

 **ABS JETS**

2011

Annual report

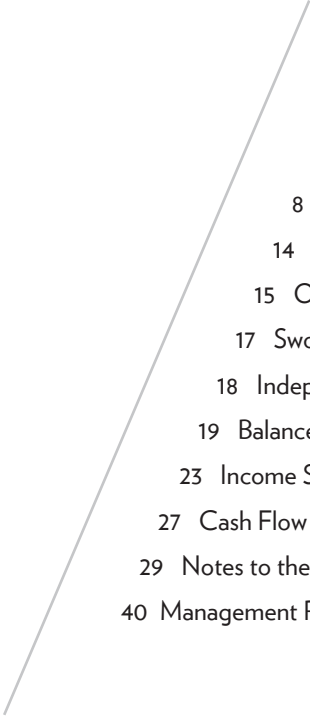
2011

For ABS Jets, 2011 was a time of ongoing investment and reconstruction, with a particular focus on the construction of the new ABS Jets Hangar N, covering an area of almost 6,000 m².

The company is immensely obliged to its shareholders for their trust and to the employees of ABS Jets employees for their professionalism and the hard work they have contributed in pursuit of the company's strategic goals.



Contents



4	Chairman's Statement
5	Corporate Profile
7	Organizational Structure
8	Economic Activity
14	Business Report
15	Objectives and Business Plan for 2012
17	Sworn Statement
18	Independent Auditor's Report to the Shareholders of ABS Jets, a.s.
19	Balance Sheet
23	Income Statement
27	Cash Flow Statement
29	Notes to the Financial Statements
40	Management Report on Related-Party Transactions in 2011

Chairman's Statement

We signed a two-year extension on a contract with Embraer, under which ABS Jets acts as the Czech and Slovak sales distributor for Embraer aircraft. In 2011 we imported one Embraer Phenom 300, and I am confident that it will by no means be the last.

Dear Colleagues, Business Partners, Shareholders, and Friends,

I will attempt to present a brief review of 2011. The biggest event of the year was undoubtedly the completion and commissioning of the new Hangar N. This investment has virtually doubled the company's hangar and operational facilities in an unequivocal show of the unflagging faith placed by ABS Jets and its shareholders in the future – the future of business aviation, the Central European market, and our own company per se. I myself was very pleasantly surprised by the quality, hand-someness and timeliness of the construction of the hangar, for which I would like to put my gratitude to all the contractors on record here.

Another major company project in 2011 was a Eurobond issue refinancing practically all of our bank loans. In acknowledgement of the fact that a bond issue in the order of hundreds of millions of crowns is a highly sophisticated financial operation, I thank all those who helped to make it a success, especially the company's financial department.

We signed a two-year extension on a contract with Embraer, under which ABS Jets acts as the Czech and Slovak sales distributor for Embraer aircraft. In 2011 we imported one Embraer Phenom 300, and I am confident that it will by no means be the last.

The company also built up an operational and handling branch in Bratislava, started providing support for a Gulfstream aircraft based in Moscow, and won several international awards.

I believe that in 2012 the company's steady development will progress and that all units will continue to operate smoothly and effectively without incident. I applaud all employees for their sound, dedicated work. We thank shareholders, business partners and clients for placing their trust in us. We will strive to earn their confidence again in 2012.



David Kyjovský, MBA
Chairman of the Board of Directors

Corporate Profile

Incorporation:

ABS Jets, a.s. (the “company”) was incorporated on 30 June 2004.

Objects of business:

The company’s objects of business are:

- the operation of commercial air transport,
- the development, design, testing, maintenance, repair and modification of, and structural changes to, aircraft, aircraft parts and aviation technology,
- the provision of handling services at Prague – Ruzyně South Airport, including technical and operational aircraft handling on the apron and passenger and baggage check-in, pre-flight preparation and flight monitoring services,
- catering services,
- sales and services on a fee or contract basis,
- rental of immovable property, residential and non-residential premises, with the provision of no services other than basic services ensuring the due running of the immovable property, residential and non-residential premises,
- manufacture, trade and services not specified in Annexes 1 to 3 to the Trade Licensing Act.

The company’s organizational structure in force and effect as at 31 December 2011:

ARTHUR, BRADLEY & SMITH LTD	50 % of shares
BRIDGEHILL LIMITED	25 % of shares
J&T Bank (Switzerland) Ltd.	25 % of shares

Registered office:

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

Registered office of organizational unit abroad:

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



Registration number:

271 63 628

Incorporated in the Commercial Register:

kept by the Municipal Court in Prague, Section B, File 9421

Members of the Board of Directors as at 31 December 2011:

David Kyjovský, Chairman
Vladimír Peták, Member
Mgr. Zdeněk Dvořák, Member

Members of the Supervisory Board as at 31 December 2011:

Petr Horský, Chairman
Markéta Bobková, Member
Stanislav Kučera, Member

Changes in the Commercial Register:

During 2011, the following changes were entered in the Commercial Register:

A change in the company's registered office was entered on 1 August 2011,

Kateřina Šedá's name was deleted from the position of a member of the Supervisory Board on 13 June 2011 (following her resignation as at 27 May 2011),

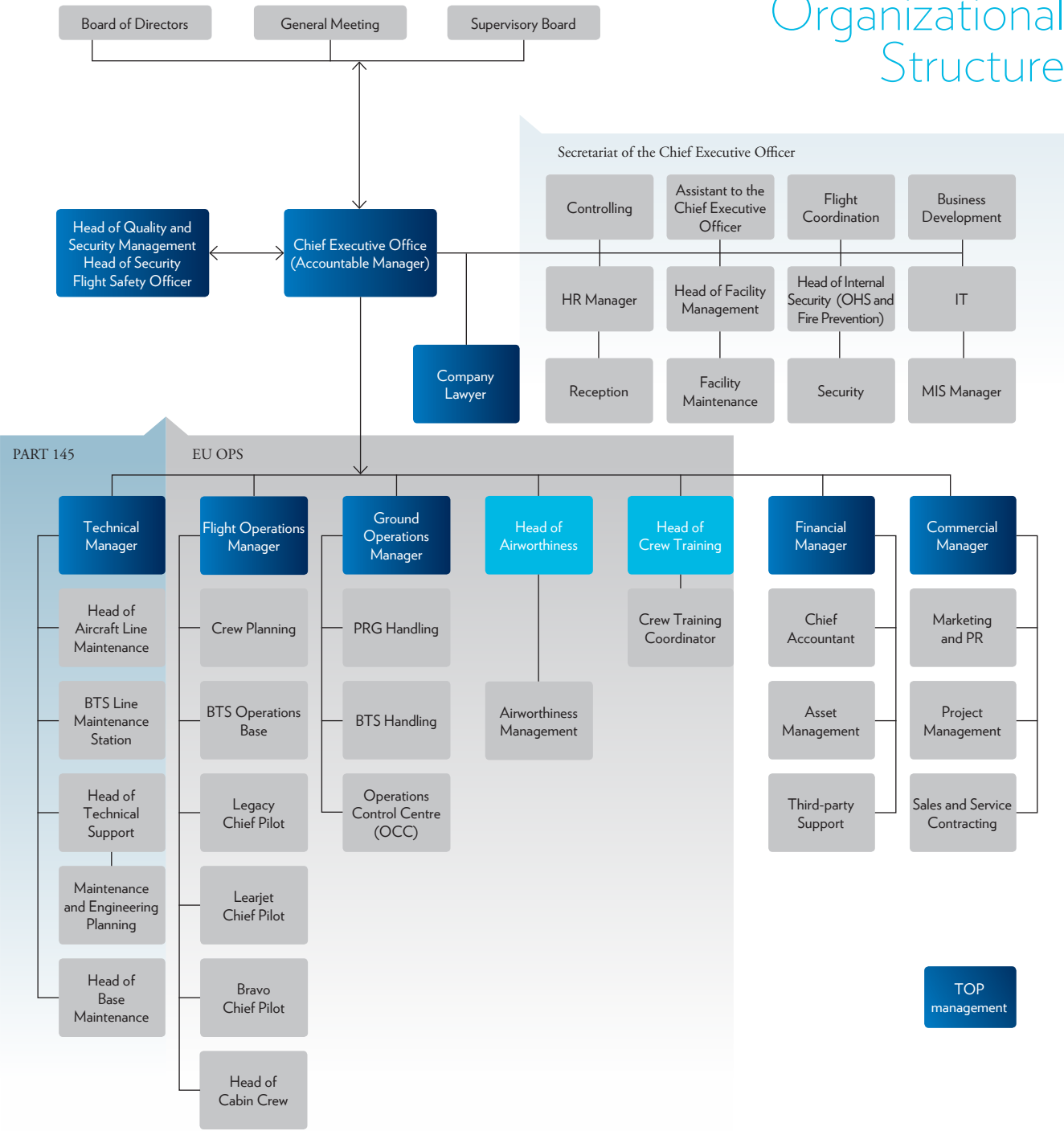
Markéta Bobková was registered as a member of the Supervisory Board on 1 August 2011 (following her election at the General Meeting held on 21 June 2011),

Organizational structure as at 31 December 2011:

see Annex 1



Organizational Structure



Economic Activity



Aircraft Management

Management and operation of privately owned aircraft, consultancy

The management and operation of privately owned aircraft is one of the company's core activities and a service we have offered since ABS Jets was first formed. Our long-standing experience has given us a clear and undeniable head-start over competitors, both in the scope and the quality of service provision.

Besides aircraft management and operation, ABS Jets also provides consultancy services in the selection and purchase of new aircraft. Our consultancy services are provided comprehensively, encompassing the actual recommendation on the suitability of the aircraft type, the aircraft configuration, ordering, financing, collection and delivery to the home base.

One of the company's main strategic and long-term goals is the steady expansion of the fleet by at least one aircraft per

year. In 2011, we met this target during the third quarter, when our fleet grew by a further Gulfstream aircraft based in Moscow.

Intensive negotiations launched in early 2011 with Embraer, the leading global manufacturer, underscored the position of ABS Jets as a market leader in private aviation and resulted in a two-year contract extension for sales of this Brazilian manufacturer's aircraft in the Czech Republic and Slovakia. On signing the ASR (Authorized Sales Representative) contract, ABS Jets started engaging in targeted activities to represent the aircraft manufacturer in Central and Eastern Europe and promote private business jets and private aviation in general.

The marketing programme to promote sales of business jets included a series of Embraer business jet presentation days

in the Czech Republic and Slovakia, as well as far-reaching media support. The growing popularity of Embraer business jets was also borne out by the first Phenom aircraft to be purchased in the Czech Republic and Slovakia, with the sale going through in September 2011. The Phenom 300 purchase and sale had a positive effect on the further development of several ABS Jets corporate sections, especially maintenance, the flights section and flight planning.

By constantly honing its portfolio of services, ABS Jets continues to develop new cost-optimization procedures for the operation of business jets in the existing fleet and for any other aircraft placed under the company's management in the future.



We expect new modern facilities, enabling us to expand rapidly, and the synergistic effect achieved from both our core activities (business jet operation and servicing) to form a basis for further growth in subsequent years.

Aircraft Maintenance

In response to the increasing demand for maintenance of the business jets operated by ABS Jets, the maintenance section was expanded to include a company paint shop and the construction of a composite repair workshop was completed. Everything went according to plan, i.e. it was put into operation in the second quarter of last year.

At the same time, other investments to improve the premises of the techni-

cal section were started and completed. These included the reconstruction of the eastern hall of Hangar C, which is now used solely for maintenance, and the completion and commissioning of the brand new Hangar N. These steps virtually doubled the capacity available for the technical section's needs and requirements.

The expansion of technical maintenance services benefited significantly from the

addition of a new aircraft to the fleet, a Phenom 300, which resulted in the licensing of ABS Jets to perform maintenance on aircraft of this type.

An important step in the development of the ABS Jets maintenance centre was the establishment of maintenance support for clients at Boryspil Airport in Kiev. By providing maintenance support directly in Kiev, we have become much closer to our clients from Eastern Europe.

Executive Handling

ABS Jets has offered comprehensive handling services since 2007. The primary objective in 2011 was to improve services provided to the com-

pany's own fleet in the home base at Prague Ruzyně Airport. The expansion of the fleet and home base was also bolstered by the expansion of han-

dling services at both the airport in Prague and at M. R. Štefánik Airport in Bratislava.

Prague Executive Handling

A significant milestone in the development of ABS Jets in 2011 was the completion of construction of the new Hangar N at Prague Ruzyně Airport. Moving into the new premises opened the door to new handling expansion opportunities for the company. The purchase of the company's own technology for winter maintenance and hangar cleaning guaranteed the handling section's self-sufficiency, while the establishment of the supporting position of station dispatcher paved the way for further improvements in service provision. In 2011, the licence to provide handling services was extended until 2014.

Persistent participation in all major international fairs and the effective promotion of handling and hangaring throughout 2011 contributed to an increase in client numbers by 15% on the previous year. As a result, in terms of handling operations ABS Jets figured among the absolute cream of the providers of these services on a European scale and was number one at Prague Ruzyně Airport.

With its new hangar and other investments, ABS Jets became a leader among both bizjet operators and handling service providers in Central and Eastern Europe.

Bratislava Executive Handling

A key event for Bratislava Executive Handling in 2011 was the opening of new company-owned office space at M. R. Štefánik Airport. This investment in our own new premises will serve as a springboard for the continued development and improvement of handling services in Bratislava in line with the growing demands of our clients in this region.

Prague Executive Handling milestones in 2011:

- the extension of the handling licence until 2014
- the opening of the new ABS Jets Hangar N
- the purchase of the company's own technology for winter maintenance and hangar cleaning
- the establishment of the position of station dispatcher at the handling section
- an increase in the number of rotations (a rise in the number of external clients)
- participation in international expositions and ancillary marketing activities

Bratislava Executive Handling milestones in 2011:

- the extension of the handling licence until 2014
- expansion of the company's own facilities in the form of new offices
- further improvements in the quality of service provision in Bratislava



Aircraft Sales

The aircraft sales section entered 2011 by holding negotiations to extend the ASR (Authorized Sales Representative) agency contract to sell Embraer business jets in the Czech Republic and Slovakia.

In the spirit of the new long-term business and marketing strategy, a marketing plan designed to promote sales of business jets was put into practice for

the first time in 2011. Intensive business jet presentations, in the form of sales and presentation days and flight demonstrations, combined with long-term collaboration with media partners, effective media support and public relations, resulted in the first – and by no means last – sale of a Phenom 300 in the Czech Republic and Slovakia.

In order to raise awareness of the ABS Jets brand and inform the target audience of the benefits of flying business jets, intensive cooperation was launched with Embraer to take journalists on demo flights.



Flight Planning

Pre-flight preparation, planning and monitoring of flights

In the pre-flight preparation, planning and monitoring of flights, the primary focus in 2011 was on enhancing work processes in the field of flight planning. Existing flight planning licences were extended until 2014.

Our team of air flight dispatchers was expanded, enabling us to strengthen our

current non-stop service and accept more requests from clients, not only from among our shareholders and existing clients, but also from external operators the world over. By presenting our services abroad and participating in international exhibitions and conferences, we have managed to record a significant increase in the number of clients.

The quality of our flight planning services is evidenced by ongoing negotiations with one of the world's largest business jet manufacturers on exclusivity in the supply of flight planning services for that manufacturer's demo fleet.



Flight Section

In 2011, the ABS Jets flight section permanently employed 39 crew members (27 pilots and 12 cabin crew) for its bases in Prague and Bratislava, including 19 pilots and nine cabin crew for five Embraer Legacy 600 aircraft, four pilots and two cabin crew for a Learjet 60 XR, and four pilots for a Cessna Citation Bravo. In November, we started the process of selecting crews to serve the Embraer Phenom 300 in 2012.

Over the year, our crews safely clocked up 3,648 flight hours and 2,176 flights. Commercially operated ABS Jets aircraft recorded an average of more than 10 flight hours per day, with a take-off or landing every two hours. Random inspections of our aircraft by local aviation authorities abroad did not detect or report any findings.

To comply with the requirements of approved flight crew training programmes, 230 ground training and simulator training sessions were organized. Each ABS Jets pilot spent an average of 75 hours over the year in classrooms or self-studying on a computer (cabin crew spent an average of 40 hours); in all, pilots spent more than 250 hours of the year flying simulators as part of their regular training and half-yearly examinations. In 2011, the company's in-house instructors and examiners covered all training sessions and examinations in Legacy aircraft simulators.

Findings from assessments of flight recorders were continuously reflected in crew training. The company started the wide-ranging process of standardizing

operating and training procedures for all the types of aircraft in operation.

In 2011, we first introduced a new, superior system to train air crews (pilots + attendants) in how to work together in emergency situations, such as loss of pressure, fire on board, or emergency evacuation.

The quality of the services provided by the flight section was confirmed by the NBAA Commercial Business Flying Safety Award for eight years of operation and 19,938 flight hours without any accidents, damage to baggage or personal injuries, and the Pilot Safety Award for the head of the flight section, Štefan Kukura.



Charter & Brokerage, Travel Management

In 2011, the Charter & Brokerage and Travel Management Departments underwent significant restructuring, changes in staffing, and optimization of individual processes aimed at streamlining the services provided. The expansion of the sales team and the partial restructuring of the sales department were a response to the

positive trend in the increasing demand for our services reported in the past year.

The growing demand was also fuelled by the more intensive promotion of charter flights for corporate clients at fairs such as Boats on the Water, at the BMW Czech Polo Open 2011, and other events, ac-

companied by targeted cooperation with economic and lifestyle media focused mainly on comparing the final price for business jet flights with ordinary airline flights in business class. Not least, the more pronounced ABS Jets fleet presentation on the Avinode web application contributed to the positive sales results.

The internationally respected NBAA
association presented us with a Commercial
Business Flying Safety Award for eight years
and 19,938 flight hours without any accidents,
damage to baggage or personal injuries.



Business Report

Environmental protection

ABS Jet constantly strives to run its business with maximum discretion and minimal environmental impacts.

All facilities and ground support equipment to maintain aviation technology at ABS Jets is used in accordance with user manuals and with regard to environmental protection. Applicable standards and legislation in force are respected. Audits of compliance with all standards are regularly conducted by state-mandated teams and, at the company's own request, by commissioned external bodies and staff.

In the absence of its own source of drinking water, ABS Jets receives supplies as part of its lease agreement. The company outsources the disposal of waste, petroleum products and other specific substances to ensure maximum control and quality of the disposal of waste materials.

ABS Jets views its approach to the environment as a natural part of corporate social responsibility, and in the spirit tries to lead by example.

Human resources

HR operations in 2011 were carried out in accordance with applicable legislation in this field. In 2011, extra staff were recruited for the human resources department to ensure the stable growth and development of company employees. As at 31 December 2011, 183 employees worked for ABS Jets.

During 2011, ABS Jets invested more than CZK 8,102,000 in employee training, of which nearly CZK 3,959,000 was channelled into regular flight personnel training and CZK 1,194,000 was spent on technical personnel training. Besides streamlining the employee structure, the company also paid attention to the creation of new jobs. In order to forge working relations with university students, work experience was offered as an opportunity for them to deepen their knowledge. An equally important benefit for employees was the improvements made to their working environment.

The company's social programme promotes the cultural, sporting and educational interests of employees and

contributes to their supplementary pension plans.

Like most companies on the market, ABS Jets is aware that a skilled workforce is its most important resource, offering potential for improved services and, by extension, company growth.

Research and development

The company spent no funds on research and development in 2011.

Objectives and Business Plan for 2012

The most important objectives to be pursued by ABS Jets in 2012 can be summed up as follows:

the intensive acquisition of new external clients for handling, dispatching and maintenance services

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

an increase in the volume of charter and brokerage transactions and a rise in the company's share of the European charter market

the negotiation of more favourable terms with service suppliers

greater visibility of ABS Jets in the global market and increased brand awareness

the opening of new maintenance stations abroad

the obtaining of a maintenance licence for other types of business jets and the expansion of heavy maintenance to include large Bombardier aircraft

increased skills among employees

improvements in the quality and comfort of the working environment for employees

an increase in the FBO market share at the airport in Prague

the expansion of services provided by the company's organizational unit in Bratislava

2012 business plan

ABS Jets is one of the fastest growing companies in the private aviation market in Central and Eastern Europe. If it is to preserve and deepen this trend while maintaining its privileged status, ABS Jets must keep striving for the very highest of goals.

Our market is constantly evolving and growing. ABS Jets is one of the main initiators of – and integral to – this growth. Only maximum effort, constant expansion and improved services can help us stand our ground and strengthen our position in the face of harsh global competition.

In 2012, the alpha and omega of our activities will again be to improve and expand our services, nurture our employees' skills, and engage in the intensive acquisition of new clients and business contacts.

We are aware that these goals cannot be achieved merely by the further optimization and enhancement of internal processes; other essential factors are openness and clear communication outside the company. With this in mind, in the next year we are keen to place an emphasis on promoting and raising the profile of ABS Jets on the global market by means of media coverage and our active presence at conferences and fairs.

In the coming year we want to work hard on acquiring new external clients, primarily for our handling, dispatching and maintenance services. Our plans to open several new maintenance stations abroad are one way to each this.

In our maintenance operations, we will also focus on risk mitigation by diversification in the heavy maintenance market,

expanding our services to accommodate larger aircraft produced by Bombardier. We would like to expand our maintenance licence to include a new type of aircraft, the Phenom 300, the sale of which we successfully brokered last year.

In terms of sales, we have set ourselves clear goals – to sell at least one small aircraft every year and/or one large aircraft in the next two years. Likewise, another goal is to expand our portfolio of external clients by at least one new aircraft placed under our management every year. We have consistently met this target since 2010.

A further important objective for us in 2012 will be maximum take-up of current charter capacity and the channelling of all charter department activities into obtaining a larger share of the European charter market.

In the wake of significant investments in new hangar and administrative capacities in 2011, this year we are keen to continue the reconstruction of Hangar C in Prague and make further investments in the expansion of services provided at our office in Bratislava. Like last year, this year we plan to reduce further the aircraft-related costs of owners and increase our FBO market share at Prague Ruzyně Airport as our home base.

Sworn Statement

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

Prague, 14 June 2012



David Kyjovský
Chairman of the Board of Directors

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

We have audited the accompanying financial statements of ABS Jets, a.s., which comprise the balance sheet as of 31 December 2011, and the income statement and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of

Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the assets and liabilities of ABS Jets, a.s. as of 31 December 2011, and of its expenses, revenues and net result and its cash flows for the year then ended in accordance with Czech accounting legislation.



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

A handwritten signature in black ink, appearing to read 'Petr Sikora'.

Ing. Petr Sikora
Partner, licence number 2001

Prague, 17 April 2012

Balance Sheet - assets

(non-consolidated)

in thousands of Czech crowns „TCZK“

for the year ended 31 December 2011

Ident.	ASSETS	line	Current period			Prior period
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS (L.02+03+31+63)	001	703 426	- 43 808	659 618	445 106
A.	Receivables for subscribed registered capital	002				
B.	Fixed assets (L.04+13+23)	003	528 246	- 42 755	485 491	272 518
B.I.	Intangible fixed assets (L.05 to 12)	004	23 907	- 3 534	20 373	9 638
B.I.1.	Incorporation expenses	005	67	- 67		
2.	Research and development	006				
3.	Software	007	6 332	- 1 388	4 944	4 925
4.	Intellectual property rights	008				
5.	Goodwill	009				
6.	Other intangible fixed assets	010	4 379	- 2 079	2 300	2 039
7.	Intangible fixed assets under construction	011	13 129		13 129	2 674
8.	Advance payments for intangible fixed assets	012				
B.II.	Tangible fixed assets (L.14 to 22)	013	504 339	- 39 221	465 118	262 880
B.II.1.	Land	014	74 134		74 134	74 134
2.	Buildings	015	384 089	- 25 148	358 941	121 928
3.	Plant and equipment	016	45 991	- 14 073	31 918	15 848
4.	Cultivated areas	017				
5.	Adult livestock	018				
6.	Other tangible fixed assets	019				
7.	Tangible fixed assets under construction	020	68		68	50 170
8.	Advance payments for tangible fixed assets	021	57		57	800
9.	Adjustments to acquired fixed assets	022				
B.III.	Long-term investments (L.24 to 30)	023				
B.III.1.	Investments in group undertakings	024				
2.	Investments in associated companies	025				
3.	Other long-term securities and ownership interests	026				
4.	Loans - group undertakings, associated companies	027				
5.	Other long-term investments	028				
6.	Long-term investments (provisional value)	029				
7.	Advance payments for long-term investments	030				

Ident.	ASSETS	line	Current period			Prior period
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
C.	Current assets (L.32+39+48+58)	031	166 781	- 1 053	165 728	159 659
C.I.	Inventories (L.33 to 38)	032	37 757		37 757	33 502
C.I.1.	Raw materials	033	37 607		37 607	33 499
2.	Work-in-progress and semi-finished products	034				
3.	Finished goods	035				
4.	Young and other livestock	036				
5.	Goods for resale	037				
6.	Advance payments for inventories	038	150		150	3
C.II.	Long-term receivables (L.40 to 47)	039				1 979
C.II.1.	Trade receivables	040				
2.	Receivables - group undertakings	041				
3.	Receivables - associated companies	042				
4.	Receivables from shareholders/owners and alliance partners	043				
5.	Long-term advances paid	044				1 771
6.	Estimated receivables	045				
7.	Other receivables	046				
8.	Deferred tax asset	047				208
C.III.	Short-term receivables (L.49 to 57)	048	122 021	- 1 053	120 968	114 437
C.III.1.	Trade receivables	049	93 509	- 1 053	92 456	83 935
2.	Receivables - group undertakings	050				5 315
3.	Receivables - associated companies	051				
4.	Receivables from shareholders/owners and alliance partners	052				
5.	Social security and health insurance	053				
6.	Tax receivables	054	7 882		7 882	7 275
7.	Short-term advances paid	055	3 490		3 490	3 444
8.	Estimated receivables	056	15 583		15 583	5 682
9.	Other receivables	057	1 557		1 557	8 786
C.IV.	Short-term financial assets (L.59 to 62)	058	7 003		7 003	9 741
C.IV.1.	Cash	059	411		411	599
2.	Bank accounts	060	6 592		6 592	9 142
3.	Short-term securities and ownership interests	061				
4.	Short-term investments (provisional value)	062				
D.I.	Deferrals (L. 64+65+66)	063	8 399		8 399	12 929
D.I.1.	Prepaid expenses	064	8 369		8 369	7 709
2.	Complex prepaid expenses	065				
3.	Accrued revenues	066	30		30	5 220

Balance Sheet - liabilities and equity

(non-consolidated)

in thousands of Czech crowns „TCZK“

for the year ended 31 December 2011

Ident.	LIABILITIES	line	Current period	Prior period
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY (L.68+86+119)	067	659 618	445 106
A.	Equity (L.69+73+79+82+85)	068	133 030	123 123
A.I.	Registered capital (L.70+71+72)	069	74 000	74 000
A.I.1.	Registered capital	070	74 000	74 000
2.	Own shares and ownership interests (-)	071		
3.	Changes in registered capital	072		
A.II.	Capital contributions (L.74 to 78)	073		
A.II.1.	Share premium	074		
2.	Other capital contributions	075		
3.	Revaluation of assets and liabilities	076		
4.	Revaluation reserve on transformations	077		
5.	Differences resulting from transformations	078		
A.III.	Reserve funds, undistributable fund and other funds from profit (L.80+81)	079	3 325	2 690
A.III.1.	Statutory reserve fund / Undistributable fund	080	3 325	2 690
2.	Statutory and other funds	081		
A.IV.	Retained earnings (L.83+84)	082	45 798	33 733
A.IV.1.	Retained profits	083	45 798	33 733
2.	Accumulated losses	084		
A.V.	Profit (loss) for the current period (+/-)	085	9 907	12 700
B.	Liabilities (L.87+92+103+115)	086	519 469	321 146
B.I.	Provisions (L.88 to 91)	087	4 073	3 935
B.I.1.	Tax-deductible provisions	088		
2.	Provision for pensions and other similar payables	089		
3.	Income tax provision	090		
4.	Other provisions	091	4 073	3 935

Ident.	LIABILITIES	line	Current period	Prior period
a	b	c	5	6
B.II.	Long-term liabilities (L.93 to 102)	092	397 598	13 714
B.II.1.	Trade payables	093		
2.	Liabilities - group undertakings	094		
3.	Liabilities - associated companies	095		
4.	Liabilities to shareholders/owners and alliance partners	096		
5.	Long-term advances received	097	14 576	10 656
6.	Debentures and bonds issued	098	381 000	
7.	Long-term bills of exchange payable	099		
8.	Estimated payables	100		
9.	Other payables	101	1 763	3 058
10.	Deferred tax liability	102	259	
B.III.	Short-term liabilities (L.104 to 114)	103	98 493	103 017
B.III.1.	Trade payables	104	55 085	67 714
2.	Liabilities - group undertakings	105		
3.	Liabilities - associated companies	106		
4.	Liabilities to shareholders/owners and alliance partners	107		
5.	Payables to employees	108	11 893	10 468
6.	Payables to social security and health insurance	109	3 794	3 349
7.	Tax liabilities and subsidies	110	2 265	1 984
8.	Short-term advances received	111	8 361	12 454
9.	Debentures and bonds issued	112		
10.	Estimated payables	113	14 836	6 560
11.	Other payables	114	2 259	488
B.IV.	Bank loans and overdrafts (L.116+117+118)	115	19 305	200 480
B.IV.1.	Long-term bank loans	116		180 918
2.	Short-term bank loans	117	19 305	17 941
3.	Short-term financial liabilities	118		1 621
C.I.	Accruals (L.120+121)	119	7 119	837
C.I.1.	Accrued expenses	120	7 044	837
2.	Deferred revenues	121	75	

Profit and loss account – classification by nature

(non-consolidated)

in thousands of Czech crowns „TCZK“

for the year ended
31 December 2011

Ident.	TEXT	Accounting period		
		line	current	prior
a	b	c	1	2
I.	Revenue from goods	01		
A.	Cost of goods sold	02		
+	Gross profit (L.01-02)	03		
II.	Revenue from production (L.05+06+07)	04	1 004 100	986 683
II.1.	Revenue from own products and services	05	1 000 075	979 876
II.2.	Change in inventory of own production	06		
II.3.	Own work capitalized	07	4 025	6 807
B.	Cost of sales (L.09+10)	08	723 986	752 693
B.1.	Materials and consumables	09	191 421	155 757
B.2.	Services	10	532 565	596 936
+	Added value (L.03+04-08)	11	280 114	233 990
C.	Personnel expenses (L.13 to 16)	12	217 098	192 911
C.1.	Wages and salaries	13	170 154	150 648
C.2.	Remuneration of board members	14		
C.3.	Social security and health insurance expenses	15	44 175	39 717
C.4.	Social expenses	16	2 769	2 546
D.	Taxes and charges	17	1 412	1 791
E.	Depreciation of intangible and tangible fixed assets	18	14 190	9 017
III.	Proceeds from disposals of fixed assets and raw material (L.20+21)	19	1 313	898
III.1.	Proceeds from disposals of fixed assets	20	914	685
III.2.	Proceeds from disposals of raw material	21	399	213
F.	Net book value of fixed assets and raw material sold (L.23+24)	22	1 210	977
F.1.	Net book value of fixed assets sold	23	1 210	977
F.2.	Raw materials sold	24		
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25	- 43	- 1 725
IV.	Other operating revenues	26	4 132	10 757
H.	Other operating expenses	27	7 973	7 046
V.	Transfer of operating revenues	28		
I.	Transfer of operating expenses	29		
*	Operating profit (loss) (L.11-12-17-18+19-22-25+26-27+28-29)	30	43 719	35 628

Ident.	TEXT	line	Accounting period	
			current	prior
a	b	c	1	2
VI.	Proceeds from sale of securities and ownership interests	31		
J.	Securities and ownership interests sold	32		
VII.	Revenue from long-term investments (L.34+35+36)	33		
VII.1.	Revenue from investments in group undertakings and associated companies	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37		
K.	Financial assets expenses	38		
IX.	Revenue from revaluation of securities and derivatives	39		
L.	Expenses for revaluation of securities and derivatives	40		
M.	Change in provisions and adjustments relating to financial activity	41		
X.	Interest revenue	42	50	228
N.	Interest expense	43	22 417	10 243
XI.	Other financial revenues	44	9 118	9 153
O.	Other financial expenses	45	17 621	17 571
XII.	Transfer of financial revenues	46		
P.	Transfer of financial expenses	47		
*	Profit (loss) from financial operations (L.31-32+33+37-38+39-40+41+42-43+44-45+46-47)	48	- 30 870	- 18 433
Q.	Income tax on ordinary profit (loss) (L.50+51)	49	2 942	4 495
Q.1.	- current	50	2 475	4 209
Q.2.	- deferred	51	467	286
**	Profit (loss) on ordinary activities after tax (L.30+48-49)	52	9 907	12 700
XIII.	Extraordinary revenue	53		
R.	Extraordinary expenses	54		
S.	Income tax on extraordinary profit (loss) (L.56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
*	Extraordinary profit (loss) (L.53-54-55)	58		
T.	Transfer of profit or loss to partners	59		
***	Profit (loss) for the accounting period (L.52+58-59)	60	9 907	12 700
****	Profit (loss) before tax (L.30+48+53-54)	61	12 849	17 195

Cash Flow Statement

(non-consolidated)

in thousands of Czech crowns „TCZK“

for the year ended 31 December 2011

Ident.	TEXT	Accounting period	
		current	prior
P.	Cash and cash equivalents, beginning of period	9 741	8 069
Net operating cash flow			
Z.	Operating profit (loss) before tax	43 719	35 628
A.1.	Non-cash transactions	14 443	4 591
A.1.1.	Depreciation of fixed assets	14 190	9 017
A.1.2.	Change in:	-43	-4 718
A.1.2.1.	goodwill and adjustments to acquired assets		
A.1.2.2.	provisions and adjustments relating to operating activity	-43	-4 718
A.1.3.	Profit(-) Loss(+) on sale of fixed assets	296	292
A.1.4.	Other non-cash transactions		
A*.	Net operating cash flow before tax, changes in working capital and extraordinary items	58 162	40 219
A.2.	Changes in working capital	-1 754	14 741
A.2.1.	Change in receivables from operating activities and deferrals	1 454	-600
A.2.2.	Change in short-term liabilities from operating activities and accruals	1 047	17 029
A.2.3.	Change in inventories	-4 255	-1 688
A.2.4.	Change in short-term financial assets, other than cash and cash equivalents		
A.**	Net operating cash flow before financial balances, tax and extraordinary items	56 408	54 960
A.3.	Interest paid excluding amounts capitalised	-21 706	-6 257
A.4.	Interest received	50	228
A.5.	Income tax paid on ordinary income and income tax relating to prior periods	-3 978	-11 349
A.6.	Receipts and disbursement from extraordinary items		
A.7.	Other financial receipts and disbursement	-8 503	-8 418
A.8.	Dividends received and profit shares		
A.***	Net operating cash flow	22 271	29 164

Ident.	TEXT	Accounting period	
		current	prior
Investment activity			
B.1.	Acquisition of fixed assets	-228 373	-52 260
B.1.1.	Acquisition of tangible fixed assets	-215 997	-46 565
B.1.2.	Acquisition of intangible fixed assets	-12 376	-5 695
B.1.3.	Acquisition of long-term investments		
B.2.	Proceeds from sales of fixed assets	914	685
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	914	685
B.2.2.	Proceeds from sale of long-term investments		
B.3.	Advances and loans to related parties		
B.***	Net cash flow from investment activity	-227 459	-51 575
Financial activity			
C.1.	Change in long-term liabilities and bank loans	202 450	24 083
C.2.	Increase and decrease in equity from cash transactions		
C.2.1.	Subscription of shares and investments		
C.2.2.	Equity paid to shareholders		
C.2.3.	Other cash contributions from partners and shareholders		
C.2.4.	Loss settlement from partners		
C.2.5.	Payments from funds created from net profit		
C.2.6.	Dividends paid and profit shares including withholding tax paid		
C.***	Net cash flow from financial activity	202 450	24 083
F.	Net increase or decrease in cash balance	-2 738	1 672
R.	Cash and cash equivalents, end of period	7 003	9 741

Notes to the Financial Statements

1. Significant accounting policies

(a) *Tangible and intangible fixed assets*

Tangible and intangible fixed assets are stated at acquisition cost, which includes the purchase price (including customs duty), transportation costs, and other expenses associated with the acquisition.

The company charges tangible and intangible assets in asset accounts. Tangible assets comprise items constituting separate movable assets and equipment with a value of at least CZK 40,000 and a useful life of longer than one year; intangible assets comprise items constituting separate intangible assets with a value of at least CZK 60,000 and an operational and technical function of longer than one year. Tangible assets with a cost of between CZK 20,000 and CZK 40,000 and a useful life exceeding one year are charged by the company as low-value assets with a depreciation period of 24 months. Depreciation methods and periods, by asset class, are set out in the table below:

Asset	Number of years (or period from – to)
Buildings, halls and structures	30
Plant and equipment	2-5
Vehicles	4-10
Information technology	2-5
Intangible assets	3-10

Assets developed internally are valued at direct cost, which includes direct material and payroll costs, and production overheads attributable to the production of the asset. Interest and other financing costs are capitalized during the acquisition of the asset, i.e. until the asset is put into use. Then they become part of financial expense.

Intangible and tangible fixed assets acquired at no cost are stated at replacement cost and are carried in the account “Other capital funds” (if not depreciated) or in asset accounts against accumulated depreciation accounts (if depreciated)

Temporary depreciation of intangible and tangible fixed assets is expressed by means of value adjustments which are listed together with depreciation in the “adjustment” column of the balance sheet.

Depreciation:

Tangible and intangible assets are depreciated by reference to cost and estimated useful life (see table) on a straight-line basis each month, the first depreciation is applied in the month following the date on which an asset is put into use.

(b) *Supplies*

Material is valued at acquisition cost. Cost includes the purchase price warehouse fee during transport and related customs duties and in-transit storage and freight costs incurred to deliver the inventory to the manufacturing facility. Raw materials disposals are measured by the FIFO method.

(c) Establishment of adjustments and provisions

Tangible fixed assets

The company establishes adjustments for tangible fixed assets by comparing the carrying value of buildings and land with their market value.

Receivables

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

Inventories

Adjustments are made in cases where the valuation in the accounts is temporarily higher than the selling price of inventories net of the costs associated with the sale.

Provisions

A provision for untaken holiday is established at the reporting date on the basis of an analysis of untaken holiday in the accounting period and the average labour costs, including social security and health insurance expenses, of individual employees.

(d) Foreign currency translation

The company uses the CNB (Czech National Bank) daily rate to translate foreign-currency transactions. During the year, the company only accounts for realized exchange gains and losses.

At the balance sheet date, foreign currency assets and liabilities are translated at the CNB's official rates for that date. Unrealized foreign exchange gains and losses are recognized in profit and loss.

(e) Research and development

The company has no research and development expense.

(f) Leased assets

Lease payments are expensed on a straight-line basis over the lease term on the basis of the accruals principle. Where an asset is purchased at the end of the lease, it is recorded at its purchase price.

(g) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax includes an estimate of tax calculated from the tax base by applying the tax rate applicable on the first day of the period and any adjustments to tax payable for previous periods.

In the balance sheet, the income tax provision is reduced by income tax prepayments; any resultant receivable is reported under "State – tax receivables".

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), using the tax rate expected to be valid for the period in which the tax asset/liability is to be utilized.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which this asset can be utilized.



Growing demand and the dynamics of the industry as a whole indicate even faster growth in the business aviation segment in the coming years.

(b) Classification of liabilities

The company classifies as current the part of non-current liabilities and receivables, advances, bank loans and other borrowings that is due within one year from the balance sheet date.

Long-term borrowings are recognized in “Other long-term payables”.

(i) Receivables

Receivables are carried at their nominal value, assigned receivables at cost. At the balance sheet date, temporary impairment of doubtful receivables is stated by provisioning charged to costs reported in the “adjustment” column of the balance sheet.

(j) Cost and revenue recognition

Costs and revenues are recognized on an accrual basis. In accordance with the prudence principle, the company expenses the creation of provisions and adjustments for the coverage of all risks, losses, and impairment known as at the balance sheet date.

(k) Accounts of the organizational unit

The accounts of the organizational unit are kept separately in euro in Slovakia. Turnover in all accounts is taken once a month and translated at the CNB daily rate used in the corresponding month in the Czech entity’s accounts. At the

balance sheet date, euro-denominated assets and liabilities are translated at the CNB official rates for that date. Foreign exchange differences arising on translation of the balance sheet and income statement as at the balance sheet date are recognized in profit and loss.

2. Changes in reporting in the comparable reporting period

The company has not changed its reporting method compared to last year.

3. Fixed assets

<i>(a) Intangible assets</i>	Formation expenses	Software	Other intangible fixed assets	Intangible assets under construction	Total
Cost					
Balance at 1 January 2011	67	5,146	3,646	2,674	11,533
Additions	--	1,186	733	10,455	12,374
Disposals	--	--	--	--	--
Transfers	--	--	--	--	--
Balance at 31 December 2011	67	6,332	4,379	13,129	23,907
Accumulated depreciation					
Balance at 1 January 2011	67	221	1,607	--	1,895
Depreciation	--	1,167	472	--	1,639
Accumulated depreciation on disposals	--	--	--	--	--
Transfers	--	--	--	--	--
Balance at 31 December 2011	67	1,388	2,079	--	3,534
Net book value at 1 January 2011	0	4,925	2,039	2,674	9,638
Net book value at 31 December 2011	0	4,944	2,300	13,129	20,373

<i>(b) Tangible assets</i>	Land	Buildings	Plant and equipment	Vehicles	Low-value assets	Tangible assets under construction	Advances	Total
Cost								
Balance at 1 January 2011	74,134	139,921	13,548	8,386	2,936	50,170	800	289,895
Additions	--	196,837	13,449	4,314	1,428	--	57	216,085
Disposals	--	--	(100)	(1,346)	(195)	--	--	(1,641)
Transfers	--	47,331	2,771	800	--	-50,102	-800	--
Balance at 31 December 2011	74,134	384,089	29,668	12,154	4,169	68	57	504,339
Accumulated depreciation								
Balance at 1 January 2011	--	17,993	4,475	2,218	2,329	--	--	27,015
Depreciation	--	7,155	2,925	1,838	633	--	--	12,551
Accumulated depreciation on disposals	--	--	(11)	(183)	(151)	--	--	(345)
Transfers	--	--	--	--	--	--	--	--
Balance at 31 December 2011	--	25,148	7,389	3,873	2,811	--	--	39,221
Net book value at 1 January 2011	74,134	121,928	9,073	6,168	607	50,170	800	262,880
Net book value at 31 December 2011	74,134	358,941	22,279	8,281	1,358	68	57	465,118

The most significant additions to fixed assets in 2011 include the construction of Hangar N, at a value of CZK 218,064,000, the improvement of Hangar C at a total value of CZK 23,384,000, the purchase

of mobile housing cabins for the base in Bratislava, in the amount of CZK 8,538,000, and the acquisition of a mobile shelter to cover the rear section of an aircraft, in the amount of CZK 3,159,000.

4. Leased assets

(a) Finance leases

The company is contractually committed to pay lease instalments under finance leases for vehicles and plant and equipment as follows:

2011	Total lease instalments	Paid as at 31 December 2011	Due within 1 year	Due in 1 to 5 years	Due in following years
Passenger cars	2,829	2,291	388	150	--
Plant and equipment	8,068	3,849	1,346	2,873	--
Total	10,897	6,140	1,734	3,023	--

2010	Total lease instalments	Paid as at 31 December 2010	Due within 1 year	Due in 1 to 5 years	Due in following years
Passenger cars	3,096	1,991	467	638	--
Plant and equipment	5,196	1,744	1,030	2,150	272
Total	8,292	3,735	1,497	2,788	272

(b) Operating leases

The company has leased one car. The annual cost of this lease in 2011 amounted to CZK 444,000 (in 2010, one car was leased for CZK 364,000).

(c) Long-term leases

Under a long-term contract concluded for a fixed period until 19 July 2036, the company leases land under Hangar N. The total cost in 2011 was CZK 5,804,000 (2010: CZK 6,058,000).

In addition, the company has entered into a long-term lease of a car park in front of Hangar C and a lease on land on which mobile residential cabins are located in Bratislava. The total cost of these leases in 2011 was CZK 1,057,000 (2010: CZK 706,000).

5. Non-capitalized tangible and intangible fixed assets

In accordance with the accounting policy described in note 2(a) above, the company charged part of tangible and intangible fixed assets to expenses in the year of acquisition. The total cumulative cost of such tangible and intangible fixed assets which are still in use is as follows:

Balance at 31 December	2011	2010
Tangible fixed assets	10,084	6,462
Intangible fixed assets (software)	246	--
Total	10,330	6,462

6. Inventories

Further to stocktaking as at 31 December 2011, inventories of spare parts, including incidental acquisition costs, were determined in the amount of CZK 37,607,000 (2010: CZK 33,499,000).

7. Trade receivables and payables

- (a) Short-term trade receivables total CZK 93,509,000 (2010: CZK 85,169,000), of which CZK 29,529,000 (2010: CZK 36,945,000) is overdue. The adjustment for doubtful accounts as at 31 December 2011 was CZK 1,053,000 (2010: CZK 1,234,000).
- (b) Short-term trade payables total CZK 55,085,000 (2010: CZK 67,714,000), of which CZK 19,537,000 (2010: CZK 14,608,000) is overdue.

8. Short-term advances received

The company reports short-term advances received of CZK 8,361,000 (2010: CZK 12,454,000). Most comprise deposits paid on flight bookings.

9. Adjustments

	Adjustment to receivables
Balance at 1 January 2011	1,234
Additions	1,053
Re-adjustments/utilization	(1,234)
Balance at 31 December 2011	1,053

10. Estimated receivables and payables

Estimated receivables of CZK 15,583,000 (2010: CZK 5,682,000) include, without limitation, income from aircraft maintenance and aircraft sales.

Estimated payables of CZK 14,836,000 (2010: CZK 6,560,000) include the cost of aircraft leases.

11. Prepaid expenses

Prepaid expenses include, without limitation, the accrued

costs of aircraft leases in the amount of CZK 2,093,000 (2010: CZK 0), the cost of subscriptions for aircraft navigation databases in the amount of CZK 1,853,000 (2010: CZK 1,847,000), the accrued costs of vehicle and machinery leases in the amount of CZK 1,715,000 (2010: CZK 1,976,000), and other costs of CZK 2,709,000 (2010: CZK 3,886,000).

12. Registered capital

Registered capital	
Balance at 1 January 2011	
72 shares, each with a nominal value of CZK 1,000,000	72,000
4 shares, each with a nominal value of CZK 500,000	2,000
Balance at 31 December 2011	
72 shares, each with a nominal value of CZK 1,000,000	72,000
4 shares, each with a nominal value of CZK 500,000	2,000
Registered capital	74,000

13. Statement of changes in equity

(a) Statement of movements in equity (CZK thousands)

	Registered capital	Profit for the current period	Retained earnings	Statutory reserve fund	Total
Balance at 1 January 2011	74,000	12,700	33,733	2,690	123,123
Additions to funds	--	(12,700)	12,065	635	--
Profit for 2011	--	9,907	--	--	9,907
Balance at 31 December 2011	74,000	9,907	45,798	3,325	133,030

(b) Planned distribution of profit made in the current period

Profit for the current period	9,907
Appropriation to the statutory reserve fund	495
Coverage of accumulated losses	--
Retained earnings	9,412

No decision on the settlement of the profit for 2011 had been taken by the balance sheet date.

14. Provisions

	Provision for leave untaken	Total
Balance at 1 January 2011	3,935	3,935
Additions	4,006	4,006
Drawn	(3,868)	(3,868)
Balance at 31 December 2011	4,073	4,073

In 2011, the provision for income tax, amounting to CZK 2,374,000 (2010: CZK 3,979,000), was reduced by pre-payments of income tax amounting to CZK 5,825,000 (2010: CZK 6,118,000) and the resulting receivable was recognized under “State – tax receivables”.

15. Long-term advances received

The company received long-term advances in connection with the operation of aircraft in the amount of CZK 14,576,000 (2010: CZK 10,656,000).

16. Bond issues

	number	nominal value per bond	total
Total volume of issue	150	3,000	450,000
Repurchase	23	3,000	69,000
Balance at 31 December 2011	127	3,000	381,000

On 30 September 2011 the company issued registered bearer bonds which were admitted to trading on the open market of the Prague Stock Exchange. They are five-year bonds with a fixed interest return of 6.5% p.a., totalling CZK 450 million, and are redeemable in 2016. The bond coupons are paid semi-annually in March and September. Nominal value per bond is three million crowns.

The proceeds raised by the bond issue were used to repay a bank loan which had financed the construction of the ABS Jets centre. Repurchased bonds are a provision for the company’s further development.

The issue took place in the form of a public offering in the Czech Republic in accordance with Czech law.

Further to Section 19a(2) of the Accounting Act, the company did not prepare financial statements according to international accounting standards governed by the law of the European Union.

17. Bank loans

2011	Maturity	Payment schedule	Interest rate	Balance at 31 December 2011	Due within 1 year	Due in 1 to 5 years	Due in following years	Outstanding interest
Loan A	30 June 2016	quarterly	3M Pribor + 4 %	--	--	--	--	--
Loan B	1 August 2012		3M Pribor + 7 %	18,942	18,942	--	--	363
Total				18,942	18,942	--	--	363

2010	Maturity	Payment schedule	Interest rate	Balance at 31 December 2010	Due within 1 year	Due in 1 to 5 years	Due in following years
Loan A	30 June 2016	quarterly	3M Pribor + 4 %	178,000	--	178,000	2,918
Loan B	1 August 2011		3M Pribor + 7 %	17,941	17,941	--	--
Total				195,941	17,941	178,000	2,918

Loans are secured as follows:

		Net book value of security	Balance of loan	
			31 December 2011	31 December 2010
Loan A	Lien on immovable property, exchange agreements, lien on receivables, lien on movable assets	--	--	178,000
Total		--	--	178,000

In 2011, the company drew CZK 189,500,000 (2010: CZK 178,000,000) under Loan A. This loan was used to construct the new

ABS Jets centre. Interest on the loan in 2011 was CZK 13,912,000 (2010: CZK 2,918,000). The loan and interest were repaid on 30 September 2011.

Loan B is a bank overdraft with a total credit line of CZK 25,000,000. The loan is secured with a blank bill.

18. Non-bank loans

2011	Maturity	Payment schedule	Balance at 31 December 2011	Due within 1 year	Due in 1 to 5 years
Loan 1	16 May 2013	monthly	126	72	54
Loan 2	8 August 2013	monthly	112	77	35
Loan 3	9 June 2013	monthly	582	377	205
Loan 4	1 October 2012	monthly	100	100	--
Loan 5	1 October 2014	monthly	518	154	364
Loan 6	23 November 2012	monthly	111	111	--
Loan 7	24 June 2013	monthly	--	--	--
Loan 8	15 April 2015	monthly	455	123	332
Loan 9	1 December 2014	monthly	871	271	600
Loan 10	15 March 2014	monthly	317	134	183
Total			3,192	1,419	1,773

Unpaid interest on non-bank loans as at 31 December 2011 was CZK 347,000.

2010	Maturity	Payment schedule	Balance at 31 December 2010	Due within 1 year	Due in 1 to 5 years
Loan 1	16 May 2013	monthly	183	101	82
Loan 2	8 August 2013	monthly	193	100	93
Loan 3	9 June 2013	monthly	936	478	458
Loan 4	1 October 2012	monthly	212	144	68
Loan 5	1 October 2014	monthly	671	248	423
Loan 6	23 November 2012	monthly	224	139	85
Loan 7	24 June 2013	monthly	449	222	227
Loan 8	15 April 2015	monthly	568	189	379
Total			3,436	1,621	1,815

19. Segment information

	2011	2010
Sales of flights	331,889	346,353
Sales of services	64,258	54,322
Other	603,928	579,201
Total	1,000,075	979,876

20. Related parties

(a) Trade receivables and payables

The following related-party balances are included in the trade receivables and payables described in note 8 above.

	Receivables at 31 December		Payables at 31 December	
	2011	2010	2011	2010
ABS PROPERTY LIMITED	3,779	1,510	--	261
ABS PLANE LIMITED	4,834	3,379	--	3,303
JET ONE LEGACY LIMITED	3,376	916	--	6,570
Arthur Bradley & Smith, a.s.	6,928	1,462	298	319
Aero Group, a.s.	806	1,321	--	--
Total	19,723	8,588	298	10,453

(b) Related-party transactions

	Revenues from services for the year		Cost of services for the year	
	2011	2010	2011	2010
ABS PROPERTY LIMITED	44,172	42,244	23,176	83,681
ABS PLANE LIMITED	33,194	25,268	14,783	14,944
JET ONE LEGACY LIMITED	36,008	32,666	78,486	109,979
Arthur Bradley & Smith, a.s.	27,240	23,274	11,338	12,313
Aero Group, a.s.	7,533	9,485	--	--
Total	148,147	132,937	127,783	220,917

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

(c) Group relations

The company has not entered into a controlling agreement with the shareholder ARTHUR, BRADLEY & SMITH LTD. The Report on Related-Party Transactions will form a part of the Annual Report.

21. Employees and executives

Average number of employees and executives and personnel expenses for 2011 and 2010:

2011	Number of employees	Wages and salaries	Social security and health insurance costs	Social costs
Employees	175	151,119	40,555	2,618
Executives	8	19,035	3,620	151
Total	183	170,154	44,175	2,769

2010	Number of employees	Wages and salaries	Social security and health insurance costs	Social costs
Employees	153	134,953	36,076	2,400
Executives	8	15,695	3,641	146
Total	161	150,648	39,717	2,546

22. Payables to social security and health insurance

Social security and health insurance liabilities total CZK 3,794,000 (2010: CZK 3,349,000), of which CZK 2,685,000 (2010: CZK 2,370,000) is social security

liabilities and CZK 1,109,000 (2010: CZK 979,000) is health insurance liabilities. No social security or health insurance liabilities are overdue.

23. State – tax liabilities and subsidies

Tax liabilities total CZK 2,265,000 (2010: CZK 1,984,000). This amount primarily comprises prepayment deductions of tax on the income of employees of ABS Jets, a.s. not transferred

to the national budget by 31 December 2011. None of these liabilities is overdue.

24. Income tax

(a) Due

Income tax due comprises an estimate of tax for the 2011 tax period in the amount of CZK 2,374,000 (2010: CZK 3,979,000), and an adjustment to the tax estimate for the 2010 tax period in the amount of CZK 101,000.

(b) Deferred

Deferred tax receivable and payable reported:

	Receivables		Payables		Difference	
	2011	2010	2011	2010	2011	2010
Tangible and intangible fixed assets	--	--	(1,189)	(622)	(1,189)	(622)
Receivables	156	83	--	--	156	83
Provisions	774	747	--	--	774	747
Deferred tax asset/(liability)	930	830	(1,189)	(622)	(259)	208

In accordance with the accounting policy described in note 2(g), deferred tax was calculated using the tax rates valid for the periods in which the tax liability or asset is to be utilized, i.e.

19% for 2012 and subsequent years (2010: 19% for 2011 and subsequent years).

25. Contingencies and commitments

The company reports a bank guarantee issued in the amount of GBP 30,000 in favour of AIR BP LIMITED, valid until 20 March 2012, and a bank guarantee in the amount of USD 150,000 in favour of ENI S.p.A., valid until 31 December 2011.

26. Significant subsequent events

As at the date of preparation of the financial statements, the company management is not aware of any significant subsequent events that would affect the financial statements as at 31 December 2011.

3 May 2012

Signature of the governing body or natural person constituting the entity:

David Kyjovský, MBA
Chairman of the Board of Directors

Vladimír Peták
Member of the Board of Directors

Management Report on Related-Party Transactions in 2011

(hereinafter referred to as the “Report”)
drawn up pursuant to Section 66a(9) of the Commercial Code, as amended

SECTION I

ENTITIES CONSTITUTING THE HOLDING

I. Controlled entity: **ABS Jets, a.s.**

having its registered office at
K Letišti-Hangár C, Praha 6 Ruzyně, 161 00

registration number: 271 63 628
VAT number: CZ27163628

incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 9421
(hereinafter referred to as the “controlled company”)

The controlled company is a company whose core business is commercial air transportation. The company’s objects of business are specified in detail in its articles of association.

II. Controlling entity:

The controlling entity, **ARTHUR, BRADLEY & SMITH LTD**, having its registered office at London N3 1RL, 4th Floor, Lawford House, Albert Place, United Kingdom, Reg. No 3283855 (hereinafter referred to as the “controlling entity”) held 50% (fifty per cent) of the ordinary registered shares in the 2011 accounting period.

J&T Bank (Switzerland) LTD., having its registered office at Talacker 50, CH-8001 Zurich, Switzerland, Reg. No Ch-020.3006.972-1, held 25% (twenty-five per cent) of the ordinary registered shares in the 2011 accounting period.

BRIDGEHILL LIMITED, having its registered office at Spyrou Kyprianou, 18, Flat/Office 301, P.C. 1075, Nicosia, Cyprus, Reg. No HE 188322, held 25% (twenty-five per cent) of the ordinary registered shares in the 2011 accounting period.

Shareholder	Method and form of share	Voting rights
1. ARTHUR, BRADLEY & SMITH LTD London N3 1RL, 4th Floor, Lawford House, Albert Place, United Kingdom Registration number: 3283855	ordinary registered shares	50%
2. J&T Bank (Switzerland) LTD. Talacker 50, CH-8001 Zurich, Switzerland Registration number: Ch-020.3006.972-1	ordinary registered shares	25%
3. BRIDGEHILL LIMITED Spyrou Kyprianou, 18, Flat/Office 301, P.C. 1075, Nicosia, Cyprus Registration number: HE 188322	ordinary registered shares	25%

The controlling entity’s core activity is the management of the structure of the related parties.

III. Related parties:

1) Arthur Bradley & Smith a.s.

having its registered office at Praha 8,
Pobřežní 297/14, 186 00,
Czech Republic
registration number: 26145251

incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 6334

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 100% (one hundred per cent) of shares in the related party, whose core business is consultancy in trade and services. The company’s objects of business are specified in detail in its articles of association.

2) AERO GROUP, a.s.

having its registered office at Pobřežní
297/14, Praha 8, 186 00,
Czech Republic
registration number: 27570797

incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 10876

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 100% (one hundred per cent) of shares in the related party, whose core business is the letting of real estate, residential and non-residential premises, with the provision of no services other than basic services. The company’s objects of business are specified in detail in its articles of association.

3) ABS PROPERTY LIMITED

41 Central Chambers
Dame Court
Dublin 2, Ireland

(hereinafter referred to as a “related party”)

Until 18 May 2011, the controlling entity held 100% (one hundred per cent) of shares in the related party; on 18 May 2011, it entered into a contract on the transfer of shares for consideration, under which it sold all the shares it held to J&T Minorities Portfolio Limited.

4) ABS BRAVO LIMITED

3 Auburn Villas
Monkstown
Co. Dublin, Ireland

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 20% (twenty per cent) of shares in the related party.

5) ABS PLANE LIMITED

3 Auburn Villas
Monkstown
Co. Dublin, Ireland

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 50% (fifty per cent) of shares in the related party.

6) JET ONE LEGACY LIMITED

3 Auburn Villas
Monkstown
Co. Dublin, Ireland

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 100% (one hundred per cent) of shares in the related party.

7) JET TWO LEGACY LIMITED

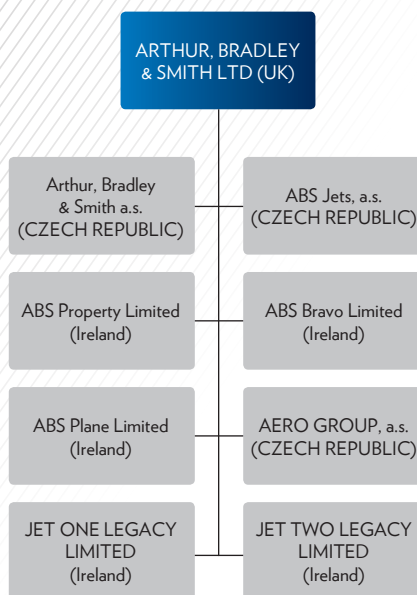
3 Auburn Villas
Monkstown
Co. Dublin, Ireland

(hereinafter referred to as a “related party”)

During the 2011 accounting period, the controlling entity held 100% (one hundred per cent) of shares in the related party.



3. Diagram of relations between related parties



* ABS Property Limited – only until 18 May 2011

SECTION III REPORTING PERIOD

This Report has been prepared for the last accounting period, i.e. for the period from 1 January 2011 to 31 December 2011.

SECTION IV

CONTRACTS AND AGREEMENTS CONCLUDED BETWEEN THE RELATED PARTIES

A Contract for the Lease of an Aircraft and an Aircraft Maintenance Contract have been concluded between ABS Jets, a.s., as the controlled entity, and the following related parties: Artur Bradley & Smith, a.s. (Czech Republic), ABS PROPERTY LIMITED (Ireland), ABS PLANE LIMITED (Ireland), and JET ONE LEGACY LIMITED (Ireland).

A Non-residential Lease Contract and a Contract of Mandate have been concluded between ABS Jets, a.s. and the related party AERO GROUP, a.s.

In the opinion of the Board of Directors, the above-mentioned contracts and agreements were concluded on an arm's-length basis, i.e. under ordinary terms of business and for prices usual in business relations.

The detailed terms and conditions of the contracts and agreements are considered trade secrets in accordance with Section 17 of the Commercial Code, as amended.

There was no detriment or loss to the controlled entity.

SECTION II

RELATIONS BETWEEN RELATED PARTIES

1. Method of control:

The controlling entity holds 50% of the voting rights in the controlled entity.

2. Interlocking management:

The controlled entity's governing body, acting with due diligence, is unaware, as at the date of this Report, of any interlocking management between the controlling entity and the controlled company, or between the controlled entity and other related persons controlled by the same controlling entity.

SECTION V

ACTS IN LAW IN THE INTERESTS OF RELATED PARTIES, OTHER MEASURES IN THE INTERESTS OR AT THE INSTIGATION OF RELATED PARTIES ADOPTED OR IMPLEMENTED BY THE CONTROLLED ENTITY, CONSIDERATIONS AND COUNTER-CONSIDERATIONS

1. The Board of Directors believes, that during the reporting period, transactions were made between the related parties in the ordinary course of business, on an arm's-length basis and for prices usual in business relations, as stated above, and is not aware of any unusual legal acts or arrangements between the related parties. Likewise, the Board of Directors is not aware of any situation where the related parties mutually and knowingly adopted any reciprocal measures or consideration which would act to the detriment of the related parties or the controlled entity.

SECTION VI

CONFIDENTIALITY

1. Information and facts that are parts of the trade secrets of the controlling, controlled and other related parties, as well as information specified as confi-

dential by any entity which is a component of the holding, are considered confidential. Furthermore, this includes all information concerning business relations, the disclosure of which could, in and of itself or in connection with other information or facts, be detrimental to any entity forming the holding.

2. For the reasons cited above, this Report does not include the following: information about projects on the acquisition of capital interests in selected companies where the controlled entity is the party preparing the acquisition; information regarding the business terms and price conditions of contracts.

SECTION VII

CONCLUSION

1. This Report was discussed and approved at the regular meeting of the Board of Directors of ABS Jets, a.s. held on 12 March 2012.

2. This Report will be submitted to the Supervisory Board for review and to the auditor, who will audit the financial statements in accordance with the relevant legislation. With consideration for the fact that the controlled company is preparing an Annual Report, this Report will be attached to that Annual Report and will be filed within the time prescribed by law in the Collection of Documents kept in the Commercial Register at the Municipal Court in Prague.

Prague, 19 March 2012



David Kyjovský
Chairman of the Board of Directors



Vladimír Peták
Member of the Board of Directors