2012

ASL Aviation Group Limited
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 2012.

Principal activities, business review and future developments

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

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

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

The ASL Aviation Group produced a strong set of trading results for the 2012 financial year. Consolidated net profit reduced by 14% to €26.1 million in 2012, compared with the comparative 2011 trading period (€30.5 million).

This trading result remains positive given the pressure on the aviation industry arising from the general economic environmental conditions. These conditions are reducing the airline industry activity and yields, generating negative impacts on aircraft values and the rising costs of fuel and regulatory compliance costs are creating added burdens on aviation.

The Group continues to focus on ensuring a safe, reliable service for its customers ensuring long standing relationships are maintained. Both our reliability in completing flights and punctuality aspects of leaving on time are critically examined towards targeting a 100% success rate. 2012's performance indicators are on a par with recent years.

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. During 2012, the Group was able to extend the leases on a number of turboprop aircraft, and transition some aircraft to existing customers. This puts the Group in a strong position with regards to committed revenue streams for future trading periods. The Group further managed to trade aircraft at a profit during the year.

The Group seeks to maximise the value of its owned aircraft fleet. The carrying value of the aircraft fleet is regularly reviewed and compared with market values and the Group is active in trading aircraft where opportunities exist or where the aircraft no longer fit with the desired profile or evolving operational requirements of the Group.

Looking forward, the strategic focus of the Group is to optimise the financial and operational performance of the Group companies, to continue to seek out opportunities for further strategic investments in aviation companies and also to further enhance and leverage the operational synergies between the various companies that make up the Group.

Directors' report (continued)

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.

Principal risks and uncertainties

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

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

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

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

Credit risk

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

The Group performs credit evaluations on an ongoing basis for individual counterparties. During 2012, the credit risk of certain leasing activities was minimised as the Group continued credit insurance against the risk of default.

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. Interest rate swaps are utilised within the Group in order to mitigate some of this risk.

Currency risk

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

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

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

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2012 had no interests in the shares of the company or group companies other than a non-beneficial interest held by Mr Hugh Flynn at the beginning and end of the year in 100 A ordinary shares of ZAR1 each of Safair Operations (Pty) Limited.

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

26 April 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), as applied in accordance with the provisions of the Companies Acts, 1963 to 2012.

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 2012 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 2012 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the 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 2012.

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 Parent Company financial statements ("financial statements") of ASL Aviation Group for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of 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 Parent Company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2012.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2012 and of its profit for the year then ended;
- the Parent 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 2012, of the state of the Parent Company's affairs as at 31 December 2012; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2012.

Independent auditor's report (continued)

Matters on which we are required to report by the Companies Acts 1963 to 2012

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

The Parent 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 2012 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 2012 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

26 April 2013

Consolidated income statement

for the year ended 31 December 2012

	Note	2012	2011
		€'000	€'000
Continuing operations			
Revenue	*2*	**380,037**	407,284
Cost of goods and services		**(236,047)**	(254,913)
Depreciation and amortisation	*4*	**(32,630)**	(35,975)
Employee benefits expense	*5*	**(76,195)**	(73,193)
Other operating income	*3*	**13,817**	9,306
Other operating expenses	*3*	**(6,183)**	(3,022)
Results from operating activities		**42,799**	49,487
Finance income	*6*	**992**	1,112
Finance costs	*6*	**(7,787)**	(11,021)
Net finance costs		**(6,795)**	(9,909)
Profit before tax	*4*	**36,004**	39,578
Tax expense	*7*	**(9,940)**	(9,126)
Profit for the year		**26,064**	30,452
Profit attributable to:			
Owners of the Company		**24,200**	30,504
Non-controlling interest		**1,864**	(52)
Profit for the year		**26,064**	30,452

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 comprehensive income

for the year ended 31 December 2012

	2012 €'000	2011 €'000
Profit for the year	**26,064**	30,452
Other comprehensive income		
Foreign currency translation differences on retranslation of foreign operations	**(2,175)**	5,030
Total comprehensive income for the year	**23,889**	35,482
Attributable to:		
Owners of the Company	**22,076**	35,122
Non-controlling interest	**1,813**	360
Total comprehensive income for the year	**23,889**	35,482

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

Consolidated statement of financial position

at 31 December 2012

Assets	Notes	2012 €'000	2011 €'000
Property, plant and equipment	8	**262,804**	281,673
Intangible assets	11	**8,455**	8,401
Deferred tax assets	21	**709**	762
Trade and other receivables	14	**1,491**	1,807
Total non-current assets		**273,459**	292,643
Inventories	12	**19,502**	19,451
Trade and other receivables	14	**51,476**	50,123
Current tax assets	13	**1,630**	-
Cash at bank	15	**53,428**	65,595
Restricted cash	15	**11,400**	16,685
Assets classified as held for sale	16	**910**	2,467
Total current assets		**138,346**	154,321
Total assets		**411,805**	446,964
Equity			
Share capital	17	**-**	-
Share premium	17	**7,006**	7,006
Capital contribution	17	**31,931**	31,931
Currency translation reserve	17	**(2,066)**	58
Retained earnings		**99,944**	75,744
Total equity attributable to equity holders of the company		**136,815**	114,739
Non-controlling interest		**9,936**	9,548
Total equity		**146,751**	124,287
Liabilities			
Loans and borrowings	18	**69,424**	79,435
Employee benefits	19	**7,030**	4,683
Provisions	20	**11,338**	23,910
Deferred tax liabilities	21	**20,717**	15,526
Trade and other payables	22	**761**	1,332
Total non-current liabilities		**109,270**	124,886
Loans and borrowings	18	**76,009**	118,288
Current tax liabilities	13	**1,411**	843
Trade and other payables	22	**76,275**	71,454
Provisions	20	**2,089**	7,206
Total current liabilities		**155,784**	197,791
Total liabilities		**265,054**	322,677
Total equity and liabilities		**411,805**	446,964

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

On behalf of the board

H. Flynn
Director

L. Criel
Director

Company statement of financial position

at 31 December 2012

	Notes	2012 €'000	2011 €'000
Assets			
Property, plant and equipment	*8*	**22,686**	24,448
Investments in subsidiaries	*9*	**72,786**	73,042
Total non-current assets		**95,472**	97,490
Inventories	*12*	**869**	1,685
Loans to and receivables from subsidiaries	*24*	**76,429**	61,660
Trade and other receivables	*14*	**1,397**	4,849
Cash at bank	*15*	**22,337**	19,185
Total current assets		**101,032**	87,379
Total assets		**196,504**	184,869
Equity			
Share capital	*17*	**-**	-
Share premium	*17*	**7,006**	7,006
Capital contribution	*17*	**31,931**	31,931
Retained earnings		**16,681**	11,390
Total equity		**55,618**	50,327
Liabilities			
Loans and borrowings	*18*	**27,038**	34,328
Deferred tax liabilities	*21*	**194**	194
Total non-current liabilities		**27,232**	34,522
Loans and borrowings	*18*	**54,930**	60,267
Current tax liabilities	*13*	**242**	109
Amounts due to subsidiaries	*24*	**51,154**	32,355
Trade and other payables	*22*	**7,328**	7,289
Total current liabilities		**113,654**	100,020
Total liabilities		**140,886**	134,542
Total equity and liabilities		**196,504**	184,869

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 changes in equity

	Attributable to equity holders of the Company							
	Share capital €'000	Share premium €'000	Capital contribution €'000	Currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2011	-	7,006	31,931	(4,560)	45,240	79,617	9,188	88,805
Total comprehensive income for year								
Profit for the year	-	-	-	-	30,504	30,504	(52)	30,452
Foreign currency translation differences	-	-	-	4,618	-	4,618	412	5,030
Total comprehensive income for the year	-	-	-	4,618	30,504	35,122	360	35,482
Balance at 31 December 2011	**-**	**7,006**	**31,931**	**58**	**75,744**	**114,739**	**9,548**	**124,287**
Balance at 1 January 2012	-	7,006	31,931	58	75,744	114,739	9,548	124,287
Total comprehensive income for year								
Profit for the year	-	-	-	-	24,200	24,200	1,864	26,064
Foreign currency translation differences	-	-	-	(2,124)	-	(2,124)	(51)	(2,175)
Total comprehensive income for the year	-	-	-	(2,124)	24,200	22,076	1,813	23,889
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	-	(1,425)	(1,425)
Total change in equity for the year	-	-	-	(2,124)	24,200	22,076	388	22,464
Balance at 31 December 2012	**-**	**7,066**	**31,931**	**(2,066)**	**99,944**	**136,815**	**9,936**	**146,751**

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

Company statement of changes in equity

	Share capital €'000	Share premium €'000	Capital contribution €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2011	-	7,006	31,931	7,700	46,637
Total comprehensive income for year					
Profit for the year	-	-	-	3,690	3,690
Balance at 31 December 2011	**-**	**7,006**	**31,931**	**11,390**	**50,327**
Balance at 1 January 2012	-	7,006	31,931	11,390	50,327
Total comprehensive income for the year					
Profit for the year	-	-	-	5,291	5,291
Balance at 31 December 2012	**-**	**7,006**	**31,931**	**16,681**	**55,618**

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

Consolidated statement of cash flows

for the year ended 31 December 2012

Operating activities	2012 €'000	2011 €'000
Profit for the year	**26,064**	30,452
Adjustments for:		
Depreciation of property, plant and equipment	**31,869**	35,334
Amortisation of intangible assets	**761**	641
Profit on disposal of associate undertaking	**-**	(1,512)
Profit on disposal of property, plant and equipment	**(2,019)**	(2,583)
Profit on disposal of assets held for sale	**(3,031)**	-
Loss on disposal of intangible fixed assets	**-**	405
Insurance proceeds and other compensation for impairment	**(7,092)**	(3,864)
Impairment of aircraft	**6,183**	2,617
Net finance costs	**6,795**	9,909
Tax expense	**9,940**	9,126
Operating cash inflows before movements in working capital	**69,470**	80,525
Increase in inventories	**(51)**	(2,167)
Increase in trade and other receivables	**(2,715)**	(5,790)
Increase/(decrease) in trade and other payables	**6,521**	(18,971)
(Decrease)/increase in provisions and employee benefits	**(15,342)**	12,174
Foreign exchange translation	**2,781**	3,049
Taxes paid	**(5,564)**	(2,992)
Net cash from operating activities	**55,100**	65,828
Cash flows from investing activities		
Proceeds on disposal of assets held for sale	**5,498**	3,666
Proceeds on disposal of property, plant and equipment (including insurance compensation)	**23,244**	12,440
Purchases of property, plant and equipment	**(37,611)**	(22,888)
Purchases of intangible assets	**(815)**	(1,006)
Interest and similar income received	**992**	1,112
Net cash used in investing activities	**(8,692)**	(6,676)
Cash flows from financing activities		
New bank loans received	**22,260**	38,875
Repayment of bank loans	**(65,825)**	(59,357)
Loan repayments to shareholders	**(8,725)**	(14,491)
Interest paid	**(10,058)**	(9,339)
Net cash used in financing activities	**(62,348)**	(44,312)
Net (decrease)/increase in cash and cash equivalents	**(15,940)**	14,840
Cash and cash equivalents at the beginning of the year	**82,280**	68,377
Effect of exchange rate fluctuations on cash held	**(1,512)**	(937)
Cash and cash equivalents at end of the year	**64,828**	82,280

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

Company statement of cash flows

for the year ended 31 December 2012

	2012 €'000	2011 €'000
Operating activities		
Profit for the year	**5,291**	3,690
Adjustments for:		
Depreciation of property, plant and equipment	**3,609**	4,980
Profit on disposal of aircraft	**(957)**	(829)
Impairment of aircraft	**-**	2,617
Impairment of investments in subsidiaries	**256**	-
Net finance expense	**914**	2,225
Tax charge/(credit)	**133**	(61)
Dividend income	**(5,000)**	(6,000)
Operating cash inflows before movements in working capital	**4,246**	6,622
Decrease in inventories	**816**	664
Decrease/(increase) in trade and other receivables	**3,452**	(4,226)
Increase in trade and other payables	**39**	1,398
Taxes refunded	**-**	2
Net cash from operating activities	**8,553**	4,460
Cash flows from investing activities		
Proceeds on disposal of aircraft	**-**	1,043
Purchases of property, plant and equipment	**(2,221)**	(4,565)
Interest and similar income received	**2,319**	17
Dividends received from subsidiary undertakings	**5,000**	6,000
Net cash from investing activities	**5,098**	2,495
Cash flows from financing activities		
New bank loans received	**2,609**	13,147
Repayment of bank borrowings	**(9,363)**	(654)
Loans advanced and repayments to subsidiary undertakings	**(38,596)**	(29,614)
Loans and repayments received from subsidiary undertakings	**43,957**	42,995
Loan repayments to shareholders	**(5,873)**	(14,784)
Interest paid	**(3,233)**	(1,448)
Net cash (used in)/from financing activities	**(10,499)**	9,642
Net increase in cash and cash equivalents	**3,152**	16,597
Cash and cash equivalents at the beginning of the year	**19,185**	2,588
Cash and cash equivalents at end of the year	**22,337**	19,185

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

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 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). 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.

(a) Statement of compliance

The financial statements for the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2012. The financial statements were authorised for issue by the directors on 26 April 2013.

(b) Basis of preparation

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

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

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

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

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

(c) Basis of consolidation

(i) Subsidiaries

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

1 Summary of significant accounting policies (continued)

(c) Basis of consolidation (continued)

(ii) Associates

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

(iii) Transactions eliminated on consolidation

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

(d) Foreign currency

(i) Foreign currency transactions

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

(ii) Financial statements of foreign operations

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

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

(e) Derivative financial instruments

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

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

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

1 Summary of significant accounting policies (continued)

(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.

(iv) Amortisation

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

Software 3-5 years

(g) Aircraft, property, plant and equipment

(i) Owned assets

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

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

(ii) Subsequent expenditure

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

(iii) Borrowing costs

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

(iv) Depreciation

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

Notes (continued)

1 Summary of significant accounting policies (continued)

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

(iv) Depreciation (continued)

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

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

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

The useful lives and residual values are reassessed annually.

(h) Non-derivative financial assets

Loans and receivables

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

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

1 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 balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

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

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

(ii) Reversals of impairment

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

An impairment loss recognised for goodwill shall not be reversed.

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

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

Notes (continued)

1 Summary of significant accounting policies (continued)

(m) Assets held for sale

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

(n) Share capital

(i) Ordinary share capital

Ordinary share capital is classified as equity.

(ii) Dividends

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

(o) Interest-bearing borrowings

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

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

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

All actuarial gains and losses are recognised in the income statement.

1 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(iii) Short-term employee benefits

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

(q) Provisions

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

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

(r) Non-derivative financial liabilities

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

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

(s) Revenue

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

Revenue from the sale of aircraft spares is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risk and rewards vary depending on the individual terms of the contract of sale. For the sale of aircraft, transfer usually occurs upon delivery of the aircraft to the new owner.

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

Revenue excludes value added tax.

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

1 Summary of significant accounting policies (continued)

(t) Leased assets

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

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

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

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

(u) Finance income and finance costs

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

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

(v) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

1 Summary of significant accounting policies (continued)

(v) Income tax (continued)

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.

(w) New standards and interpretations not yet adopted

IAS 19 (2011) will be effective for annual periods beginning on or after 1 January 2013. The main impact of IAS 19 (2011) on the Group financial statements will be that actuarial gains and losses on defined benefit pension obligations will be presented within other comprehensive income. In the current and prior year financial statements, actuarial gains and losses have been included in or charged against profit.

A number of other new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements. Although these may result in revised disclosure requirements, none of these are expected to have a material effect on the Group's consolidated financial statements.

Notes (continued)

2 Revenue

	2012	2011
	€'000	€'000
Group		
Aircraft charter and other related services	**324,276**	347,101
Aircraft spares trading	**15,987**	15,557
Aircraft leasing	**39,774**	44,626
	380,037	407,284

3 Other operating income/(expenses)

	2012	2011
	€'000	€'000
Other operating income		
Insurance proceeds and other compensation from third parties for aircraft impairment	**7,092**	3,864
Profit on disposal of associate undertaking	**-**	1,512
Indemnity income in relation to associate undertaking	**-**	713
Profit on disposals of property, plant and equipment	**2,019**	2,583
Profit on disposals of assets held for sale	**3,031**	-
Other income	**1,675**	634
	13,817	9,306
Other operating expenses		
Loss on disposal of intangible assets	**-**	405
Impairment of aircraft	**6,183**	2,617
	6,183	3,022

Insurance proceeds and other compensation from third parties for impairment in 2012 relate to an aircraft that was destroyed by a fire during the year. The associated impairment charge for the aircraft was €6,183,000.

4 Statutory and other information

Profit before tax is stated after charging/(crediting):	**2012**	2011
	€'000	€'000
Group		
Depreciation of property, plant and equipment	**31,869**	35,334
Amortisation of intangible assets	**761**	641
Rentals payable under operating leases		
– Land and buildings	**3,486**	3,286
– Aircraft	**17,255**	22,480
Net foreign exchange loss/(gain)	**1,332**	(2,249)

4 Statutory and other information (continued)

	2012	2011
	€'000	€'000
Auditors remuneration		
– Audit of Group and company accounts	**185**	185
– Other assurance services	**20**	20
– Tax advisory services	**60**	60
– Other non-audit services	**-**	15
	265	280

Auditor's remuneration for the audit of the company accounts was €30,000 *(2011: €30,000).*

5 Employee benefits and numbers

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

	2012	2011
Directors and senior management	**17**	17
Crew, administration and engineering	**970**	893
	987	910

The aggregate payroll costs of these persons were as follows:

	2012	2011
	€'000	€'000
Group		
Wages and salaries	**56,416**	53,713
Social welfare	**16,337**	16,651
Pension costs	**3,442**	2,829
	76,195	73,193

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

	2012	2011
	€'000	€'000
Directors' emoluments	**493**	490

Notes (continued)

6 Finance income and finance costs

	2012	2011
Group	**€'000**	€'000
Finance income		
Interest income on bank deposits	**992**	1,112
Finance costs		
Interest on bank borrowings	**6,253**	9,433
Interest on shareholder loans	**712**	707
Guarantee fees	**822**	881
	7,787	11,021

7 Tax expense

	2012	2011
	€'000	€'000
Group		
Current tax expense		
Corporation tax – Ireland – current year	**(135)**	645
Corporation tax – foreign – current year	**5,018**	1,597
Adjustment for prior periods	**(187)**	(131)
	4,696	2,111
Deferred tax expense		
Change in tax base of assets	**-**	1,996
Origination and reversal of temporary differences	**5,244**	5,019
	5,244	7,015
Total tax expense	**9,940**	9,126

7 Tax expense (continued)

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

	2012	2011
	€'000	€'000
Profit for the year	**26,064**	30,452
Tax expense	**9,940**	9,126
Profit before tax	**36,004**	39,578
Expected tax, computed by applying the Irish tax rate 12.5% *(2011: 12.5%)*	**4,501**	4,947
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	**5,129**	5,416
Income taxed at a higher rate	**1**	12
Non-deductible expenses	**510**	914
Change in tax base of assets	**-**	(1,996)
Other differences	**(14)**	(36)
Adjustment for prior periods	**(187)**	(131)
Tax expense	**9,940**	9,126

Notes (continued)

8 Property, plant and equipment

Group

	Aircraft €'000	Equipment & Machinery €'000	Motor Vehicles €'000	Buildings €'000	Total €'000
Cost or deemed cost					
Balance at 1 January 2011	355,111	7,255	643	1,024	364,033
Impairment	(2,617)	-	-	-	(2,617)
Additions	17,299	939	655	3,995	22,888
Disposals	(18,483)	(1,597)	(501)	-	(20,581)
Foreign exchange movements	7,819	(11)	3	(6)	7,805
Balance at 31 December 2011	359,129	6,586	800	5,013	371,528
Impairment	(8,886)	-	-	-	(8,886)
Additions	36,060	1,309	194	48	37,611
Disposals	(33,214)	(99)	(104)	(183)	(33,600)
Foreign exchange movements	(3,873)	-	13	381	(3,479)
Balance at 31 December 2012	**349,216**	**7,796**	**903**	**5,259**	**363,174**
Depreciation					
Balance at 1 January 2011	63,260	2,644	293	468	66,665
Charge for the year	33,221	1,365	215	533	35,334
Disposals	(12,727)	(1,579)	(282)	-	(14,588)
Foreign exchange and other movements	2,444	-	-	-	2,444
Balance at 31 December 2011	86,198	2,430	226	1,001	89,855
Charge for the year	29,747	1,333	166	623	31,869
Impairment	(2,703)	-	-	-	(2,703)
Disposals	(19,307)	(74)	(58)	(120)	(19,559)
Foreign exchange and other movements	353	1	8	546	908
Balance at 31 December 2012	**94,288**	**3,690**	**342**	**2,050**	**100,370**
Net book value					
At 31 December 2012	**254,928**	**4,106**	**561**	**3,209**	**262,804**
At 31 December 2011	272,931	4,156	574	4,012	281,673
At 31 December 2010	291,851	4,611	350	556	297,368

8 Property, plant and equipment (continued)

At 31 December 2012, aircraft with a net book value of €143.8 million *(2011: €175.8 million)* were mortgaged to lenders as security for bank loans (see Note 18).

Aircraft with a net book value of €233.4 million at 31 December 2012 *(2011: €246.9 million)* are leased to third parties under operating leases.

Company	Aircraft €'000	Office Equipment €'000	Motor Vehicles €'000	Total €'000
Cost or deemed cost				
At 1 January 2011	38,386	34	-	38,420
Additions in year	4,262	4	299	4,565
Disposals in year	(687)	(17)	(48)	(752)
Impairment	(2,617)	-	-	(2,617)
At 31 December 2011	39,344	21	251	39,616
Additions in year	1,267	97	130	1,494
Transfers from group undertakings	727	-	-	727
Disposals in year	(3,129)	-	(104)	(3,233)
At 31 December 2012	**38,209**	**118**	**277**	**38,604**
Accumulated depreciation				
At 1 January 2011	10,713	11	-	10,724
Charge for year	4,877	7	96	4,980
Disposals	(499)	(4)	(33)	(536)
At 31 December 2011	15,091	14	63	15,168
Charge for year	3,532	23	54	3,609
Disposals	(2,801)	-	(58)	(2,859)
At 31 December 2012	**15,822**	**37**	**59**	**15,918**
Net book value				
At 31 December 2012	**22,387**	**81**	**218**	**22,686**
At 31 December 2011	24,253	7	188	24,448
At 31 December 2010	27,673	23	-	27,696

Notes (continued)

9 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At 1 January 2011	73,562
Additions in the year	-
At 31 December 2011	73,562
Additions in the year	-
At 31 December 2012	**73,562**
Provision for impairment	
At 1 January 2011 and 31 December 2011	**520**
Impairment in the year	256
At 31 December 2012	776
Net book value	
At 31 December 2012	**72,786**
At 31 December 2011	73,042
At 31 December 2010	73,042

10 Group entities

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

** Indirect shareholdings*

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

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

Notes (continued)

11 Intangible assets

	Goodwill €'000	Software €'000	Total €'000
Cost or deemed cost			
At 1 January 2011	7,389	1,854	9,243
Additions	-	1,006	1,006
Disposal	-	(1,253)	(1,253)
At 31 December 2011	7,389	1,607	8,996
Additions	156	659	815
At 31 December 2012	**7,545**	**2,266**	**9,811**
Amortisation			
At 1 January 2011	-	802	802
Amortisation in year	-	641	641
Amortisation of disposal	-	(848)	(848)
At 31 December 2011	-	595	595
Amortisation in year	-	761	761
At 31 December 2012	**-**	**1,356**	**1,356**
Net book value			
At 31 December 2012	**7,545**	**910**	**8,455**
At 31 December 2011	7,389	1,012	8,401
At 31 December 2010	7,389	1,052	8,441

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

12 Inventories

	Group		Company	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000
Aircraft parts held for resale and consumables	**19,502**	19,451	**869**	1,685

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 €6,806,000 *(2011: €4,314,000)*. The write-down of inventories to net realisable value of €2,492,000 during the year *(2011: €297,000)* is reflected in cost of goods and services in the income statement.

13 Current tax assets and liabilities

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Current tax assets	**1,630**	-	**-**	-
Current tax liabilities	**(1,411)**	(843)	**(242)**	(109)

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

14 Trade and other receivables

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Trade receivables	**32,830**	31,600	**304**	248
Prepayments and accrued income	**11,636**	10,202	**558**	4,300
Derivatives	**4**	1,610	**-**	-
VAT receivable	**1,631**	846	**65**	40
Other debtors	**6,866**	7,672	**470**	261
	52,967	51,930	**1,397**	4,849
Non-current	**1,491**	1,807	**-**	-
Current	**51,476**	50,123	**1,397**	4,849
	52,967	51,930	**1,397**	4,849

15 Cash and cash equivalents

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Cash at bank	**53,428**	65,595	**22,337**	19,185
Restricted cash	**11,400**	16,685	**-**	-
	64,828	82,280	**22,337**	19,185

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.

Notes (continued)

16 Assets held for sale

	2012 €'000	2011 €'000
Group		
Aircraft held for sale	**910**	2,467

Assets held for sale at 31 December 2012 comprises three aircraft acquired from a customer under a default arrangement which are being actively marketed for sale at the year-end for recovery of amounts owed. The assets held for sale at 31 December 2011 consisted of an aircraft which was sold in 2012 resulting in a profit of €3.0 million.

17 Capital and reserves

	2012 €'000	2011 €'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	**-**	-
Share premium – Group and Company	**7,006**	7,006
Capital contribution – Group and Company	**31,931**	31,931
Currency translation reserve – Group	**(2,066)**	58

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18 Interest-bearing loans and borrowings

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Non-current	**69,424**	79,435	**27,038**	34,328
Current	**76,009**	118,288	**106,084**	92,622
	145,433	197,723	**133,122**	126,950
Non-current liabilities				
Bank loans	**69,424**	79,435	**27,038**	34,328
Current liabilities				
Current portion of bank loans	**28,188**	61,742	**9,724**	9,188
Other loans	**47,821**	56,546	**45,206**	51,079
Loans and borrowings	**76,009**	118,288	**54,930**	60,267
Loans from subsidiary undertakings (Note 24)	**-**	-	**51,154**	32,355
Total	**76,009**	118,288	**106,084**	92,622

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
(i) Bank loans				
Secured bank loans	**97,612**	141,177	**36,762**	43,516
Less current portion	**(28,188)**	(61,742)	**(9,724)**	(9,188)
Non-current portion	**69,424**	79,435	**27,038**	34,328

18 Interest-bearing loans and borrowings (continued)

The maturity profile of the bank borrowings is as follows:

Group	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000
As at 31 December 2012	**97,612**	**28,188**	**38,578**	**30,846**	**-**
As at 31 December 2011	141,177	61,742	15,441	59,445	4,549

The bank loans are secured over aircraft assets with a net book value of €143.8 million *(2011: €175.8 million)*. The loans bear interest at rates between 3.55% and 6.15%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2012 were US$ 85.4 million – equivalent to € 64.7 million *(2011: US$126.3 million – equivalent to €97.6 million).*

Company	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000
As at 31 December 2012	**36,762**	**9,724**	**20,288**	**6,750**	**-**
As at 31 December 2011	43,516	9,188	9,283	20,496	4,549

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
(ii) Other loans				
Shareholder loans: CMB/3P (Note 24)				
– Current portion	**47,821**	56,546	**45,206**	51,079

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 2012 were US$ 63.1 million – equivalent to €47.8 million *(2011: US$72.2 million – equivalent to €55.8 million).*

(iii) Undrawn borrowing facilities

At 31 December 2012 the Group had a facility with Investec bank that is drawn down in tranches based on the perfection of securities and commencement of certain leases. At 31 December 2012, US$ 34.2 million was still available for draw down.

19 Employee benefits

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

Defined benefit scheme

	2012	2011
	€'000	€'000
Group		
The amounts recognised in the statement of financial position in relation to post-employment benefits are as follows:		
Present value of unfunded obligations	**7,030**	4,683
Unrecognised actuarial gains/(losses)	**-**	-
Unrecognised past service cost	**-**	-
Net liability	**7,030**	4,683
Amounts in the statement of financial position:		
Liabilities	**7,030**	4,683
Assets	**-**	-
Net liability	**7,030**	4,683
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	**4,683**	4,102
Expense recognised in the income statement	**2,347**	581
Net liability at 31 December 2012	**7,030**	4,683
Group		
The amounts recognised in profit or loss are as follows:		
Current service costs	**560**	552
Interest on obligation	**252**	232
Net actuarial loss/(gain) recognised in year	**1,535**	(203)
Total expense – included in 'Employee benefits expense'	**2,347**	581

Principal actuarial assumptions at 31 December	2012	2011
Discount rate	**3.0%**	5.0%
Future salary increases (including inflation)	**0%+ salary scale**	2.0%+ salary scale
Future pension increases	**0%**	0%
Inflation	**2.0%**	2.0%

Notes (continued)

20 Provisions

	2012 €'000	2011 €'000
Group		
Non-current portion	**11,338**	23,910
Current portion	**2,089**	7,206
	13,427	31,116
Aircraft maintenance	**12,487**	30,380
Claims and other	**940**	736
	13,427	31,116
Movements during the year		
Aircraft maintenance		
At beginning of year	**30,380**	
Additional provisions in the year	**8,767**	
Utilisations and releases in the year	**(18,527)**	
Reclassifications	**(8,133)**	
At end of the year	**12,487**	
Claims and other		
At beginning of year	**736**	
Additional provisions in the year	**204**	
At the end of the year	**940**	
Total provisions	**13,427**	

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

21 Deferred tax assets and liabilities

	Group		Company	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000
Deferred tax assets	**709**	762	**-**	7
Deferred tax liabilities	**(20,717)**	(15,526)	**(194)**	(201)
Net	**(20,008)**	(14,764)	**(194)**	(194)

21 Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following:

	2012			2011		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Group						
Property, plant and equipment	**454**	**(20,717)**	**(20,263)**	407	(15,526)	(15,119)
Provisions	**-**	**-**	**-**	30	-	30
Unused tax losses	**255**	**-**	**255**	325	-	325
	709	**(20,717)**	**(20,008)**	762	(15,526)	(14,764)
Company						
Property, plant and equipment	**-**	**(395)**	**(395)**	-	(395)	(395)
Unused tax losses	**201**	**-**	**201**	201	-	201
	201	**(395)**	**(194)**	201	(395)	(194)

Movement in temporary differences during the year

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

	Balance at 1 January 2011 €'000	Reclassification to other headings €'000	Recognised in income statement €'000	Balance at 31 December 2011 €'000
Property, plant and equipment	(8,374)	(930)	(5,815)	(15,119)
Provisions	30	-	-	30
Unused tax losses	1,525	-	(1,200)	325
	(6,819)	**(930)**	**(7,015)**	**(14,764)**

Notes (continued)

21 Deferred tax assets and liabilities (continued)

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

	Balance at 1 January 2011 €'000	Reclassification to other headings €'000	Recognised in income statement €'000	Balance at 31 December 2011 €'000
Property, plant and equipment	(515)	-	120	(395)
Provisions	-	-	-	-
Unused tax losses	261	-	(60)	201
	(254)	**-**	**60**	**(194)**

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

22 Trade and other payables

	Group		Company	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000
Trade payables	**35,606**	21,606	**975**	681
Accruals and other payables	**25,525**	32,589	**2,096**	2,471
Advance deposits received	**15,765**	18,027	**4,257**	4,137
Derivatives	**140**	564	**-**	-
	77,036	72,786	**7,328**	7,289
Current	**76,275**	71,454	**7,328**	7,289
Non-current	**761**	1,332	**-**	-
	77,036	72,786	**7,328**	7,289

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.

The derivatives balance relates to the fair value of interest rate swaps and forward exchange contracts at the year-end.

23 Financial instruments – market and other risks

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

Credit risk

The Group performs counterparty credit evaluations on an on-going basis. The Group utilises credit insurance to protect against the possible default of certain lessees. At 31 December 2012 future lease income of US$1.3 million (€1 million) *(2011: US$5.4 million (€4.2 million))* is covered by credit insurance arrangements.

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

The ageing of trade and other receivables is as follows:

	31 December 2012 €'000	31 December 2011 €'000
Not past due	**44,452**	41,895
Past due 0-30 days	**6,464**	5,083
Past due 31-365 days	**2,051**	4,952
More than a year	**-**	-
	52,967	51,930

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

Trade and other receivables are stated net of provision for impairment of €2.8 million *(2011: €3.2 million).*

Notes (continued)

23 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 2012 €'000	Other loans 2012 €'000	Trade and other payables 2012 €'000	Total 2012 €'000	Bank loans 2011 €'000	Other loans 2011 €'000	Trade and other payables 2011 €'000	Total 2011 €'000
Group								
Less than one year	**30,925**	**48,542**	**76,275**	**155,742**	69,968	57,439	71,454	198,861
Between 1 and 5 years	**73,479**	**-**	**761**	**74,240**	84,621	-	1,332	85,953
More than 5 years	**-**	**-**	**-**	**-**	5,139	-	-	5,139
	104,404	**48,542**	**77,036**	**229,982**	159,728	57,439	72,786	289,953

Interest rate risk

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

	31 December 2012 €'000	31 December 2011 €'000
Fixed rate instruments	**63,380**	28,823
Variable rate instruments	**82,053**	168,900
	145,433	197,723

Cashflow sensitivity analysis for variable rate instruments

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

	2012		2011	
	+50 basis points €'000	–50 basis points €'000	+50 basis points €'000	–50 basis points €'000
Variable rate instruments				
Financial liabilities	**427**	**(427)**	483	(483)

23 Financial instruments – market and other risks (continued)

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 and also to South African Rand from its South African subsidiaries. Furthermore, the spares trading activities conducted from the United Kingdom has expenses in GBP and income in Euro, GBP and US dollar. The Company has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

Europe Airpost s.a., – the French subsidiary, has hedged a proportion of its 2013 estimated US$ needs, mainly related to leasing and planned maintenance expenses, which amounts to US$15.2 million or €11.5 million.

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

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

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

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

A 10% weakening of the Euro against the US dollar at 31 December 2012 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 2012, additional bank funding was acquired to fund the purchase of a number of aircraft and facilitate the repayment of a portion of shareholder loans and bank loans.

Notes (continued)

23 Financial instruments – market and other risks (continued)

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities shown in the Group statement of financial position are as follows:

	2012 Carrying amounts €'000	2011 Carrying amounts €'000
Assets carried at fair value		
Derivatives – forward exchange contracts	**4**	287
– interest rate swaps	**-**	1,323
	4	1,610
Assets carried at amortised cost		
Loans and receivables	**54,593**	50,320
Cash and cash equivalents	**64,828**	82,280
	119,421	132,600
Liabilities carried at fair value		
Derivatives – interest rate swaps	**-**	397
– forward exchange contracts	**140**	167
	140	564
Liabilities carried at amortised cost		
Secured bank loans – fixed rate	**63,380**	28,823
– variable rate	**34,232**	112,354
Shareholder loans – variable rate	**47,821**	56,546
Trade and other payables	**76,896**	72,222
	222,329	269,945

The fair value of fixed rate loans at 31 December 2012 was approximately €62.4 million.

For other financial assets and liabilities the fair values are equal to the carrying amounts.

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

For the year ended 31 December 2012 the impact on the Group's profit and loss from the use of derivatives amounted to a loss of €1,328,000 *(2011: gain of €2,756,000).*

24 Related parties

Identity of related parties

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

Group

Transactions with shareholders

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

Both CMB and 3P provide financing to the Group and CMB also guarantees some of the obligations of the Group. The guarantee is for debt in the amount of €35,479,000 at 31 December 2012 *(2011: €53,124,000)*. The Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000
3P				
Loan	**22,131**	24,940		
Management fees			**9**	9
Interest paid			**(349)**	(358)
CMB				
Loan	**25,690**	31,606		
Guarantee fees paid			**(822)**	(881)
Interest paid			**(363)**	(349)
	47,821	56,546		

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:

	2012 €'000	2011 €'000
Total remuneration – directors	**493**	490

24 Related parties (continued)

Company

Details of transactions with related undertakings are outlined below:

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

24 Related parties (continued)

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2011 €'000	Payable balance at 31 December 2011 €'000	Receivable balance at 31 December 2011 €'000
Subsidiaries				
Air Contractors (Ireland) Ltd	Management fee	234	-	-
	Lease income	3,341	-	-
	Interest receivable/Loan	462	-	31,776
	Expense recharge	(167)	-	-
Air Contractors UK Ltd	Management fee	40	-	-
	Interest payable/Loan	(122)	8,073	-
	Expense recharge	(343)	-	-
ACL Aircraft Trading Ltd	Management fee	40	-	-
	Interest receivable/Loan	83	-	5,326
ACLAS Global Ltd	Management fee	350	-	-
	Lease income	1,458	-	-
	Interest receivable/Loan	322	-	5,795
Air Contractors Engineering	Management fee	17	-	-
	Interest receivable/Loan	45	-	1,902
Europe Airpost	Management fee	410	-	-
	Lease income	531	-	-
	Interest payable/Loan	(284)	22,934	-
	Expense recharge	(48)	-	-
ACL Aviation Ltd	Management fee	34	-	-
	Interest receivable/Loan	52	-	2,130
	Interest payable/Loan	(14)	1,348	-
ACL Air Ltd	Management fee/Loan	18	-	970
	Expense recharge	(45)	-	-
ACL Leasing Ltd	Management fee/Loan	170	-	2,682
Safair Lease Finance (Pty) Ltd	Loan	-	-	7,265
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	34	-	3,814
			32,355	61,660
Shareholders				
CMB	Interest Payable/ Guarantee fees/ Shareholder loan	(792)	26,050	-
3P	Interest payable/ Shareholder loan	(358)	25,029	-
			51,079	-

25 Operating leases

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
As lessee				
Operating lease commitments				
The future non-cancellable operating lease rentals for aircraft and property that are payable are as follows:				
Less than one year	**17,644**	23,091	**-**	-
Between 1 and 5 years	**25,434**	27,356	**-**	-
More than 5 years	**8,273**	9,396	**-**	-
	51,351	59,843	**-**	-

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	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Less than one year	**24,508**	60,506	**780**	1,908
Between 1 and 5 years	**65,699**	64,885	**-**	4,473
More than 5 years	**-**	-	**-**	-
	90,207	125,391	**780**	6,381

26 Commitments

At 31 December 2012, the Group had the following commitments:

	Group		Company	
	2012	2011	**2012**	2011
	€'000	€'000	**€'000**	€'000
Aircraft purchases	**12,667**	17,998	**-**	-

The aircraft purchase commitments approximate to market prices.

27 Major exchange rates

	Closing rate		Average rate	
	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
The following major exchange rates have been used in preparing the consolidated financial statements				
US Dollar	**1.3194**	1.2939	**1.291**	1.4035
British Pound	**0.8161**	0.8353	**0.8135**	0.8734
South Africa Rand	**11.1727**	10.4830	**10.5225**	10.085

28 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.

29 Company result for the year

A separate company income statement is not presented in these financial statements as the Company has availed of the exemption provided by Section 148(8) of the Companies Act, 1963. The company recorded a profit of €5,291,000 for the year ended 31 December 2012 *(2011: profit of €3,690,000)*.

30 Approval of financial statements.

The board of directors approved these financial statements on 26 April 2013.

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