ABS JETS

ANNUAL REPORT

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In 2014, ABS Jets took 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.

In May 2014 the reputable Aviation Week's Show News named ABS Jets' CEO, Vladimir Petak, as one of the Top10 leaders of European Business Aviation companies who are helping the industry through clever marketing and innovation as well as leading the formation of regulatory measures.

The company also managed to meet its long-term strategic goal of expanding its fleet by at least one aircraft per year, and upgrading its office and service centre. Everything essential that happened with respect to ABS Jets in 2014 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 2015 furthering the spirit of expansion and strengthening our position.

Dear colleagues, business partners, shareholders, and friends,

ABS Jets has reached a major milestone in 2014 as it celebrated its 10 year anniversary. What began in 2004 as a humble aircraft charter and maintenance operator of just two jets with a staff of twenty, has grown into a major player in the European business aviation industry with a fleet of thirteen aircraft and 216 employees. The unwritten vision of ABS Jets from the beginning of its operations has always been to become the best business aviation operator in the industry.

The year we have left behind us was characterized by further expansion and strengthening of our position in our core markets and increasing the activities in growth markets. ABS Jets has proven its one-stop-shop capabilities for business jet operators and executive travelers flying to, from, or transiting Europe. I am delighted to present the ABS Jets Annual Report with excellent achievements in every department.

ABS Jets‘ flight crews have safely clocked 3700 flight hours and operated 2100 flights. Another Embraer Legacy 650 was added to the fleet. A Legacy 600 and a Gulfstream 550 changed from private to commercial operation. The Operation Control Center (OCC) was expanded to meet the significant increase in number of flight planning assignments for customers coming from the Americas and China. The ABS Jets‘ Technical Department increased the number of technical service projects by 19% and the milestone of an annual 50,000 man-hours of work has been exceeded.

Early in the year, Embraer Executive Jets and ABS Jets partnered up to provide technical services for all types of Embraer aircraft during the Winter Olympic Games in Sochi, Russia. Honeywell has appointed ABS Jets as its Authorized Service Center and Authorized Avionics Dealership. ABS Jets was certified by the Russian aviation authorities to perform maintenance on Russian RA registered aircraft in all of the country‘s territories. Subsequently, four new customers started using our MRO services. The Technical Department, in cooperation with the Czech Technical University in Prague, started implementation of a lean maintenance program that will reduce aircraft ground time.

The company was very visible at strategically selected international events to create awareness and yield new demand for its services. ABS Jets has received wide spread domestic and international media exposure from frequently issued press releases.

Performance and success are evidenced in the annual financial results. As you will see in the following detailed statements, ABS Jets is a healthy enterprise, balancing its investments well with revenues and ensuring a solid positive financial outcome.

We can proudly look back at a year of outstanding performance and continuous growth that makes ABS Jets a world class executive jet operator and maintenance provider. Much of the company's success lies in the spirit and motivation of its 216 highly qualified professionals. On behalf of the company's Management Board, I would like to thank these people for their exemplary approach, high-quality work, and personal engagement. Our appreciation also goes to our valued shareholders, clients, and business partners for their confidence in ABS Jets. We will continue the positive development of our company and progress in the right direction.

I wish you a pleasant reading.

Ing. Marcel Dostal
Chairman of the Board of Directors

ABS Jets was founded in 2004 and currently operates a fleet of thirteen executive jets ranging from light to ultra long range. 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, 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

2014 TOP10 Leaders of European Business Aviation Award

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

Headquarter Prague, Czech Republic

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

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

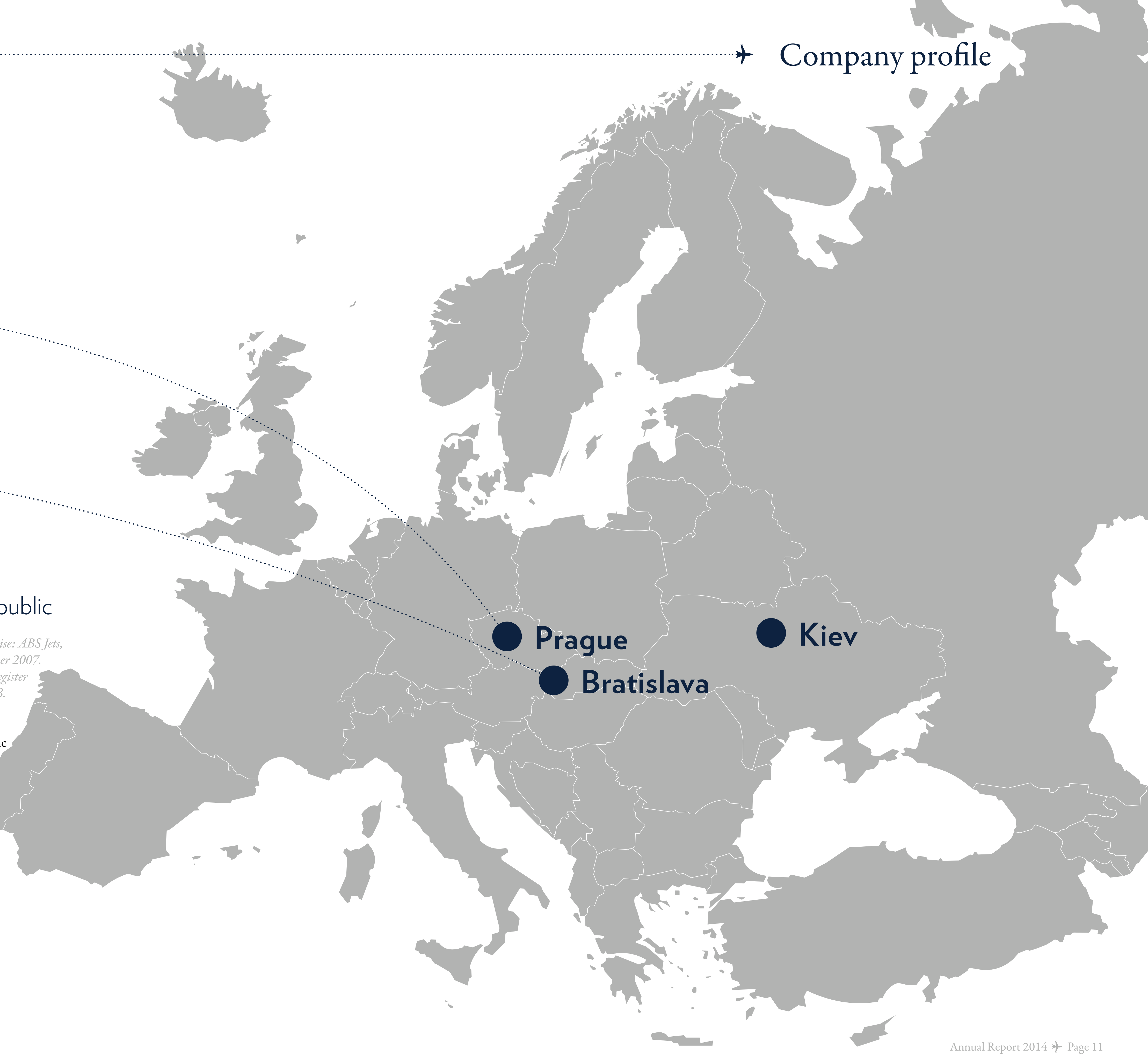
Contact details:
Website: www.absjets.com
Email: info@absjets.com
24/7 Sales: +420 602 136 230
24/7 Handling: +420 725 747 997
24/7 Dispatching: +420 602 316 636
Aircraft Sales: +420 777 591 558

Subsidiary Bratislava, Slovak Republic

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

The registered branch 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



ABS Jets Services

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 34 pilots and 18 flight attendants including 26 pilots and 14 flight attendants for Embraer Legacy aircraft. In 2014, the company's crews safely flew 3,700 flight hours in 2,100 flights. On average, ABS Jets' aircraft operate almost ten flight hours per day, with a departure every four 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. As of 2014 ABS Jets operates a fleet of eleven aircraft commercially, consisting of six Embraer Legacy 600, two Embraer Legacy 650, one Embraer Phenom 300, one Bombardier Learjet 60XR, one Gulfstream 550, 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 13 aircraft.

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 manufacturer and regulatory requirements. ABS Jets is also authorized to perform maintenance for aircraft registered in Russia (RA), Aruba (P4), the United Arab Emirates (A6), the Cayman Islands (VP), the Isle of Man (M), Ukraine (UR), Turkey (TC), 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.

EXECUTIVE HANDLING & 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 2014, the number of ABS Jets monthly aircraft movements at Prague Airport has passed more than 250; 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 10,000 m^2 (107,639 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.

AIRCRAFT SALES & 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 the client, the sales consultants guide the customer through the complex acquisition process of new or pre-owned aircraft and assist 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.

AIRCRAFT CHARTER & 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*
- *Helicopter and yacht rentals*
- *Transfer to/from the airport*
- *VIP lounge reservations*
- *Hotel accommodations*
- *Conference room reservations – for hosting business meetings*

ABS Jets is one of the very few companies in Central and Eastern Europe that has the technical abilities, 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 and 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 – Ruzyne 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 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, 2014:

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

REGISTERED ADDRESS OF THE COMPANY:

ABS Jets, a.s.
K Letisti – Hangar C
161 00 Praha 6 - Ruzyne
Czech Republic
ID No.: 271 63 628

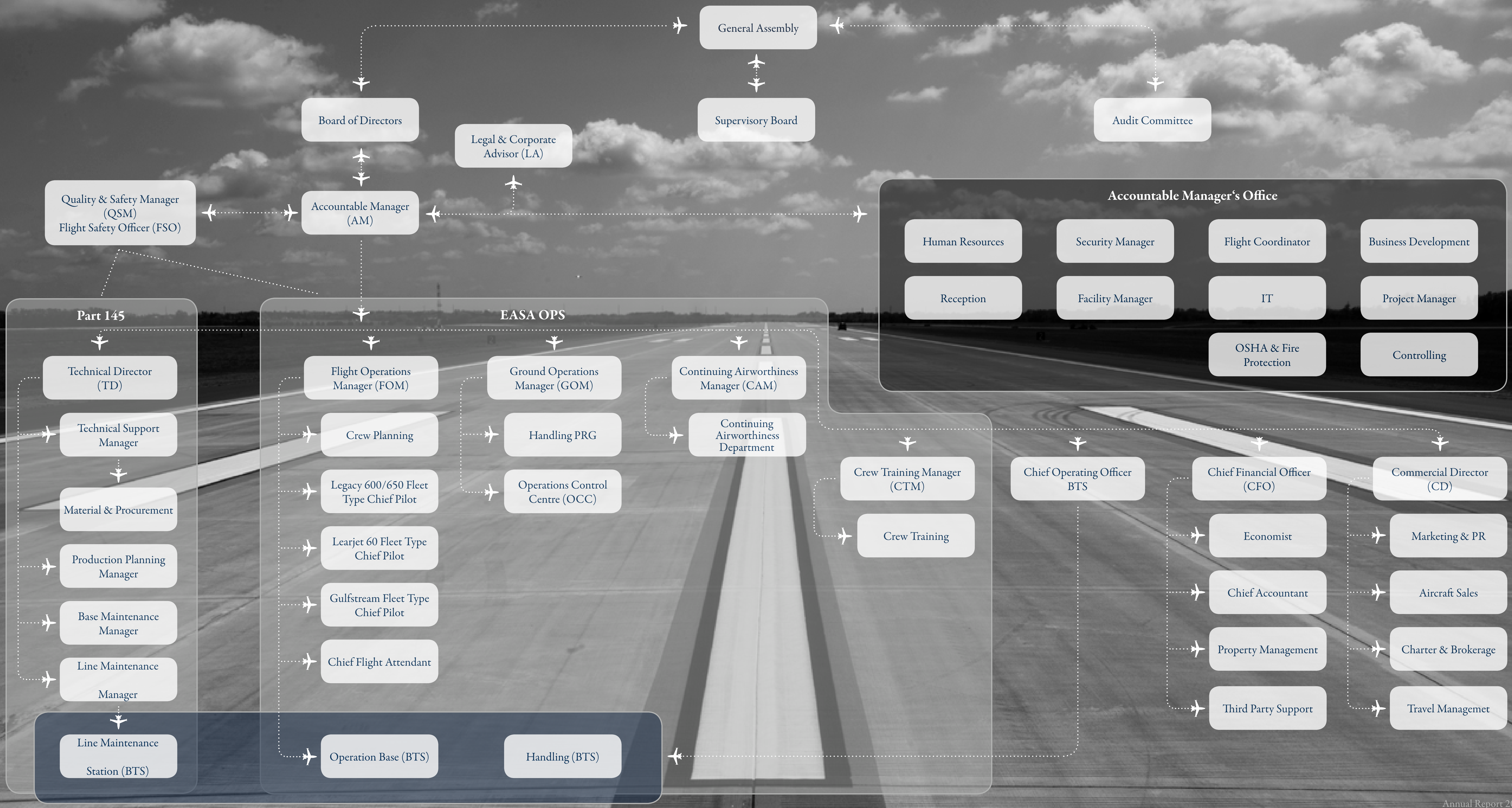
Incorporation in the Commercial Register:
Maintained by the Municipal Court in Prague, Section B, entry 9421

ORGANIZATIONAL UNIT ABROAD:

ABS Jets, a.s., organizacna zlozka
Letisko M. R. Stefanika
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

Organizational structure



Business Activities

Executive Jets Operator

Operational excellence is a pre-requisite for growth. ABS Jets was established in 2004 and is one of the fastest growing European executive jet operators. Based in Prague, Czech Republic and Bratislava, Slovakia, it is a major player in the Central and Eastern European business aviation markets. The company has a fleet of thirteen aircraft and employs 216 highly qualified professionals. It provides world class executive charter services and brokerage, it specializes in aircraft management, aircraft sales, travel management, executive handling and hangering, as well as flight planning and operation support. ABS Jets is a Part-145 approved maintenance organization and an EMBRAER Authorized Service Center. Flight Operations and Services are carried out 24/7 to a global customer base with the capability of an immediate response to any business or personal service request. ABS Jets has proven its one-stop-shop capabilities for business jet operators and executive travelers flying to, from, or transiting Europe. ABS Jets values and truly cares about its client in the region and all around the world.

Aircraft Management

Managing privately owned business aircraft has been one of the main business activities of ABS Jets since its founding in 2004. The activities and measures undertaken over the years have helped reduce the operating and financial demands of the management of our customers' aircraft. It allowed the company to develop and maintain a trend, and achieve its own set objective of presenting business aviation as an effective corporate transport alternative for scheduled commercial airline flights.

A strategic goal from the very beginning was to expand its fleet by at least one new aircraft every year. As of 2014, ABS Jets operates a fleet of eleven aircraft commercially, consisting of six Embraer Legacy 600, two Embraer Legacy 650, one Embraer Phenom 300, one Gulfstream 550, 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.

Besides aircraft management and operation services, consultancy in the selection and purchase of new aircraft is an important service provided by ABS Jets. It is delivered on a comprehensive basis, beginning with making a recommendation as to the suitability of a given type of aircraft to aircraft configuration, followed by ordering, procurement, financing, collection, and eventual delivery to the home base. ABS Jets' long and extensive experience, contacts, and the excellent reputation that ABS Jets enjoys in the Central and East European region have given it a clear and undeniable lead over our competitors.

Aircraft Maintenance

The company's highly efficient maintenance services are handled by a team of internationally qualified technicians, and adhering to manufacturers' and regulatory requirements. The year 2014 will go down in the annals of the Technical Department as one of top performances and successes. With a 19% increase in the number of projects for complete technical service; in 2014 the milestone an annual 50,000 man-hours of work has been exceeded.

ABS Jets has received the approval of by the Russian Aviation Authority to perform and to certify maintenance on Russian registered aircrafts (RA) and can therefore ensure prompt support in all Russian territories. It established the company the preferred maintenance center for all Embraer Legacy aircraft operating in the CIS countries. It resulted in four additional customers for MRO services. Currently, ABS Jets is authorized to perform maintenance for aircraft registered in EASA countries, as well as Russia (RA), Aruba (P4), the United Arab Emirates (A6), the Cayman Islands (VP), the Isle of Man (M), Ukraine (UR), Turkey (TC), Guinea Equatorial (3C). 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.

Also in 2014, ABS Jets has become a Honeywell Authorized Service Center Level 1, as well as a Honeywell Authorized Avionics Dealership. Since 2007, ABS Jets is an Embraer Approved Service Center (EASC) for Line and Base Maintenance as well as for warranty coverage for specific types of private jets. The quality and reliability of the work of the ABS Jets maintenance teams has been recognized by Embraer as evidenced by the joint activities during the Winter Olympic Games in Sochi, Russia, helping ensure on-site technical support.

In the last quarter of 2014, ABS Jets and the Czech Technical University in Prague started implementing a training program on the principles of lean maintenance. The program that is based on the Japanese Kaizen philosophy aims to make positive culture changes on a regular basis to improve the working methods and production processes. It has already shown positive results in terms of reducing aircraft ground time.

The growth of ABS Jets' Technical Department is primarily influenced by efficiency, effectiveness and its demonstrable experience with Embraer products.

Aircraft Charter and Brokerage

ABS Jets offers Aircraft Charter and Brokerage services for flights anywhere in the world. 'Any' destination includes truly hard-to-reach locations. Throughout 2014, ABS Jets has strengthened its position in the local, regional, and international charter markets. there was a greater use of ABS Jets' own fleet of aircraft to meet the demand of external clients on the open market, however a significant part of capacity was still used by aircraft owners for their professional activities. The sales department aims to offer optimal charter solutions for its customers' needs and expectations of private and efficient air transportation. A significant increase of approx. 70% was recorded in flying hours in the Super Midsize jet segment. 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.

Due to the growing demand for charter services, in the second half of the year, the Sales department went through a thorough reorganization which involved staffing changes. The new Supervisor of the Charter and Brokerage Department was bestowed upon a person who rejoined the company after maternity leave and who had joined ABS Jets as Operations Dispatcher in 2004, the year the company was founded and later became Chief Operations Dispatcher. The objective is to achieve maximum synergy in terms of implementation of certified operational procedures and processes as well as in the area of trading with free aircraft capacity.

As an ongoing process of promotional activities and through continuous exposure in the media, ABS Jets creates awareness for its services and the advantages of business aviation. Various presentations are made including special sessions for representatives of private banks and financial institutions. ABS Jets' increased the number of charter flights for a growing customer portfolio, and the widening of its network of partner operators are both the results of its presence at major international business aviation conferences and exhibitions.

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
- Helicopter 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 has the technical abilities, 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 and are internationally recognized.

Ground Handling

ABS Jets handled its 10,000th flight at Vaclav Havel Airport Prague in 2014. The year-on-year growth was nearly 20% in the number of business aviation jet rotations. ABS Jets has witnessed steadily increasing demand for handling services since it became a licensed handling agent at the airport in 2008.
The current rise in Handling Department activities is mostly the result of a larger number of foreign clients operating flights to Prague but also ABS Jets' own fleet expansion and increased traffic. To meet the growing demand and activities, additional qualified team members were hired and state-of-the-art equipment and technology was acquired to guarantee the highest quality service. ABS Jets has made considerable investments in the employee training department in 2014. All executive handling team members were trained and certified by business jet manufacturer Gulfstream to handle and operate their various aircraft types.

In 2014, ABS Jets' hangar capacity in Prague was was filled to maximum capacity again. The availability of 10.000 square meters of hangar space contributes to being a preferred service provider.
ABS Jets provides all executive ground services and hangaring for the fleet of seven aircraft of its Czech customer Aeropartner. In addition, ABS Jets provides it's dispatch services.

The handling division of the ABS Jets branch at M.R. Stefanik Airport in Bratislava managed to maintain superior quality of its services given the volume of commercial ABS Jets flights. Its outstanding results were achieved in spite of the fact that the facility is only provisional and for the time being the conditions cannot match the ones currently available in Prague.

The success of ABS Jets' executive handling services is based on three elements.
It has a dedicated team with handling expertise from very light jets to heavy jets. Being an established business jet operator itself, gives it the competitive advantage to fully understand the needs and requirements of demanding business jet customers. Clients are always treated with the same courtesy and high quality standards that were initially established for the executive handling services for its own fleet and aircraft owners when the company commenced its operations.

Flight Planning

ABS Jets operates a flight department to take care of its own fleet of aircraft but it also provides flight planning services to operators around the world. The Flight Planning system of ABS Jets supports up to 260 types of aircraft. Experienced and highly qualified dispatchers apply their flight planning expertise to optimize flight efficiency while minimizing costs. The Operation Control Center (OCC) prepares complete flight plans, flight clearances and landing permits, NOTAM briefings, and all necessary documentation. The team is available 24/7 and is prepared to respond with rapid assistance, support, and advice. ABS Jets also takes care of associated arrangements and services such a hotel accommodations and crew transfer.

In 2014, the OCC's growth is substantial and flight planning capacities were extended with the increased demand. Business aircraft operators and owners from abroad are seeking to outsource flight-planning services on either a part- or full-time basis as they do not intend to invest setting up their own OCC facilities. The growing confidence from clients coming from the Americas is very encouraging. The contracts that are signed with Chinese clients prove that ABS Jets' competences and services are appreciated worldwide.

ABS Jets follows a different concept than is usually expected from companies providing flight planning. Its philosophy is based on a personal approach and the dispatchers know every client very well. Clients know the ABS Jets team, which makes the communication easy and effective. Understanding the client pilots' needs is the key element. Customer is like a crew member of its own fleet. It is like a 'family friendship' atmosphere between our flight support team and the clients' team. Our dispatchers are always very well briefed about actual flight trips.
The Flight Planning Department participated in several unusual projects in 2014. A Czech aircraft manufacturer had to make a delivery flight to some of the most challenging airports in the mountains of Nepal. The complete trip planning and flight support was handled by ABS Jets.
As in previous years the company has made a strong contribution towards the support and leadership of student projects in the area of aviation dispatch, as well as by expert counseling on student graduate work.

The ABS Jets OCC Department continues to proceed in expanding its knowledge base, implementing new elements and processes to enhance the safety of the flight and ground operations of the company, and the optimization of staffing throughout the department's 24-hour operation.

Aircraft Sales

In 2014, the aircraft sales department was focused on expanding its collaboration with the world's leading business jet manufacturers. It enables the company to offer its customers a widespread variety of options when it comes to purchasing an aircraft. This strategy resulted in a significant widening of the product portfolio. In cooperation with major business jet manufacturers, ABS Jets arranged several demonstration flights for potential prospects. Because of its synergy dynamics and cost optimization, ABS Jets is able to promote aircraft management services. It also enables offering competitive purchasing conditions to potential customers when their aircraft becomes a part of the ABS Jets fleet. The successes of the ABS Jets sales team to increase the demand for new and different aircraft types lead to an even closer cooperation with various business jet manufacturers.

The increase in the number of aircraft sales by the department was the result being able to respond to the growing demand of newly certified aircraft such as the Embraer Legacy 500 and 650, Gulfstream 550 and 650, Bombardier Learjet 75, Challenger 350, Global series and Dassault Falcon 2000S.

ABS Jets has upheld its leadership position in business jet sales in the Czech Republic and Slovakia. In 2014 another Embraer Legacy 650 was sold and added to the fleet managed aircraft which means that the company's long-term strategic goal of adding at least one aircraft per year was met again. ABS Jets also assisted in the aircraft delivery of four aircraft in the Czech Republic: Embraer's Phenom 300, Legacy 600 and 650 as well as a Gulfstream 550.

ABS Jets' Commercial Department focuses on enhancing cooperation with leading international aircraft suppliers in order to be able to offer potential clients abroad range of options. Prospective buyers are offered the possibility to include their aircraft into the ABS Jets fleet of managed aircraft with its range of benefits for the owner. Various types of aircraft were offered through the professionals of banks and financial institutions who have participated in special informational seminars. Promotional activities to create awareness for the advantages of private aviation helped to build a greater interest in ABS Jets' services.

Flight Department

ABS Jets added during the year another one Legacy 650, one Embraer Legacy 600 and one completely new aircraft type, a Gulfstream G550. The additional aircraft required increasing the total number of pilots and flight attendants. By the end of the year the Flight Department permanently employed at its bases in Prague and Bratislava total of 52 crew members – 34 pilots and 18 flight attendants. For 8 aircraft Embraer Legacy 600 there was a total of 26 pilots and 14 flight attendants, for the LR60XR; 4 pilots and 2 flight attendants and for the new G550; 4 pilots and 2 flight attendants.

During the course of 2014 ABS flight crews safely clocked 3.700 flight hours and operated 2.100 flights. The excellent utilization of our fleet is best illustrated by the average number of ten flights per day and a take-off and landing carried out every 4 hours.
To comply with new European regulations, in 2014 all parts of the Operations Manual were updated in order to obtain the approval of the aviation authority. The regular audit of the civil aviation authority for the renewal of the company's Air Operator's Certificate (AOC) has not shown any shortcoming in flight operations and procedures. Local aviation authorities abroad have not detected or recorded any findings of significance during random inspections of ABS Jets aircraft. Compliance with approved flying staff training programs required that a total of 234 ground and simulator training sessions were conducted. Each ABS Jets pilot spent an average of 27 hours in the classroom or self-study on the computer, and flight attendants completed 14 hours of training. Every pilot flew 16 hours in simulator sessions; all the pilots together spent a total of more than 250 hours per year on simulators. All training and examinations on simulators for the Legacy-type aircraft were covered by in-house instructors and examiners. Evaluation of flight data recorders were continuously monitored and used for crew training purposes and for the continuing process of standardization of operational and training practices among all types of aircraft.

ABS Jets has trained its Embraer Legacy pilots and obtained permission for Low Visibility Operation. Embraer Legacy planes can now take-off at a minimum visibility of 125 m and land with the visibility of 300 m and cloud base of only 30 m.

Business Report

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.

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 management and employees are standard at ABS Jets. This allows us to rely on well-trained, capable, and motivated employees.

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

Staffing in 2014 was carried out in accordance with current legislation in this area. At year end ABS Jets totaled 216 employees. The number of ABS Jets employees was extended by several students from universities and vocational schools, who started to work as trainees for ABS Jets during their studies and aiming to gain experience and widening their knowledge in the field.

In the past year, the company invested an amount of TCZK 16,421 into the education of its employees. Nearly TCZK 4,755 of that amount was spent on regular training of its flight crews and another TCZK 4,190 on the training of employees of the technical department.

In the framework of its corporate social program, ABS Jets contributed to pension insurance products and also supported cultural, sport and educational activities of its workforce.

In 2014, much attention was given to streamlining the structure of our professional work force. Improvements were made in the working environment as well as in the channels of internal communication.

The Human Resources department considers the anticipation of required human capital for the company and the planning to meet those needs, essential for improving its services. A skilled and qualified workforce is the most important resource for excellent performance and meeting the needs of a demanding clientele. In the recruitment and selection procedures, besides focusing on current qualifications and personality of candidates, the department examines their potential for the development of new services by ABS Jets.

2015 Objectives

The most important goals of ABS Jets for 2015 can be summarised in the following points:

ABS Jets will continue to expand its fleet by least one aircraft per year.

The acquisition of new external clients for aircraft purchasing, executive handling, flight planning, aircraft maintenance, and charter and broker services will be intensified.

Additional licenses for the maintenance of more types of business jets will be obtained.

The quality and effectiveness of the performance of the work force will continually be improved. The ergonomics of the employee's work environment will be enhanced.

The market share of FBO and ground handling services at Prague Airport will be increased.

The company's branch at Bratislava Airport will expand its service portfolio.

Brand promotion and the awareness of the range of services that ABS Jets provides will be intensified in the both local and international media and at industry conferences and conventions.

Business Plan 2015

Business Plan 2015

ABS Jets has established its position as one of the largest operators in private aviation in Central and Eastern Europe, as well as one of the major players beyond that region. It is one of the fastest-growing companies in this dynamic aviation segment. In order to continue the trend and strengthen its position, ABS Jets will set the highest performance standards for itself. The increase in demand and subsequently the number of newly acquired contracts, prove that there is room for further development of the company and its services. This may be realized by territorial expansion or by means of broadening and improving the range of services that are provided. The market in which ABS Jets operates keeps progressing and growing and the company is an integral part of those advances.
In 2014, ABS Jets will continue to invest in its competitiveness, which will result in the acquisition of new know-how, improving the quality of services, reducing costs, and achieving new synergies.
Upgrading the professional qualifications of its team is a key concern since the company operates in a market on which its success stands in direct relation to the quality performance and expertise of its employees.

ABS Jets will amplify its approach of searching for new and innovative ways to optimize the available broad range of resources and expertise and using them for its activities.

It is well understood that the constant upgrading of the fleet is a crucial aspect of maintaining a balanced lease portfolio.

Investments in new business activities are required to keep pace with the changing needs and demands of customers in this dynamic market segment.
Risk management in this environment is not an easy task, but it is well managed.
The ABS Jets operations department develops tailored solutions for key employees providing them with true added value and protection from economic fluctuations.

Escalating sales by means of gaining new clients and networking, goes hand-in-hand with internal improvements, especially in the areas of executive handling, flight planning, charter & brokerage, and aircraft maintenance. The company's objective for next year will be to promote the accessibility and advantages of business aviation among the broadest possible range of potential customers.

Enhanced exposure of the ABS Jets brand and raising awareness for its range of services in the media as well as by participation in conferences, conventions and exhibitions will remain a vital activity.
In terms of the services it offers, ABS Jets accomplished to both keep its existing client base and by winning new customers in the past year. That process will progress in 2015, for one by diversification of the company's activities. It is the main reason why ABS Jets will try to obtain maintenance and service licenses for additional types of business jets. It will enable the company to become service providing partner for the largest possible number of aircraft manufacturers.

In terms of territorial diversification, ABS Jets will focus on its activities in Slovakia. This applies specifically to the expansion of the portfolio of provided services at M.R.Stefanik Airport Bratislava, and the construction of full-fledged FBO (Fixed Base Operator) facilities.
A strategic objective that was again fulfilled in 2014, was the expansion of the fleet by at least one aircraft; this will again be pursued in 2015.
The renovation of hangar and administrative capacities in previous years has proven to be a valuable component of the company's ability to renew itself. The improvement of facilities and capacities will continue either by the renovation of Hangar C in Prague, or the expansion of the services provided by the company's branch in Bratislava.

The reduction of aircraft-related costs for owners and increasing the FBO market share at the home base at Prague Airport, are also key objectives that the company aims 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, 15 June 2015

Ing. Marcel Dostal
Chairman of the Board of Directors

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

Financial Statements

On the basis of our audit, on 30 April 2015 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 2014, 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 ABS Jets, a.s. is set out in Note I 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 about 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 aud it 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 2014, 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."

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 aud it 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, 15. June 2015

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

M. Šegová
Martina Šegová
Director
Licence number 2082

Financial statements as at 31 December 2014 prepared in accordance with IFRS as adopted by the European Union

Company name:	ABS Jets, a.s.
Registered office:	K Letišti – Hangár C, 161 00 Praha 6
Legal form:	joint stock company
Identification number:	271 63 628

Statement of comprehensive income

For the year ended 31 December 2014 / In thousands of Czech crowns (TCZK)

	Note	2014	2013
Revenue	4	1 344 914	1 297 231
Cost of sales	5	-993 060	-968 103
Gross profit		**351 854**	**329 128**
Personnel expenses	7	-258 789	-248 653
Depreciation and amortisation expense	12	-30 529	-30 551
Other operating income	6	8 924	10 100
Other operating expenses	8	-10 511	-12 582
Results from operating activities		**60 949**	**47 442**
Finance income	9	15	70
Finance costs	10	-31 203	-29 220
Net finance costs		**-31 188**	**-29 150**
Profit before tax		**29 761**	**18 292**
Income tax expense	11	-6 652	-4 405
Profit for the period		**23 109**	**13 887**
Other comprehensive income for the period (net of income tax)		--	--
Total comprehensive income for the period		**23 109**	**13 887**

The notes on pages 5 to 47 are an integral part of these financial statements.

Statement of financial position

As at 31 December 2014 / In thousands of Czech crowns (TCZK)

	Note	31 Dec 2014	31 Dec 2013
Assets			
Intangible assets	12	8 654	13 931
Property, plant and equipment	12	458 388	459 218
Non-current trade receivables and other non-current assets		2 777	--
Total non-current assets		**469 819**	**473 149**
Inventories	15	61 106	52 332
Current trade receivables and other current assets	16	237 942	225 634
Cash and cash equivalents		33 287	11 517
Total current assets		**332 335**	**289 483**
Total assets		**802 154**	**762 632**
Equity			
Share capital	17	74 000	74 000
Reserves		5 061	4 379
Retained earnings		104 048	81 621
Total equity		**183 109**	**160 000**
Liabilities			
Long-term bonds issued	19	380 055	379 515
Other non-current financial liabilities	19	--	582
Non-current trade payables and other non-current liabilities	20	20 827	18 116
Deferred tax liabilities	23	643	697
Total non-current liabilities		**401 525**	**398 910**
Loans and borrowings	19	2 455	13 040
Tax liabilities	11	3 116	1 579
Other current financial liabilities	19	582	1 321
Current trade payables and other current liabilities	21	211 367	187 782
Total current liabilities		**217 520**	**203 722**
Total liabilities		**619 045**	**602 632**
Total equity and liabilities		**802 154**	**762 632**

The notes on pages 5 to 47 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2014 / In thousands of Czech crowns (TCZK)

	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2013	**74 000**	**3 820**	**68 293**	**146 113**
Net profit 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**

	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2014	**74 000**	**4 379**	**81 621**	**160 000**
Net profit for the period	--	--	23 109	23 109
Total comprehensive income for the period	**--**	**--**	**23 109**	**23 109**
Transfer	--	682	-682	--
Balance at 31 December 2014	**74 000**	**5 061**	**104 048**	**183 109**

The notes on pages 5 to 47 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2014 / In thousands of Czech crowns (TCZK)

	Note	2014	2013
OPERATING ACTIVITIES			
Profit for the period		23 109	13 887
Adjustments for:			
Income tax expense	11	6 652	4 405
Depreciation and amortisation	12	30 529	30 551
Gain (-) loss (+) on sale of tangible and intangible assets		-131	8
Gain (-) on sale of materials		-5	--
Net interest expense	10	25 694	25 953
Change in adjustments	6, 8	-617	-2 613
Change in provisions	18	--	-670
Unrealised foreign exchange losses		--	255
Operating profit before changes in working capital		**85 231**	**71 776**
Change in trade receivables and other assets	16	-13 764	-49 583
Change in inventories (including proceeds from sale)	15	-8 769	-10 976
Change in trade payables and other liabilities	21	21 334	7 601
Cash flows generated from operating activities		**84 032**	**18 818**
Interest paid		-25 148	-25 283
Income tax paid	11	-5 169	-2 776
Cash flow generated from (used in) operating activities		**53 715**	**-9 241**
INVESTING ACTIVITIES			
Acquisition of tangible fixed assets	12	-20 785	-15 649
Acquisition of intangible fixed assets	12	-7	-368
Proceeds from sale of tangible and intangible assets	12	131	10
Interest received		--	1
Cash flow used in investing activities		**-20 661**	**-16 006**
FINANCING ACTIVITIES			
Loans and borrowings received	19	2 455	12 970
Loans and borrowings repaid	19	-13 040	-1 844
Cash flow generated from (used in) financing activities		**-10 585**	**11 126**
Net increase (decrease) in cash and cash equivalents		22 469	-14 121
Cash and cash equivalents at beginning of period		**11 517**	**25 894**
Effect of exchange rate fluctuations on cash held		-699	-256
Cash and cash equivalents at end of period		**33 287**	**11 517**

The notes on pages 5 to 47 are an integral part of these financial statements.

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 2014:
- ARTHUR, BRADLEY & SMITH LTD 50% of shares
- BRIDGEHILL LIMITED 50% of shares

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

Identification number:
271 63 628

Entry in the Commercial Register:
maintained with the Municipal Court in Prague, section B, insert 9421

Members of the board of directors as at 31 December 2014:
Marcel Dostal, chairman
Vladimír Peták, member

Members of the supervisory board as at 31 December 2014:
- Petr Horský, chairman
- Markéta Bobková, member
- Stanislav Kučera, member

Changes in the Commercial Register:
In 2014, the following changes were made to the entries in the Commercial Register:
- Number of members of the statutory body: 3
  As at the date of approval of these financial statements, the third member of the statutory body had not been elected.
- Number of members of the supervisory board: 3
- The corporation has conformed to Act No. 90/2012 Coll., on Companies and Cooperatives, as a whole in accordance with Section 777 (5) of the Act.

Based on the decision of the general meeting of 19 June 2012, the audit committee was established.

Organisational structure as at 31 December 2014:
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 30 April 2015.

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 2014 (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 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)
  According to the Company's assessment, IFRS 10, IFRS 11 and IFRS 12 have no impact on the financial statements, as the Company does not hold any investments.

- *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. 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 impaired 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 amendments to IAS 32 and IAS 36 do not have a significant impact on the Company's financial performance and financial position.

The Company is currently analysing the probable impact of the following new standards and amendments to standards not yet effective as at 31 December 2014 and not yet adopted by the European Union:

- Annual Improvements to IFRS – 2010-2012 and 2011-2013 Cycles (effective for annual periods beginning on or after 1 July 2014) and the subsequent Annual Improvements – 2012-2014 Cycle (effective for annual periods beginning on or after 1 January 2016)

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

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.

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 profit or loss 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 2014.

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 16 – Adjustments for doubtful receivables

Note 18 – Provisions

Note 27 – Contingencies

Change in accounting policies
The accounting policies applied in preparing the financial statements are consistent with the policies applied to the financial statements as at 31 December 2013, taking into account the above analysis of the impact of standards and amendments to standards effective for annual periods beginning on 1 January 2014.

3. Significant accounting policies applied by the Company

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

(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 land and structures, including buildings, regardless of their cost and useful life, and individual movable assets 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 amortisation

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, which are accounted for in accordance with Note 3(b) (i), 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) Leased assets

(i) Finance leases

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 made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The remaining balance of finance lease liabilities is presented in other current liabilities (for liabilities due within 12 months of the end of the current period) and in other non-current liabilities (for liabilities due in more than 12 months from the end of the current period).

(ii) Operating leases

Leased assets in respect of which a significant part of the risks and rewards of ownership is retained by another party (the lessor) are classified as operating leases.

Payments, including prepayments, made under operating leases (net of lease incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the term of the lease.

(c) 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.

(d) 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.

(e) 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 translated 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.

(f) Current and deferred 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 (if any) is recorded in tax liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying and tax 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 generally 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.

The Company operates in several segments, with revenue in individual segments recognised as follows:

- Maintenance: Revenue is recognised in the month in which maintenance is completed.
- Handling: Revenue is recognised in the month in which the respective rotation is completed.
- Hangaring: Revenue is recognised in the month to which the service relates. For ad hoc hangaring, revenue is recognised in the month of departure.
- Flights and related services: Revenue is recognised in the month in which the flight ends.
- Sales: Revenue is recognised as a lump sum for the respective month, or the month in which the flight is completed (for brokerage services).
- Hangars: Revenue is recognised in the month to which the service relates.
- Control centre: Revenue is recognised in the month to which the service relates.
- For all segments, revenue is recognised on an accrual basis, i.e. in the period to which it relates. For more segment information, see Notes 3 (k) and 25.

(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 accounting policy 3(i)).

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.

Interest-bearing loans, borrowings and bank overdrafts

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

The Company commonly utilises bank overdrafts to finance its 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 that is due within one year from the date of the 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 recognised 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 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.

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.

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

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), and reclassifications of amounts (losses) previously recognised in other comprehensive income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, on finance leases and on bonds issued, interest charges related to finance leases, bank charges, 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) A related party is a person or entity that is related to the entity that is preparing its financial statements (the "reporting entity").

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.

b) 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).

4. Revenue

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Revenue from flights	761 954	728 897
Revenue from services	582 960	562 095
Other	--	6 239
Total	**1 344 914**	**1 297 231**

For a detailed analysis of revenue by segment, see Note 25.

5. Cost of Sales

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Lease of aircraft*	402 695	482 838
Aviation fuel	110 241	88 676
Aircraft spare parts	56 427	52 109
Airport charges	45 146	37 110
Catering	24 681	23 371
Navigation charges	26 098	21 074
Handling	30 332	24 681
Fees for replacement of spare parts	26 964	34 795
Accommodation	23 539	16 416
Training and workshops	16 421	12 999
Labour hire	11 552	8 620
Meal allowance	10 549	7 708
Repair of aircraft	55 714	12 947
Repair of spare parts	17 816	18 174
Travel expenses	8 347	10 618
Lease of land and buildings	9 335	7 411
Change service	7 232	4 677
Other services	109 971	103 879
Total	**993 060**	**968 103**

** For more information on the lease of aircraft, see Note 13.*

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

6. Other operating revenues

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Contractual penalties and default interest	965	442
Insurance benefits	859	2 065
Net gain on sale of materials	5	--
Net gain on sale of tangible fixed assets	131	--
Refunded VAT	1 182	674
Recognition of receivables from employees	1 560	1 074
Write-off of payables	221	886
Release of adjustments	1 310	--
Stock-taking differences	306	757
Other	2 385	4 202
Total	**8 924**	**10 100**

7. Personnel expenses

Average number of executives and employees and personnel expenses for 2014:

	Number	Wages and salaries	Social security and health insurance expenses	Social expenses	Adjustment to personnel expenses due to untaken holidays	Total
Executives	7	19 654	3 627	50	173	23 504
Employees	194	180 983	50 774	3 218	310	235 285
Total	**201**	**200 637**	**54 401**	**3 268**	**483**	**258 789**

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

	Number	Wages and salaries	Social security and health insurance expenses	Social expenses	Adjustment to personnel expenses due to untaken holidays	Total
Executives	8	17 762	1 732	81	-143	19 432
Employees	176	176 739	50 121	3 138	-777	229 221
Total	**184**	**194 501**	**51 853**	**3 219**	**-920**	**248 653**

In 2014 and 2013, except for the above personnel expenses attributable to executives, members of the board of directors and the supervisory board did not receive any benefits.

8. Other operating expenses

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Net loss on disposal of tangible fixed assets	--	8
Taxes, fees and visas	2 070	1 833
Additions to adjustments, write-off of receivables	693	2 613
Insurance	6 661	6 429
Other operating expenses	1 087	1 699
Total	**10 511**	**12 582**

9. Finance income

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Interest income	--	1
Other finance income	15	69
Total	**15**	**70**

10. Finance cost

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Interest expense	25 694	25 953
Net foreign exchange loss	3 049	256
Other	2 460	3 011
Total	**31 203**	**29 220**

11. Current and deferred tax

Income tax recognised in the statement of comprehensive income

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	2014	2013
Current income tax:		
Current tax for the period	6 621	4 433
Adjustments for prior periods	85	--
Withholding tax	--	--
Total current tax	**6 706**	**4 433**
Deferred income tax:		
Origination and reversal of temporary differences	-54	-28
Total deferred tax	**-54**	**-28**
Total income tax recognised in the statement of comprehensive income	**6 652**	**4 405**

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 2013 and 2014.
In 2014, the income tax provision of TCZK 6 710 (2013 – TCZK 4 353) was reduced by income tax prepayments of TCZK 3 679 (2013 – TCZK 2 774). The adjustment to tax payable for previous years totals TCZK 85 (2013 – TCZK 0). The resulting liability of TCZK 3 116 (2013 – TCZK 1 579) is presented in tax liabilities.

11. Current and deferred tax (continued)

Reconciliation of effective tax rate

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	%	2014	%	2013
Profit/(loss) for the period before tax		**29 761**		**18 292**
Income tax using the Company's domestic tax rate	19%	5 655	19%	3 475
Effect of temporary differences between local GAAP and IFRS	0.2%	54	0.3%	55
Non-deductible expenses	3.7%	1 107	14.0%	2 557
Tax exempt income	-0.4%	-110	-9.0%	-1 654
Total income tax recognised in comprehensive income	**23%**	**6 706**	**24%**	**4 433**

12. Fixed assets

(a) Intangible fixed assets

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	Software	Other intangible fixed assets	Intangible assets under construction	Total
Cost				
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**
Balance at 1 Jan 2014	**25 664**	**3 796**	**89**	**29 549**
Additions	2 480	--	--	2 480
Disposals	-44	--	--	-44
Transfers	89	--	-89	--
Balance at 31 Dec 2014	**28 189**	**3 796**	**--**	**31 985**
Accumulated amortisation				
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**
Balance at 1 Jan 2014	**12 690**	**2 928**	**--**	**15 618**
Amortisation expense	7 303	454	--	7 757
Disposals	-44	--	--	-44
Transfers	--	--	--	--
Balance at 31 Dec 2014	**19 949**	**3 382**	**--**	**23 331**
Net book values				
At 31 Dec 2013	**12 974**	**868**	**89**	**13 931**
At 31 Dec 2014	**8 240**	**414**	**--**	**8 654**

12. Fixed assets (continued)

(b) Tangible fixed assets	Land	Buildings	Machinery, equipment and vehicles	Low value assets	Tangible assets under construction	Advances	Total
Cost							
Balance at 1 Jan 2013	**74 134**	**395 794**	**55 752**	**4 881**	**137**	**57**	**530 755**
Additions	--	11 074	3 695	793	85	61	15 708
Disposals	--	--	-273	-233	--	-57	-563
Transfers	--	582	--	--	--	--	582
Balance at 31 Dec 2013	**74 134**	**407 450**	**59 174**	**5 441**	**222**	**61**	**546 482**
Balance at 1 Jan 2014	**74 134**	**407 450**	**59 174**	**5 441**	**222**	**61**	**546 482**
Additions	--	16 584	3 801	1 321	1 068	--	22 774
Disposals	--	--	-1 852	-212	--	--	-2 064
Transfers	--	--	61	--	--	-61	--
Balance at 31 Dec 2014	**74 134**	**424 034**	**61 184**	**6 550**	**1 290**	**--**	**567 192**
Accumulated depreciation							
Balance at 1 Jan 2013	**--**	**38 171**	**23 274**	**3 808**	**--**	**--**	**65 253**
Depreciation expense	--	13 688	7 727	1 081	--	--	22 496
Disposals	--	--	-270	-215	--	--	-485
Transfers	--	--	--	--	--	--	--
Balance at 31 Dec 2013	**--**	**51 859**	**30 731**	**4 674**	**--**	**--**	**87 264**
Balance at 1 Jan 2014	**--**	**51 859**	**30 731**	**4 674**	**--**	**--**	**87 264**
Depreciation expense	--	14 284	7 581	907	--	--	22 772
Disposals	--	--	-1 020	-212	--	--	-1 232
Transfers	--	--	147	-147	--	--	--
Balance at 31 Dec 2014	**--**	**66 143**	**37 439**	**5 222**	**--**	**--**	**108 804**
Net book values							
At 31 Dec 2013	**74 134**	**355 591**	**28 443**	**767**	**222**	**61**	**459 218**
At 31 Dec 2014	**74 134**	**357 891**	**23 745**	**1 328**	**1 290**	**--**	**458 388**

Major additions to fixed assets in 2014 included a technical improvement to Hangar C purchased from the lessee at the end of the lease, totalling TCZK 12 598; renovation totalling TCZK 3 986; and the acquisition of new storage system licences, amounting to TCZK 2 231.
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. Except for the assets described in Note 19, none of the Company's assets are pledged.

Machinery, equipment and vehicles also include machinery and equipment acquired under finance leases. The total net book value of this machinery and equipment as at 31 December 2014 was TCZK 2 170 (2013 – TCZK 2 785).

13. Leased assets

Operating leases
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 non-residential premises in Kunovice, and an office and an information booth at Václav Havel Airport. In 2014, the total cost of the leases amounted to TCZK 7 797 (2013 – TCZK 6 949).

Lease payments under non-cancellable operating leases are payable as follows:

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Less than one year	5 563	5 486
Between two and five years	22 253	21 944
More than five years	94 571	98 748
Total	**122 387**	**126 178**

The cost of the lease of aircraft as disclosed in Note 5 relates to aircraft leased from related and third parties. The Company does not have its own aircraft. Instead, based on customer demand, it uses special operating leases to lease aircraft, which it then subleases to its customers. The cost of the lease of aircraft depends on the type of aircraft leased and the amount of hours flown during the lease term. The amount of revenue from flights is also based on the type of aircraft leased and the number of hours flown during the time that the aircraft is leased to the customer. The total term of the special operating lease of individual aircraft is significantly lower than their useful lives. The Company leases 10 aircraft under these special long-term operating leases. In the event of increased customer demand, it uses short-term leases to lease the additional number of aircraft required to satisfy increased demand. The total cost of the lease of aircraft in 2014 was TCZK 402 695 (2013 – TCZK 482 838).
In 2013 the Company terminated the lease of a car, the annual cost of which was TCZK 402 for 2013. In 2014 the Company did not lease any cars.

14. Non-capitalised tangible and intangible fixed assets

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:

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Tangible fixed assets	19 401	17 285
Intangible fixed assets (software)	1 596	1 248
Total	**20 997**	**18 533**

15. Inventory

At the stocktaking held on 31 December 2014 the Company identified inventories of TCZK 61 106 (2013 – TCZK 52 332), of which 90% represent spare parts for aircraft where the most expensive ones are spare parts for engines and recording equipment.

16. Current trade receivables and other current assets

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Trade receivables (a)	162 321	136 891
Advance payments	12 062	5 740
Estimated receivables (b)	50 199	75 207
Other receivables	4 186	2 410
Prepaid expenses (c)	7 056	4 558
Tax receivables excluding current tax	2 118	828
Balance at the end of the period	**237 942**	**225 634**

a) Current trade receivables total TCZK 162 321 (2013 – TCZK 140 438), of which TCZK 69 469 (2013 – TCZK 42 706) is overdue. An adjustment of TCZK 2 238 (2013 – TCZK 3 547) was set up at 31 December 2014 for doubtful receivables.
(b) Estimated receivables of TCZK 50 199 as at 31 December 2014 (2013 – TCZK 75 207) primarily include uninvoiced revenue from aircraft maintenance and flight sales.
(c) Prepaid expenses primarily comprise costs of TCZK 3 705 (2013 – TCZK 2 485) related to the subscription to navigation databases for aircraft and other databases for the Company's operations, insurance costs of TCZK 1 125 (2013 – TCZK 1 078), training costs of TCZK 973 (2013 – TCZK 0) and other deferred costs of TCZK 1 253 (2013 – TCZK 995).

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

17. Registered capital

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	Registered capital
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
Balance at 31 December 2014	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

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	Other	Total
Balance at 1 January 2013	670	670
Addition	--	--
Release	-670	-670
Utilisation	--	--
Balance at 31 December 2013	--	--

The Company did neither create nor utilised any provisions in 2014.

19. Financial liabilities

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Non-current financial liabilities		
Long-term bonds issued (a)	380 055	379 515
Other financial liabilities (b)	--	582
Total	**380 055**	**380 097**

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Current financial liabilities		
Bank loans (b)	2 455	13 040
Other financial liabilities (b)	582	1 321
Total	**3 037**	**14 361**

(a) Long-term bonds issued

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	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**

	Number of bonds	Nominal value per bond	Total
Balance at 1 January 2014	127	3 000	381 000
Total bonds issued	--	--	--
Repurchase	--	--	--
Balance at 31 December 2014	**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 on 30 September 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.
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.
Liabilities arising from the bonds issued are secured by the established security interest in the hangar buildings and a plot of land in the ownership of the Company. At the time of bond issue, the carrying value of pledged hangar buildings and land was TCZK 422 649 and the proportion between the value of security interest and the amount of related liabilities was 93.2%. This proportion further increased in 2011 as a result of the repurchase of part of the bonds issued as shown above. The carrying value of pledged hangar buildings and land at 31 December 2014 was TCZK 429 578.

19. Financial liabilities (continued)

(b) Loans and other financial liabilities

31. december 2014

	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years
Loan KTK* JT	CZK	3M PRIBOR + 7%	30/7/2015	5	5	5	--
Loan KTK* KB	CZK	13% p.a.	20/1/2015	2 450	2 450	2 450	--
Total				**2 455**	**2 455**	**2 455**	--
Other financial liability 1	CZK		15/8/2015	215	215	215	--
Other financial liability 3	CZK		15/11/2015	106	106	106	--
Other financial liability 4	CZK		1/9/2015	208	208	208	--
Other financial liability 12	CZK		15/4/2015	53	53	53	--
Total				**582**	**582**	**582**	--

* overdraft

31. december 2013

In TCZK	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years
Loan KTK* VUB	CZK	1M PRIBOR + 1.9%	7/5/2014	12 027	12 027	12 027	--
Loan KTK* JT	CZK	3M PRIBOR + 7%	1/8/2014	12	12	12	--
ABS PR credit cards	CZK		indefinite	1 001	1 001	1 001	--
Total				**13 040**	**13 040**	**13 040**	--
Other financial liability 1	CZK		15.8.2015	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**

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 to these assets.
In 2014 the Company drew TCZK 2 450 from a KB overdraft with a credit line of up to TCZK 5 000. In addition, the Company repaid a VÚB overdraft with a credit line of up to TCZK 30 000. The overdraft balance as at 31 December 2013 totalled TCZK 12 027.
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 payables and other non-current liabilities

In 2013 the Company received long-term advances of TCZK 18 496 (2013 – TCZK 14 925) related to the operation of aircraft.
Other non-current liabilities comprise long-term leases of TCZK 349 (2013 – TCZK 1 093), described in detail in Note 22, and other payables of TCZK 1 982 (2013 – TCZK 2 098).
For information on transactions with related parties, see Note 26.

21. Current trade payables and other current liabilities

Year ended 31 December 2014 / All amounts are shown in thousands of Czech crowns "TCZK"	31 December 2014	31 December 2013
Trade payables (a)	117 161	77 022
Operating advances received (a)	22 500	28 203
Short-term finance leases	731	691
Estimated payables (b)	35 609	44 535
Other payables (b)	31 422	33 623
Other current tax liabilities (c)	3 944	3 708
Balance at the end of the period	**211 367**	**187 782**

(a) Current trade payables
Current trade payables total TCZK 117 161 (2013 – TCZK 77 022), of which TCZK 17 723 (2013 – TCZK 26 525) is overdue. Most of short-term advances received represent advances paid for aircraft maintenance (replacement and repairs of spare parts, aircraft repairs and other).

(b) Estimated payables / Other payables
Estimated payables of TCZK 35 609 (2013 – TCZK 44 535) represent uninvoiced expenses incurred for the lease and operation of aircraft (handling, airport and over-flight charges, fuel, etc.) as well as uninvoiced expenses for aircraft maintenance.

Other payables include:

- an accrual of TCZK 6 191 (2013 – TCZK 6 191) in respect of the bond coupon for the period from October to December;
- social security and health insurance liabilities totalling TCZK 5 293 (2013 – TCZK 5 767), of which TCZK 3 078 (2013 – TCZK 3 374) relates to social security and TCZK 2 215 (2013 – TCZK 2 393) to health insurance; none of these liabilities are overdue;
- payables to employees totalling TCZK 11 852 (2013 – TCZK 14 101) arising from unpaid wages and salaries for December;
- payables to employees of TCZK 5 768 (2013 – TCZK 5 290) representing the estimated expenses related to untaken holidays; for more details see Note 7.

(a) Tax liabilities
Tax liabilities amount to TCZK 3 944 (2013 – TCZK 3 708) and primarily represent income tax prepayments relating to employees of ABS Jets, a.s. that had not been transferred to the state budget before 31 December 2014. None of these liabilities are overdue.

22. Finance lease

	Future value of minimum lease payments		Interest		Present value of minimum lease payments	
	2014	2013	2014	2013	2014	2013
Within one year	789	704	45	87	744	617
From two to five years	366	1 104	6	51	360	1 053
Total	**1 155**	**1 808**	**51**	**138**	**1 104**	**1 670**

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

2014	Total lease payments	Paid at 31/12/2014	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Cars	--	--	--	--	--
Machinery and equipment	4 268	3 114	789	366	--
Total	**4 268**	**3 114**	**789**	**366**	--

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**	--

23. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The Company recognised the following deferred tax assets and liabilities:

	31 December 2014 Assets	31 December 2013 Assets	31 December 2014 Liabilities	31 December 2013 Liabilities	31 December 2014 Net	31 December 2013 Net
Temporary differences are attributable to:						
Property, plant and equipment	--	--	-1 901	-1 965	-1 901	-1 965
Trade receivables and other assets	342	545	--	--	342	545
Bonds issued	--	--	-180	-282	-180	-282
Liabilities from untaken holidays	1 096	1 005	--	--	1 096	1 005
Tax asset (liability)	1 438	1 550	-2 081	-2 247	-643	-697
Set off of tax	-1 438	-1 550	1 438	1 550	--	--
Net tax asset (liability)	--	--	-643	-697	-643	-697
Total	--	--	**-643**	**-697**	**-643**	**-697**

In accordance with the accounting policy described in Note 3 (f), 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 2014 and the subsequent years (2013 – 19% for 2013 and the subsequent years).

Movement in temporary differences during the year

	Balance at 31 December 2014	Recognised in profit or loss 2014	Balance at 31 December 2013	Recognised in profit or loss 2013
Property, plant and equipment	-1 901	64	-1 965	-479
Trade receivables and other assets	342	-203	545	446
Liabilities from untaken holidays	1 096	91	1 005	-41
Bonds issued	-180	102	-282	102
Total	**-643**	**54**	**-697**	**28**

24. Risk management and disclosure policies

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 of fluctuations in market prices, such as foreign exchange rates and interest rates, affecting the Company's income or the value of financial instruments. The objective of market risk management is to manage the Company's exposure to foreign exchange and interest rate risks 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 2014 the Company had the following currency risk exposure:

	CZK	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	15 076	16 468	1 659	84	33 287
Trade receivables and other assets*	126 754	90 285	23 349	331	240 719
Total	**141 830**	**106 753**	**25 008**	**415**	**274 006**
Liabilities					
Long-term bonds issued	380 055	--	--	--	380 055
Loans and borrowings	2 455	--	--	--	2 455
Other financial liabilities	582	--	--	--	582
Trade payables and other liabilities*	118 181	68 491	44 805	717	232 194
Total	**501 273**	**68 491**	**44 805**	**717**	**615 286**

*comprises both the current and non-current part

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

24. Risk management and disclosure policies (continued)

As at 31 December 2013 the Company had the following currency risk exposure:

	CZK	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	3 025	7 869	564	59	11 517
Trade receivables and other assets	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 payables and other liabilities	123 212	44 824	37 455	407	205 898
Total	**517 670**	**44 824**	**37 455**	**407**	**600 356**

The following exchange rates applied during the year:

	31 December 2014		31 December 2013	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
EUR	27.533	27.725	25.974	27.425
USD	20.746	22.834	19.565	19.894

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 / (Loss)	
	2014	2013
EUR (5% strengthening)	-1 038	-1 279
USD (5% strengthening)	996	842

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 the bonds issued, bear a fixed interest rate. Liabilities from the bonds issued totalled TCZK 380 055 as at 31 December 2014 (2013 – TCZK 379 515). The instruments bearing a fixed interest rate are not exposed to the risk of fluctuations in market interest rates.

At the reporting date the Company's interest rate profile in respect of the interest rate risk was as follows:

	Carrying amount	
Variable rate instruments	**2014**	**2013**
Financial assets	--	--
Financial liabilities	3 037	14 943

Sensitivity analysis
Given the distribution of fixed and variable rate liabilities and assets, an increase in market 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.

Credit risk exposure by type of counterparty:

As at 31 December 2014	Businesses (non-financial institutions)	Government	Financial institutions	Banks	Individuals	Total
Cash and cash equivalents	473	--	--	32 814	--	33 287
Trade receivables and other assets*	229 212	2 118	--	--	9 389	240 719
Total	**229 685**	**2 118**	--	**32 814**	**9 389**	**274 006**

* include both the non-current and current part

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

* include both the non-current and current part

24. Risk management and disclosure policies (continued)

Credit risk exposure by geographic region

As at 31 December 2014	Czech Republic	Slovak Republic	Ireland	Austria	Cyprus	British Virgin Islands	Russia	Other	Total
Cash and cash equivalents	32 635	652	--	--	--	--	--	--	33 287
Trade receivables and other assets*	77 907	22 909	34 760	9 163	24 676	12 719	9 993	48 592	240 719
Total	**110 542**	**23 561**	**34 760**	**9 163**	**24 676**	**12 719**	**9 993**	**48 592**	**274 006**

* include both the non-current and current part

As at 31 December 2013	Czech Republic	Slovak Republic	Ireland	Austria	Cyprus	British Virgin Islands	Russia	Other	Total
Cash and cash equivalents	8 796	2 721	--	--	--	--	--	--	11 517
Trade receivables and other assets*	75 735	11 338	41 123	25 582	16 207	12 144	5 041	38 464	225 634
Total	**84 531**	**14 059**	**41 123**	**25 582**	**16 207**	**12 144**	**5 041**	**38 464**	**237 151**

* include both the non-current and current part

(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 receivables and other assets

	2014	2013
Not past due – current and non-current (net)	171 250	176 343
Past due – current and non-current (net)	69 469	49 291
Total	**240 719**	**225 634**
A – assets in respect of which an adjustment has been established (past due and impaired)		
- gross	2 238	3 547
- specific adjustment	-2 238	-3 547
- general adjustment	--	--
Net	--	--
B – assets in respect of which an adjustment has not been established (past due)		
- past due < 30 days	27 191	24 445
- past due 31-60 days	10 262	11 093
- past due 61-90 days	8 582	2 586
- past due 91-180 days	10 863	2 277
- past due 181-365 days	10 055	5 398
- past due >365 days	278	-55
Net	**67 231**	**45 744**
Total	**69 469**	**49 291**

The movement in the adjustment for impairment in respect of financial assets during the year ended 31 December 2014 and 31 December 2013 was as follows:

Balance at 1 January 2013	**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**
Impairment losses recognised during the period	470
Reversal of impairment loss recognised during the period	-1 797
Write-offs	--
Foreign currency translation differences	18
Balance at 31 December 2014	**2 238**

The impairment losses in respect of trade receivables and other assets as at 31 December 2014 and 31 December 2013 relate to outstanding balances that are not expected to be repaid by customers, 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 receivables and other assets not past due or past due by up to 90 days. For receivables past due for more than 90 days, the Company establishes adjustments based on an analysis of the credit status and the payment morale of individual customers.
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 in profit or loss.

(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, cash equivalents or other financial assets. 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 (continued)

Maturity of financial assets and liabilities

As at 31 December 2014	Carrying amount	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Undefined maturity or non-interest-bearing
Trade receivables and other assets	240 719	--	--	--	--	240 719
Total	240 719	--	--	--	--	240 719
Long-term bonds issued	380 055	430 530	6 191	18 574	405 765	--
Loans and borrowings	2 455	2 455	2 455	--	--	--
Other secured financial liabilities	582	582	--	582	--	--
Trade payables and other liabilities	232 194	232 194	--	--	--	232 194
Total	**615 286**	**665 761**	**8 646**	**19 156**	**405 765**	**232 194**

Maturity of financial assets and liabilities

As 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
Trade receivables and other assets	225 634	--	--	--	--	225 634
Total	225 634	--	--	--	--	225 634
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 payables and other liabilities	205 898	205 898	--	--	--	205 898
Total	**600 356**	**676 136**	**6 559**	**32 567**	**431 112**	**205 898**

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

(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:

	2014	2013
Total liabilities	619 045	602 632
Less: cash and cash equivalents	-33 287	-11 517
Net debt	**585 758**	**591 115**
Total equity attributable to equity holders of the Company	183 109	160 000
Debt to equity ratio	3.2	3.7

25. Operating segments

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.

25. Operating segments (continued)

Information about operating segments

	Control centre		Handling and hangaring		Hangars		Flights and related services		Sales		Maintenance		Shared services		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
External revenues	42 167	43 372	109 734	98 052	4 041	8 434	761 954	728 897	121 398	163 526	305 620	248 711	--	6 239	--	--	1 344 914	1 297 231
Inter-segment revenue	2 644	2 456	7 285	2 384	--	--	5 956	--	1 110	--	914	--	18	--	--	--	17 927	4 840
Revenues from operating segments	44 811	45 828	117 019	100 436	4 041	8 434	767 910	728 897	122 508	163 526	306 534	248 711	18	6 239	--	--	1 362 841	1 302 071
Interest revenue	--	--	--	--	--	--	--	1	--	--	--	--	--	--	--	--	--	1
Interest expense	--	--	-34	-60	-24 772	-24 783	--	--	--	--	-21	-36	-240	-396	-627	-678	-25 694	-25 953
Depreciation and amortisation	-91	-86	-1 580	-1 533	-16 024	-15 216	-1 278	-1 260	-39	-375	-4 594	-4 642	-6 167	-6 526	-756	-913	-30 529	-30 551
Profit/loss before tax	5 535	5 513	22 095	49 716	5 925	-51 544	6 160	7 092	18 823	28 607	21 901	30 573	-50 393	-51 376	-285	-289	29 761	18 292
Assets	87	74	2 351	11 779	365 831	357 515	2 767	3 378	55	17	10 257	10 094	82 234	87 507	3 460	2 785	467 042	473 149
Additions to intangibles	--	--	--	70	--	--	--	128	--	--	249	170	2 231		--	--	2 480	368
Additions to PPE	69	--	2	--	17 420	12 040	791	187	70	--	3 351	2 763	1 071	718	--	--	22 774	15 708

Revenues	**2014**	**2013**
Revenue for operating segments	1 362 841	1 295 832
Other revenue	--	6 239
Elimination of inter-segment revenue	-17 927	-4 840
Total revenues	**1 344 914**	**1 297 231**

Profit or loss		
Profit or loss for operating segments	80 439	69 957
Other profit or loss	-50 678	-51 665
Elimination of inter-segment profits or losses	--	--
Total profit before tax	**29 761**	**18 292**

Assets		
Assets for reportable segments	381 348	382 857
Assets for other segments	82 234	87 507
Other unallocated assets	3 460	2 785
Total assets	**467 042**	**473 149**

25. Operating segments (continued)

Reconciliations of revenues, profit or loss, assets and liabilities

Other material items 2014	Operating segment totals	Other	Total
Interest revenue	--	--	--
Interest expense	-25 067	-627	-25 694
Depreciation and amortisation	-23 606	-6 923	-30 529

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

In 2014, a total of 13% of the Company's revenues (2013 – 15%) was generated vis-à-vis a single customer. This represented TCZK 170 827 (2013 – TCZK 199 454) in the following segments:

- flights: TCZK 162 523 (2013 – TCZK 189 686)
- sales: TCZK 8 304 (2013 – TCZK 9 768).

26. Related parties

(a) Trade receivables and payables
The following related party balances are included in the trade receivables and payables described in Note 16 and 21 above.

	Receivables at 31 December		Payables as 31 December	
	2014	2013	2014	2013
Aero Group, a.s.	--	264	--	--
Total	--	264	--	--

(b) Transactions with related parties

	Revenue from services for the year		Cost of services for the year	
	Cost of services for the year	2013	2014	2013
Arthur Bradley & Smith a.s.	--	1 929	--	--
Aero Group, a.s.	1 042	5 974	--	--
Total	1 042	7 903	--	--

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.

27. Contingencies

The Company has provided a bank guarantee of EUR 200 000 in favour of ENI S.p.A., valid until 31 December 2015 and a bank guarantee of GBP 15 000 in favour of AIR BP LIMITED valid until 31 March 2016.

28. Fees payable to statutory auditors

	2014	2013
Statutory audit	550	550
Other assurance services	--	--
Tax advisory	--	--
Other non-audit services	--	--
Total	**550**	**550**

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 2014.

Date:	Signature of the authorised representatives:	
30 April 2015		
	Ing. Marcel Dostal	**Vladimír Peták**
	Chairman of the Board of Directors	Member of the Board of Directors

ABS JETS

Annual Report 2014

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