Share of (loss)/profit in the period since acquisition	(27)	25	**(2)**
Carrying value of investments as at 31 December 2014	2,237	1,242	**3,479**

The Group's share of the results of its equity-accounted joint venture undertaking and their aggregated assets and liabilities are as follows:

Quikjet Cargo Airlines Pvt. Ltd., India	4 December 2014 to 31 December 2014 €'000
Share of revenue	4
Share of loss	(27)
Share of total assets including intangible assets and goodwill	3,206
Share of total liabilities	(969)
Share of net assets	2,237

K-Mile Air Company Ltd., Thailand	4 December 2014 to 31 December 2014 €'000
Share of revenue	379
Share of profit	25
Share of total assets including intangible assets and goodwill	2,098
Share of total liabilities	(856)
Share of net assets	1,242

12 INTANGIBLE ASSETS

	Goodwill	Software	Trademarks	Total
	€'000	€'000	€'000	€'000
Group				
Cost or deemed cost	7,545	2,266	-	9,811
At 1 January 2013				
Additions	-	808	-	808
Disposals	-	(349)	-	(349)
At 31 December 2013	7,545	2,725	-	10,270
Additions	-	629	629	1,258
Acquisitions through business combinations	16,180	786	-	16,966
Disposals	-	(378)	-	(378)
Foreign exchange movement	-	(2)	16	14
At 31 December 2014	**23,725**	**3,760**	**645**	**28,130**
Amortisation				
At 1 January 2013	-	1,356	-	1,356
Amortisation in year	-	715	-	715
Disposals	-	(349)	-	(349)
At 31 December 2013	-	1,722	-	1,722
Amortisation in year	-	495	-	495
Disposals	-	(378)	-	(378)
Foreign exchange movement	-	(1)	-	(1)
At 31 December 2014	**-**	**1,838**	**-**	**1,838**
Net book value				
At 31 December 2014	**23,725**	**1,922**	**645**	**26,292**
At 31 December 2013	7,545	1,003	-	8,548
At 31 December 2012	7,545	910	-	8,455

Goodwill primarily represents the excess paid over the fair value of the identifiable assets and liabilities of (i) ACL Aviation Trading Limited (including its subsidiary, ACLAS Global Limited) ("the ACLAT/ACLAS acquisition") and (ii) FARNAIR Holding SA (including its subsidiaries).

The goodwill related to the ACLAT/ACLAS acquisition 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.

The Farnair acquisition was completed in December 2014 (see Note 13) and goodwill will be assessed for impairment on at least an annual basis in future periods.

NOTES (continued)

13 BUSINESS COMBINATION – ACQUISITION OF FARNAIR

On 4 December 2014, the Group acquired the Farnair Group, comprising:

- 100% of FARNAIR Holding AG and indirect interests in its below named subsidiaries;
  FARNAIR Switzerland AG (100%)
  OFSB Limited (100%)
  FARNAIR Hungary Kft (100%)
  FARNAIR Trading and Leasing Limited (100%)
  FARNAIR Training GmbH (100%)
  COBiiAS AG (74%)
- 100% of FARNAIR Handling Kft
- 100% of FARNAIR Rail GmbH
- 100% of FARNAIR Rail-Logistics GmbH and Co KG

See Note 9 for further details of these companies and their activities.

The acquisition of the Farnair Group will expand the Group's European and Asian footprint which have been identified as areas of growth for the Group. The acquisition of Farnair is also expected to provide the Group with increased cargo market share. The Group also expects to reduce costs through economies of scale.

In the period since acquisition Farnair contributed revenue of €5.3 million and profit of €0.7 million to the Group's result. If the acquisition had occurred on 1 January 2014, management estimates it would have contributed €55.1 million to consolidated revenue for the year and €5.0 million to consolidated profit for the year.

The consideration transferred was US$84.4 million (€67.6 million) with includes contingent consideration of US$4.5 million (€3.6 million) which is held in escrow pending the outcome of certain future events under the terms of the acquisition agreement.

The Group incurred acquisition related costs of €1.0 million. These costs have been included in 'Costs of goods and services'.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	€'000
Property, plant and equipment	70,406
Intangible assets	786
Deferred tax assets	8
Trade and other receivables	11,308
Investments in joint ventures	3,481
Inventories	2,978
Cash at bank	3,882
Loans and borrowings	(26,825)
Employee benefits	(1,392)
Provisions	(1,108)
Deferred tax liabilities	(4,142)
Trade and other payables	(7,630)
Current tax liabilities	(320)
	51,432

13 BUSINESS COMBINATION – ACQUISITION OF FARNAIR (CONTINUED)

If new information obtained within one year of the date of the acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Independent professional valuations were used to assess the fair value of aircraft within property, plant and equipment as at the acquisition date.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	€'000
Consideration transferred	67,612
Fair value of identifiable net assets	(51,432)
Goodwill	16,180

14 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Aircraft parts and consumables	22,185	15,736	59	578

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 €4,491,000 *(2013: €4,918,000)*.

15 CURRENT TAX ASSETS AND LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Current tax assets	284	716	234	-
Current tax liabilities	(3,668)	(1,133)	-	(270)

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

NOTES (continued)

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Amounts due from associate *(Note 26)*	**11,050**	8,705	**-**	11
Trade receivables	**29,526**	25,999	**90**	131
Prepayments and accrued income	**8,154**	11,062	**531**	308
Derivatives	**2,573**	67	**-**	-
VAT receivable	**988**	888	**154**	27
Other debtors	**15,507**	7,646	**407**	492
	67,798	54,367	**1,182**	969
Non-current	**3,005**	3,871	**352**	-
Current	**64,793**	50,496	**830**	969
	67,798	54,367	**1,182**	969

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Cash at bank	**55,820**	42,945	**5,631**	16,349
Restricted cash	**7,140**	7,830	**1,755**	-
	62,960	50,775	**7,386**	16,349

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.

18 ASSETS HELD FOR SALE

	Group		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Aircraft held for sale	**107**	279	**107**	279

19 SHARE CAPITAL

	2014 €'000	2013 €'000
Group		
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	**-**	-

20 INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Current	**39,118**	67,083	**81,623**	108,304
Non-current	**130,509**	52,671	**112,135**	30,040
	169,627	119,754	**193,758**	138,344
Non-current liabilities				
Bank loans	**88,460**	52,671	**70,161**	30,040
Other loans	**42,049**	-	**41,974**	-
	130,509	52,671	**112,135**	30,040
Current liabilities				
Current portion of bank loans	**39,118**	30,022	**14,685**	13,459
Other loans	**-**	37,061	**-**	36,975
Loans and borrowings	**39,118**	67,083	**14,685**	50,434
Loans from subsidiary undertakings (Note 26)	**-**	-	**66,938**	57,870
Total	**39,118**	67,083	**81,623**	108,304
(i) **Bank loans**				
Secured bank loans	**127,578**	82,693	**84,846**	43,499
Less current portion	**(39,118)**	(30,022)	**(14,685)**	(13,459)
Non-current portion	**88,460**	52,671	**70,161**	30,040

The bank loans are secured over aircraft assets with a net book value of €153.2 million *(2013: €148.3 million)*. The loans bear interest at rates between 1.62% and 5.53%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2014 were US$44.8 million – equivalent to €36.9 million *(2013: US$84.2 million – equivalent to €64.7 million)*.

20 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
(ii) Other loans				
Shareholder loans:				
CMB/3P *(Note 26)*				
Current portion	-	37,061	-	36,975
Non-current portion	42,049	-	41,974	-

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 2014 were US$51.0 million – equivalent to €42.0 million *(2013: US$51.0 million – equivalent to €37.1 million)*.

(iii) Maturity profile

The maturity profile of the borrowings is as follows:

Group	Total	Less than 1 year	1-2 years	2-5 years
	€'000	€'000	€'000	€'000
As at 31 December 2014				
Bank loans	127,578	39,118	38,113	50,347
Other loans	42,049	-	42,049	-
Total	169,627	39,118	80,162	50,347
As at 31 December 2013				
Bank loans	82,693	30,022	28,044	24,622
Other loans	37,061	37,061	-	-
Total	119,754	67,083	28,044	24,622

Company	Total	Less than 1 year	1-2 years	2-5 years
	€'000	€'000	€'000	€'000
As at 31 December 2014				
Bank loans	84,846	14,685	24,428	45,733
Other loans	41,974	-	41,974	-
Total	126,820	14,685	66,402	45,733
As at 31 December 2013				
Bank loans	43,499	13,459	14,245	15,795
Other loans	36,975	36,975	-	-
Total	80,474	50,434	14,245	15,795

(iv) Undrawn borrowing facilities

At 31 December 2014 the Group has an undrawn overdraft facility of €5 million.

21 EMPLOYEE BENEFITS

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

Group	2014 €'000	2013 €'000
Unfunded scheme – liability	7,764	6,999
Funded scheme – net liability	1,652	-
	9,416	6,999

(a) Unfunded defined benefit scheme

	2014 €'000	2013 €'000
The amounts recognised in the statement of financial position were as follows:		
Present value of unfunded obligations	7,764	6,999
Unrecognised actuarial gains/(losses)	-	-
Unrecognised past service cost	-	-
Net liability	7,764	6,999
Amounts in the statement of financial position:		
Liabilities	7,764	6,999
Net liability	7,764	6,999
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	6,999	7,030
Expense recognised in the income statement	620	417
Loss/(gain) recognised in other comprehensive income	145	(448)
Net liability at 31 December 2014	7,764	6,999

21 EMPLOYEE BENEFITS (CONTINUED)

(a) Unfunded defined benefit scheme (continued)

	2014 €'000	2013 €'000
The amounts recognised in profit or loss are as follows:		
Current service costs	739	676
Interest on obligation	265	211
Curtailment gain	(384)	(470)
Total expense – included in 'Employee benefits expense'	620	417
The amounts recognised in other comprehensive income are as follows:		
Actuarial loss/(gain) recognised in year	145	(448)
Principal actuarial assumptions at 31 December		
Discount rate	2.12%	3.5%
Future salary increases (including inflation)	0% + salary scale	0% + salary scale
Future pension increases	0%	0%
Inflation	1.0%	2.0%

(b) Funded defined benefit scheme

The amount recognised in the statement of financial position is determined as follows:

	2014 €'000
Pension obligation	(13,733)
Pension plan assets	12,081
Net liability	(1,652)

The following amounts pertaining to defined benefit plans were recognised in the income statement:

	2014 €'000
Current service cost	(45)
Interest expense	(24)
Expected return on plan assets	24
Administration costs	(6)
Periodic pension (costs)	(51)

21 EMPLOYEE BENEFITS (CONTINUED)

(b) Funded defined benefit scheme (continued)

The following effective return on plan assets was realised by the pension fund:

	2014 €'000
Actual return on plan assets	26

The following changes were recorded in defined benefit plan liabilities:

	2014 €'000
Liability acquired through business combination	(13,423)
Current service cost	(45)
Employee contributions	(58)
Interest cost	(24)
Benefits paid	94
Actuarial loss on benefit obligation	(277)
Present value of funded obligation at year end	(13,733)

The following changes were recorded in the fair value of plan assets:

	2014 €'000
Assets acquired through business combination	12,031
Employer contributions	66
Employee contributions	58
Expected return on plan assets	24
Actuarial gain on plan assets	2
Benefits paid	(94)
Administration costs	(6)
Fair value of plan assets at year end	12,081

Pension plan assets are comprised as follows:

	2014
Cash and cash equivalents	15.6%
Bonds	67.9%
Shares	10.8%
Property investment	4.8%
Other	0.9%
Total	100%

21 EMPLOYEE BENEFITS (CONTINUED)

(b) Funded defined benefit scheme (continued)

The principal actuarial assumptions used were as follows:

	2014
Discount rate	1.15%
Expected return on plan assets	1.15%
Future salary increase	1.00%
Future pension increase	0.00%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective market. Statutory employer's contributions for the year 2015 are estimated at €0.8 million.

22 PROVISIONS

	2014 €'000	2013 €'000
Group		
Non-current portion	5,927	5,547
Current portion	1,436	1,291
	7,363	6,838
Aircraft maintenance	5,531	5,296
Claims and other	1,832	1,542
	7,363	6,838
Movements during the year		
Aircraft maintenance		
At beginning of year	5,296	12,487
Acquisition of subsidiary	1,108	-
Additional provisions in the year	1,676	4,976
Utilisations and releases in the year	(2,549)	(8,538)
Disposal of subsidiary	-	(3,629)
At end of the year	5,531	5,296
Claims and other		
At beginning of year	1,542	940
Acquisition of subsidiary	396	-
Additional provisions in the year	176	602
Utilisations and releases in the year	(282)	-
At the end of the year	1,832	1,542
Total provisions	7,363	6,838

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

23 DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Deferred tax assets	**672**	675	**-**	-
Deferred tax liabilities	**(29,439)**	(22,596)	**(217)**	(194)
Net	**(28,767)**	(21,921)	**(217)**	(194)

Deferred tax assets and liabilities are attributable to the following:

	2014			2013		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Group						
Property, plant and equipment	**42**	**(29,808)**	**(29,766)**	420	(22,596)	(22,176)
Derivative financial instruments	**-**	**22**	**22**	-	-	-
Employee benefits	**-**	**347**	**347**	-	-	-
Unused tax losses	**630**	**-**	**630**	255	-	255
	672	**(29,439)**	**(28,767)**	675	(22,596)	(21,921)
Company						
Property, plant and equipment	**-**	**(418)**	**(418)**	-	(395)	(395)
Unused tax losses	**201**	**-**	**201**	201	-	201
	201	**(418)**	**(217)**	201	(395)	(194)

23 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

Group	Balance at 1 January 2014 €'000	Recognised in total comprehensive income €'000	Foreign exchange movement €'000	Acquisition of subsidiaries €'000	Balance at 31 December 2014 €'000
Property, plant and equipment	(22,176)	(2,353)	(1,095)	(4,142)	(29,766)
Derivative financial instruments	-	22	-	-	22
Employee benefits	-	347	-	-	347
Unused tax losses	255	367	-	8	630
	(21,921)	**(1,617)**	**(1,095)**	**(4,134)**	**(28,767)**

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

Deferred tax recognised in total comprehensive income of €1,617,000 *(2013: €2,616,000)* includes a charge of €1,723,000 *(2013: €2,464,000)* against profit or loss, and a credit of €106,000 *(2013: charge of €152,000)* in other comprehensive income (see Note 7).

	Balance at 1 January 2014 €'000	Recognised in income statement €'000	Balance at 31 December 2014 €'000
Company			
Property, plant and equipment	(395)	(23)	(418)
Unused tax losses	201	-	201
	(194)	**(23)**	**(217)**

	Balance at 1 January 2013 €'000	Recognised in income statement €'000	Balance at 31 December 2013 €'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.

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Amounts due to associate *(Note 26)*	**800**	3	**-**	-
Trade payables	**16,289**	19,745	**118**	145
VAT payable	**3,103**	3,926	**-**	-
Accruals and other payables	**29,215**	20,438	**1,902**	1,801
Advance deposits received	**14,089**	11,782	**3,519**	1,705
Derivatives	**104**	280	**-**	-
Deferred government grants	**1,138**	-	**-**	-
	64,738	56,174	**5,539**	3,651
Current	**63,600**	55,605	**5,539**	3,651
Non-current	**1,138**	569	**-**	-
	64,738	56,174	**5,539**	3,651

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.

25 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 receivables is as follows:

	31 December 2014	31 December 2013
	€'000	€'000
Not past due	**22,574**	20,908
Past due 0-30 days	**4,317**	4,287
Past due 31-365 days	**2,538**	804
Past due >1 year	**97**	-
	29,526	25,999

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 €1.4 million *(2013: €2.3 million)*.

25 FINANCIAL INSTRUMENTS – MARKET AND OTHER RISKS (CONTINUED)

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	Other loans	Trade and other payables*	Total	Bank loans	Other loans	Trade and other payables	Total
	2014	2014	2014	2014	2013	2013	2013	2013
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group								
Less than one year	40,556	-	63,600	104,156	31,231	37,539	55,605	124,375
Between 1 and 5 years	92,771	42,518	-	135,289	56,034	-	569	56,603
	133,327	42,518	63,600	239,445	87,265	37,539	56,174	180,978

**Excludes deferred government grants.*

Interest rate risk

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

	2014	2013
	€'000	€'000
Fixed rate instruments	42,140	57,917
Variable rate instruments	127,487	61,837
	169,627	119,754

Cashflow sensitivity analysis for variable rate instruments

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

	2014		2013	
	+ 50 basis points	- 50 basis points	+ 50 basis points	- 50 basis points
	€'000	€'000	€'000	€'000
	(451)	451	(463)	463

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. Due to the Group's acquisition of the Farnair Group in December 2014, the Group is now also exposed to movements in the Swiss Franc. 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.

25 FINANCIAL INSTRUMENTS – MARKET AND OTHER RISKS (CONTINUED)

Currency risk (continued)

Europe Airpost SA, has hedged a proportion of its 2015 estimated US dollar needs, mainly related to leasing and planned maintenance expenses, which amounts to US$22.4 million or €19.7 million *(2013: US$28.3 million or €20.5 million)*.

Air Contractors (Ireland) Limited, has a hedged proportion of its 2015 estimated US dollar and GBP needs, mainly related to leasing and planned maintenance expenses, which amounts to US$12.0 million or €9.6 million and GBP£1.8 million or €2.25 million.

At each reporting date, these contracts are remeasured to fair value with any adjustment recognised in net profit or loss for the year or, where hedge accounting is applied, through the cash flow hedge reserve.

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 2014 €'000	31 December 2013 €'000
Equity	**(3,844)**	(4,050)
Profit	**5,421**	4,437

A 10% weakening of the Euro against the US dollar at 31 December 2014 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 2014, additional bank funding was obtained to fund the acquisition of Farnair (see Note 13) and facilitate the repayment of a portion of bank loans.

25 FINANCIAL INSTRUMENTS – MARKET AND OTHER RISKS (CONTINUED)

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 2014 €'000	Assets at amortised cost 2014 €'000	Liabilities at amortised cost 2014 €'000	Carrying amount 2014 €'000	Fair value Level 1 2014 €'000	Fair value Level 2 2014 €'000	Fair value Level 3 2014 €'000
Derivatives – cash flow hedges	584	-	-	584		584	
Derivatives – other forward exchange contracts	1,989	-	-	1,989		1,989	
Derivatives – interest rate swaps	(104)	-	-	(104)		(104)	
Loans and receivables	-	65,225	-	65,225			
Cash and cash equivalents	-	62,960	-	62,960			
Secured bank loans – fixed rate	-	-	(42,140)	(42,140)		(41,942)	
Secured bank loans – variable rate	-	-	(85,438)	(85,438)			
Shareholder loans – variable rate	-	-	(42,049)	(42,049)			
Trade and other payables (excluding deferred government grants and derivatives)	-	-	(63,496)	(63,496)			
	2,469	128,185	(233,123)	(102,469)			

	Carried at fair value 2013 €'000	Assets at amortised cost 2013 €'000	Liabilities at amortised cost 2013 €'000	Carrying amount 2013 €'000	Fair value Level 1 2013 €'000	Fair value Level 2 2013 €'000	Fair value Level 3 2013 €'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)			

25 FINANCIAL INSTRUMENTS – MARKET AND OTHER RISKS (CONTINUED)

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 and interest-rate swaps are based on information provided by the financial institution with whom the contracts have been arranged.

26 RELATED PARTIES

Identity of related parties

The Group has related party relationships with its major shareholders, directors and its associate and joint venture undertakings. The Company also has related party relationships with its subsidiaries.

Group

(a) 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 €14.0 million at 31 December 2014 *(2013: €23.2 million)*. The Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
3P				
Loan	**20,517**	18,062		
Management fees			**9**	9
Interest paid			**(286)**	(295)
CMB				
Loan	**21,532**	18,999		
Guarantee fees paid			**(357)**	(447)
Interest paid			**(298)**	(306)
	42,049	37,061		

(b) 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:

	2014	2013
	€'000	€'000
Total remuneration – directors	**685**	530

26 RELATED PARTIES (CONTINUED)

Group (continued)

(c) Transactions with associate undertaking

Safair Operations (Pty) Limited (see Note 10) is an associate. The Group had related party transactions with this associate as summarised below:

	Receivable/(payable) at end of year		Income/(charge) For period since became associate	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Loans and interest	**5,775**	5,362	**510**	117
Other receivables and income	**5,275**	3,343	**4,795**	2,065
Other payables	**(800)**	(3)	**-**	-
	10,250	8,702	**5,305**	2,182

Loans

The loans relate to normal trading activities and bear interest at commercial rates. Loans in South African Rand equivalent to €2.5 million *(2013: €2.4 million)* are repayable in full in 2023 and are classified within non-current assets. Loans in US dollars equivalent to €3.3 million *(2013: €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 on commercial terms and at market rates, and the acquisition of certain trademarks based on an independent professional valuation.

(d) Transactions with joint ventures

Quikjet Cargo Airlines Pvt. Ltd. and K-Mile Air Company Limited are joint ventures of the Group (see Note 11). The Group had related party transactions with these joint ventures as follows:

	Receivable/(payable) at end of year	Income/(charge) for period since became joint venture
	2014	2014
	€'000	€'000
Quikjet Cargo Airlines Pvt. Ltd	818	-
K-Mile Air Company Ltd	586	103
	1,404	103

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on normal commercial terms.

26 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 2014 €'000	Payable balance at 31 December 2014 €'000	Receivable balance at 31 December 2014 €'000
Subsidiaries				
Air Contractors (Ireland) Ltd	Management fee	234		
	Lease income	2,494		
	Interest receivable/Loan	677		19,560
	Expense recharge	(229)	83	64
Air Contractors (UK) Ltd	Management fee	40		
	Interest payable/Loan	(259)	9,106	34
ACL Aircraft Trading Ltd	Management fee	40		
	Commission	(92)		
	Interest receivable/Loan	50		3,860
ACLAS Global Ltd	Management fee	350		
	Spares sales	1,414		
	Spares cost of sales	(1,256)		
	Interest receivable/Loan	350	1	5,836
ACLAS Technics Ltd	Management fee	19		
	Interest receivable/Loan	108		4,083
Europe Air Post SA	Management fee	410		
	Lease income	780		
	Interest payable/Loan	(69)	31,480	2,037
ACL Aviation Ltd	Management fee	34		
	Interest payable/Loan	(68)	3,144	
ACL Air Ltd	Management fee/Loan	18		1
ACL Leasing Ltd	Management fee	119		
	Interest payable/Loan	(81)	7,182	
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	696		24,059
	Management fee	24		
ASL Aircraft Investment Ltd	Interest receivable/Loan	1,585		33,752
Safair Lease Finance 72 Ltd	Management fee/Loan	24	9,452	148
Safair Lease Finance (Ireland) Ltd	Management fee/Loan	24	6,490	17
			66,938	93,451

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2014 €'000	Payable balance at 31 December 2014 €'000
Shareholders			
CMB	Interest payable / Guarantee fees/ Shareholder loan	508	21,457
3P	Interest payable/ Shareholder loan	286	20,517
			41,974

NOTES (continued)

26 RELATED PARTIES (CONTINUED)

Company (continued)

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2013 €'000	Payable balance at 31 December 2013 €'000	Receivable balance at 31 December 2013 €'000
Subsidiaries				
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		
	Spares sales	700		
	Interest receivable/Loan	353	18	5,174
	Expense recharge	(16)		
ACLAS Technics 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

26 RELATED PARTIES (CONTINUED)

Company (continued)

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2013 €'000	Payable balance at 31 December 2013 €'000
Shareholders			
CMB	Interest payable/Guarantee fees/Shareholder loan	(560)	18,913
3P	Interest payable/Shareholder loan	(295)	18,062
			36,975

27 OPERATING LEASES

	Group		Company	
	2014	2013	**2014**	2013
As lessee	**€'000**	€'000	**€'000**	€'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	**22,941**	12,535	**-**	-
Between 1 and 5 years	**38,035**	18,740	**-**	-
More than 5 years	**13,955**	7,690	**-**	-
	74,931	38,965	**-**	-

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		Company	
	2014	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000
Less than one year	**35,560**	24,574	**4,024**	653
Between 1 and 5 years	**65,392**	55,900	**2,378**	1,577
	100,952	80,474	**6,402**	2,230

28 OTHER COMMITMENTS

At 31 December 2014 and 31 December 2013, the Group had no capital or other commitments.

29 MAJOR EXCHANGE RATES

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

	Closing rate		Average rate	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
US Dollar	**1.2141**	1.3791	**1.3348**	1.3259
British Pound	**0.7789**	0.8337	**0.8077**	0.8486
South African Rand	**14.0353**	14.566	**14.3849**	12.7300
Swiss Franc	**1.2024**	-	**1.2018**	-
Hungarian Forint	**315.54**	-	**306.81**	-

30 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.

31 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 loss of €2,434,000 for the year ended 31 December 2014 *(2013: profit of €3,348,000)*.

32 APPROVAL OF FINANCIAL STATEMENTS.

The board of directors approved these financial statements on 1 April 2015.

NOTES

NOTES

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