ABS JETS

Executive Jets Operator

ANNUAL REPORT **2013**

In 2013, ABS Jets made an important step to affirm its market position as the leader in private air transport in Central and Eastern Europe. The company's investments were directed primarily towards increasing its competitiveness in terms of qualitative and technical standards and towards recruiting top-level staff.

Last year, the company also managed to meet its long-term strategic goal of expanding its fleet by at least one aircraft per year, and upgraded its office and service centre.

Everything essential that happened with respect to ABS Jets in 2013 can be found in this Annual Report. The diligent work that our employees put in every day and the confidence of our shareholders constitute ideal conditions for 2014 carrying in the spirit of expansion and further strengthening of our position.

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Chairman's Statement

Dear colleagues, business partners, shareholders, and friends,

I am very pleased that the ABS Jets annual report will again be on a positive note.

For ABS Jets, 2013 was a year of increased demand and further investments into our competitiveness. One thousand meters of hangar capacity were added to our technical facilities, for use by maintenance and service. Also our administrative facilities have been changed – we have developed a new reception area, meeting rooms, and a new server facility, and purchased cutting-edge technologies for training and education. The development of new WiFi infrastructure brought a more stable and secure solution not only for our employees, but also for our customers. All these investment were made with a sole goal in mind – to help us flexibly respond to increased demand for our services.

The best evidence of last year, however, are our financial results. The Maintenance, Repair, and Operation Division saw a 37% year-on-year increase in the number of projects implemented, thanks to the broad range of services it offers. We have also noted a significant increase in demand in terms of aircraft sales. A new Embraer Legacy 650 has joined the ABS Jets fleet and has been entrusted to our management. Last year, we intensified cooperation with a number of manufacturers, such as Bombardier, Cessna, Dassault, and Gulfstream. Several highly qualified experts have joined our workforce in 2013, including on the top management level.

Our financial results were also good. In spite of the adverse economic situation which was, in many regards, manifest in 2013, I must say that we can be justly proud of the results achieved by all of ABS Jets' employees.

A major accomplishment of last year is the record number of aircraft handled at Prague airport. Last year, our colleagues from handling crossed the threshold of 10,000 aircraft handled. Worth mentioning is also the nearly forty-percent increase in demand for servicing and the increased number of miles flown by our fleet. The high quality of the services we provide is confirmed by our successful completion of the IS-BAO qualitative audit (International Standards for Business Aircraft Operations) and the TRACE International anti-corruption programme.

In terms of our company's visibility in the media and its public profile in general, ABS Jets had presentations at several exhibitions around the world which yielded new demand for our services. Throughout the year, we regularly published press releases both domestically and abroad.

On behalf of the company's Management Board, I would like to thank people from ABS Jets for their exemplary approach, high-quality work, and personal engagement in achieving the best results possible. Our thanks also go to our shareholders, clients, and business partners for their confidence in ABS Jets. These factors were key for the company's success last year. I firmly believe that in the upcoming year, we will successfully maintain the stable development of our company and that it will grow in the right direction.

I wish you a pleasant read.

Ing. Marcel Dostal
Chairman of the Board of Directors

Company Profile

ABS Jets was founded in 2004 and currently operates a fleet of twelve executive jets ranging from light to super midsize. It has one of the largest fleets of Embraer Legacy aircraft worldwide. The company provides top quality services with the flexibility of 24/7/365 operations and immediate responses to any request for services or assistance. It is one of the few companies in the Central and Eastern European region that is able to meet all needs and expectations of business jet customers both on the ground and in the air. The ABS Jets service portfolio includes: Aircraft Management, Aircraft Maintenance, Executive Handling and Hangarage, Aircraft Sales, Flight Planning and Operations Control, Aircraft Charter and Brokerage, Aircraft Sales and Consultancy, and Travel Management. ABS Jets is an EASC (Embraer Approved Service Center) for Base Maintenance of specific types of business aircraft.

ABS Jets has received the "best company in the field of business aviation in 2009" award from the prestigious magazine Overseas Living. In addition to the quality of the company's services, the jury also appreciated the comprehensive variety of services that ABS Jets offers to its clients.

Awards

ABS Jets is an internationally recognized company through numerous awards for business excellence, growth and economic stability such as:

2009 Best Business Jet Operator Award, presented by Overseas Living Magazine

2011 The Fast50 Award, presented by The New Europe Magazine. The report recognizes the world's fastest 50 growing companies. ABS Jets was among the 5 winners in the Private Aviation category

2011 ČEKIA Stability Award, ABS Jets was among the top 7 companies in the Transport & Logistics sector and gained an AAA credit rating

2012 NBAA Pilot Safety Award for Stefan Kukura (ABS Jets Director of Flight Operations, Chief Pilot Legacy) for 5,500 flying hours without accident, incident or damage and injury to person or property

2013 NBAA Commercial Business Flying Safety Award, for 9 years and 21,177 consecutive flying hours without an accident involving damage to property or injury to person or property

2013 NBAA Aviation Support Services Safety Award for Michal Pazourek (ABS Jets Chief Operations Control Center) for contributing to the safety of business aircraft operations a total of 3 or more years without an accident involving damage to property or injury to persons

Company Profile

Association Membership

NBAA (National Business Aviation Association)
EBAA (European Business Aviation Association)
RUBAA (Russian United Business Aviation Association)

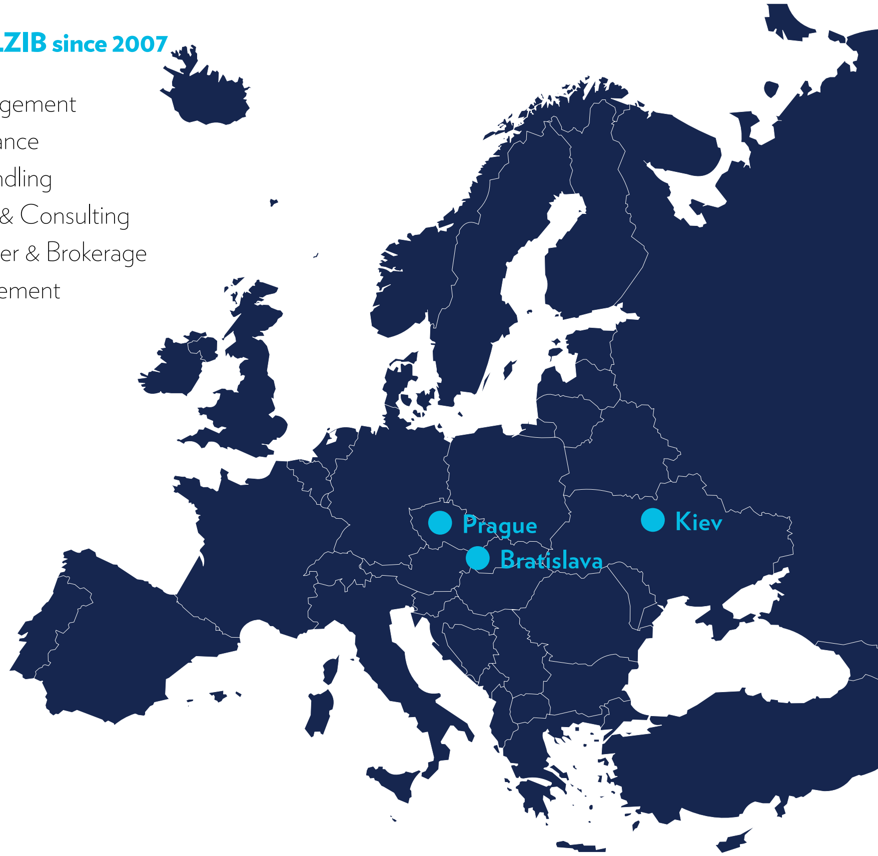
Operational Bases

Prague / LKPR since 2004 (headquarters)

Aircraft Management
Aircraft Maintenance
Executive Handling, Hangarage
Aircraft Sales & Consulting
Aircraft Charter & Brokerage
Flight Planning/OPS Support
Travel Management

Bratislava / LZIB since 2007

Aircraft Management
Line Maintenance
Executive Handling
Aircraft Sales & Consulting
Aircraft Charter & Brokerage
Travel Management



Company Profile

Corporate Information

Headquarter Prague, Czech Republic

ABS Jets, a.s. was incorporated under Czech law on 30 June 2004.
The company is registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Entry 9421.

The registered company office is:
K Letisti – Hangar C, 161 00 Prague 6 - Ruzyne, Czech Republic.

Contact details:

Website: www.absjets.com, Email: absjets@absjets.com
24/7 Sales: +420 602 136 230, 24/7 Handling: +420 725 747 997, 24/7 Dispatching: +420 602 316 636
Aircraft Sales: +420 777 591 558

Subsidiary Bratislava, Slovak Republic

ABS Jets operates in Slovakia through its organizational component: ABS Jets, a.s., organizacni zlozka
The company was incorporated on 9 November 2007. The organizational component is registered in the Commercial Register of the District Court of Bratislava I, Section Po, Entry 1532/B.

Its registered company office and shipping address is:
Letisko M.R. Stefanika, 823 11 Bratislava, Slovak Republic

Contact details:

Website: www.absjets.com, Email: bts@absjets.com
24/7 Sales: +420 602 136 230, 24/7 Handling: +421 911 563 190, 24/7 Dispatching: +420 602 316 636
Aircraft Sales: +420 777 591 558

Company Profile

ABS Jets Business Activities

Executive Jets Operator

With one of the largest fleets of Embraer Legacy 600 aircraft and highly skilled professionals with many years of experience, ABS Jets is well poised to professionally handle all of its client's business aviation needs. ABS Jets operates from two bases located at Prague Airport and Bratislava Airport. It provides a comprehensive portfolio of services. The company employs 30 pilots and 11 flight attendants including 22 pilots and 9 flight attendants for Embraer Legacy aircraft. In 2013, the company's crews safely flew 3,430 flight hours in 2,160 flights. On average ABS Jets' aircraft operate almost ten flight hours per day, with a departure every two hours. No discrepancies were found in any CAA safety inspections at airports around the world. An IS-BAO evaluation of the International Business Aviation Council (IBAC) confirmed compliance and adherence to its standards.

Aircraft Management

Managing privately owned business aircraft has been one of the main business activities of ABS Jets since its establishment in 2004. Currently ABS Jets operates a fleet of eight aircraft commercially, consisting of five Embraer Legacy 600, one Embraer Legacy 650, one Embraer Phenom 300, one Bombardier Learjet 60XR, plus other business jets for private usage. In addition to the above mentioned aircraft, which are under long-term management contracts, the company also manages the aircraft of external domestic and international clients at Prague and Bratislava Airports. The complete ABS Jets fleet consists of 12 aircraft.

Legacy 600/650

Learjet 60 XR

Phenom 300

Aircraft Maintenance

Aircraft Maintenance Services play a main role in ABS Jets' business activities. The company's highly efficient maintenance services are handled by a team of technicians with internationally recognized qualifications, adhering to manufacturers' and regulatory requirements. ABS Jets is also authorized to perform maintenance for aircraft registered in Aruba (P4), the United Arab Emirates (A6), the Cayman Islands (VP), the Isle of Man (M), Ukraine (UR), Turkey (SHY145), Guinea Equatorial (3C) and all EASA countries. ABS Jets provides dedicated daily maintenance support (Line Maintenance and AOG recovery) as well as more complex technical and repair services (Base Maintenance) for its managed aircraft and all third party customers. Since 2007, ABS Jets is an EASC (Embraer Approved Service Center) for Base Maintenance of specific types of civilian aircraft.

EMBRAER Authorised Service Centre

PART 145 CAR 145

Company Profile

Executive Handling and Hangar Services

Executive Handling and Hangaring are among the most significant components of ABS Jets' business activities in terms of overall company revenue. ABS Jets is an authorized FBO (Fixed-Based Operator) and handling agent in Prague since 2008 and authorized handling agent in Bratislava since 2009. The company provides the outstanding services for its own fleet as well as third party customers. It has first class passenger and crew facilities available. Since 2004, ABS Jets has formed several prestigious partnerships; the most important ones are with Universal Weather & Aviation, Jetex, Jeppesen, United Aviation Services, Skyplan, and Base OPS. All of these have chosen ABS Jets as their preferred partner for the Czech Republic and Slovakia. In 2013, the number of ABS Jets monthly aircraft movements at Prague Airport has passed more than 200; approximate half of those for external clients. For its aircraft storage services ABS Jets owns two hangars: Hangar C and the newly built Hangar N. Combined, the two facilities offer 9,000 m^2 (97,000 ft^2) area of hangar space; both are located at Prague Airport. At Bratislava Airport, ABS Jets owns the necessary administrative and technical facilities.

Flight Planning

ABS Jets' Operations Control Center (OCC) provides flight planning services to operators around the world. The well experienced and highly qualified dispatchers apply their flight planning expertise to optimize flight efficiency while minimizing costs. The OCC prepares complete flight plans, flight clearances and landing permits, NOTAM briefings, and all necessary documentation. ABS Jets also takes care of hotel accommodations, crew transfers, and other related services. The Flight Planning system of ABS Jets supports up to 260 types of aircraft. The operations team is available 24/7 and prepared to respond with expert assistance, support, and advice.

EMBRAER
Flight Planning Provider

Aircraft Sales and Consultancy

ABS Jets provides sales and consultancy services to corporate and individual clients covering aircraft purchasing, sales, and financing. According to the particular needs of a client, the sales consultants guide the customer through the complex acquisition process of new or pre-owned aircraft and assisting with the aircraft selection (age, overall total flight hours, etc.). The ABS Jets advisors offer full customer support. A well established partnership with SG Equipment Finance, the leading specialist for equipment and vendor finance in the Czech and Slovak markets, allows the clients to take advantage of creative financing solutions.

Company Profile

Aircraft Charter and Brokerage

ABS Jets offers Aircraft Charter and Brokerage services for flights anywhere in the world, including hard-to-reach destinations. One of the advantages of travelling by business jet is that it is possible to land at smaller airports located closer to an ultimate destination, thus shortening ground transportation time. It avoids check-in delays and crowded terminals. ABS Jets' aircraft and crews are at the clients' disposal 24 hours a day, 365 days a year. Thanks to its long standing and proven cooperation with partners and other business jet operators, ABS Jets can arrange an alternative aircraft, in case an aircraft of its own is not available. Through its continuous promotions to create awareness of business aviation, ABS Jets has strengthened its position in the local charter market, as well as internationally. The combination of an increasing number of charter flights and ABS Jets' presence at major international business aviation events has resulted in a widened network of partner operators and the expansion of its client portfolio.

Travel Management

Travel Management Services supplement ABS Jets' range of services to its clients. Only the highest quality services that go hand-in-hand with corporate or business travel are provided; they include:

Airfare arrangements - either scheduled or charter
Limousine/car rental
Helicopters and yacht rentals
Transfer to/from the airport
VIP lounge reservations
Hotel accommodations
Conference room reservations – for hosting business meetings, etc.

ABS Jets is one of the very few companies in Central and Eastern Europe that have the technical abilities, the financial resources, and human competence and expertise to support and implement systems required to operate aircraft to the highest safety and security levels. ABS Jets' pilots and crews are among the most qualified and well trained professionals in the industry who are internationally recognized.

Company Profile

Incorporation:

ABS Jets, a.s. (the "Company") was incorporated on 30 June 2004.

Line of Business:

The company's line of business consists of:

- The operation of commercial air transport;
- The development, design, production, testing, maintenance, repair, modification, and structural changes of aircraft, aircraft components, and aviation technology;
- The provision of handling services at Prague – Ruzyně South Airport, including technical and operational aircraft handling on the apron and passenger and baggage handling;
- Pre-flight preparation and flight monitoring services;
- Catering services;
- Sales and services on a fee or contract basis;
- Rental of real property, apartments, and non-residential premises, not including the provision of services other than basic services provided for the due operation of the real property, apartment, or non-residential premises,
- Manufacture, trade, and services not specified in Annexes 1 to 3 to the Trade Licensing Act.

Ownership structure of the company valid and effective as of December 31, 2013:

ARTHUR, BRADLEY & SMITH LTD	50 % shares
BRIDGEHILL LIMITED	50 % shares

Registered office of Company:

ABS Jets, a.s.
K Letišti – Hangár C
161 00 Praha 6 - Ruzyně
Czech Republic

ID No.: 271 63 628

Incorporation in the Commercial Register:

Maintained by the Municipal Court in Prague, Section B, entry 9421

Organizational Unit Abroad:

ABS Jets, a.s., organizačná zložka
Letisko M. R. Štefánika
823 11 Bratislava
Slovak Republic

ID No.: 43 811 914

Incorporation in the Commercial Register:

Maintained by the OS Bratislava I, Section Po, entry 1532/B

Company Profile

Members of the Management Board as at 31 December 2013:

Ing. Marcel Dostal, Chairman
Vladimír Peták, member

Members of the Supervisory Board as at 31 December 2013:

Ing. Petr Horský, Chairman
Ing. Markéta Bobková, member
Ing. Stanislav Kučera, member

Members of the Audit Committee as at 31 December 2013:

Ing. Jakub Kovář, Chairman
Ing. Petr Horský, member
Ing. Markéta Bobková, member

Changes in the Commercial Registry:

The following changes were made in the Commercial Register entry in 2013:

On 4 April 2013, an entry was made of Ing. David Kyjovský being re-elected as a member of the Management Board on 29 January 2013 and Chairman of the Management Board on 13 February 2013;

On 4 April 2013, an entry was made of Mgr. Zdeněk Dvořák being re-elected as a member of the Management Board on 29 January 2013;

On 4 April 2013, an entry was made of Vladimír Peták being re-elected as a member of the Management Board on 29 January 2013;

On 4 April 2013, an entry was made of Ing. Petr Horský being re-elected as a member of the Supervisory Board on 29 January 2013 and Chairman of the Supervisory Board on 8 February 2013;

On 4 April 2013, an entry was made of Ing. Stanislav Kučera being re-elected as a member of the Supervisory Board on 26 February 2013;

On 17 June 2013, Ing. David Kyjovský was deleted as a Management Board member and chairman (following his resignation discussed on 3 June 2013);

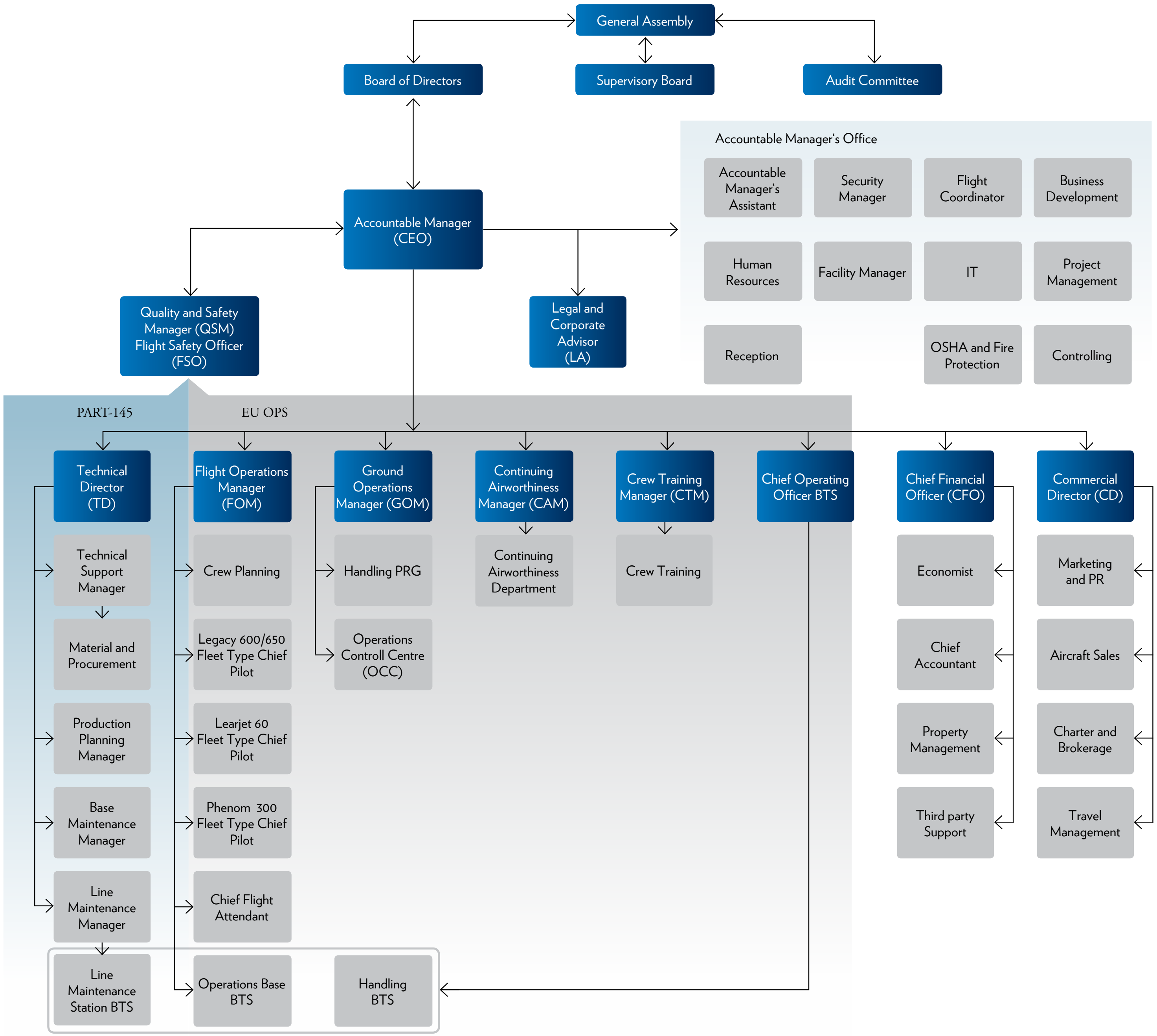
On 17 June 2013, Mgr. Zdeněk Dvořák was deleted as a Management Board member (following his resignation discussed on 30 April 2013);

On 17 June 2013, an entry was made of Ing. Marcel Dostal being elected as a member of the Management Board and the Chairman of the Management Board on 3 June 2013.

Organisational structure as at 31 December 2013:

See Appendix 1

Organizational structure



Economic Activity

Aircraft Management

Management and operation of privately owned aircraft, consultancy

The management and operation of privately owned aircraft has been one of the company's main activities since its inception. Many years of experience, contacts, and the stable position that ABS Jets enjoys in the Central and East European region have given us a clear and undeniable lead over our competitors, which is evident both in the scope and in the quality of the services we provide.

Aside from aircraft management and operation, an important service is consultancy in the selection and purchase of new aircraft. ABS Jets provides these services on a comprehensive basis, from making a recommendation as to the suitability of a given type of aircraft to aircraft configuration, ordering, procurement, financing, collection, and delivery to the home base.

Private aircraft management has been one of the main business activities of ABS Jets since the company's inception in 2004, and as in previous years, one of the company's main strategic goals is to expand its fleet by at least one new aircraft every year. In 2013, a new Legacy 650-type aircraft from our major partner, Embraer, joined our fleet. The aircraft was then entrusted into ABS Jets' management. Presently, the airline operates a fleet of eight aircraft on a commercial basis - five Embraer Legacy 600 aircraft, one Embraer Legacy 650, one Embraer Phenom 300, and one Bombardier Learjet 60XR. Additional business jets are operated on a private basis.

In addition to the above-mentioned aircraft which are operated on the basis of long-term contracts, ABS Jets also manages, at Prague and Bratislava airports, aircraft of its domestic and international clients. The entire ABS Jets fleet is comprised of twelve aircraft.

Out activities and measures undertaken in previous years have helped reduce the operating and financial demands of the management of our customers' aircraft, which allowed us to maintain the trend and achieve the goal we set for ourselves – to present business jet aviation as a standard and effective corporate transport alternative to regular scheduled commercial flights. The marketing plan focused on supporting the sale of Embraer business jets in the Czech Republic and Slovakia included extensive media support emphasising the time and cost efficiency of using this mode of transport.

As in previous years, ABS Jets continued to fine-tune the portfolio of its services in 2013, to achieve maximum efficiency and synergies.

Aircraft Maintenance

Maintenance and servicing of privately owned aircraft, Technical Division

Compared to 2012, the Aircraft Maintenance, Repair, and Operation Division (MRO) noted a 37% increase in the number of projects implemented. The number of its contracts grew primarily due to the extensive portfolio of services offered by it and its demonstrable experience with Embraer products.

The implementation of a Safety Management System and of the "Just Culture" approach across the company has resulted in stricter internal reporting and more effective tracking of irregularities which in effect speeds up the process of the gradual improvement of the services of the Technical Division.

The expansion of the Technical Division with the addition of another 1,000 square meters of hangar capacity at the end of 2013 has put to use hitherto unused spaces for maintenance purposes. Having modern and sufficient facilities means that we have excellent conditions for further expansion and the generation of new capacities.

In 2014 the maintenance section will focus on the below activities:

- Expanding the portfolio of services by adding the Interior Shop, in cooperation with a major company specialising in interior furnishings for the aviation industry.
- Implementation of lean maintenance at the MRO, in cooperation with the Prague Technical University, which will make it possible to provide yet better and more efficient services to our customers.
- Looking for additional room for cooperation with the company's strategic partner, the Brazilian business jet manufacturer Embraer SA.
- Enhancing maintenance capabilities at the base such that it be able to provide support to further products of our strategic partner, Embraer.
- Carrying on in the provision of established VVIP and "on time" services to all our customers in Prague, Bratislava, and anywhere else throughout the world.

Executive Handling
Aircraft Handling

In 2013, the ABS Jets Handling Department noted additional year-on-year growth of nearly 20% in the number of business aviation jet rotations handled at Václav Havel Airport Prague. Most of the demand that contributed to this enhanced year-on-year growth came from domestic operators who newly chose ABS Jets as their handling partner. Thanks to this increase, ABS Jets has retained for several years a clear number one position in on the private aircraft handling market in Prague. In 2013, ABS Jets' hangar capacity in Prague was also filled.

The handling section of the ABS Jets organisational unit at M.R. Štefánik Airport in Bratislava managed to maintain superior quality of its services given the volume of commercial ABS Jets flights. These excellent results were achieved in spite of the fact that the facility is only provisional, which means that conditions comparable to Prague cannot be created for the time being.

Given the limited access to the ground handling services market in the sphere of business aviation at Bratislava Airport, and the resulting inability of the company to provide adequate services to third parties, the ABS Jets handling team operates as a supervisor. It supervises adherence to quality standards in the handling of flights of third-party clients from the ABS Jets portfolio, which is still provided exclusively by a local service through the airport operator's handling.

Handling services were – like in previous years - presented at major international exhibitions in Europe and overseas. We took part in the traditional fair in Geneva, Switzerland, and the world's largest business aviation exhibition in San Antonio, USA, to name a few. It was at San Antonio that the company reported the record increase in the number of aircraft handled at Prague Airport, primarily thanks to the increasing number of direct flights from North America.

In the first half of the year, a contract was signed with a new major handling partner. On the basis of this exclusive cooperation contract, ABS Jets provides handling for all aircraft of that company in the Czech Republic. This foreign client is one of the world's largest players in business aviation and the fastest-growing company in the sector worldwide.

Aircraft Sales

In 2013, ABS Jets' Commercial Department focused on enhancing cooperation with leading international aircraft suppliers in order to be able to offer its clients the broadest possible selection. This strategy has resulted in a significant expansion of the product portfolio offered. In cooperation with major business jets manufacturers, the company organised several flight demonstrations for potential buyers. In order to make use of synergy effects and of cost optimisation, the buyers were offered the possibility of having their aircraft included in the ABS Jets fleet.

The Commercial Department's estimate of development for 2013 had assumed increased demand for entry-level aircraft (very light jets), given the economic situation in Europe. Actual demand was, however, primarily for newly certified Embraer Legacy 500 and Legacy 650, for Gulfstream 550 and 650, Bombardier Challenger 350 aircraft, and for the Global and Dassault Falcon 2000S lines. Demand for new business was therefore noted in terms of aircraft sales, which contributed to more intensive cooperation with additional private jet manufacturers.

The ABS Jets fleet expanded with the addition of a new Embraer Legacy 650, which means that the company met its long-term strategic goal of adding at least one aircraft per year.

Last year, ABS Jets again affirmed its position as the leader in the sale of business jets in the Czech Republic and Slovakia. This fact was supported by the fact that aircraft of all categories were actively offered through private bankers and other financial groups, whose members were trained by the company, and also by means of taking part in world exhibitions.

The sales and marketing strategy focused on supporting the sale of business jets was manifest in the form of sale and presentation days and flight demonstrations which, in combination with media partners and targeted public relations activities, helped generate greater interest in ABS Jets' services. The company's profile was also raised by cooperation with the media, where we focused on providing information about the advantages of flying business jets and on introducing individual types of business jets produced by key international manufacturers.

Flight Planning

Pre-flight preparation, planning, and flight monitoring

Like in previous years, the ABS Jets operation control centre worked on further development of its know-how. An important step was the implementation of a system of monitoring of current dispatcher workload which resulted in further optimisation of the staffing of individual positions throughout the department's 24-hour operation.

Improvements in the efficiency of certain activities have also led to the desired increase in the department's capacity, which made it possible to acquire additional external clients. In 2013, we noted increased interest in flight planning, whether in terms of ad-hoc flights or in terms of long-term cooperation.

Several new clients - domestic as well as foreign aircraft operators and manufacturers - have chosen our operation control centre as their partner. Primarily our operation control centre (OCC) outsourcing service was popular. Greatest demand was from small and specialised companies which are not currently planning to invest into their own OCC facilities. Cooperation was also expanded in the Americas and in Asia.

In 2013, the control centre division also supported student projects and provided specialised consultations on graduate works. In cooperation with other ABS Jets departments, flight planning and monitoring services were presented at international business aviation exhibitions, primarily in San Antonio, in the USA.

The National Business Aviation Association (NBAA) in cooperation with the European branch of the European Business Aviation Organisation (EBAA) granted the "Aviation Support Services Safety Award" to Michal Pazourek, head of the ABS Jets operations and control centre.

Flight Department

In 2013, the ABS Jets flight department employed a total of 41 crew members as permanent staff at its bases in Prague and Bratislava – 30 pilots and 11 cabin attendants. There were 20 pilots and 9 cabin attendants for the five Embraer Legacy 600 aircraft, 4 pilots and 2 cabin attendants for the Learjet 60 XR aircraft, as in previous years, and 4 pilots for the Embraer Phenom 300 aircraft.

Over the course of 2013, our crews safely clocked 3,146 flight hours and operated 2,160 flights. The excellent utilisation of our fleet is best illustrated by the fact that commercially operated ABS Jets aircraft flew an average of 9 flight hours per day, with a take-off or landing every four hours. Random inspections of ABS Jets aircraft by local aviation authorities abroad did not discover or record any major findings. A regular audit by the Czech Civil Aviation Authority (CAA) for the renewal of an airline operator certification (AOC) did not discover any shortcomings in our flight operations and procedures. Following a successful external audit, ABS Jets earned the IS-BAO certificate.

Compliance with approved flying staff training programmes required that 247 ground training and simulator training sessions be organised. Each ABS Jets pilot spent an average of 30 hours in the classroom or by self-study on the computer, and cabin attendants 16 hours. During regular training and examinations, pilots flew more than 250 hours per year on simulators. In 2013, all training and examinations on simulators for Legacy-type aircraft were covered by in-house instructors and examiners.

The conclusions from the assessment of flight recorders were continuously reflected in crew training, and the process of standardisation of operating and training procedures for all types of aircraft in operation continued.

A major award that ABS Jets received in 2013, confirming an established trend of increasing the quality of internationally provided services, was the NBAA "Commercial Business Flying Safety Award" for nine years and a total of 21,177 flight hours without any accident, personal injury, or damage to baggage.

Charter&Brokerage, Travel Management

The Charter Flights Department and the Travel Management Department confirmed the 2012 trend of increasing interest in private flying in the Czech and Slovak markets.

2013 was marked by continuously increasing interest in private charter flights. The company complements its own fleet, comprised of mid-size and heavy jets, with the sale of flights on external operators' aircrafts – Brokerage. The Charter Flights Department always offers the client an optimal option matched to his request for private carriage. A significant increase was noted in the total number of flight hours on long-distance flights (the ultra long range category), by 68%, and also in the small (light) jets segment, by 30% compared to 2012.

We also successfully completed the development of our AFOS planning and sales system, the optimisation of which allowed for synergies across the company's other departments.

A major component in terms of support for increasing demand was the enhanced promotion of charter flights for the corporate clientele. In 2013, ABS Jets organised several flight demonstrations and attended major international business aviation exhibitions, for example in Geneva and in Moscow.

Also, several workshops were held for representatives of financial groups who help ABS Jets get new clients. In cooperation with financial and lifestyle media, awareness about flying business jets was raised, primarily by means of comparisons of the end prices with the prices of business class tickets on regular airline flights.

Business Report

Corporate Social Responsibility
Environmental Protection
Human Resources
Research and Development Activities

Corporate Social Responsibility

Safety

ABS Jets feels fully bound to adhere to and exceed all safety standard requirements. There are various certifications across the company that go beyond the required safety standards, including IS-BAO certification, whose aim is to maintain and improve safety standards and ensure compliance with the requirements of the relevant aviation authorities.

Emissions and Noise Pollution

ABS Jets is aware that as an active member of the aviation sector, it is responsible for minimising emissions. That is why the company strives to operate its jets in the most efficient ways possible, and engages actively on all levels of effective flight planning, including aircraft weight optimisation, to minimise the amount of exhaust emitted into the air.

Whenever possible ABS Jets, strives to upgrade its fleet, replacing older aircraft types with newer ones, which are more economical in terms of consumption and emissions.

Similarly, ABS Jets understands that operating air transport in several regional centres, particularly in Europe, causes increased noise levels. Pilot training and reduced weight of aircraft at take-off help reduce the noise burden posed by our aircraft.

Staff Training and Relations

Every year, ABS Jets invests considerable amounts into the education and training of its staff, both flying and on the ground. Furthermore, the company has undertaken to sponsor relevant external training and courses contributing to personal and professional development of its employees. Highly effective and complimentary relations between the management and employees are the standard at ABS Jets. This allows us to rely on well-trained, capable, and motivated employees.

Business Report

Corporate Social Responsibility
Environmental Protection
Human Resources
Research and Development Activities

Environment protection

ABS Jets always strives to operate its business with maximum consideration for and minimum impact on the environment.

All facilities and ground equipment used by ABS Jets in aircraft technology maintenance are used in compliance with user manuals and with regard to environmental protection. Applicable standards and legislation are adhered to. Audits of compliance with all standards are carried out regularly, and are conducted not only by bodies authorised by the government, but also at the company's own request, by external entities and staff it commissions.

ABS Jets does not have its own source of drinking or process water; these are supplied under its lease agreement. The company outsources the disposal of waste, petroleum products, and other specific substances, ensuring maximum control and quality of the disposal of waste substances.

ABS Jets views its approach to the environment as a natural component of its corporate social responsibility and strives to set an example in this regard.

Human resources

In 2013, human resource operations were carried out in line with the applicable legislation in the field. The main objective of the Human Resources Department was to ensure stable growth and development of the company's employees. As at 31 December 2013, ABS Jets had a total of 191 employees.

In 2013, the company invested over TCZK 12,999 into its employees' education and training. Of this, TCZK 5,863 was spent on regular flying staff training and TCZK 1,060 on technical staff training. The company also focused on implementing individual standards in the human resource management process and on increasing the effectiveness of the professional structure of its employees, including by updating their job descriptions and enhancing their powers.

From the technical point of view, a new attendance system was implemented, referred to as RON.

As in previous years, cooperation with university students continued to develop. The company gave them an opportunity to obtain practical experience and deepen their knowledge.

Attention was also paid to improving the work environment for employees. In its social programme, the company again supported cultural, sporting, and educational interests of its employees and contributed to their supplementary pension insurance plans.

Like most companies on the market, ABS Jets understands that skilled workforce is the most important resource and source of potential for improving its services and, thereby, the company's further growth.

Research and Development

The company did not expend any funds on research and development in 2013.

Objectives for 2014

The most important goals of ABS Jets for 2014 can be summarised in the following points:

Further expansion of the ABS Jets fleet by at least one aircraft per year

Intensive acquisition of new external clients purchasing handling, flight planning, charter & brokerage, and maintenance services

Obtaining licences for the maintenance for more types of business jets

Improving the quality, effectiveness, and ergonomics of the work environment for employees

Increasing the FBO market share at Prague Airport

Expanding the portfolio of services provided by the company's organisational unit in Bratislava

Building full-fledged facilities at Bratislava Airport

Intensive promotion of the ABS Jets brand in local and international media and raising awareness about it within the company's target groups

Business Plan for 2014

Business Plan for 2014

ABS Jets is one of the largest operators in private aviation in Central and Eastern Europe. It is still one of the fastest-growing companies in this dynamic sector. In order to maintain and deepen this trend and its privileged position, ABS Jets must always set the highest goals for itself.

The growth in the number of contracts that we noted in 2013 shows that there is room for further development of the company and its services, whether through territorial expansion or by means of broadening and improving the services we provide. The market on which we operate keeps developing and growing and ABS Jets is an integral part of that development.

In 2014, we will continue to invest into our competitiveness, which should result in us acquiring new know-how, improving the quality of our services, reducing costs, and achieving new synergies. Expanding our employees' qualification is key because we are operating on a market on which a company's success is in direct proportion to the quality and expertise of its employees.

We continue to approach our work primarily as a search for new and innovative ways to optimise the broad range of resources and expertise we have, using them in the activities undertaken by ABS Jets. We understand that constant upgrading of our fleet is an important aspect of maintaining a balanced lease portfolio and that investments into new business activities are required to keep pace with the changing needs of our customers on this dynamic market. Risk management in this environment is not easy, but our operating department has managed to develop customised solutions for key employees that provide them with true added value and protection from economic fluctuations.

Intensive sales, that is, the acquisition of new clients and business contacts, must go hand in hand with internal improvements, especially in terms of handling, flight planning, charter & brokerage, and maintenance. That is why our goal next year will be to successfully promote the accessibility and advantages of business aviation among the broadest possible range of potential customers. Greater visibility and raising awareness about the ABS Jets brand, whether in the media or by active participation in conferences and at fairs, will be key.

In terms of the above-mentioned services, we managed to retain our existing clients and win new ones in the last year – a process we would like to further improve in 2014.

We must not forget about the diversification of our activities. That is why we would like to obtain a licence for additional types of business jets to be able to become servicing partners for the greatest number of manufacturers possible. In terms of territorial diversification, we want to focus on our activities in Slovakia, especially as concerns an expansion of the portfolio of services provided at M.R.Štefánik Airport Bratislava (BTS), by building full-fledged FBO (Fixed Base Operator) facilities.

A strategic goal that we have managed to fulfil on a sustained basis, and which we will again pursue in 2014, is expanding the fleet by at least one new aircraft.

The renovation of hangar and administrative capacities in previous years have become an important component of the company's renewal in which it would like to carry on, whether in the form of renovating Hangar C in Prague or expanding the services provided by its organisational unit in Bratislava. The aircraft-related costs of owners and increasing our FBO market share at our home base, at Prague Airport, are also key goals that the company would like to achieve.

Sworn Statement

ABS Jets, a.s. declares that any and all information provided in this Annual Report corresponds to reality and no material circumstances have been left out.

Prague, 27 May 2014

Ing. Marcel Dostal
Chairman of the Board of Directors

Independent Auditor's Report to the Shareholders of ABS Jets, a.s.

Financial Statement

On the basis of our audit, on 24 April 2014 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:
"We have audited the accompanying financial statements of ABS Jets, a.s., which comprise the statement of financial position as of 31 December 2013, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements."

Statutory Body's Responsibility for the Financial Statements

The statutory body of ABS Jets, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ABS Jets, a.s. as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Independent Auditor's Report to the Shareholders of ABS Jets, a.s.

Annual Report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company's statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague, 27 May 2014

KPMG

KPMG Česká republika Audit, s.r.o
Licence Number 71

Ing. Petr Sikora
Partner
Licence Number 2001

Notes to the Financial Statement

(non-consolidated)

For the year ended 31 December 2013

In thousands of Czech crowns (TCZK)

STATEMENT OF COMPREHENSIVE INCOM

	Note	2013	2012
Revenue	4	1 297 231	1 204 855
Cost of sales	5	-968 103	-891 523
Gross profit		**329 128**	**313 332**
Other operating income	6	10 100	6 866
Personnel expenses	7	-248 653	-235 773
Depreciation and amortisation expense	12	-30 551	-26 568
Other operating expenses	8	-12 582	-10 205
Results from operating activities		**47 442**	**47 652**
Finance income	9	70	49
Finance costs	10	-29 220	-33 698
Net finance costs		**-29 150**	**-33 649**
Profit before tax		**18 292**	**14 003**
Income tax expense	11	-4 405	-3 054
Profit for the period		**13 887**	**10 949**
Other comprehensive income for the period (net of income tax)		--	--
Total comprehensive income for the period		**13 887**	**10 949**
Total comprehensive income for the period		**13 887**	**10 949**

Notes to the Financial Statement

(non-consolidated)

For the year ended 31 December 2013

In thousands of Czech crowns (TCZK)

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2013	31.12.2012
ASSETS			
Intangible assets	12	13 931	22 200
Property, plant and equipment	12	459 218	465 502
Total non-current assets		**473 149**	**487 702**
Trade and other receivables	16	225 634	173 437
Current tax assets	11	--	254
Cash and cash equivalents		11 517	25 894
Inventories	15	52 332	41 356
Total current assets		**289 483**	**240 941**
Total assets		**762 632**	**728 643**
EQUITY			
Share capital	17	74 000	74 000
Reserves		4 379	3 820
Retained earnings		81 621	68 293
Total equity		**160 000**	**146 113**
LIABILITIES			
Long-term bonds issued	19	379 515	378 975
Other financial liabilities	19	582	1 844
Deferred tax liabilities	23	697	725
Trade and other payables	21	18 116	16 227
Total non-current liabilities		**398 910**	**397 771**
Loans and borrowings	19	13 040	70
Provisions	18	--	670
Trade and other payables	21	187 782	182 247
Tax liabilities	11	1 579	--
Other financial liabilities	19	1 321	1 772
Total current liabilities		**203 722**	**184 759**
Total liabilities		**602 632**	**582 530**
Total equity and liabilities		**762 632**	**728 643**

Notes to the Financial Statement

(non-consolidated)

For the year ended 31 December 2013

In thousands of Czech crowns (TCZK)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2012	**74 000**	**3 325**	**57 839**	**135 164**
Net profit/(loss) for the period	--	--	10 949	10 949
Total comprehensive income for the period	**--**	**--**	**10 949**	**10 949**
Transfer	--	495	-495	--
Balance at 31 December 2012	**74 000**	**3 820**	**68 293**	**146 113**

	Share capital	Reserves	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2013	**74 000**	**3 820**	**68 293**	**146 113**
Net profit/(loss) for the period	--	--	13 887	13 887
Total comprehensive income for the period	**--**	**--**	**13 887**	**13 887**
Transfer	--	559	-559	--
Balance at 31 December 2013	**74 000**	**4 379**	**81 621**	**160 000**

Notes to the Financial Statement

(non-consolidated)

For the year ended 31 December 2013

In thousands of Czech crowns (TCZK)

STATEMENT OF CASH FLOWS

	2013	2012
OPERATING ACTIVITIES		
Profit/(loss) for the period	13 887	10 949
Adjustments for:		
Income tax expense	4 405	3 054
Depreciation and amortisation	30 551	26 568
Gain (-) loss (+) on sale of tangible and intangible assets	8	83
Gain (-) loss (+) on sale of materials	--	--
Net interest expense	25 953	26 769
Change in adjustments	-2 613	-119
Change in provisions	-670	2 213
Unrealised foreign exchange gains/losses	255	183
Operating profit before changes in working capital	**71 776**	**69 700**
Change in trade and other payables	-49 583	-53 106
Change in inventories (including proceeds from sale)	-10 976	-3 599
Change in trade and other payables	7 601	75 320
Cash generated from (used in) operating activities	**18 818**	**88 315**
Interest paid	-25 283	-25 876
Income tax paid	-2 776	-813
Cash flow generated from (used in) operating activities	**-9 241**	**61 626**
INVESTING ACTIVITIES		
Acquisition of tangible fixed assets	-15 649	-18 391
Acquisition of intangible fixed assets	-368	-6 074
Proceeds from sale of tangible and intangible assets	10	1 059
Interest received	1	6
Cash flow generated from (used in) investing activities	**-16 006**	**-23 400**

Notes to the Financial Statement

(non-consolidated)

For the year ended 31 December 2013

In thousands of Czech crowns (TCZK)

STATEMENT OF CASH FLOWS

	2013	2012
FINANCING ACTIVITIES		
Issue of bonds	--	--
Loans and borrowings received	12 970	77
Loans and borrowings repaid	-1 844	-19 235
Cash flow generated from (used in) financing activities	**11 126**	**-19 158**
Net increase (decrease) in cash and cash equivalents	*-14 121*	*19 068*
Cash and cash equivalents at beginning of period	**25 894**	**7 003**
Effect of exchange rate fluctuations on cash held	-256	-177
Cash and cash equivalents at end of period	**11 517**	**25 894**

1. Description of the Company

Incorporation of the Company:

ABS Jets, a.s. (the "Company") was recorded in the Commercial Register on 30 June 2004.

Principal activities:

The Company's principal activities are:

- the operation of commercial air transport,
- the development, design, manufacture, testing, maintenance, repair and modification of, and structural changes to, aircraft, aircraft parts and aviation technology,
- the provision of handling services at Václav Havel Airport, including technical and operational aircraft handling on the apron, and passenger and baggage check-in,
- pre-flight preparation and flight monitoring services,
- catering services,
- brokerage of trade and services,
- the lease of real estate, apartments and non-residential premises, including the provision of basic services ensuring the due operation of the real estate, apartments and non-residential premises,
- the manufacture, trade and services not specified in Annexes 1 to 3 to the Trades Licensing Act.

Ownership structure valid and effective as at 31 December 2013:

ARTHUR, BRADLEY & SMITH LTD	50 % akcií
BRIDGEHILL LIMITED	50 % akcií

Registered office of the Company:

ABS Jets, a.s.
K Letišti – Hangár C
161 00 Praha 6
Czech Republic

Registered office of the branch abroad:

ABS Jets, a.s., organizačná zložka
Letisko M. R. Štefánika
823 11 Bratislava
Slovakia

1. Description of the Company

Identification number:

271 63 628

Entry in the Commercial Register:

maintined with the Municipal Court in Prague, section B, insert 9421

Members of the board of directors as at 31 December 2013:

Ing. Marcel Dostal, chairman
Vladimír Peták, member

Members of the supervisory board as at 31 December 2013:

Petr Horský, chairman
Ing. Markéta Bobková, member
Stanislav Kučera, member

Changes in the Commercial Register:

In 2013, the board of directors changed as follows:

- Mr. David Kyjovský was removed from the board of directors,
- Mr. Marcel Dostal was appointed as the chairman of the board of directors,
- Mr. Zdeněk Dvořák was removed from the board of directors.

These changes were recorded in the Commercial Register as at 17 June 2013.

Organisational structure as at 31 December 2013:

see Appendix 1

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (International Accounting Standards IAS and International Financial Reporting Standards IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU IFRS").
These financial statements were authorised for issue by the board of directors on 24 April 2014

Adoption of new or revised standards

In the preparation of the financial statements, the Company considered the impact of new or revised standards and interpretations which have been mandatory for the first time for the financial year beginning 1 January 2013 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS or not-for-profit and public sector entities since they are not relevant to the Company).

IFRS 7 Offsetting financial assets and financial liabilities and related disclosures
The amendments to IFRS 7 require entities to disclose information about the rights of set-off and related arrangements (like requirements for hedges to be provided) to financial instruments that are subject to enforceable master netting arrangements and similar agreements.

The amendments are effective for annual periods beginning on or after 1 January 2013. However, the Company does not expect them to have any impact on the financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS1
The amendments to IAS 1 introduce a new terminology for the statement of profit or loss and other comprehensive income. The amendments keep the option to present profit or loss in a single statement or in two separate but consecutive statements. The amendments to IAS 1 further require items presented in other comprehensive income to be grouped into the following categories: items that will not be subsequently reclassified to profit or loss and items that can be reclassified to profit or loss when certain conditions are met.

The amendments are effective for annual periods beginning on or after 1 January 2013. However, the Company does not expect them to have any impact on the financial statements.

The Company also considered the impact of new or revised standards and interpretations which are effective for the first time for the financial year beginning 1 January 2014. The Company does not expect the changes to have any significant impact on the financial statements..

IFRS 10 Consolidated Financial Statements
(effective for annual periods beginning on or after 1 January 2014)

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that relates to consolidation, and SIC-12 Special Purpose Entities.

IFRS 11 Joint Arrangements
(effective for annual periods beginning on or after 1 January 2014)

IFRS 11 Joint Arrangements supersedes and replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities
(effective for annual periods beginning on or after 1 January 2014)

The Company does not expect IFRS 10 – IFRS 12 to have an impact on the financial statements. Based on the decision of the European Union, IFRS 10 – IFRS 12 should be applied from the first day of the first period beginning on or after 1 January 2014.

Amendments to IAS 32 Offsetting financial assets and financial liabilities and related disclosure
The amendments to IAS 32 clarify the current questions related to the applications concerning the requirements for off-set. The amendments to IAS 32 were approved in December 2012 by the European Union for application and are effective for the annual period beginning on or after 1 January 2014. A retrospective application is required.

Amendments to IAS 36 Impairment of Assets
These minor amendments to IAS 36 focus on the disclosure of information about the recoverable amount of assets that were im-

2. Basis of preparation

paired if this impairment is determined by the fair value less costs to sell.

The amendments to IAS 36 were approved for application in the European Union in December 2013 and are effective for the annual period beginning on or after 1 January 2014.

The Company does not plan to apply the above-mentioned standards. The Company does not expect the changes to have any significant impact on the financial statements.

Basis of measurement

The financial statements have been prepared on a going concern basis using the historical cost convention. The Company does not hold or issue financial instruments at fair value through profit or loss or financial instruments classified as available for sale, which would otherwise be measured at fair value. Other assets and liabilities are presented at amortised cost.

Functional and presentation currency

These financial statements are presented in Czech crowns (CZK), which is the Company's functional currency. All financial information presented in CZK has been rounded to the nearest thousand.

For tax purposes, the accounts of the Slovak branch are maintained separately in Euros. The balances of the accounts are accounted for monthly and are translated at the Czech National Bank official rate applied by the Czech entity to transactions in the respective month. As at the balance sheet date, assets and liabilities denominated in Euro are translated at the Czech National Bank official rate. Foreign exchange differences arising from the translation of the balance sheet and income statement as at the balance sheet date are recognised in the statement of comprehensive income.

Accounting period

The current accounting period of the Company is the calendar year ended 31 December 2013.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- **Note 3** – The Company reviews the estimated useful life of property, plant and equipment and intangible assets at the end of each annual period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- **Note 27** – Contingencies
- **Note 18** – Provisionsy
- **Note 16** – Adjustments for doubtful receivables

3. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

(i) Recognition and measurement

Tangible and intangible fixed assets are stated at acquisition cost less accumulated depreciation and impairment losses (see accounting policy 3 (i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the purchase price (including customs duty), freight costs, and other expenses associated with the acquisition.

The Company accounts for tangible and intangible assets using asset accounts. Tangible assets comprise items of property, plant and equipment with a value of at least CZK 40 000 and a useful life of more than one year. Intangible assets comprise individual intangible assets with a value of at least CZK 60 000 and a useful life of more than one year. Tangible assets costing between CZK 20 000 and CZK 40 000 and having a useful life exceeding one year are recorded by the Company as low value assets with a depreciation period of 24 months.

(ii) Subsequent costs

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with such costs will flow to the Company. All other costs are recognised in profit or loss as incurred. The carrying amount of replaced assets or replaced parts is derecognised.

(iii) Depreciation and amortization

Tangible and intangible fixed assets are depreciated/amortised based on their cost and estimated useful life on a monthly straight-line basis, starting in the month following the date on which the asset is put into use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Assets are depreciated using the following methods over the following periods:

Assets	Number (range) of years
Buildings, halls and structures	30
Machinery and equipment	2-5
Vehicles	4-10
IT equipment	2-5
Intangible assets	3-10

(b) Inventories

The Company measures inventories using the weighted average method applied to the costs of identical materials. Cost includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the facility.

(c) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting 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. The unwinding of the discount is recognised as finance cost.

(d) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. Assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency trans-

3. Significant accounting policies applied by the Company

lated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation are recognised as profit or loss in the statement of comprehensive income.

(e) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured 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 accounted for as described in accounting policy 3(g).

Owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see accounting policy 3(i)).

Leases other than finance leases are operating leases. Lease payments are accounted for as described in accounting policy 3 (g).

(f) Income tax

Income tax expense comprises current and deferred tax. Current and deferred income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net asset (if any) is recorded in tax assets. The net liability is recorded in tax liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, 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 if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Cost and revenue recognition

Costs and revenues are recognised on an accrual basis. In accordance with the prudence principle, the Company charges the establishment of provisions and adjustments covering all risks, losses and impairment known as at the reporting date to expenses.

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of any outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate

3. Significant accounting policies applied by the Company

of interest on the remaining balance of the liability.

(h) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets comprise investments in equity and debt securities, provided loans, trade and other receivables, and cash and cash equivalents.

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses (see the accounting policy 3(j)).

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term cash commitments. Bank accounts and call deposits that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings, bonds issued, bank overdrafts, and trade and other payables.

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including financial liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability.

3. Significant accounting policies applied by the Company

Interest-bearing loans, borrowings and bonds issued and bank overdraft
Interest-bearing loans, borrowings and bonds are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the interest-bearing loans, borrowings and bonds are measured at amortised cost using the effective interest method.

The Company commonly utilises bank overdrafts for the financing of their short term liabilities.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Company classifies as a current portion any part of long-term loans or bonds that is due within one year from the date of the consolidated statement of financial position.
At the balance sheet date, the nominal value of loans is increased by the unpaid interest.

Transaction costs
Bonds payable are initially recognized at the amount of the proceeds from issued bonds, net of transaction costs. Bond transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges. Transaction costs are recognized in profit or loss on an accrual basis using the effective interest method.

Trade and other payables
Trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these payables are measured at amortised cost using the effective interest method.

Bonds issued
The Company issued bearer bonds in book-entry form, which were admitted to trading on the open market of the Prague Stock Exchange. These are fixed interest income bonds. The bond coupons are paid half-yearly – every March and September.

The bonds were issued via a public offering in the Czech Republic under Czech law. The bonds are recognised at historical cost. The nominal value of the bonds is reduced by the initial transaction costs, which are expensed over the term of the bond issue.

(i) Impairment

(i) Non-financial assets
The carrying amounts of the non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

The Company establishes adjustments to tangible fixed assets to reduce the net book value of buildings and land to their market value.

Adjustments are established to reduce the cost of inventory to net realisable value.

(ii) Non-derivative financial assets
Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, and adverse changes in the credit status of debtors or issuers.

The Company establishes adjustments for doubtful receivables based

3. Significant accounting policies applied by the Company

on an analysis of the credit status of customers and the ageing structure of receivables.

Financial assets carried at amortised cost
The Company considers evidence of impairment for financial assets carried at amortised cost (loans provided and trade and other receivables) at both the specific asset and the collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an adjustment account against loans provided, trade and other receivables or financial assets held to maturity. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(j) Share capital

Ordinary shares are classified as share capital. External costs directly attributable to the issue of new shares and share options, other than in a business combination, are recognised as a deduction from share capital, net of any tax effects.

(k) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Discrete financial information is available for operating segments. The operating results of segments are reviewed regularly by the board of directors to make decisions about resources to be allocated to individual segments and to assess their performance.

Each of the Company's segments is periodically evaluated, and the evaluation results are reported to the board of directors. Reported results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

The basic segment reporting format is based on operating segments which are determined on the basis of the management and internal reporting structure. Segment information is presented in accordance with the Company's operating segments.

The Company's business activities are structured into six segments: control centre, handling and hangaring, hangars, flights and related services (including crews), sales and maintenance.
Pricing between segments is based on the arm's length principle.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested (bank interest, interest on provided loans, interest on bonds purchased), dividend income, gains on disposal of available-for-sale financial assets, gains on derivative instruments that are recognised in profit or loss and reclassifications of amounts (losses) previously recognised in other

3. Significant accounting policies applied by the Company

comprehensive income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Finance costs comprise interest expense on loans and borrowings, on finance leases, on bonds issued, interest charges related to finance leases, bank charges, losses on disposal of available-for-sale financial assets, losses on derivative instruments that are recognised in profit or loss and reclassifications of amounts (gains) previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(m) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(n) Change in accounting policies

In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and with respect to the true and fair presentation of assets and liabilities of the Company, the liability from untaken holidays as at 31 December 2013 totalling TCZK 5 290 (2012 – TCZK 5 505) has been reclassified from provisions into liabilities and presented in the position Trade and other payables. This change was consistently performed in 2012.

In addition, the offset of the deferred tax receivable and deferred tax liability was performed in line with IAS 12.74 (a). This change was consistently performed in 2012.

4. Revenue

In thousands of Czech crowns (TCZK)

	2013	2012
Revenue from flights	728 897	740 438
Revenue from services	562 095	457 107
Other	6 239	7 310
Total	**1 297 231**	**1 204 855**

5. Cost of sales

In thousands of Czech crowns (TCZK)

	2013	2012
Lease of aircraft	482 838	442 782
Aviation fuel	88 676	96 525
Aircraft spare parts	52 109	37 772
Airport charges	37 110	40 397
Catering	23 371	21 756
Navigation charges	21 074	21 656
Handling	24 681	24 407
Fees for replacement of spare parts	34 795	22 461
Accommodation	16 416	17 921
Other services	187 033	165 846
Total	**968 103**	**891 523**

Cost of sales does not include directly attributable costs such as personnel expenses and depreciation.

6. Other operating revenues

In thousands of Czech crowns (TCZK)

	2013	2012
Contractual penalties and default interest	442	1 047
Insurance benefits	2 065	1 015
Revenue from materials	--	--
Refunded VAT	674	1 363
Recognition of receivables from employees	1 074	848
Write-off of payables	886	80
Stock-taking differences	757	90
Other	4 202	2 423
Total	**10 100**	**6 866**

7. Personnel expenses

In thousands of Czech crowns (TCZK)

Average number of employees and executives and personnel expenses for 2013:

	Number	Wages and salaries	Social security and health insurance expenses	Social expenses	Change in untaken holiday
Executives	8	17 762	1 732	81	-143
Employees	176	176 739	50 121	3 138	-777
Total	**184**	**194 501**	**51 853**	**3 219**	**-920**

Average number of employees and executives and personnel expenses for 2012:

	Number	Wages and salaries	Social security and health insurance expenses	Social expenses	Change in untaken holiday
Executives	9	17 406	3 346	84	1 312
Employees	179	167 123	43 257	3 125	120
Total	**188**	**184 529**	**46 603**	**3 209**	**1 432**

Members of the board of directors and the supervisory board do not receive any benefits.

8. Other operating expenses

In thousands of Czech crowns (TCZK)

	2013	2012
Net loss on disposal of assets and materials	8	83
Taxes, fees and visas	1 833	1 776
Change in provisions and adjustments, write-off of receivables	2 613	781
Insurance	6 429	6 813
Other operating expenses	1 699	752
Total	**12 582**	**10 205**

9. Finance income

In thousands of Czech crowns (TCZK)

	2013	2012
Interest income	1	6
Other finance income	69	43
Total	**70**	**49**

10. Finance costs

In thousands of Czech crowns (TCZK)

	2013	2012
Interest expense	25 953	26 775
Net foreign exchange loss	256	3 585
Other	3 011	3 338
Total	**29 220**	**33 698**

11. Current and deferred tax

In thousands of Czech crowns (TCZK)

Income tax recognised in the statement of comprehensive income

	2013	2012
Current income tax:		
Current tax for the period	4 433	3 089
Adjustments for prior periods	--	--
Withholding tax	--	--
Total current tax	**4 433**	**3 089**
Deferred income tax:		
Origination and reversal of temporary differences	-28	-35
Total deferred tax	**-28**	**-35**
Total income tax recognised in the statement of comprehensive income	**4 405**	**3 054**

Deferred tax is calculated using the tax rates that are expected to be valid at the time the asset will be realised or the liability settled. In accordance with Czech legislation, the corporate income tax rate is 19% for financial years ending in 2012 and 2013.

In 2013, the income tax provision amounting to TCZK 4 353 (2012 – TCZK 3 009) was netted with income tax advances paid totalling TCZK 2 774 (2012 – TCZK 3 263) and the resulting liability amounting to TCZK 1 579 was presented in the position Tax liabilities. In 2012, the result of the income tax provision netting with the income tax advances paid was a receivable totalling TCZK 254 and was presented in the position Current tax assets.

Reconciliation of effective tax rate

	%	2013	%	2012
Profit/(loss) for the period before tax		**18 292**		**14 003**
Income tax using the Company's domestic tax rate	19 %	3 475	19 %	2 661
Effect of temporary differences between local GAAP and IFRS	0,3 %	55	0,3 %	51
Non-deductible expenses	14,0 %	2 557	12,9 %	1 810
Tax exempt income	-9,0 %	-1 654	-10,2 %	-1 433
Total income tax recognised in comprehensive income	**24 %**	**4 433**	**22 %**	**3 089**

12. Fixed assets

In thousands of Czech crowns (TCZK)

(a) Intangible fixed assets	Software	Other intangible fixed assets	Intangible assets under construction	Total
COST				
Balance at 1 Jan 2012	**6 332**	**4 379**	**13 129**	**23 840**
Additions	5 924	150	--	6 074
Disposals	--	-151	--	-151
Transfers	13 129	--	-13 129	--
Balance at 31 Dec 2012	**25 385**	**4 378**	**--**	**29 763**
Balance at 1 Jan 2013	**25 385**	**4 378**	**--**	**29 763**
Additions	279	--	89	368
Disposals	--	--	--	--
Transfers	--	-582	--	-582
Balance at 31 Dec 2013	**25 664**	**3 796**	**89**	**29 549**
ACCUMULATED AMORTISATION				
Balance at 1 Jan 2012	**1 388**	**2 079**	**--**	**3 467**
Amortisation expense	3 572	675	--	4 247
Disposals	--	-151	--	-151
Transfers	--	--	--	--
Balance at 31 Dec 2012	**4 960**	**2 603**	**--**	**7 563**
Balance at 1 Jan 2013	**4 960**	**2 603**	**--**	**7 563**
Amortisation expense	7 730	325	--	8 055
Disposals	--	--	--	--
Transfers	--	--	--	--
Balance at 31 Dec 2013	**12 690**	**2 928**	**--**	**15 618**
Net book values				
At 31 Dec 2012	**20 425**	**1 775**	**--**	**22 200**
At 31 Dec 2013	**12 974**	**868**	**89**	**13 931**

12. Fixed assets

In thousands of Czech crowns (TCZK)

(b) Tangible fixed assets	Land	Buildings	Machinery and equipment	Vehicles	Low value assets	Tangible assets under recon-struction	Advances	Total
COST								
Balance at 1 Jan 2012	**74 134**	**384 089**	**34 329**	**17 121**	**4 169**	**68**	**57**	**513 967**
Additions	--	12 197	2 465	2 932	797	137	--	18 528
Disposals	--	-492	-214	-881	-85	-68	--	-1 740
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2012	**74 134**	**395 794**	**36 580**	**19 172**	**4 881**	**137**	**57**	**530 755**
Balance at 1 Jan 2013	**74 134**	**395 794**	**36 580**	**19 172**	**4 881**	**137**	**57**	**530 755**
Additions	--	11 074	2 868	827	793	85	61	15 708
Disposals	--	--	-273	--	-233	--	-57	-563
Transfers	--	582	--	--	--	--	--	582
Balance at 31 Dec 2013	**74 134**	**407 450**	**39 175**	**19 999**	**5 441**	**222**	**61**	**546 482**
ACCUMULATED DEPRECIATION								
Balance at 1 Jan 2012	**--**	**25 148**	**9 371**	**6 112**	**2 811**	**--**	**--**	**43 442**
Depreciation expense	--	13 034	5 524	2 700	1 063	--	--	22 321
Disposals	--	-11	-212	-221	-66	--	--	-510
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2012	**--**	**38 171**	**14 683**	**8 591**	**3 808**	**--**	**--**	**65 253**
Balance at 1 Jan 2013	**--**	**38 171**	**14 683**	**8 591**	**3 808**	**--**	**--**	**65 253**
Depreciation expense	--	13 688	4 366	3 361	1 081	--	--	22 496
Disposals	--	--	-270	--	-215	--	--	-485
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2013	**--**	**51 859**	**18 779**	**11 952**	**4 674**	**--**	**--**	**87 264**
Net book values								
At 31 Dec 2012	**74 134**	**357 623**	**21 897**	**10 581**	**1 073**	**137**	**57**	**465 502**
At 31 Dec 2013	**74 134**	**355 591**	**20 396**	**8 047**	**767**	**222**	**61**	**459 218**

Major additions to fixed assets in 2013 included technical improvements in the form of the partial reconstruction of Hangar C totalling TCZK 11 074 and the acquisition of a new disk storage for the firm's servers in the amount of TCZK 1 401.

Major additions to fixed assets in 2012 included the acquisition of aircraft maintenance management software of TCZK 8 098, the acquisition of a management information system of TCZK 10 552, and the technical improvement of Hangar C of TCZK 11 989. Apart from the fixed assets described in Note 19, the assets are not subject to any right of lien.

13. Leased assets

In thousands of Czech crowns (TCZK)

Operating leases

The Company leased one car in 2013. The lease finished in 2013. The annual cost of this lease for 2013 was TCZK 402 (2012 – TCZK 575).

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Within one year	5 486	5 311
From two to five years	21 944	21 244
More than five years	98 748	100 909
Total	**126 178**	**127 464**

The Company has long-term lease contracts for the land under Hangar N, the car park in front of Hangar C and land in Bratislava. The Company also leases an office and an information booth at Václav Havel Airport. In 2013, total rent expenses for the leases amounted to TCZK 6 949 (2012 – TCZK 6 836).

14. Non-capitalised tangible and intangible fixed assets

In thousands of Czech crowns (TCZK)

In accordance with the accounting policy described in Note 3 (a) above, the Company expensed low value tangible and intangible fixed assets in the year that they were acquired. The cumulative acquisition cost of these tangible and intangible fixed assets that were still in use was as follows:

	31 December 2013	31 December 2012
Tangible fixed assets	17 285	13 444
Intangible fixed assets (software)	1 248	1 005
Total	**18 533**	**14 449**

15. Inventories

At the stocktaking held on 31 December 2013 the Company identified spare parts, including incidental acquisition costs, of TCZK 52 332 (2012 – TCZK 41 356).

16. Trade and other receivables

In thousands of Czech crowns (TCZK)

	31 December 2013	31 December 2012
Trade receivables	136 891	132 598
Advances	5 740	4 776
Estimated receivables/Other receivables	77 617	28 720
Prepaid expenses	4 558	6 730
Tax receivables, excluding current tax	828	613
Balance at the end of the period	**225 634**	**173 437**

(a) Short-term trade receivables total TCZK 140 438) (2012 – TCZK 133 532), of which TCZK 42 706 (2012 – TCZK 65 731) is overdue. An adjustment of TCZK 3 547 (2012 – TCZK 934) was set up at 31 December 2013 for doubtful receivables.

(b) Estimated receivables of TCZK 75 207 (2012 – TCZK 26 631) primarily include uninvoiced revenue from aircraft maintenance and flight sales.

(c) Prepaid expenses primarily comprise deferred costs of TCZK 0 (2012 – TCZK 1 794) related to the lease of an aircraft, deferred costs of TCZK 2 485 (2012 – TCZK 1 856) related to the subscription to navigation databases for aircraft and other databases for the Company's operations, deferred insurance costs of TCZK 1 078 (2012 – TCZK 1 079), and other deferred costs of TCZK 995 (2012 – TCZK 2 001).

For information on transactions with related parties, see Note 26.

17. Share capital

In thousands of Czech crowns (TCZK)

	Share capital
Balance at 31 December 2012	**74 000**
72 shares at CZK 1 000 000 per share	72 000
4 shares at CZK 500 000 per share	2 000
Balance at 31 December 2013	**74 000**
72 shares at CZK 1 000 000 per share	72 000
4 shares at CZK 500 000 per share	2 000
Share capital	**74 000**

18. Provisions and current tax assets

In thousands of Czech crowns (TCZK)

	Other	Total
Balance at 1 January 2012	--	--
Addition	670	670
Release	--	--
Utilisation	--	--
Balance at 31 December 2012	**670**	**670**

	Other	Total
Balance at 1 January 2013	670	670
Additions	--	--
Release	-670	-670
Utilisation	--	--
Balance at 31 December 2013	**--**	**--**

19. Financial liabilities

In thousands of Czech crowns (TCZK)

	31 December 2013	31 December 2012
Long-term financial liabilities		
Long-term bonds issued (a)	379 515	378 975
Bank loans	--	--
Other financial liabilities (b)	582	1 844
Total	**380 097**	**380 819**

	31 December 2013	31 December 2012
Short-term financial liabilities		
Bank loans (b)	13 040	70
Other financial liabilities (b)	1 321	1 772
Total	**14 361**	**1 842**

19. Financial liabilities

In thousands of Czech crowns (TCZK)

(a) Long-term bonds issued

	Number of bonds	Nominal value per bond	Total
Balance at 1 January 2012	127	3 000	381 000
Total bonds issued	--	--	--
Repurchase	--	--	--
Balance at 31 December 2012	**127**	**--**	**381 000**

	Number of bonds	Nominal value per bond	Total
Balance at 1 January 2013	127	3 000	381 000
Total bonds issued	--	--	--
Repurchase	--	--	--
Balance at 31 December 2013	**127**	**--**	**381 000**

On 30 September 2011, the Company issued bearer bonds in book-entry form, which were admitted to trading on the open market of the Prague Stock Exchange. These are five-year bonds with a fixed interest income of 6.5% p.a., totalling CZK 450 million and maturing in September 30th 2016. The bond coupons are paid half-yearly – every March and September. The nominal value of each bond is TCZK 3 000.

The bonds were issued via a public offering in the Czech Republic under Czech law.

The proceeds raised by the bond issue were used to repay a bank loan which had financed the construction of the hangar in 2012.

The Company repurchased the emitted bonds in the nominal amount of TCZK 69 000 in 2011. Repurchased bonds constitute a reserve for the Company's further development.

The initial transaction costs of TCZK 2 700 related to the bond issue (the agreement on the placement of bonds, and the mandate agreement on the issue of domestic bonds) are allocated to the bond accounts, i.e. they decrease the issue value. Subsequently, they are released to interest expense over the term of the issue. The annual costs of the issue (the agent agreement and the administrator agreement) are expensed as incurred.

19. Financial liabilities

In thousands of Czech crowns (TCZK)

(b) Loans

31 December 2013	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years
Overdraft KTK* VUB	CZK	1M PRIBOR + 1,9 %	7/5/2014	12 027	12 027	12 027	--
Overdraft KTK* JT	CZK	3M PRIBOR + 7 %	1/8/2014	12	12	12	--
ABS PR credit cards	CZK		not defined	1 001	1 001	1 001	--
Total				**13 040**	**13 040**	**13 040**	**--**
Other financial liability 1	CZK		15/11/2015	450	450	235	215
Other financial liability 2	CZK		15/3/2014	39	39	39	--
Other financial liability 3	CZK		15/11/2015	222	222	116	106
Other financial liability 4	CZK		1/9/2015	485	485	277	208
Other financial liability 10	CZK		1/12/2014	323	323	323	--
Other financial liability 11	CZK		1/10/2014	173	173	173	--
Other financial liability 12	CZK		15/4/2015	211	211	158	53
Total				**1 903**	**1 903**	**1 321**	**582**

*overdraft

19. Financial liabilities

In thousands of Czech crowns (TCZK)

31 December 2012	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years
Loan B	CZK	3M PRIBOR + 7 %	1/8/2013	70	70	70	--
Total				**70**	**70**	**70**	**--**
Other financial liability 1	CZK		15/8/2015	626	626	235	391
Other financial liability 2	CZK		15/3/2014	193	193	154	39
Other financial liability 3	CZK		15/11/2015	338	338	116	222
Other financial liability 4	CZK		1/9/2015	763	763	277	486
Other financial liability 5	CZK		9/6/2013	53	53	53	--
Other financial liability 6	CZK		9/6/2013	75	75	75	--
Other financial liability 7	CZK		9/6/2013	82	82	82	--
Other financial liability 8	CZK		8/8/2013	56	56	56	--
Other financial liability 9	CZK		16/5/2013	35	35	35	--
Other financial liability 10	CZK		1/12/2014	646	646	323	323
Other financial liability 11	CZK		1/10/2014	381	381	208	173
Other financial liability 12	CZK		15/4/2015	368	368	158	210
Total				**3 616**	**3 616**	**1 772**	**1 844**

Other financial liabilities represent non-bank loans for the purchase of cars and machinery, and are secured by an agreement on the transfer of a right.

In 2013 the Company drew a VÚB overdraft with a credit line of up to TCZK 20 000. The overdraft balance as at 31 December 2013 totals TCZK 12 027 (2012 – TCZK 0). The credit is secured by a blank bill of exchange and the credit was drawn with the intention to finance operating activities.

The JT overdraft account has a line of credit of up to TCZK 10 000. The credit is secured by a blank bill of exchange.

20. Non-current trade and other payables

In thousands of Czech crowns (TCZK)

In 2013 the Company received long-term advances of TCZK 14 925 (2012 – TCZK 14 432) related to the operation of aircraft.

In addition, other non-current payables comprise long-term leases of TCZK 1 093 (2012 – TCZK 1 794) (see Note 22) and other payables of TCZK 2 098 (2012 – TCZK 1).

For information on transactions with related parties, see Note 26.

21. Current trade and other payables

In thousands of Czech crowns (TCZK)

	31 December 2013	31 December 2012
Trade payables	77 022	122 662
Operating advances received	28 203	11 655
Short-term finance leases	691	945
Other payables/Estimated payables	78 158	43 846
Other current tax liabilities	3 708	3 139
Balance at the end of the period	**187 782**	**182 247**

(a) Short-term trade payables

Short-term trade payables total TCZK 77 022 (2012 – TCZK 122 662), of which TCZK 26 525 (2012 – TCZK 54 734) is overdue. Most of short-term advances received represent advances for booked flights.

(b) Other payables / estimated payables

Total estimated payables amounting to TCZK 44 535 (2012 – TCZK 11 889) comprise uninvoiced expenses related to the operation of aircrafts (handling, airport charges, fuel, etc.) and uninvoiced expenses related to the maintenance of aircrafts.

Other payables include:

- an accrual of TCZK 6 191 (2012 – TCZK 6 191) in respect of the bond coupon for the period from October to December;
- social security and health insurance liabilities amounting to TCZK 5 767 (2012 – TCZK 4 058), of which TCZK 3 374 (2012 – TCZK 2 733) represents social security liability and TCZK 2 393 (2012 – TCZK 1 324) represents health insurance liability. None of these liabilities are overdue.
- payables to employees totalling TCZK 14 101 (2012 – TCZK 12 746) arising from unpaid wages and salaries for December;
- payables to employees totalling TCZK 5 290 (2012 – TCZK 5 505) representing the estimated expenses related to holidays not yet taken by employees, as described above in Note 7 above.

(c) Tax liabilities

Tax liabilities amount to TCZK 3 708 (2012 – TCZK 3 139). This amount represents primarily withheld prepayments on personal income tax of ABS Jets, a.s. employees that had not been transferred to the state budget before 31 December 2013. None of these liabilities are overdue.

22. Finance leases

In thousands of Czech crowns (TCZK)

	Future value of minimum lease payments		Interest		Present value of minimum lease payments	
	2013	2012	2013	2012	2013	2012
Within one year	704	1 084	87	139	617	945
From two to five years	1 104	**1 932**	**51**	**138**	**1 053**	**1 794**
Total	**1 808**	**3 016**	**138**	**277**	**1 670**	**2 739**

The Company is committed to payments under finance leases for vehicles and machinery and equipment as follows:

2013	Total lease payments	Paid at 31/12/2013	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Cars	2 681	2 681	--	--	--
Machinery and equipment	8 068	6 122	791	1 155	--
Total	**10 749**	**8 803**	**791**	**1 155**	**--**

2012	Total lease payments	Paid at 31/12/2012	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Cars	2 681	2 530	151	--	--
Machinery and equipment	8 068	5 195	909	1 964	--
Total	**10 749**	**7 725**	**1 060**	**1 964**	**--**

23. Deferred tax assets and liabilities

In thousands of Czech crowns (TCZK)

Recognised deferred tax assets and liabilities

The Company recognised the following deferred tax assets and liabilities:

Temporary differences are attributable to:	31 December 2013 Assets	31 December 2012 Assets	31 December 2013 Liabilities	31 December 2012 Liabilities	31 December 2013 Net	31 December 2012 Net
Property, plant and equipment	--	--	-1 965	-1 486	-1 965	-1 486
Trade and other receivables	545	99	--	--	545	99
Bonds issued	--	--	-282	-384	-282	-384
Provisions	1 005	1 046	--	--	1 005	1 046
Tax asset (liability)	1 550	1 145	-2 247	-1 870	-697	-725
Set off of tax	-1 550	-1 145	1 550	1 145	--	--
Net tax asset (liability)	--	--	-697	-725	-697	-725
Total	**--**	**--**	**-697**	**-725**	**-697**	**-725**

In accordance with the accounting policy described in Note 3 (g), deferred tax was calculated using the tax rates valid for the periods in which the tax asset/liability is to be utilised, i.e. 19% for 2013 and the subsequent years (2012 – 19% for 2012 and the subsequent years).

Movement in temporary differences during the year

	Balance at 31 December 2013	Recognised in profit or loss 2013	Balance at 31 December 2012	Recognised in profit or loss 2012
Property, plant and equipment	-1 965	-479	-1 486	-283
Trade and other receivables	545	446	99	-57
Provisions	1 005	-41	1 046	272
Bonds issued	-282	102	-384	103
Total	**-697**	**28**	**-725**	**35**

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

This note describes the Company's exposure to financial and operational risks, as well as how these risks are managed.
The Company is primarily exposed to the following financial risks:

- market risk
  - currency risk
  - interest rate risk
- credit risk
- liquidity risk
- capital management.

The financial instruments maintained by the Company are defined as part of the accounting policy relating to financial instruments (see above).

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of financial instruments. The objective of market risk management is to control the Company's market risk exposure within acceptable parameters.

(i) Currency risk

The Company's financial position and cash flows are affected by fluctuations in foreign exchange rates. The Company is exposed to a currency risk on sales, purchases and borrowings that are denominated in currencies other than Czech crowns. Such currencies primarily include the Euro and the US dollar.

As at 31 December 2013 the Company had the following currency risk exposure (translated into thousands of CZK):

	CZK	EUR	USD	Other	Total
ASSETS					
Cash and cash equivalents	3 025	7 869	564	59	11 517
Trade and other receivables	143 037	62 538	20 059	--	225 634
Total	**146 062**	**70 407**	**20 623**	**59**	**237 151**
LIABILITIES					
Long-term bonds issued	379 515	--	--	--	379 515
Loans and borrowings	13 040	--	--	--	13 040
Other financial liabilities	1 903	--	--	--	1 903
Trade and other payables	123 212	44 824	37 455	407	205 898
Total	**517 670**	**44 824**	**37 455**	**407**	**600 356**

Note: The amounts in the table have already been translated using the appropriate exchange rates stated on the next page. The amounts are thus in thousands of CZK.

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

As at 31 December 2012 the Company had the following currency risk exposure (translated into thousands of CZK):

	CZK	EUR	USD	Other	Total
ASSETS					
Cash and cash equivalents	15 029	10 608	199	58	25 894
Trade and other receivables	205 152	-27 070	-2 111	-2 534	173 437
Total	**220 181**	**-16 462**	**-1 912**	**-2 476**	**199 331**
LIABILITIES					
Long-term bonds issued	378 975	--	--	--	378 975
Loans and borrowings	70	--	--	--	70
Other financial liabilities	3 616	--	--	--	3 616
Trade and other payables	154 369	34 359	10 869	-1 123	198 474
Total	**537 030**	**34 359**	**10 869**	**-1 123**	**581 135**

The following exchange rates applied during the year:

	31 December 2013		31 December 2012	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
EUR	25,974	27,425	25,143	25,140
USD	19,565	19,894	19,583	19,055

Sensitivity analysis

A strengthening (weakening) of the Czech crown, as indicated below, against the Euro and the US dollar as at the reporting date would have increased (decreased) equity by the amounts shown in the table below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit	
	2013	2012
EUR (5 percent strengthening)	-1 279	2 556
USD (5 percent strengthening)	842	639

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

A weakening of the Czech crown against the above currencies as at the reporting date would have had an equal but opposite effect, on the basis that all other variables remain constant. This scenario is illustrative as the Company manages its currency risk exposure largely by passing it on to the customer (re-invoicing).

(ii) Interest rate risk

The Company's interest rate risk exposure is currently low as its most significant interest-bearing liabilities, in particular bonds, bear a fixed interest rate.

At the reporting date the Company's interest rate profile was as follows:

	Carrying amount	
Fixed rate instruments	**2013**	**2012**
Financial assets	--	--
Financial liabilities	394 458	385 479

Sensitivity analysis

Given the distribution of fixed and variable rate liabilities and assets, an increase in variable interest rates would be immaterial.

(b) Credit risk

(i) Credit risk exposure

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. For liquid instruments, the credit risk exposure is limited as the counterparties are companies with a high credit rating.

The Company establishes an adjustment for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The estimate is based on the Company's own analysis of the credit status of customers and the ageing structure of receivables.

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

Credit risk exposure by type of counterparty

at 31 December 2013	Businesses (non-financial institutions)	Government	Financial institutions	Banks	Individuals	Total
Cash and cash equivalents	397	--	--	11 120	--	11 517
Trade and other receivables	222 956	828	--	--	1 850	225 634
Total	**223 353**	**828**	**--**	**11 120**	**1 850**	**237 151**

at 31 December 2012	Businesses (non-financial institutions)	Government	Financial institutions	Banks	Individuals	Total
Cash and cash equivalents	454	--	--	25 440	--	25 894
Trade and other receivables	170 522	614	415	--	1 886	173 437
Total	**170 976**	**614**	**415**	**25 440**	**1 886**	**199 331**

Credit risk exposure by geographic region

at 31 December 2013	Czech Republic	Slovak Republic	Ireland	Austria	Cyprus	British Virgin Islands	Other	Total
Cash and cash equivalents	8 796	2 721	--	--	--	--	--	11 517
Trade and other receivables	75 735	11 338	41 123	25 582	16 207	12 144	43 505	225 634
Total	**84 531**	**14 059**	**41 123**	**25 582**	**16 207**	**12 144**	**43 505**	**237 151**

at 31 December 2012	Czech Republic	Slovak Republic	Ireland	Austria	Cyprus	British Virgin Islands	Other	Total
Cash and cash equivalents	23 487	2 407	--	--	--	--	--	25 894
Trade and other receivables	91 255	11 754	45 337	611	7 707	954	15 819	173 437
Total	**114 742**	**14 161**	**45 337**	**611**	**7 707**	**954**	**15 819**	**199 331**

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

(ii) Impairment losses

The ageing structure of financial assets (excluding cash and cash equivalents) at the reporting date:

Credit risk exposure – impairment of financial assets – trade and other receivables

	2013	2012
Not past due (net)	176 343	100 231
Past due (net)	49 291	73 206
Total	**225 634**	**173 437**

A – assets in respect of which an adjustment has been established (past due and impaired)		
- gross	3 547	934
- specific adjustment	-3 547	-934
- general adjustment	--	--
Net	**--**	**--**
B – assets in respect of which an adjustment has not been established (past due)		
- past due < 30 days	24 445	27 789
- past due 31-60 days	11 093	22 248
- past due 61-90 days	2 586	10 653
- past due 91-180 days	2 277	5 035
- past due 181-365 days	5 398	6 547
- past due >365 days	-55	--
Net	**45 744**	**72 272**
Total	**49 291**	**73 206**

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

The movement in the adjustment for impairment in respect of financial assets during the year ended 31 December 2013 and 31 December 2012 was as follows:

Balance at 1 January 2012	**1 054**
Impairment losses recognised during the period	637
Reversal of impairment loss recognised during the period	-754
Write-offs	-3
Foreign currency translation differences	--
Balance at 31 December 2012	**934**
Impairment losses recognised during the period	2 534
Reversal of impairment loss recognised during the period	-14
Write-offs	--
Foreign currency translation differences	93
Balance at 31 December 2013	**3 547**

The impairment losses in respect of trade and other receivables as at 31 December 2013 and 31 December 2012 relate to outstanding balances that are not expected to be repaid, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on analyses of the underlying credit ratings of customers.
Based on historic default rates, the Company believes that no impairment adjustment is necessary in respect of trade and other receivables not past due or past due by up to 90 days.

Impairment adjustments in respect of financial assets are used to record impairment losses unless the Company is satisfied that no recovery of the amount owed is possible; at that point the amounts are considered irrecoverable and are written off directly against the financial asset.

(c) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's management focuses on diversifying its financing sources. Such diversification gives the Company flexibility and limits its potential dependency on any single source of finance. The liquidity risk exposure is evaluated primarily by monitoring changes in the financing structure and the comparison of these changes with the Company's liquidity risk management strategy.

The following table analyses the Company's financial liabilities and expected contractual cash flows (including interest). Liabilities with no contractual maturity are grouped into the "undefined maturity" category.

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

Maturity of financial assets and liabilities

at 31 December 2013	Carrying amount	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Undefined maturity or non-interest-bearing
Cash and cash equivalents	11 517	--	--	--	--	11 517
Trade and other receivables	225 634	--	--	--	--	225 634
Total	**237 151**	**--**	**--**	**--**	**--**	**237 151**
Long-term bonds issued	379 515	455 295	6 191	18 574	430 530	--
Secured bank loans	13 040	13 040	--	13 040	--	--
Other secured financial liabilities	1 903	1 903	368	953	582	--
Trade and other payables	205 898	205 898	--	--	--	205 898
Total	**600 356**	**676 136**	**6 559**	**32 567**	**431 112**	**205 898**

at 31 December 2012	Carrying amount	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Undefined maturity or non-interest-bearing
Cash and cash equivalents	25 894	--	--	--	--	25 894
Trade and other receivables	173 437	--	--	--	--	173 437
Total	**199 331**	**--**	**--**	**--**	**--**	**199 331**
Long-term bonds issued	378 975	480 061	12 383	12 383	455 295	--
Secured bank loans	70	70	70	--	0	--
Other secured financial liabilities	3 616	3 616	515	1 257	1 844	--
Trade and other payables	198 474	201 514	338	756	1 946	198 474
Total	**581 135**	**685 261**	**13 306**	**14 396**	**459 085**	**198 474**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly larger amounts.

24. Risk management and disclosure policies

In thousands of Czech crowns (TCZK)

(d) Capital management

The Company aims to maintain a strong capital base. By managing capital and optimising the debt to equity ratio, the Company seeks to ensure its ability to continue as a going concern and to maximise returns for shareholders.
The Company is not subject to externally imposed capital requirements.

The Company's debt to equity ratio at the end of the reporting period was as follows:

	2013	2012
Total liabilities	602 632	582 530
Less: cash and cash equivalents	-11 517	-25 894
Net debt	**591 115**	**556 636**
Total equity attributable to equity holders of the Company	160 000	146 113
Debt to equity ratio	**3,7**	**3,8**

25. Operating segments

In thousands of Czech crowns (TCZK)

The Company operates within the following segments:

CONTROL CENTRE
The Control Centre segment provides flight planning services, including comprehensive flight plan delivery; securing over-flight and landing permits; flight monitoring; delivering up-to-date information on air traffic, weather conditions and handling companies along the flight path; and other services.

HANDLING AND HANGARING
Handling primarily includes coordinating flights with the respective airport operator; securing airport slots and parking space; monitoring ATC slots; transferring passengers, crew and luggage to and from the aircraft; a VIP lounge; lavatory cleaning; refilling water tanks, etc.

HANGARS
The hangars segment includes financing, maintaining and depreciation of the hangars; electricity and hangar cleaning fees; and rentals from other segments.

FLIGHTS (including crews)
The Flights segment comprises transactions relating to client flights, particularly the lease of flight crew. This segment also includes sales of client aircraft to third parties for cost optimisation.

SALES
The Sales segment focuses on providing the services requested by clients.

MAINTENANCE
The Maintenance segment primarily includes installing and repairing avionics; overhauls and repair of parts; pre-purchase inspections; assistance in delivering new aircraft; long-term storage of spare parts; interior remodelling; scheduled and non-scheduled maintenance; and comprehensive airworthiness maintenance and assessment management.

Information about operating segments

	Control centre		Handling and hangaring		Hangars		Flights and related services		Sales		Maintenance		Shared services		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External revenues	43 372	56 481	98 052	56 789	8 434	30 614	728 897	740 438	163 526	117 882	248 711	195 340	6 239	7 311	--	--	**1 297 231**	**1 204 855**
Inter-segment revenue	2 456	2 584	2 384	1 140	--	--	--	--	--	--	--	31	--	--	--	--	**4 840**	**3 755**
Revenues from operating segments	45 828	59 065	100 436	57 929	8 434	30 614	728 897	740 438	163 526	117 882	248 711	195 371	6 239	7 311	--	--	**1 302 071**	**1 208 610**
Interest revenue	--	--	--	--	--	--	1	--	--	--	--	--	--	6	--	--	**1**	**6**
Interest expense	--	--	-60	-90	-24 783	-24 767	--	--	--	--	-36	-75	-396	-1 068	-678	-775	**-25 953**	**-26 775**
Depreciation and amortisation	-86	-96	-1 533	-1 988	-15 216	-13 802	-1 260	-1 505	-375	-32	-4 642	-3 186	-6 526	-4 251	-913	-1 708	**-30 551**	**-26 568**
Profit/loss before tax	5 513	7 055	49 716	8 783	-51 544	-31 717	7 092	20 956	28 607	29 628	30 573	25 489	-51 376	-45 919	-289	-272	**18 292**	**14 003**
Assets	74	161	11 779	10 624	357 515	362 917	3 378	4 129	17	28	10 094	13 880	87 507	92 071	2 785	3 892	**473 149**	**487 702**

25. Operating segments

In thousands of Czech crowns (TCZK)

	2013	2012
Revenues		
Revenue for operating segments	1 295 832	1 201 300
Other revenue	6 239	7 310
Elimination of inter-segment revenue	-4 840	-3 755
Total revenues	**1 297 231**	**1 204 855**
Profit or loss		
Profit or loss for operating segments	69 957	60 195
Other profit or loss	-51 665	-46 192
Elimination of inter-segment profits or losses	--	--
Total profit before tax	**18 292**	**14 003**
Assets		
Assets for reportable segments	382 857	391 739
Assets for other segments	87 507	92 071
Other unallocated assets	2 785	3 892
Total assets	**473 149**	**487 702**

Reconciliations of revenues, profit or loss, assets and liabilities

Other material items 2013

	Operating segment totals	Other	Total
Interest revenue	1	--	1
Interest expense	-24 879	-1 074	-25 953
Depreciation and amortisation	-23 112	-7 439	-30 551

Other material items 2012

	Operating segment totals	Other	Total
Interest revenue	--	6	6
Interest expense	-24 932	-1 843	-26 775
Depreciation and amortisation	-20 609	-5 959	-26 568

In 2013, a total of 15% of the Company's revenues (2012 – 17%) was generated vis-à-vis a single customer. This represented TCZK 199 454 (2012 – TCZK 206 889) in the following segments :

- flights: TCZK 189 686 (2012 – TCZK 193 498)
- sales: TCZK 9 768 (2011 – TCZK 13 391).

26. Related parties

In thousands of Czech crowns (TCZK)

(a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in Note 16 above.

	Receivables at 31 December		Payables as 31 December	
	2013	2012	2013	2012
ABS PLANE LIMITED	14 017	2 682	--	3 475
JET ONE LEGACY LIMITED	1 800	4 016	14 337	16 398
Arthur Bradley & Smith, a.s.	--	11 688	--	6 281
Aero Group, a.s.	264	1 795	--	--
ABS Bravo Limited	--	--	--	--
Total	**16 081**	**20 181**	**14 337**	**26 154**

(b) Transactions with related parties

	Revenue from services for the year		Cost of services for the year	
	2013	2012	2013	2012
ABS PLANE LIMITED	29 698	26 581	12 217	20 457
JET ONE LEGACY LIMITED	53 018	37 761	129 861	119 004
Arthur Bradley & Smith, a.s.	1 929	31 858	--	28 857
Aero Group, a.s.	5 974	5 948	--	--
ABS Bravo Limited	--	--	--	2
Total	**90 619**	**102 148**	**142 078**	**168 320**

The Company uses and sells the services of and to related parties in the ordinary course of business. All significant transactions with related parties were carried out on an arm's length basis.

(c) Group relations

The Company has not concluded a controlling agreement with any shareholder. The Company will not prepare a report on relations between related parties, as the controlling entity cannot be identified.

27. Contingencies

The Company has provided a bank guarantee of GBP 15 000 in favour of AIR BP LIMITED, valid until 21 March 2014, and a bank guarantee of EUR 200 000 in favour of ENI S.p.A., valid until 31 December 2015.

28. Fees payable to statutory auditors

In thousands of Czech crowns (TCZK)

	2013	2012
Statutory audit	550	556
Other assurance services	--	--
Tax advisory	--	--
Other non-audit services	--	200
Total	**550**	**756**

29. Material subsequent event

As at the date of preparation of the financial statements, the Company's management is not aware of any material subse¬quent events that would have an effect on the financial statements as at 31 December 2013.

Information about persons responsible for the Annual Report and Financial tatement

Sworn Statement

ABS Jets, a.s. declares that all information and data disclosed in this Annual Report is truthful and that no important facts have been omitted.

Prague, 27 May 2014

Signature of the authorised representative

Ing. Marcel Dostal	**Vladimír Peták**
Chairman of the board of directors	*Statutory representative*

Executive Jets Operator

Aircraft Management
Aircraft Maintenance
Executive Handling
Aircraft Sales
Flight Planning
Charter & Brokerage
Consulting Services
Travel Management

Annual Report 2013

Consulting, porduction: Media tribune s.r.o.
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