ABS JETS

2012

Annual Report

Throughout 2012, ABS Jets continued to make important investments into its competitiveness and into the necessary refurbishment of its existing technical capacities. We owe big thanks and respect not only to the company's shareholders for their trust, but also to all ABS Jets employees for the great commitment to their work and the professionalism with which they contribute, day in and day out, to the achievement of the company's strategic goals.

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Chairman's Statement

Dear colleagues, business partners, shareholders, and friends,

I am pleased to present to you our annual report for 2012. I would like to evaluate last year, which was filled with changes not only for our company, but for the entire market on which we operate. 2012 was characterised by many key events.

A significant step related to our bond issue, designated with the "public interest entity" attribute, was the second pay-out of coupons to the holders of our bonds. In spite of the adverse economic situation which was manifest in 2012 in many ways, I am happy to note that we can be rightly proud of the results achieved by everyone at ABS Jets. We have recorded an increase in our operating profit, revenues, and operating figures, which are best illustrated by the fact that we handled 1,854 flights, which means a year-on-year increase by 17,34%.

An important aspect of the company's operation was the introduction of the new AMOS application, a long-awaited investment at the technical department. In order to strengthen the implementation of our new strategy and to reorganise the department, Mr. Thierry Barré was hired as the new Technical Director. His extensive experience will be of great benefit to our company.

In order to increase its profile with the general public and the medial, ABS Jets was presented at several exhibitions around the world that generated a number of new requests for its services. During the year, press releases were published regularly, both at home and abroad.

Last year, the renovation of the southern wing of Hangar C continued, with a brand new central reception facility being built. This part of the building will be further expanded with the addition of several offices for external customers who use our Hangar N and the eastern section of Hangar C to house their aircraft.

In concluding, allow me to thank all of the company's employees for their great work and commitment. We also thank our shareholders, clients, and business partners for their trust in us. I firmly believe that in the upcoming year, we will manage do maintain the stable development of our company and that it will grow in the right direction.

David Kyjovský, MBA
Chairman of the Board of Directors

Corporate 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 struc¬tural changes of aircraft, aircraft components, and aviation technology;
- The provision of handling services at Prague – Ruzyně South Airport, including techni¬cal 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.

Ownership structure of the company applicable and effective as at 31 December 2012:

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

Registered seat of the Company:

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

Registered seat of organisational unit abroad:

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

Corporate Profile

Registration number:

271 63 628

Incorporated in the Commercial Register:

Kept by the Municipal Court in Prague, section B, File 9421

Members of the Management Board as at 31 December 2012:

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

Member of the Supervisory Board as at 31 December 2012:

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

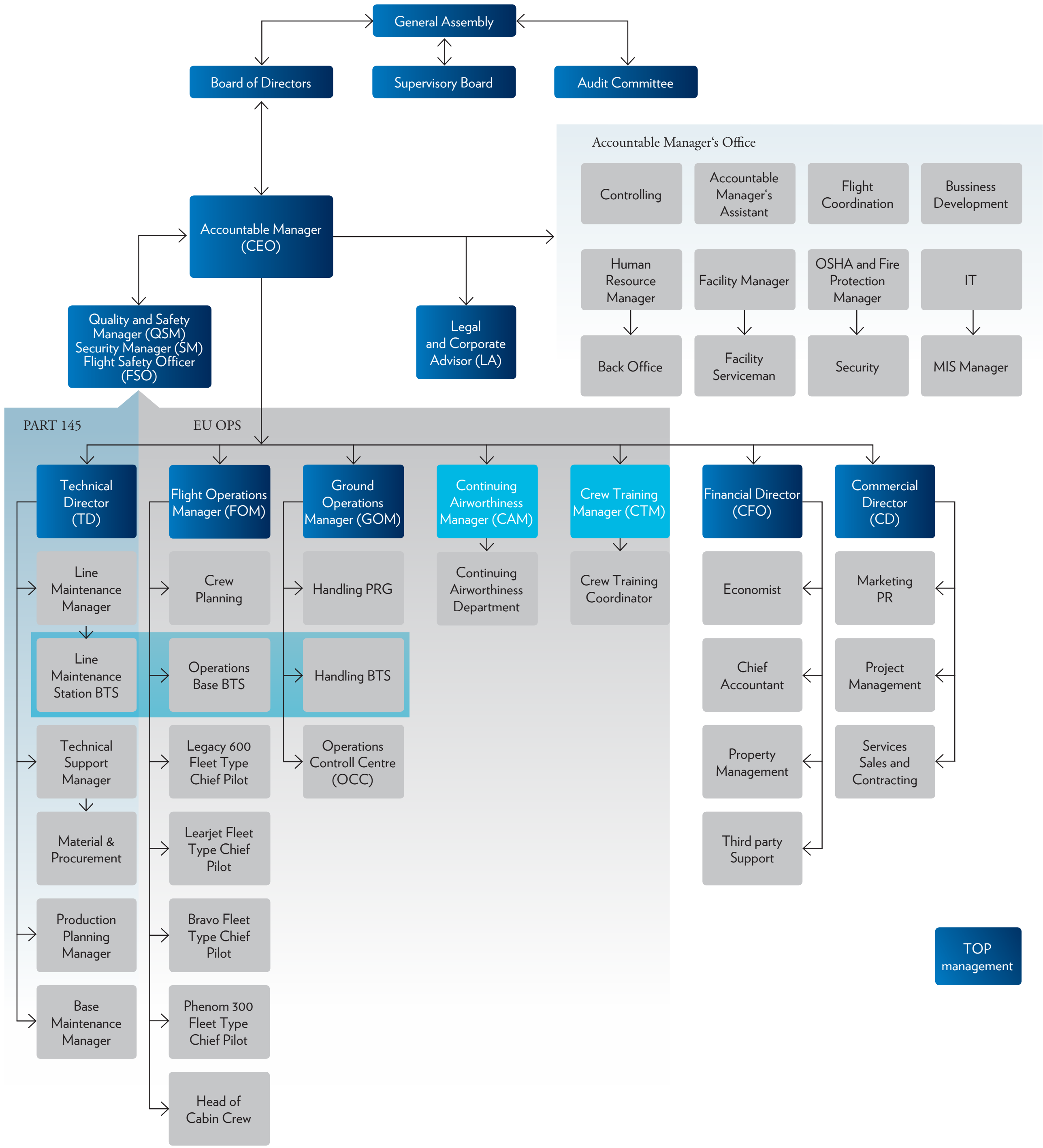
Changes in the Commercial Registry:

No changes were made in the Commercial Registry in 2012.

Organisational structure as at 31 December 2012:

See Annex 1

Organisational Structure



Economic Activity

Aircraft Management

Management and operation of privately owned aircraft, consultancy

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

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

As in previous years, one of the company's main strategic goals is to expand its fleet by at least one new aircraft every year. In 2012, the airline actively launched and put into operation an Embraer Phenom 300 which proved an ideal means of transport in the business jet category for flights within Europe; this has been confirmed by increasing demand on the charter market.

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

As in previous years, ABS Jets continued to fine-tune the portfolio of its services, developing new cost-optimisation procedures for the operation of business jets in the existing fleet and for any additional aircraft that the company may have under its management in the future. In particular, the IT application environment and human resources were optimised in 2012, contributing to increased effectiveness, stabilisation, and lower costs.

Aircraft Maintenance

In connection with the expansion of the portfolio of our services (composite workshop and paint shop), our technical department has managed to draw in new customers last year. In terms of heavy maintenance, it is now possible to carry out maintenance for operators of Embraer Legacy 600-650 and Phenom 100 types of aircraft simultaneously at three stands with the same efficiency.

The successful introduction of route maintenance at Kiev Boryspil Airport has resulted in an increase in the volume of services provided. In addition, above-standard pre-flight support has been newly introduced for our clients.

Thanks to continued as well as new investments in Hangar C and into technical and security equipment, the technical department has maintained the highest standards on the international market of companies providing aircraft maintenance and repair. The introduction of a new IT system that took place in September 2012 will ensure that all of our processes will be clearer and more efficient in the future

.

Our main goals for 2013 include:

- Expanding the existing hangar capacity, resulting in the possibility of opening up an interior shop and expanding the current warehouse capacity
- Expanding route maintenance support by adding more types of aircraft
- Providing for and further developing all our procedures and processes related to aircraft maintenance. Key in this area will be the drafting of a maintenance management manual that will become the company's official document
- Enhancing the corporate culture and team spirit for all technical department employees in order to implement a "Just Culture"

Executive Handling

Aircraft Handling

In 2012, ABS Jets and a team of handling agents at Prague Airport successfully passed the mark of 200 flights handled in a month. Overall, thanks to our performance in 2012, we obtained more than a 30% share on the aircraft handling market in the business aviation category at our home base in Prague, which means more than a 10% increase compared to last year.

Throughout the year, we noted increased interest in the handling of foreign government flights, which stands as testimony to the increasing awareness among foreign operators about the quality of ABS Jets' handling services. As in previous years, these services were presented at various international exhibitions. As usual, the most successful have included the EBACE in Switzerland, NBAA in the USA, the ABACE fair in China, and MEBA in the United Arab Emirates.

One of the most important milestones of 2012 was the tender for the supplier of aircraft fuel at our bases in Prague and Bratislava, which has resulted in the expected significant saving on operating costs.

2012 was also an important year in terms of ABS Jets' deepened cooperation with Prague Airport, which clearly showed that we are an important strategic partner for the operator of the country's largest airspace.

In addition to the number of new clients who have decided to use our handling services in Prague, ABS Jets also welcomed several new clients who decided to use our Prague hangars and to have their aircraft based there.

Aircraft Sales

As in previous years, 2012 was marked by intensive cooperation with the company's strategic partner, the Brazilian manufacturer of business jets Embraer, based on the ASR (Authorized Sales Representative) Agreement concerning the sale of the brand's business jets in Czech Republic and Slovakia. 2012 brought a further enhancement of our business relationships with this strategic partner, creating ideal conditions for extending the Agreement next year.

The sales department's estimate of development for 2012 had assumed increased demand for entry level aircraft (very light jets). Actual demand was, however, primarily for newly certified Embraer Legacy 500 and Legacy 650 aircraft. Nevertheless, a slow-down in the sale of aircraft persisted, caused by the continued financial crisis. In spite of that, ABS Jets affirmed its position as the leader in the sale of business jets in the Czech Republic and Slovakia. This fact was supported by the fact that aircraft of all categories were actively offered through private bankers and by means of taking part in world exhibitions.

The sales and marketing strategy focused on supporting the sale of business jets was manifest in the form of sale and presentation days and flight demonstrations which, in combination with media partners and public relations, helped generate greater interest in ABS Jets' services. The company's profile was also raised by the presentation of the newly opened Hangar N at Prague Airport and by cooperation with the media, where we focused on reporting on the advantages of flying business jets.

Flight Planning

Pre-flight preparation, planning, and flight monitoring

At the ABS Jets operation control centre, 2012 was characterised primarily by a further improvement of flight-planning processes and controller training. The implementation of back-up software for flight planning and the appropriate staff training reached their final stages. Throughout the year, we also cooperated with a team of developers on the further development of an operative flight control system, primarily with a view to the increasingly strict requirements of aviation regulations and also in an effort to eliminate time-demanding processes in pre-flight preparation.

One of the activities taken up in 2012 by the team of ABS Jets air traffic controllers was consultancy in the sphere of European Union emission schemes, and its active approach in discussions in the community helped simplify these processes for the business aviation area. These initiatives will carry on in the upcoming year, with ABS Jets' support.

Towards the end of 2012, increased demand was noted for support for delivery flights for owners of new aircraft operated by external operators that passed via complicated areas (oceans, polar regions, etc.). This fact documents that the team of ABS Jets air traffic controllers is well-established in the segment in global terms, which was undoubtedly aided by the regular presentation of the company's services at international exhibitions and fairs across markets in the US, China, the United Arab Emirates and, naturally, also in Europe.

Flight Department

In 2012, the ABS Jets flight department employed a total of 41 crew members as permanent staff at its bases in Prague and Bratislava – 30 pilots and 11 cabin attendants. There were 18 pilots and 9 cabin attendants for the five Embraer Legacy 600 aircraft, 4 pilots and 2 cabin attendants for the Learjet 60 XR aircraft, and 4 pilots for the Cessna Citation Bravo aircraft. In February 2012, the initial training of 2 captains and 2 co-pilots for an Embraer Phenom 300 aircraft was commenced.

Over the course of the year, our crews safely clocked 3,430 flight hours and operated 2,160 flights. Commercially operated ABS Jets aircraft flew an average of 9 flight hours per day, with a take-off or landing every four hours. Random inspections of ABS Jets aircraft by local aviation authorities abroad did not discover or record any major findings. An internal operating audit performed by an external auditor or an UCL audit for AOC renewal did not detect any shortcomings in flight operation and procedures.

Compliance with approved flying staff training programmes required that 276 ground training and simulator training sessions be organised. Each ABS Jets pilot spent an average of 36 hours in the classroom or by self-study on the computer, and cabin attendants 28 hours. During regular training and examinations, pilots flew more than 250 hours per year on simulators. In 2012, all training and examinations on simulators for Legacy-type aircraft were covered by in-house instructors and examiners.

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

In order to increase effectiveness and improve their personal portfolio, several co-pilots undertook extensive ground and flight training and obtained a Commercial Pilot licence. This is another important step both in terms of their personal qualifications and in terms of their greater utilisation in flight crews on all types of aircraft.

In 2012, the company celebrated another accomplishment when it earned the Pilot Safety Award from the NBAA association for 5,500 flight hours without any accident, damage to baggage, or personal injuries for Štefan Kukura, Flight Director and head ABS Jets Legacy pilot.

Charter&Brokerage, Travel Management

The sales department that arranges charter flights and related Travel Management services achieved its best-ever results. There was a 62% increase in the number of flight hours brokered as compared to 2011, which reflects an increase in interest in private flights. This trend corresponded to the need to expand the sales team and to keep increasing the effectiveness of individual sales processes. In 2012, the company launched its proprietary AFOS charter/brokerage system which significantly helped optimise individual sub-processes in sales and supported synergies across the company's other departments. As in previous years, the Avinode sale system, which is in increasingly popular, helped meet the growing demand.

A major component in terms of support for increasing demand was the enhanced promotion of charter flights for the corporate clientele. In 2012, ABS Jets organised for example the Day with Embraer event and several flight demonstrations, and attended the Boats on Water fair, BMW Polo Slovakia Open 2012, and BMW Polo Czech Republic Open 2012. In cooperation with financial and lifestyle media, awareness about flying business jets was raised, primarily by means of comparisons of the end prices with the prices of business class tickets on regular airline flights. The sales team also presented ABS Jets' services at international business avi¬ation exhibitions in Geneva and in Moscow.

Business Report

Environmental Protection
Human Resources
Research and Development

Environmental Protection

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

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

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

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

Human Resources

In 2012, human resource operations were carried out in line with the applicable legislation in the field. In 2012, the company's headcount increased, which contributed to the stabilisation of the operation of all of its departments. As at 31 December 2012, ABS Jets had a total of 195 employees.

In 2012, the company invested over TCZK 11,994 into its employees' education and training. Of this, nearly TCZK 10,105 was spent on regular flying staff training and TCZK 1,247 on technical staff training. In addition to improving the professional structure of its employees, the company also focused on creating new jobs and improving work relations and communication at the workplace. During the course of the year, a very sophisticated hiring system was introduced that can be documented by the filling of the position of a highly qualified foreign expert. An important step was the internal HR audit that helped consolidate the tasks carried out by various positions in order to increase the performance of existing activities by employees.

As in previous years, cooperation with university students continued to develop. They were given the opportunity to obtain practical experience and deepen their knowledge. Of equal benefit for employees were the continued efforts to improve their work environment.

In its social programme, the company continued to support cultural, sporting, and educational interests of its employees and contributed to their supplementary pension insurance plans.

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

Research and Development

The company did not expend any funds on research and development in 2012.

Objectives and Business Plan for 2013

The most important goals of ABS Jets for 2013 can be summarised in the following points:

- Further expansion of the ABS Jets fleet by at least one aircraft per year
- Intensive acquisition of new external clients purchasing handling, control, and maintenance services
- Increased volume of charter flights and increased market share on the European charter market
- Negotiating more advantageous conditions with suppliers of services
- Obtaining a licence for the maintenance for more types of business jets
- Central overarching of the business activities of all ABS Jets divisions
- Improving the quality and comfort of the work environment for employees
- Increasing the FBO market share at Prague Airport
- Expanding the services provided by the company's organisational unit in Bratislava
- Building full-fledged facilities at Bratislava Airport
- Intensive promotion of the ABS Jets and Embraer brands in the media and raising awareness about them within the company's target groups

Objectives and Business Plan for 2013

Business Plan for 2013

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

Our markets keep developing and growing. ABS Jets is one of the main initiators of that growth, and its integral part. Only maximum effort, constant expansion, and improvement of the quality of our services can help us stand our ground and strengthen our position in the face of tough global competition.

In 2013, great emphasis will be placed on improving and expanding ABS Jets' services, including increasing our employees' skills and intensive acquisition of new clients and business contacts. This requires not only an optimisation and improvement of our internal processes but, above all, openness and clear external communication by the company. For these reasons, it will be important to carry on in promoting and raising the company's profile in the global market next year, whether by means of media coverage or by our active participation in conferences and at fairs.

Acquisition of new external clients, in particular for our handling, control, and maintenance services, is another step towards increasing effectiveness and cutting our costs.

In terms of maintenance, we managed to retain our existing clients last year, and acquire new ones, a process we would like to intensify in 2013. Our goal is also to obtain a licence for other types of business jets. In addition to that, we will continue to focus on reducing risk by diversification on the heavy maintenance market, by expanding to large Bombardier aircraft.

In term of sales, we are planning a central overarching of all sales activities of all ABS Jets divisions under the sales department. Given that the company has been growing dynamically, we need to support cooperation among departments and make maximum use of all synergies. The goals of the department are based on the supposition that at least one small aircraft will be sold per year, or a large aircraft in the next two years. Similar to the previously mentioned divisions, the sales department will need to expand the portfolio of our external clients, by at least one aircraft entrusted to our management every year.

An important goal for us in the year ahead will be to direct the activities of the charter department towards maximum utilisation of existing charter capacity and obtaining a larger share of the European charger market.

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

Sworn Statement

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

Prague, 3 June 2013

David Kyjovský, MBA
Chairman of the Board of Directors

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

This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.

Financial statements

On the basis of our audit, on 30 April 2013 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 2012, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ABS Jets, a.s. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union."

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

This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.

Annual report

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

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

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

Prague
3 June 2013

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

Petr Sikora
Partner
Licence number 2001

Notes to the Financial Statement

Financial statements
(non-consolidated)

For the year ended 31 December 2012
In thousands of Czech crowns (TCZK)

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

STATEMENT OF COMPREHENSIVE INCOME

	Note	2012	2011
Revenue	5	1 204 855	1 000 075
Cost of sales	6	-891 523	-717 795
Gross profit		**313 332**	**282 280**
Other operating income	7	6 866	4 531
Personnel expenses	8	-234 341	-217 098
Depreciation and amortisation expense	13	-26 568	-15 896
Other operating expenses	9	-11 637	-9 638
Results from operating activities		**47 652**	**44 179**
Finance income	10	49	51
Finance costs	11	-33 698	-28 672
Net finance costs		**-33 649**	**-28 621**
Profit before tax		**14 003**	**15 558**
Income tax expense	12	- 3 054	-3 457
Profit for the period		**10 949**	**12 101**
Other comprehensive income for the period (net of income tax)		--	--
Total comprehensive income for the period		**10 949**	**12 101**
Total comprehensive income for the period		**10 949**	**12 101**

Financial statements

(non-consolidated)

For the year ended 31 December 2012
In thousands of Czech crowns (TCZK)

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

STATEMENT OF FINANCIAL POSITION

	Note	2012	2011	1 January 2011
ASSETS				
Intangible assets	13	22 200	20 373	9 638
Property, plant and equipment	13	465 502	470 525	267 840
Deferred tax assets	24	1 145	930	830
Total non-current assets		**488 847**	**491 828**	**278 308**
Trade and other receivables	17	173 437	124 674	125 595
Current tax assets	19	254	3 446	2 135
Cash and cash equivalents		25 894	7 003	9 742
Inventories	16	41 356	37 757	33 503
Total current assets		**240 941**	**172 880**	**170 975**
Total assets		**729 788**	**664 708**	**449 283**
EQUITY				
Share capital	18	74 000	74 000	74 000
Reserves		3 820	3 325	2 690
Retained earnings		68 293	57 839	46 373
Total equity		**146 113**	**135 164**	**123 063**
LIABILITIES				
Long-term bonds issued	20	378 975	378 435	--
Loans and borrowings	20	--	--	180 918
Other financial liabilities	20	1 844	1 889	2 295
Deferred tax liabilities	24	1 870	1 690	608
Trade and other payables	21	16 227	17 325	14 157
Total non-current liabilities		**398 916**	**399 339**	**197 978**
Loans and borrowings	20	70	19 305	17 941
Provisions	19	6 175	4 073	3 935
Trade and other payables	22	176 742	105 177	104 745
Other financial liabilities	20	1 772	1 650	1 621
Total current liabilities		**184 759**	**130 205**	**128 242**
Total liabilities		**583 675**	**529 544**	**326 220**
Total equity and liabilities		**729 788**	**664 708**	**449 283**

Financial statements

(non-consolidated)

For the year ended 31 December 2012
In thousands of Czech crowns (TCZK)

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2011	**74 000**	**2 690**	**46 373**	**123 063**
Net profit/(loss) for the period	--	--	12 101	12 101
Total comprehensive income for the period	**--**	**--**	**12 101**	**12 101**
Transfer to statutory reserve fund	--	635	-635	--
Balance at 31 December 2011	**74 000**	**3 325**	**57 839**	**135 164**

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

Financial statements
(non-consolidated)

For the year ended 31 December 2012
In thousands of Czech crowns (TCZK)

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

STATEMENT OF CASH FLOWS

	2012	2011
OPERATING ACTIVITIES		
Profit/(loss) for the period	10 949	12 101
Adjustments for:		
Income tax expense	3 054	3 457
Depreciation and amortisation	26 568	15 896
Gain (-) loss (+) on sale of tangible and intangible assets	83	296
Gain (-) loss (+) on sale of materials	--	-399
Net interest expense	26 769	22 817
Change in adjustments	-119	-181
Change in provisions	2 213	138
Unrealised foreign exchange gains/losses	183	-1 133
Operating profit before changes in working capital	**69 700**	**52 992**
Change in trade and other payables	-53 106	218
Change in inventories (including proceeds from sale)	-3 599	-3 855
Change in trade and other payables	75 320	2 652
Cash generated from (used in) operating activities	**88 315**	**52 007**
Interest paid	-25 876	-22 157
Income tax paid	-813	-3 786
Cash flow generated from (used in) operating activities	**61 626**	**26 064**
INVESTING ACTIVITIES		
Acquisition of tangible fixed assets	-18 391	-215 997
Acquisition of intangible fixed assets	-6 074	-12 376
Proceeds from sale of tangible and intangible assets	1 059	914
Interest received	6	50
Cash flow generated from (used in) investing activities	**-23 400**	**-227 409**

Financial statements

(non-consolidated)

For the year ended 31 December 2012
In thousands of Czech crowns (TCZK)

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

STATEMENT OF CASH FLOWS

	2012	2011
FINANCING ACTIVITIES		
Issue of bonds	--	378 435
Loans and borrowings received	77	1 519
Loans and borrowings repaid	-19 235	-181 450
Cash flow generated from (used in) financing activities	**-19 158**	**198 504**
Net increase (decrease) in cash and cash equivalents	*19 068*	*-2 841*
Cash and cash equivalents at beginning of period	**7 003**	**9 742**
Effect of exchange rate fluctuations on cash held	-177	102
Cash and cash equivalents at end of period	**25 894**	**7 003**

1. Corporate 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 struc¬tural changes of aircraft, aircraft components, and aviation technology;
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- 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.

Ownership structure of the company applicable and effective as at 31 December 2012:

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

Registered seat of the Company:

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

Registered seat of organisational unit abroad:

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

1. Corporate Profile

Registration number:

271 63 628

Incorporated in the Commercial Register:

Kept by the Municipal Court in Prague, section B, File 9421

Members of the Management Board as at 31 December 2012:

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

Member of the Supervisory Board as at 31 December 2012:

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

Changes in the Commercial Registry:

No changes were made in the Commercial Registry in 2012.

Organisational structure as at 31 December 2012:

See Annex 1

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements represent the first complete set of financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* as adopted by the European Union ("EU IFRS").

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 30.

These financial statements were authorised for issue by the Board of Directors on 30 April 2013.

Adoption of new or revised standards

Standards and interpretations issued but not yet adopted

As at the date of authorisation of these financial statements, the following standards and interpretations have been issued by the EU but are not yet effective.

IFRS 10 Consolidated Financial Statements
(effective for annual periods beginning on or after 1 January 2013)

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 2013)

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 2013)

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

IFRS 13 Fair Value Measurement
(effective for annual periods beginning on or after 1 January 2013)

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance.

The Company does not expect IFRS 13 to have a significant impact on the financial statements, except for more extensive disclosure in the notes to the financial statements.

IAS 12 Deferred tax: Recovery of Underlying Assets
(effective for annual periods beginning on or after 1 January 2013)

The Company does not expect the amendment, when initially applied, to have a significant impact on the financial statements.

Amendment to IAS 19 Employee Benefits
(effective for annual periods beginning on or after 1 January 2013)

The Company does not expect the amendment to have a significant impact on future financial statements.

IFRSs, amendments and interpretations to be approved by the European Union

Those new standards that may be relevant to the Company are set out below:

New standard and amendments to IFRS 9 Financial Instruments
(effective for annual periods beginning on or after 1 January 2015)

The new standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement regarding the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

Upon initial recognition, financial assets will be classified into one of the following two categories: financial assets measured at amortised cost; or financial assets measured at fair value.

The 2010 amendments to IFRS 9 replace the guidance in IAS 39 Financial Instruments: Recognition and Measurement mainly in relation to liabilities "designated as at fair value through profit or loss" in the case of changes in fair value attributable to changes in the credit risk of the respective liability.

The Company does not expect the standard, when initially applied, to have an impact on the measurement of financial instruments. Based on the standard, the classification of financial instruments into respective categories will change.

2. Basis of preparation

Improvements to IFRSs 2009-2011
(effective for annual periods beginning on or after 1 January 2013)

The improvements contain seven amendments to five standards, with consequential amendments to other standards and interpretations. The main changes relate to:
- repeated application of IFRS 1;
- clarification that first-time adopters of IFRS choosing to apply borrowing costs exemptions should not restate the borrowing cost component that was capitalised under previous GAAP;
- clarification that the opening statement of financial position is required only when a change in accounting policies, a retrospective restatement or reclassification has a material effect on the information in that statement of financial position, and except for the disclosures required under IAS 8, other notes related to the opening statement of financial position are no longer required;
- clarification on the classification and accounting of spare parts, stand-by equipment and servicing equipment;
- removal of inconsistencies between IAS 32 and IAS 12;
- additional disclosure required of a measure of total assets and liabilities for a particular reportable segment for interim financial reporting;
- clarification that only one comparative period, which is the preceding period, is required for a complete set of financial statements; however if additional comparative information is prepared, it should be accompanied by related notes and be in accordance with IFRS.

The Company currently does not expect these new standards and interpretations to have a significant impact on the Company's financial performance and financial position.

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in Czech crown (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 euro. The balances of the accounts are accounted for monthly and are translated at the Czech National Bank official rate applied by the Czech entity to transactions in the respective month. As at the balance sheet date, assets and liabilities denominated in euro are translated at the Czech National Bank official rate. Foreign exchange differences arising from the translation of the balance sheet and income statement as at the balance sheet date are recognised in the statement of comprehensive income.

Accounting period

The current accounting period of the Company is the calendar year ended 31 December 2012.

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 28** – Contingencies

3. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation and amortization

Tangible and intangible fixed assets are depreciated/amortized based on their cost and estimated useful life (see table) on a monthly straight-line basis, starting in the month following the date on which the asset is put into use.

(b) Inventories

As of 2012 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. In previous years, inventories were measured at cost, with disposals being measured using the first-in, first-out method.

The effect of the change in the method of measuring inventories on the inventories reported as at 31 December 2012 amounts to TCZK 361.

(c) Establishment of adjustments and provisions

Tangible fixed assets

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

Inventories

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

Provisions

A provision for untaken holidays is established as at the balance sheet date based on an analysis of untaken holidays in the accounting period and average payroll expenses, including social security and health insurance expenses per employee.

(d) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in profit or los.

3. Significant accounting policies applied by the Company

(e) Research and development

The Company has no research and development expenditure.

(f) Leased assets

Leases in terms of which the Company assumes all the risks and rewards of ownership are classified as finance leases. Upon 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. Subsequently, the asset is accounted for in accordance with the accounting policy applicable to assets.

Under operating leases, lease payments are expensed on a straight-line basis over the lease term in accordance with the accrual principle.

(g) Income tax

Income tax for the period comprises current tax and the change in deferred tax. Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

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.

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), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

(h) Cost and revenue recognition

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

(i) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Company initially recognises loans, borrowings and receivables on the date that they are originated. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which all the risks and rewards of ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(ii) 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. Short-term non-interest-bearing receivables are not discounted.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank accounts and deposits that are repayable on demand and 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 statement of cash flows.

(iv) 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 fi-

3. Significant accounting policies applied by the Company

xed interest income bonds. The bond coupons are paid half-yearly – each 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 initial transaction costs, which are expensed over the term of the bond issue.

(v) Interest-bearing loans and borrowings

Interest-bearing loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are measured at amortised cost, with any difference between cost and repayment value being recorded in profit or loss over the term of the loan using the effective interest method.

The Company classifies as short-term any part of long-term loans that is due within one year of the statement of financial position date.

As at the reporting date the nominal value of loans is increased by unpaid interest.

(vi) Trade and other payables

Trade and other payables are presented at nominal value, which, given their short-term maturity, is deemed to be equal to amortised cost.

(j) Impairment

(i) Non-derivative financial assets

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

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

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

(ii) 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 a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

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

3. Significant accounting policies applied by the Company

(k) 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. Costs relating to the issue of shares that are incurred in direct connection with a business combination are included in the acquisition cost.

(l) 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 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, hangars, flights (including crews and Private Jets), sales and maintenance.

Pricing between segments is based on the arm's length principle.

4. Change of presentation in the comparable period

As at 31 December 2012 the Company prepared its financial statements under IFRS for the first time (see Note 2).

5. Revenue

In thousands of CZK

	2012	2011
Revenue from flights	740 438	603 744
Revenue from services	457 107	394 902
Other	7 310	1 429
Total	**1 204 855**	**1 000 075**

6. Cost of sales

In thousands of CZK

	2012	2011
Lease of aircraft	442 782	291 167
Aviation fuel	96 525	103 463
Aircraft spare parts	37 772	42 961
Airport charges	40 397	38 724
Catering	21 756	25 957
Navigation charges	21 656	23 711
Handling	24 407	20 791
Fees for replacement of spare parts	22 461	19 150
Accommodation	17 921	18 354
Other services	165 846	133 517
Total	**891 523**	**717 795**

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

7. Other operating revenues

In thousands of CZK

	2012	2011
Contractual penalties and default interest	1 047	384
Insurance benefits	1 015	784
Revenue from materials	--	399
Refunded VAT	1 363	1 495
Recognition of receivables from employees	848	850
Write-off of payables	80	431
Stock-taking differences	90	--
Other	2 423	188
Total	**6 866**	**4 531**

8. Personnel expenses

In thousands of CZK

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

	Number	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	179	167 123	43 257	3 125
Executives	9	17 406	3 346	84
Total	**188**	**184 529**	**46 603**	**3 209**

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

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

Members of the Board of Directors and Supervisory Board do not receive any benefits.

9. Other operating expenses

In thousands of CZK

	2012	2011
Net loss on disposal of assets and materials	83	296
Taxes, fees and visas	1 776	1 412
Change in provisions and adjustments, write-off of receivables	2 213	1 216
Insurance	6 813	6 249
Other operating expenses	752	465
Total	**11 637**	**9 638**

10. Finance income

In thousands of CZK

	2012	2011
Interest income	6	50
Other finance income	43	1
Total	**49**	**51**

11. Finance costs

In thousands of CZK

	2012	2011
Interest expense	26 775	22 867
Net foreign exchange loss	3 585	2 795
Other	3 338	3 010
Total	**33 698**	**28 672**

12. Current and deferred tax

In thousands of CZK

Income tax recognised in the statement of comprehensive income	2012	2011
Current income tax:		
Current tax for the period	3 089	2 475
Adjustments for prior periods	--	--
Withholding tax	--	--
Total current tax	**3 089**	**2 475**
Deferred income tax:		
Origination and reversal of temporary differences	-35	982
Total deferred tax	**-35**	**982**
Total income tax recognised in the statement of comprehensive income	**3 054**	**3 457**

Deferred tax is calculated using the tax rates that are expected to be valid at the time the asset is realised or the liability settled. In accordance with Czech legislation, the corporate income tax rate is 19% for financial years ending in 2011 and 2012.

Reconciliation of effective tax rate

	%	2012	%	2011
Profit/(loss) for the period before tax		**14 003**		**15 558**
Income tax using the Company's domestic tax rate	19%	2 661	19%	2 956
Effect of temporary differences between local GAAP and IFRS	0,3%	51	-3,3%	-515
Non-deductible expenses	12,9%	1 810	11,3%	1 762
Tax exempt income	-10,2%	-1 433	-11,1%	-1 728
Total income tax recognised in comprehensive income	**22%**	**3 089**	**15,9%**	**2 475**

13. Fixed assets

In thousands of CZK

(a) Intangible fixed assets

	Software	Other ntangible fixed assets	Intangible assets under construction	Total
COST				
Balance at 1 January 2011	**5 146**	**3 646**	**2 674**	**11 466**
Additions	1 186	733	10 455	12 374
Disposals	--	--	--	--
Transfers	--	--	--	--
Balance at 31 December 2011	**6 332**	**4 379**	**13 129**	**23 840**
Balance at 1 January 2012	**6 332**	**4 379**	**13 129**	**23 840**
Additions	5 924	150	--	6 074
Disposals	--	-151	--	-151
Transfers	13 129	--	-13 129	--
Balance at 31 December 2012	**25 385**	**4 378**	**--**	**29 763**
ACCUMULATED AMORTISATION				
Balance at 1 January 2011	**221**	**1 607**	**--**	**1 828**
Amortisation expense	1 167	472	--	1 639
Disposals	--	--	--	--
Transfers	--	--	--	--
Balance at 31 December 2011	**1 388**	**2 079**	**--**	**3 467**
Balance at 1 January 2012	**1 388**	**2 079**	**--**	**3 467**
Amortisation expense	3 572	675	--	4 247
Disposals	--	-151	--	-151
Transfers	--	--	--	--
Balance at 31 December 2012	**4 960**	**2 603**	**--**	**7 563**
Net book values				
At 1 January 2011	**4 925**	**2 039**	**2 674**	**9 638**
At 31 December 2011	**4 944**	**2 300**	**13 129**	**20 373**
At 31 December 2012	**20 425**	**1 775**	**--**	**22 200**

13. Fixed assets

In thousands of CZK

(b) Tangible fixed assets

	Land	Buildings	Machinery and equipment	Vehicles	Low value assets	Tangible assets under construction	Advances	Total
COST								
Balance at 1 Jan 2011	**74 134**	**139 921**	**16 057**	**13 352**	**2 936**	**50 170**	**800**	**297 370**
Additions	--	196 837	15 601	4 315	1 428	--	57	218 238
Disposals	--	--	-100	-1 346	-195	--	--	-1 641
Transfers	--	47 331	2 771	800	--	-50 102	-800	--
Balance at 31 Dec 2011	**74 134**	**384 089**	**34 329**	**17 121**	**4 169**	**68**	**57**	**513 967**
Balance at 1 Jan 2012	**74 134**	**384 089**	**34 329**	**17 121**	**4 169**	**68**	**57**	**513 967**
Additions	--	12 197	2 465	2 932	797	137	--	18 528
Disposals	--	-492	-214	-881	-85	-68	--	-1 740
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2012	**74 134**	**395 794**	**36 580**	**19 172**	**4 881**	**137**	**57**	**530 755**
ACCUMULATED DEPRECIATION								
Balance at 1 Jan 2011	**--**	**17 993**	**5 505**	**3 703**	**2 329**	**--**	**--**	**29 530**
Depreciation expense	--	7 155	3 877	2 592	633	--	--	14 257
Disposals	--	--	-11	-183	-151	--	--	-345
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2011	**--**	**25 148**	**9 371**	**6 112**	**2 811**	**--**	**--**	**43 442**
Balance at 1 Jan 2012	**--**	**25 148**	**9 371**	**6 112**	**2 811**	**--**	**--**	**43 442**
Depreciation expense	--	13 034	5 524	2 700	1 063	--	--	22 321
Disposals	--	-11	-212	-221	-66	--	--	-510
Transfers	--	--	--	--	--	--	--	--
Balance at 31 Dec 2012	**--**	**38 171**	**14 683**	**8 591**	**3 808**	**--**	**--**	**65 253**
Net book values								
At 1 January 2011	**74 134**	**121 928**	**10 552**	**9 649**	**607**	**50 170**	**800**	**267 840**
At 31 December 2011	**74 134**	**358 941**	**24 958**	**11 009**	**1 358**	**68**	**57**	**470 525**
At 31 December 20122	**74 134**	**357 623**	**21 897**	**10 581**	**1 073**	**137**	**57**	**465 502**

Major additions to fixed assets in 2012 include the acquisition of aircraft maintenance management software of TCZK 8 098, the acquisition of a management information system of TCZK 10 552, and the technical improvement of Hangar C of TCZK 11 989.

Major additions to fixed assets in 2011 include the construction of Hangar N of TCZK 218 064, the technical improvement of Hangar C totalling TCZK 23 384, the acquisition of mobile housing units for the Bratislava base costing TCZK 8 538, and the acquisition of a mobile shelter to cover the rear section of an aircraft at TCZK 3 159.

14. Leased assets

In thousands of CZK

Operating leases

The Company leases for one car. The annual cost of this lease for 2012 was TCZK 575 (2011 – TCZK 444).

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
Within one year	5 311	5 272
From two to five years	21 244	21 244
More than five years	100 909	106 220
Total	**127 464**	**132 736**

Under a long-term contract concluded for a fixed period until 19 July 2036, the Com¬pany leases land under Hangar N. The total cost of this lease for 2012 was TCZK 5 267 (2011 – TCZK 5 804).

In addition, the Company has a long-term lease for a car park in front of Hangar C, and a lease for land in Bratisla¬va on which mo¬bile housing units are located. The total cost of these leases for 2012 was TCZK 1 171 (2011 – TCZK 1 057).

The Company also leases an office and an INFO booth at Prague--Ruzyně Airport's Terminal 3. The total cost of these leases for 2012 was TCZK 398 (2011 – TCZK 393).

15. Non-capitalised tangible and intangible fixed assets

In thousands of CZK

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

	31 December 2012	31 December 2011	1 January 2011
Tangible fixed assets	13 444	10 084	6 462
Intangible fixed assets (software)	1 005	246	--
Total	**14 449**	**10 330**	**6 462**

16. Inventories

At the stocktaking held on 31 December 2012 the Company identified spare parts, including incidental acquisition costs, of TCZK 39 796 (2011 – TCZK 37 607; 1 January 2011 – TCZK 33 499).

17. Trade and other receivables

In thousands of CZK

	31 December 2012	31 December 2011	1 January 2011
Trade receivables	132 598	92 456	83 935
Advances	4 776	3 490	3 444
Estimated receivables/Other receivables	28 720	17 169	26 753
Prepaid expenses	6 730	7 123	6 322
Tax receivables, excluding current tax	613	4 436	5 141
Balance at the end of the period	**173 437**	**124 674**	**125 595**

(a) Short-term trade receivables total TCZK 133 532 (2011 – TCZK 93 509; 1 January 2011 – TCZK 85 169), of which TCZK 65 731 (2011 – TCZK 29 529; 1 January 2011 – TCZK 36 945) is overdue. An adjustment of TCZK 934 (2011 – TCZK 1 053; 1 January 2011 – TCZK 1 234) was set up at 31 December 2012 for doubtful receivables.

(b) Estimated receivables of TCZK 26 631 (2011 – TCZK 15 583; 1 January 2011 – TCZK 5 682) primarily include uninvoiced revenue from aircraft maintenance and flight sales.

(c) Prepaid expenses primarily comprise deferred costs of TCZK 1 794 (2011 – TCZK 2 093; 1 January 2011 – TCZK 0) related to the lease of an aircraft, deferred costs of TCZK 1 856 (2011 – TCZK 1 853; 1 January 2011 – TCZK 1 847) related to the subscription of navigation databases for aircraft and other databases for the Company's operations, deferred insurance costs of TCZK 1 079 (2011 – TCZK 976; 1 January 2011 – TCZK 2 111), and other deferred costs of TCZK 2 001 (2011 – TCZK 2 201; 1 January 2011 – TCZK 2 364).

For information on transactions with related parties, see Note 27.

18. Share capital

In thousands of CZK

	Share capital
Balance at 1 January 2011	
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 2011	**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 2012	**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**

19. Provisions and Current tax assets

In thousands of CZK

	Provision for untaken holidays	Total
Balance at 1 January 2011	3 935	3 935
Additions	4 006	4 006
Utilisation	-3 868	-3 868
Balance at 31 December 2011	**4 073**	**4 073**

	Provision for untaken holidays	Other	Total
Balance at 1 January 2012	4 073	--	4 073
Additions	5 505	670	6 175
Release	-4 073	--	-4 073
Utilisation	--	--	--
Balance at 31 December 2012	**5 505**	**670**	**6 175**

In 2012 the income tax provision of TCZK 3 009 (2011 – TCZK 2 374; 1 January 2011 – TCZK 3 979) was reduced by income tax prepayments of TCZK 3 263 (2011 – TCZK 5 820; 1 January 2011 – TCZK 6 114), and the net asset was recorded in current tax assets.

20. Financial liabilities

In thousands of CZK

	31 December 2012	31 December 2011	1 January 2011
Long-term financial liabilities			
Long-term bonds issued	378 975	378 435	--
Bank loans	--	--	180 918
Other financial liabilities	1 844	1 889	2 295
Total	**380 819**	**380 324**	**183 213**

	31 December 2012	31 December 2011	1 January 2011
Short-term financial liabilities			
Bank loans	70	19 305	17 941
Other financial liabilities	1 772	1 650	1 621
Total	**1 842**	**20 955**	**19 562**

(a) Long-term bonds issued

	Number of bonds	Nominal value per bond	Total
Total bonds issued	150	3 000	450 000
Repurchase	23	3 000	69 000
Balance at 31 December 2011	**127**	**--**	**381 000**

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

On 30 September 2011 the Company issued bearer bonds in book-entry form, which were admitted to trading on the open market of the Prague Stock Exchange. These are five-year bonds with a fixed interest income of 6.5% p.a., totalling CZK 450 million and maturing in 2016. The bond coupons are paid half-yearly – each 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 ABS Jets centre. Repurchased bonds constitute a reserve for the Company's further development.

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

(b) Loans

31 December 2012	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
Loan A	CZK	3M PRIBOR + 4%	30. 6. 2016	--	--	--	--	--
Loan B	CZK	3M PRIBOR + 7%	1. 8. 2013	70	70	70	--	--
Other financial liability 1	CZK		15.8.2015	626	626	235	391	--
Other financial liability 2	CZK		15.3.2014	193	193	154	39	--
Other financial liability 3	CZK		15.11.2015	338	338	116	222	--
Other financial liability 4	CZK		1.9.2015	763	763	277	486	--
Other financial liability 5	CZK		9.6.2013	53	53	53	--	--
Other financial liability 6	CZK		9.6.2013	75	75	75	--	--
Other financial liability 7	CZK		9.6.2013	82	82	82	--	--
Other financial liability 8	CZK		8.8.2013	56	56	56	--	--
Other financial liability 9	CZK		16.5.2013	35	35	35	--	--
Other financial liability 10	CZK		1.12.2014	646	646	323	323	--
Other financial liability 11	CZK		1.10.2014	381	381	208	173	--
Other financial liability 12	CZK		15.4.2015	368	368	157	211	--
Long-term bonds issued	CZK	6.50%	30.9.2016	387 975	387 975	--	387 975	--
Total				**391 661**	**391 661**	**1 841**	**389 820**	**--**

31 December 2011	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
Loan A	CZK	3M PRIBOR + 4%	30. 6. 2016	--	--	--	--	--
Loan B	CZK	3M PRIBOR + 7%	1. 8. 2012	19 305	19 305	19 305	--	--
Other financial liability 1	CZK		15.8.2015	--	--	--	--	--
Other financial liability 2	CZK		15.3.2014	347	347	154	193	--
Other financial liability 3	CZK		15.11.2015	--	--	--	--	--
Other financial liability 4	CZK		1.9.2015	--	--	--	--	--
Other financial liability 5	CZK		9.6.2013	159	159	106	53	--
Other financial liability 6	CZK		9.6.2013	225	225	150	75	--
Other financial liability 7	CZK		9.6.2013	246	246	164	82	--
Other financial liability 8	CZK		8.8.2013	140	140	84	56	--
Other financial liability 9	CZK		16.5.2013	121	121	86	35	--
Other financial liability 10	CZK		1.12.2014	969	969	323	646	--
Other financial liability 11	CZK		1.10.2014	588	588	207	381	--
Other financial liability 12	CZK		15.4.2015	527	527	158	369	--
Other financial liability 13	CZK		1.10.2012	105	105	105	--	--
Other financial liability 14	CZK		23. 11. 2012	112	112	112	--	--
Other financial liability 15	CZK		24.6.2013	--	--	--	--	--
Long-term bonds issued	CZK	6.50%	30.9.2016	378 435	378 435	--	378 435	--
Total				**401 279**	**401 279**	**20 954**	**380 325**	**--**

1 January 2011	Currency	Nominal interest rate	Maturity date	Fair value	Carrying amount	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
Loan A	CZK	3M PRIBOR + 4%	30. 6. 2016	180 918	180 918	--	178 000	2 918
Loan B	CZK	3M PRIBOR + 7%	1. 8. 2011	17 941	17 941	17 941	--	--
Other financial liability 1	CZK		15.8.2015	--	--	--	--	--
Other financial liability 2	CZK		15.3.2014	--	--	--	--	--
Other financial liability 3	CZK		15.11.2015	--	--	--	--	--
Other financial liability 4	CZK		1.9.2015	--	--	--	--	--
Other financial liability 5	CZK		9.6.2013	265	265	106	159	--
Other financial liability 6	CZK		9.6.2013	375	375	150	225	--
Other financial liability 7	CZK		9.6.2013	410	410	164	246	--
Other financial liability 8	CZK		8.8.2013	224	224	84	140	--
Other financial liability 9	CZK		16.5.2013	206	206	85	121	--
Other financial liability 10	CZK		1.12.2014	--	--	--	--	--
Other financial liability 11	CZK		1.10.2014	795	795	207	588	--
Other financial liability 12	CZK		15.4.2015	685	685	158	527	--
Other financial liability 13	CZK		1.10.2012	230	230	125	105	--
Other financial liability 14	CZK		23. 11. 2012	239	239	125	114	--
Other financial liability 15	CZK		24.6.2013	487	487	195	292	--
Long-term bonds issued	CZK	6.50%	30.9.2016	--	--	--	--	--
Total				**202 775**	**202 775**	**19 340**	**180 517**	**2 918**

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.

The loans are secured as follows:

		Net book value of security		Loan balance	
			31 December 2012	31 December 2011	31 December 2010
Loan A	Lien on real estate, bill of exchange, lien on receivables, lien on movable assets	--	--	--	178 000
Total		**--**	**--**	**--**	**178 000**

In 2011 the Company drew TCZK 189 500 (2010 – TCZK 178 000) under Loan A, which was used to construct the new ABS Jets centre. Interest on the loan in 2011 totalled TCZK 13 912 (2010 – TCZK 2 918). The loan and interest were repaid on 30 September 2011.

Loan B is a bank overdraft with a total credit limit of TCZK 10 000. The loan is secured by a blank bill.

21. Non-current trade and other payables

In 2012 the Company received long-term advances of TCZK 14 432 (2011 – TCZK 14 576; 1 January 2011 – TCZK 10 656) related to the operation of aircraft.

In addition, other non-current payables comprise long-term leases of TCZK 1 794 (2011 – TCZK 2 749; 1 January 2011 – TCZK 2 737; see Note 23) and other payables of TCZK 1 (2011 – TCZK 0; 1 January 2011 – TCZK 764).

For information on transactions with related parties, see Note 27.

22. Current trade and other payables

In thousands of CZK

	31 December 2012	31 December 2011	1 January 2011
Trade payables	122 662	55 085	67 714
Operating advances received	11 655	8 361	12 454
Short-term finance leases	945	1 548	1 275
Other payables/Estimated payables	38 341	37 918	21 317
Other current tax liabilities	3 139	2 265	1 984
Balance at the end of the period	**176 742**	**105 177**	**104 744**

(a) Short-term trade payables total TCZK 122 662 (2011 – TCZK 55 085; 2010 – TCZK 67 714), of which TCZK 54 734 (2011 – TCZK 19 537; 1 January 2011 – TCZK 14 608) is overdue. The bulk of short-term advances received comprises advances paid in respect of booked flights.

(b) Estimated payables of TCZK 11 889 (2011 – TCZK 14 836; 1 January 2011 – TCZK 6 560) comprise uninvoiced expenses related to the operation of aircraft (handling, airport charges, fuel, etc.) and uninvoiced expenses related to aircraft maintenance.

(c) Other payables/Estimated payables also include an accrual of TCZK 6 191 in respect of the bond coupon for the period from October to December (2011 – TCZK 6 191; 1 January 2011 – TCZK 0).

(d) Other payables also include social security and health insurance liabilities of TCZK 4 058 (2011 – TCZK 3 794; 1 January 2011 – TCZK 3 349), of which TCZK 2 733 (2011 – TCZK 2 685; 1 January 2011 – TCZK 2 370) relates to social security and TCZK 1 324 (2011 – TCZK 1 109; 1 January 2011 – TCZK 979) relates to health insurance. None of these liabilities are overdue.

(e) In addition, other payables include payables to employees of TCZK 12 746 arising from unpaid wages and salaries for December (2011 – TCZK 11 104; 1 January 2011 – TCZK 9 910).

(f) Tax liabilities total TCZK 3 139 (2011 – TCZK 2 265; 1 January 2011 – TCZK 1 984). This amount primarily comprises withheld prepayments on the personal income tax of ABS Jets, a.s. employees that had not been transferred to the state budget by 31 December 2012. None of these liabilities are overdue.

23. Finance leases

In thousands of CZK

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2012	2011	2012	2011	2012	2011
Within one year	1 084	1 734	139	236	945	1 547
From two to five years	1 932	3 023	138	279	1 794	2 750
Total	**3 016**	**4 757**	**277**	**515**	**2 739**	**4 297**

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

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

2011	Total lease payments	Paid at 31/12/2011	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Cars	2 829	2 291	388	150	--
Machinery and equipment	8 068	3 849	1 346	2 873	--
Total	**10 897**	**6 140**	**1 734**	**3 023**	**--**

1. ledna 2011	Total lease payments	Paid at 31/12/2010	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Cars	3 096	1 991	467	638	--
Machinery and equipment	5 196	1 744	1 030	2 150	272
Total	**8 292**	**3 735**	**1 497**	**2 788**	**272**

24. Deferred tax assets and liabilities

In thousands of CZK

Recognised deferred tax assets and liabilities

The Company recognised the following deferred tax assets and liabilities:

Temporary differences are attributable to:	31 December 2012 Assets	31 December 2011 Assets	31 December 2012 Liabilities	31 December 2011 Liabilities	31 December 2012 Net	31 December 2011 Net
Property, plant and equipment	--	--	-1 486	-1 203	-1 486	-1 203
Trade and other receivables	99	156	--	--	99	156
Bonds issued	--	--	-384	-487	-384	-487
Provisions	1 046	774	--	--	1 046	774
Tax asset (liability)	1 145	930	-1 870	-1 690	-725	-760
Set off of tax	--	--	--	--	--	--
Net tax asset (liability)	1 145	930	-1 870	-1 690	-725	-760
Total	**1 145**	**930**	**-1 870**	**-1 690**	**-725**	**-760**

In accordance with the accounting policy described in Note 3 (g), deferred tax was calculated using the tax rates valid for the periods in which the tax asset/liability is to be utilised, i.e. 19% for 2012 and subsequent years (2010 – 19% for 2011 and subsequent years).

Movement in temporary differences during the year

	Balance at 31 December 2012	Recognised in profit or loss	Balance at 31 December 2011	Recognised in profit or loss	Balance at 1 January 2011
Property, plant and equipment	-1 486	-283	-1 203	-595	-608
Trade and other receivables	99	-57	156	73	83
Provisions	1 046	272	774	27	747
Bonds issued	-384	103	-487	-487	--
Total	**-725**	**35**	**-760**	**-982**	**222**

25. Risk management and disclosure policies

In thousands of CZK

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

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

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

(a) Market risk

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

(i) Currency risk

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

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

	CZK	EUR	USD	Other	Total
ASSETS					
Cash and cash equivalents	15 029	10 608	199	58	25 894
Trade and other receivables	205 152	-27 070	-2 111	-2 534	173 437
Total	**220 181**	**-16 462**	**-1 912**	**-2 476**	**199 331**
LIABILITIES					
Long-term bonds issued	378 975	--	--	--	378 975
Loans and borrowings	70	--	--	--	70
Other financial liabilities	3 616	--	--	--	3 616
Trade and other payables	148 864	34 359	10 869	-1 123	192 969
Total	**531 525**	**34 359**	**10 869**	**-1 123**	**575 630**

25. Risk management and disclosure policies

In thousands of CZK

As at 31 December 2011 the Company had the following currency risk exposure (translated into thousands of CZK):

	CZK	EUR	USD	Other	Total
ASSETS					
Cash and cash equivalents	5 632	1 100	194	77	7 003
Trade and other receivables	119 124	-2 300	8 034	-184	124 674
Total	**124 756**	**-1 200**	**8 228**	**-107**	**131 677**
LIABILITIES					
Long-term bonds issued	378 435	--	--	--	378 435
Loans and borrowings	19 305	--	--	--	19 305
Other financial liabilities	3 539	--	--	--	3 539
Trade and other payables	82 151	31 949	7 686	716	122 502
Total	**483 430**	**31 949**	**7 686**	**716**	**523 781**

The following significant exchange rates applied during the year:

	31 December 2012		31 December 2011	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
EUR 1	25,143	25,140	24,586	25,800
USD 1	19,583	19,055	17,688	19,940

Sensitivity analysis

A strengthening (weakening) of the Czech crown, as indicated below, against the EUR and USD 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	
	2012	2011
EUR (5 percent strengthening)	2 556	1 670
USD (5 percent strengthening)	639	27

25. Risk management and disclosure policies

In thousands of CZK

A weakening of the Czech crown against the above currencies as at the reporting date would have had the 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 (reinvoicing). In addition, the Company manages currency risk through agreements with banks, thanks to which it has access to more favourable financing.

(ii) Interest rate risk

The Company's interest rate risk exposure is currently low as its most significant interest-bearing liabilities, in particular bonds, bear a fixed interest rate. The following table shows the Company's interest rate risk exposure by contractual maturity of financial instruments.

Financial information regarding interest-bearing and non-interest-bearing assets and liabilities and their contractual maturity as at 31 December 2012:

	Within 1 year	1 to 5 years	Undefined maturity or non-interest-bearing	Total
ASSETS				
Cash and cash equivalents	--	--	25 894	25 894
Trade and other receivables	--	--	173 437	173 437
Total	**--**	**--**	**199 331**	**199 331**
LIABILITIES				
Long-term bonds issued	--	378 975	--	378 975
Loans and borrowings	70	--	--	70
Other financial liabilities	1 772	1 844	--	3 616
Trade and other payables	1 094	1 724	190 151	192 969
Total	**2 936**	**382 543**	**190 151**	**575 630**
Net interest rate risk exposure	**2 936**	**382 543**	**-9 180**	**376 299**

25. Risk management and disclosure policies

In thousands of CZK

Interest rate risk exposure as at 31 December 2011:

	Within 1 year	1 to 5 years	Undefined maturity or non-interest-bearing	Total
ASSETS				
Cash and cash equivalents	--	--	7 003	7 003
Trade and other receivables	--	--	124 674	124 674
Total	**--**	**--**	**131 677**	**131 677**
LIABILITIES				
Long-term bonds issued	--	378 435	--	378 435
Loans and borrowings	19 305	--	--	19 305
Other financial liabilities	1 650	1 889	--	3 539
Trade and other payables	572	1 196	120 734	122 502
Total	**21 527**	**381 520**	**120 734**	**523 781**
Net interest rate risk exposure	**21 527**	**381 520**	**-10 943**	**392 104**

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

	Carrying amount	
Fixed rate instruments	**2012**	**2011**
Financial assets	--	--
Financial liabilities	385 479	403 047

Sensitivity analysis

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

(b) Credit risk

(i) Credit risk exposure

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

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

25. Risk management and disclosure policies

In thousands of CZK

Credit risk exposure by type of counterparty

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

at 31 December 2011	Businesses (non-financial institutions)	Government	Financial institutions	Banks	Individuals	Total
Cash and cash equivalents	411	--	--	6 592	--	7 003
Trade and other receivables	118 284	4 436	468	--	1 486	124 674
Total	**118 695**	**4 436**	**468**	**6 592**	**1 486**	**131 677**

Credit risk exposure by geographic region

at 31 December 2012	Czech Republic	Slovakia	Ireland	Aruba	Cyprus	Other	Total
Cash and cash equivalents	23 487	2 407	--	--	--	--	25 894
Trade and other receivables	91 255	11 754	45 337	14 017	7 707	3 367	173 437
Total	**114 742**	**14 161**	**45 337**	**14 017**	**7 707**	**3 367**	**199 331**

at 31 December 2011	Czech Republic	Slovakia	Ireland	Aruba	Cyprus	Other	Total
Cash and cash equivalents	4 847	2 156	--	--	--	--	7 003
Trade and other receivables	28 373	8 262	19 595	3 327	11 026	54 091	124 674
Total	**33 220**	**10 418**	**19 595**	**3 327**	**11 026**	**54 091**	**131 677**

25. Risk management and disclosure policies

In thousands of CZK

(ii) Impairment losses

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

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

	2012	2011
Not past due (net)	100 231	95 146
Past due (net)	73 206	29 528
Total	**173 437**	**124 674**
A – assets in respect of which an adjustment has been established (past due and impaired)		
- gross	934	1 054
- specific adjustment	-934	-1 054
- general adjustment	--	--
Net	**--**	**--**
B – assets in respect of which an adjustment has not been established (past due)		
- past due < 30 days	27 789	15 065
- past due 31-60 days	22 248	8 109
- past due 61-90 days	10 653	1 796
- past due 91- days	5 035	2 739
- past due 181-365 days	6 547	461
- past due >365 days	--	--
Net	**72 272**	**28 170**
Total	**73 206**	**29 224**

25. Risk management and disclosure policies

In thousands of CZK

The movement in the adjustment for impairment in respect of financial assets during the year ended 31 December 2012 and 31 December 2011 was as follows:

Balance at 1 January 2011	**1 234**
Impairment losses recognised during the period	1 301
Reversal of impairment loss recognised during the period	-241
Write-offs	-1 240
Foreign currency translation differences	--
Balance at 31 December 2011	**1 054**
Impairment losses recognised during the period	637
Reversal of impairment loss recognised during the period	-754
Write-offs	-3
Foreign currency translation differences	--
Balance at 31 December 2012	**934**

The impairment losses in respect of trade and other receivables as at 31 December 2012 and 31 December 2011 relate to outstanding balances that are not expected to be repaid, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on analyses of the underlying customers' credit ratings.
Based on historic default rates, the Company believes that no impairment adjustment is necessary in respect of trade and other receivables not past due or past due by up to 90 days.

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

(c) Liquidity risk management

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

The following table analyses the Company's financial liabilities by remaining maturity (i.e. the period from the reporting date to the contractual maturity date). The liabilities with no contractual maturity are grouped into the "undefined maturity" category.

25. Risk management and disclosure policies

In thousands of CZK

Maturity of financial assets and liabilities

at 31 December 2012	Carrying amount	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Undefined maturity or non-interest-bearing
Cash and cash equivalents	25 894	--	--	--	--	25 894
Trade and other receivables	173 437	--	--	--	--	173 437
Total	**199 331**	**--**	**--**	**--**	**--**	**199 331**
Long-term bonds issued	378 975	480 061	12 383	12 383	455 295	--
Secured bank loans	70	70	70	--	--	--
Other secured financial liabilities	3 616	3 616	515	1 257	1 844	--
Trade and other payables	192 969	193 191	338	756	1 946	190 151
Total	**575 630**	**676 938**	**13 306**	**14 396**	**459 085**	**190 151**

at 31 December 2011	Carrying amount	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Undefined maturity or non-interest-bearing
Cash and cash equivalents	7 003	--	--	--	--	7 003
Trade and other receivables	124 674	--	--	--	--	124 674
Total	**131 677**	**--**	**--**	**--**	**--**	**131 677**
Long-term bonds issued	378 435	504 826	12 383	12 383	480 060	--
Secured bank loans	19 305	19 375	16 086	3 289	--	--
Other secured financial liabilities	3 539	3 539	420	1 230	1 889	--
Trade and other payables	122 502	125 567	485	1 308	3 040	120 734
Total	**523 781**	**653 307**	**29 374**	**18 210**	**484 989**	**120 734**

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

25. Risk management and disclosure policies

In thousands of CZK

(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:

	2012	2011
Total liabilities	583 675	529 544
Less: cash and cash equivalents	-25 894	-7 003
Net debt	**557 781**	**522 541**
Total equity attributable to equity holders of the Company	146 113	135 164
Debt to equity ratio	**3,8**	**3,9**

26. 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 overflight 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

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. As of 2013 guiding/towing the aircraft to a hangar and aircraft parking will be transferred to the Hangaring segment.

HANGARS

The Hangars segment includes financing, maintaining and depreciating hangars; electricity and hangar cleaning fees; and rentals from other segments.

FLIGHTS (INCLUDING CREWS AND PRIVATE JETS)

The Flights segment comprises transactions relating to client flights, particularly the lease of pilots and flight crews. This segment also includes sales of client aircraft to third parties as part of cost optimisation.

SALES

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

MAINTENANCE

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

Information about operating segments

	Control centre 2012	Control centre 2011	Handling 2012	Handling 2011	Hangars 2012	Hangars 2011	Flights and related services 2012	Flights and related services 2011
External revenues	56 481	41 550	56 789	103 558	30 614	7 192	740 438	603 745
Inter-segment revenue	2 584	1 489	1 140	3	--	--	--	--
Interest revenue	--	--	--	--	--	--	--	1
Interest expense	--	--	-90	-141	-24 767	-20 319	--	--
Depreciation and amortisation	-96	-793	-1 988	-2 157	-13 802	-7 300	-1 505	-483
Profit/loss before tax	7 055	2 239	8 783	34 262	-31 717	-44 386	20 956	11 181
Assets	161	3 821	10 624	14 146	362 917	437 378	4 129	1 473

	Sales 2012	Sales 2011	Maintenance 2012	Maintenance 2011	Shared services 2012	Shared services 2011	Total 2012	Total 2011
External revenues	117 882	83 890	195 340	158 713	7 311	1 429	**1 204 855**	**1 000 075**
Inter-segment revenue	--	--	31	10	--	7	**3 755**	**1 509**
Interest revenue	--	--	--	--	6	49	**6**	**50**
Interest expense	--	-327	-75	-105	-1 068	-1 525	**-26 000**	**-22 417**
Depreciation and amortisation	-32	-12	-3 186	-1 984	-4 251	-1 461	**-24 860**	**-14 190**
Profit/loss before tax	29 628	35 216	25 489	15 383	-45 919	-41 045	**14 275**	**12 850**
Assets	28	39	13 880	6 210	92 071	9 170	**483 810**	**472 237**

26. Operating segments

In thousands of CZK

Reconciliations of revenues, profit or loss, assets and liabilities

	2012	2011
REVENUES		
Revenue for operating segments	1 201 300	1 000 149
Other revenue	7 310	1 435
Elimination of inter-segment revenue	-3 755	-1 509
Total revenues	**1 204 855**	**1 000 075**
PROFIT OR LOSS		
Profit or loss for operating segments	60 195	53 894
Other profit or loss	-45 920	-41 044
Elimination of inter-segment profits or losses	--	--
Total profit before tax	**14 275**	**12 850**
ASSETS		
Assets for reportable segments	391 739	463 066
Assets for other segments	92 071	9 171
Other unallocated assets	--	--
Total assets	**483 810**	**472 237**

Other material items 2012

	Operating segment totals	Other	Total
Interest revenue	--	6	6
Interest expense	-24 932	-1 068	-26 000
Depreciation and amortisation	-20 609	-4 251	-24 860

Other material items 2011

	Operating segment totals	Other	Total
Interest revenue	1	49	50
Interest expense	-20 892	-1 525	-22 417
Depreciation and amortisation	-12 729	-1 461	-14 190

In 2012 a total of 17% of the Company's revenues (2011 – 16%) was generated vis-à-vis a single customer. This represented TCZK 206 889 (2011 – TCZK 159 131) in the following segments:

- flights: TCZK 193 498 (2011 – TCZK 152 198),
- sales: TCZK 13 391 (2011 – TCZK 6 993).

27. Related parties

In thousands of CZK

(a) Trade receivables and payables

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

	Receivables at 31 December			Payables at 31 December		
	2012	2011	2010	2012	2011	2010
ABS PROPERTY LIMITED	--	3 779	1 510	--	--	261
ABS PLANE LIMITED	2 682	4 834	3 379	3 475	--	3 303
JET ONE LEGACY LIMITED	4 016	3 376	916	16 398	--	6 570
Arthur Bradley & Smith, a.s.	11 688	6 928	1 462	6 281	298	319
Aero Group, a.s.	1 795	806	1 321	--	--	--
ABS Bravo Limited	--	--	--	--	--	--
Total	**20 181**	**19 723**	**8 588**	**26 154**	**298**	**10 453**

(b) Transactions with related parties

	Revenue from services for the year		Cost of services for the year	
	2012	2011	2012	2011
ABS PROPERTY LIMITED	--	44 172	--	23 176
ABS PLANE LIMITED	26 581	33 194	20 457	14 783
JET ONE LEGACY LIMITED	37 761	36 008	119 004	78 486
Arthur Bradley & Smith, a.s.	31 858	27 240	28 857	11 338
Aero Group, a.s.	5 948	7 533	--	--
ABS Bravo Limited	--	--	2	--
Total	**102 148**	**148 147**	**168 320**	**127 783**

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

(c) Group relations

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

28. Contingencies

The Company has provided a bank guarantee of GBP 15 000 in favour of AIR BP LIMITED, valid until 21 March 2013, and a bank guarantee of EUR 200 000 in favour of ENI S.p.A., valid until 31 December 2013.

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 2012.

30. Reconciliation between the Czech and IFRS financial statements

In the case of the Company, the most significant differences between Czech and IFRS regulations are the recognition of finance leases, recognition of transactions costs related to bonds and resulting deferred tax. Under Czech accounting finance lease payments are expensed, whereas under IFRS the present value of an asset acquired under a finance lease is capitalised and the present value of future lease payments is recognised. The asset is depreciated, and the lease payments are apportioned between the repayment of the liability and related interest.

Under IFRS transaction costs related to the bond issue are allocated to the liability arising from the issued bonds and deferred, whereas under Czech accounting they are expensed as incurred.

Deferred tax arises from the additional difference between the IFRS and Czech financial statements caused by the stated adjustments.

The difference in equity is reflected in retained earnings and is also caused by the above differences between IFRS and Czech accounting standards:

- LEASES: the payments charged to expenses under Czech accounting standards are reversed and replaced with interest and depreciation (including retrospectively),
- BONDS: the interest expense under Czech accounting standards is cumulatively reversed and subsequently recognised in profit or loss, consistent with the accrual principle,
- deferred tax income/expense is recognised consistently.

These differences affect the following financial statements.

Statement of financial position

In thousands of Czech crowns (TCZK)

As at 31 December 2012	Note	Local GAAP	IFRS AJE	IFRS
ASSETS				
Intangible assets	13	22 200	--	22 200
Property, plant and equipment	13	461 803	3 699	465 502
Deferred tax assets	24	1 145	--	1 145
Total non-current assets		**485 148**	**3 699**	**488 847**
Trade and other receivables	17	174 057	-620	173 437
Current tax assets	19	254	--	254
Cash and cash equivalents		25 894	--	25 894
Inventories	16	41 356	--	41 356
Total current assets		**241 561**	**-620**	**240 941**
Total assets		**726 709**	**3 079**	**729 788**
EQUITY				
Share capital	18	74 000	--	74 000
Reserves		3 820	--	3 820
Retained earnings		66 378	1 915	68 293
Total equity		**144 198**	**1 915**	**146 113**
LIABILITIES				
Long-term bonds issued	20	381 000	-2 025	378 975
Loans and borrowings	20	--	--	--
Other financial liabilities	20	1 844	--	1 844
Deferred tax liabilities	24	1 421	449	1 870
Trade and other payables	21	14 432	1 795	16 227
Total non-current liabilities		**398 697**	**219**	**398 916**
Loans and borrowings	20	70	--	70
Provisions	19	6 175	--	6 175
Trade and other payables	22	175 797	945	176 742
Other financial liabilities	20	1 772	--	1 772
Total current liabilities		**183 814**	**945**	**184 759**
Total liabilities		**582 511**	**1 164**	**583 675**
Total equity and liabilities		**726 709**	**3 079**	**729 788**

Statement of comprehensive income

In thousands of Czech crowns (TCZK)

For the year ended 31 December 2012	Note	Local GAAP	IFRS adjustments	IFRS
Revenue	5	1 204 855	--	1 204 855
Cost of sales	6	-893 734	2 211	-891 523
Gross profit		**311 121**	**2 211**	**313 332**
Other operating income	7	6 866	--	6 866
Personnel expenses	8	-234 341	--	-234 341
Depreciation and amortisation expense	13	-24 860	-1 708	-26 568
Other operating expenses	9	-11 637	--	-11 637
Results from operating activities		**47 149**	**503**	**47 652**
Finance income	10	49	--	49
Finance costs	11	-32 923	-775	-33 698
Net finance income/costs		**-32 874**	**-775**	**-33 649**
Profit before tax		**14 275**	**-272**	**14 003**
Income tax expense	12	- 3 106	52	- 3 054
Profit for the period		**11 169**	**-220**	**10 949**
Other comprehensive income for the period (after tax)		--	--	--
Total comprehensive income for the period		**11 169**	**-220**	**10 949**
Total comprehensive income for the period		**11 169**	**-220**	**10 949**

Statement of financial position

In thousands of Czech crowns (TCZK)

As at 31 December 2011	Note	Local GAAP	IFRS adjustments	IFRS
ASSETS				
Intangible assets	13	20 373	--	20 373
Property, plant and equipment	13	465 118	5 407	470 525
Deferred tax assets	24	--	930	930
Total non-current assets		**485 491**	**6 337**	**491 828**
Trade and other receivables	17	125 921	-1 247	124 674
Current tax assets	19	3 446	--	3 446
Cash and cash equivalents		7 003	--	7 003
Inventories	16	37 757	--	37 757
Total current assets		**174 127**	**-1 247**	**172 880**
Total assets		**659 618**	**5 090**	**664 708**
EQUITY				
Share capital	18	74 000	--	74 000
Reserves		3 325	--	3 325
Retained earnings		55 705	2 134	57 839
Total equity		**133 030**	**2 134**	**135 164**
LIABILITIES				
Long-term bonds issued	20	381 000	-2 565	378 435
Loans and borrowings	20	--	-	--
Other financial liabilities	20	1 889	-	1 889
Deferred tax liabilities	24	260	1 430	1 690
Trade and other payables	21	14 576	2 749	17 325
Total non-current liabilities		**397 725**	**1 614**	**399 339**
Loans and borrowings	20	19 305	--	19 305
Provisions	19	4 073	-	4 073
Trade and other payables	22	103 835	1 342	105 177
Other financial liabilities	20	1 650	--	1 650
Total current liabilities		**128 863**	**1 342**	**130 205**
Total liabilities		**526 588**	**2 956**	**529 544**
Total equity and liabilities		**659 618**	**5 090**	**664 708**

As at 1 January 2011	Note	Local GAAP	IFRS adjustments	IFRS
ASSETS				
Intangible assets	13	9 638	--	9 638
Property, plant and equipment	13	262 879	4 961	267 840
Deferred tax assets	24	208	622	830
Total non-current assets		**272 725**	**5 583**	**278 308**
Trade and other receivables	17	126 983	-1 388	125 595
Current tax assets	19	2 135	--	2 135
Cash and cash equivalents		9 742	--	9 742
Inventories	16	33 503	--	33 503
Total current assets		**172 363**	**-1 388**	**170 975**
Total assets		**445 088**	**4 195**	**449 283**
EQUITY				
Share capital	18	74 000	--	74 000
Reserves		2 690	--	2 690
Retained earnings		46 433	-60	46 373
Total equity		**123 123**	**-60**	**123 063**
LIABILITIES				
Loans and borrowings	20	180 918	--	180 918
Other financial liabilities	20	2 295	--	2 295
Deferred tax liabilities	24	--	608	608
Trade and other payables	21	11 419	2 738	14 157
Total non-current liabilities		**194 632**	**3 346**	**197 978**
Loans and borrowings	20	17 941	--	17 941
Provisions	19	3 935	--	3 935
Trade and other payables	22	103 854	909	104 745
Other financial liabilities	20	1 621	--	1 621
Total current liabilities		**127 333**	**909**	**128 242**
Total liabilities		**321 965**	**4 255**	**326 220**
Total equity and liabilities		**445 088**	**4 195**	**449 283**

Statement of comprehensive income

In thousands of Czech crowns (TCZK)

For the year ended 31 December 2011	Note	Local GAAP	IFRS adjustments	IFRS
Revenue	5	1 000 075	--	1 000 075
Cost of sales	6	-719 961	2 166	-717 795
Gross profit		**280 114**	**2 166**	**282 280**
Other operating income	7	4 531	--	4 531
Personnel expenses	8	-217 098	--	-217 098
Depreciation and amortisation expense	13	-14 190	-1 706	-15 896
Other operating expenses	9	-9 638	--	-9 638
Results from operating activities		**43 719**	**460**	**44 179**
Finance income	10	51	--	51
Finance costs	11	-30 921	2 249	-28 672
Net finance income/costs		**-30 870**	**2 249**	**-28 621**
Profit before tax		**12 849**	**2 709**	**15 558**
Income tax expense	12	-2 942	-515	-3 457
Profit for the period		**9 907**	**2 194**	**12 101**
Other comprehensive income for the period (after tax)		--	--	--
Total comprehensive income for the period		**9 907**	**2 194**	**12 101**
Total comprehensive income for the period		**9 907**	**2 194**	**12 101**

Information about persons responsible for the Annual Report and Financial Statement

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, 3 June 2013

David Kyjovský, MBA
Chairman of the Board of Directors

Vladimír Peták
Member of the Board of Directors

ABS JETS

Executive Jets Operator

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

Annual Report 2012

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