THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, you should immediately consult another appropriately authorised independent professional adviser.

This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public within the meaning of section 85 of FSMA and is not a prospectus for the purposes of the Prospectus Rules made under section 73A of FSMA. Accordingly this document has not been prepared in accordance with the Prospectus Rules, nor has it been approved by the Financial Conduct Authority (the "**FCA**") pursuant to section 85 of FSMA and a copy has not been delivered to the FCA under regulation 3.2 of the Prospectus Rules.

Application will be made for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on the AIM market of London Stock Exchange plc ("**AIM**").

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

It is expected that admission to AIM will become effective, and that dealings in the Ordinary Shares will commence on 6 January 2015.

The Directors and the Proposed Directors, whose names are set out on page 5 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, Proposed Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The members of the Concert Party (as defined in this document) accept responsibility for the information relating to them in this document. To the best of the knowledge and belief of the members of the Concert Party (each of whom has taken all reasonable care to ensure that such is the case), the information relating to them in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

HANGAR 8 PLC

(Incorporated and registered in England and Wales under Company Number 07264678)

hangar8

Proposed acquisition of Gama Aviation Holdings (Jersey) Limited

Proposed Placing of 6,125,379 Placing Shares to raise £17,151,061

Proposed placement of 2,089,285 Vendor Shares on behalf of the Vendors

Proposed change of name to Gama Aviation Plc

Approval of waiver of obligations under Rule 9 of the Takeover Code

Appointment of the Proposed Directors

Renewal of shareholder authorities

Adoption of new articles of association

Admission to trading on AIM

and

Notice of General Meeting

NOMINATED ADVISER AND BROKER

CANTOR Fitzgerald

CANTOR FITZGERALD EUROPE

Cantor Fitzgerald Europe, which is authorised in the United Kingdom by the Financial Conduct Authority and is acting as nominated adviser and broker for the purposes of the AIM Rules for Companies exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to any other person for providing the protections afforded to customers of Cantor Fitzgerald Europe, or for advising any other person on the contents of this document or any matter referred to herein. The responsibilities of Cantor Fitzgerald Europe, as nominated adviser, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or any other person and accordingly no duty of care is accepted in relation to them. No representation or warranty, express or implied, is made by Cantor Fitzgerald Europe Limited as to, and no liability whatsoever is accepted by Cantor Fitzgerald Europe in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Jefferies International Limited ("Jefferies"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Gama Aviation Holdings (Jersey) Limited and no one else in connection with the Acquisition and will not be responsible to anyone other than Gama Aviation Holdings (Jersey) Limited for providing the protections afforded to clients of Jefferies nor for providing advice in relation to the Transaction or any other matter referred to in this document.

The whole of this document should be read. Your attention is drawn, in particular, to Part I "Letter from the Chairman of Hangar 8 plc" and Part II "Risk Factors" for a more complete discussion of the factors that could affect the Enlarged Group's future performance and the industry in which it will operate.

A notice convening a General Meeting of Hangar 8 plc to be held at the offices of Cantor Fitzgerald Europe at One Churchill Place, London E14 5RB on 5 January 2015 commencing at 10.00 a.m. is set out at the end of this document. The Form of Proxy for use in connection with the General Meeting is enclosed with this document and should be returned as soon as possible and, in any event, so as to be received at the offices of the Company's Registrars, Equiniti Limited, Aspect House, Spence Road, Lancing, West Sussex BN99 6DA as soon as possible but in any event not later than 10.00 a.m. on 3 January 2015, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and depositing of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting.

This document does not constitute an offer to issue or sell, or the solicitation of any offer to subscribe for or buy, any of the Ordinary Shares in any jurisdiction where it may be unlawful to make such offer or solicitation. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the laws of such jurisdictions. In particular, this document is not for distribution into the United States, Canada, Australia, Japan, Panama, China or the Republic of South Africa and is not for distribution directly or indirectly to any US person. The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of any province or territory of Canada or under the securities laws of Australia, Japan or the Republic of South Africa.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from the registered office of the Company and at the offices of Cantor Fitzgerald Europe at One Churchill Place, Canary Wharf, London E14 5RB from the date of this document and for a period of at least one month from Admission.

Nothing in this document is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical published earnings per Ordinary Share.

Forward Looking Statements

Certain statements in this document are "Forward Looking statements" including without limitation, statements containing the words "believes", "anticipates", "expects", "target", "estimate", "will", "may", "should", "would", "intend" and similar expressions. These Forward Looking statements are not based on historical facts but rather on the Directors and the Proposed Directors' expectations regarding the Enlarged Group's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. Such Forward Looking statements reflect the Directors and Proposed Directors' current beliefs and assumptions and are based on information currently available to the Directors and the Proposed Directors. Forward Looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking statements, including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes or actions by governmental authorities, the availability of capital, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond control of the Company. Although the Forward Looking statements contained in this document are based upon what the Directors and the Proposed Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these Forward Looking statements.

Market and Financial Information

The data, statistics and information and other statements in this document regarding the markets in which the Group and the Gama Group operate, or their respective positions there in , are based on the Group's and the Gama Group's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors and Proposed Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, financial information in this document, including extracts from the audited consolidated financial statements of Hangar 8 plc for the years ended 30 June 2012, 30 June 2013 and 30 June 2014, which are publically available on the Company's website www.hangar8.com and the notes to those financial statements, have been prepared in accordance with International Financial Reporting Standards. Various figures and percentages in tables in this document have been rounded and accordingly may not total.

Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

United States securities law

The Ordinary Shares have not been and will not be registered under the US Securities Act or securities laws of any US state or other jurisdiction and will not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable laws.

The Ordinary Shares are generally only being offered and sold outside the United States to persons who are not US Persons (within the meaning of Regulation S under the US Securities Act ("**Regulation S**")) in transactions complying with Regulation S, which provides an exemption from the requirement to register the offer and sale under the US Securities Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**US SEC**") or by any US state securities commission or authority, nor has any such US authority passed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

Investment in the Company carries risk. Prospective investors should read the whole text of this document and should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources. Your attention is particularly drawn to Part II of this document which sets out certain risk factors relating to any investment in the Company. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in the light of the risk factors set out in Part II of this document. The contents of the Company's website, including any websites available from hyperlinks on the Company's website, do not form part of this document.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	8 December 2014
Latest time and date for receipt of Forms of Proxy	10.00 a.m. 3 January 2015
General Meeting	10.00 a.m. on 5 January 2015
Completion of the Acquisition	10.00 a.m. on 6 January 2015
Admission and dealings in the Ordinary Shares to commence on AIM	6 January 2015
CREST accounts credited (as applicable)	6 January 2015
Expected date of dispatch of definitive share certificates (as applicable)	20 January 2015

Notes:

Each of the times and dates in the above timetable is subject to change without further notice. References to all times are to London time.

ACQUISITION, PLACING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue immediately before Admission	9,527,103
Placing Price	280p
Number of Placing Shares being issued pursuant to the Placing on behalf of the Company	6,125,379
Gross proceeds raised by the Placing	£17,151,061.20
Estimated net proceeds receivable by the Company pursuant to the Placing after expenses (excluding VAT)	£14.1 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	14.25%
Number of Consideration Shares being issued pursuant to the Acquisition	27,341,960
Number of Ordinary Shares in issue immediately following the Placing, Acquisition and Admission	42,994,442
Number of Vendor Shares being placed on behalf of the Vendors	2,089,286
Number of Ordinary Shares being placed on behalf of the Selling Shareholder	660,714
Market capitalisation, upon Admission, of the Enlarged Group at the Placing Price	£120.4 million
Existing tradable instrument display mnemonic (TIDM)	HGR8
Proposed TIDM (should Resolutions be passed)	GMAA
International security identification number (ISIN)	GB00B3ZP1526

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	Nigel Terrence Payne *(Non-Executive Chairman)* Dustin Sean Dryden *(Chief Executive Officer)* Kevin Andrew Callan *(Finance Director)* Gregory Richard Frank Martin* *(Chief Operating Officer)* George Henry Rolls *(Non-Executive Director)* David Christopher Wrey Savile* *(Non-Executive Director)* Michael John Peagram *(Non-Executive Director)* *will step down from the Board, with effect from Admission
Proposed Directors:	Sir Ralph Robins *(Proposed Non-Executive Chairman)* Marwan Abdel-Khalek *(Proposed Chief Executive Officer)* Stephen Peter Wright *(Proposed Executive Director)* Peter Richard Brown *(Proposed Non-Executive Director)*
Directors on Admission:	Sir Ralph Robins *(Non-Executive Chairman)* Marwan Abdel-Khalek *(Chief Executive Officer)* Dustin Sean Dryden *(Executive Director)* Stephen Peter Wright *(Executive Director)* Kevin Andrew Callan *(Finance Director)* Nigel Terrence Payne *(Non-Executive Director)* George Henry Rolls *(Non-Executive Director)* Peter Richard Brown *(Non-Executive Director)* Michael John Peagram *(Non-Executive Director)*
Registered Office and principal place of business:	The Farmhouse Langford Lane Oxford Airport Kidlington Oxford OX5 1RA
Company telephone number:	01865 372 215
Principal place of business following Admission	Business Aviation Centre Farnborough Airport Hampshire GU14 6XA
Company Secretary:	Kevin Andrew Callan
Nominated Adviser and Broker:	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
Financial Adviser to Gama Limited:	Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ
Solicitors to the Company:	Freeths LLP One Heddon Street London W1B 4BD
Solicitors to Gama Limited:	Clyde & Co LLP The St Botolph Building 138 Houndsditch London EC3A 7AR

Solicitors to Cantor Fitzgerald Europe:	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Reporting Accountant to the Company:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Auditors to the Company:	Grant Thornton UK LLP 1020 Eskdale Road Wokingham RG41 5TS
Auditors to Gama and Reporting Accountants on the Gama Historical Financial Information:	Deloitte LLP 3 Rivergate Temple Quay Bristol BS1 6GD
Registrars:	Equiniti Limited Aspect House Spence Road Lancing West Sussex BN99 6DA

DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

"Act"	the Companies Act 2006 of the UK, as amended;
"Acquisition"	the proposed acquisition by the Company of the entire issued share capital of Gama pursuant to the Acquisition Agreement;
"Acquisition Agreement"	the conditional agreement dated 7 December 2014 between (1) the Company; (2) Dustin Sean Dryden; and (3) the Gama Shareholders, further details of which are set out in paragraph 12 of Part VII of this document;
"Admission"	the re-admission of the issued and to be issued Ordinary Shares to trading on AIM and such re-admission becoming effective in accordance with Rule 6 of the AIM Rules;
"Admission Document"	this document;
"AED"	United Arab Emirates Dirham, the legal tender of the United Arab Emirates;
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by the London Stock Exchange, and each amended from time to time;
"AOC"	Air Operator's Certificate: a CAA licence required for the performance of commercial air operations such as charter flights;
"Articles"	the articles of association of the Company adopted on 2 November 2010;
"Audit Committee"	the audit committee of the Board;
"BBGA"	The British Business and General Aviation Association;
"BDCA"	the Bermuda Department of Civil Aviation;
"Business Day"	a day other than a Saturday, Sunday or other day when banks in the City of London, England are not generally open for business;
"CAA"	Civil Aviation Authority, being the UK's national aviation authority and the competent authority in the UK for the purposes of much EU aviation legislation;
"Cantor"	Cantor Fitzgerald Europe, nominated adviser and broker to the Company;
"certificated" or "certificated form"	is the description of a share or other security which is not in un-certificated form (that is not in CREST);
"CMI"	Continental Motors, Inc.;
"Company" or "Hangar8"	Hangar 8 plc, a company incorporated in the United Kingdom with Registered Number 7264678;
"Company Website"	www.hangar8.com;

"Concert Party"	the Gama Shareholders who are deemed by the Panel to be acting in concert in relation to the Acquisition and whose names are set out in paragraph 2 of Part III of this document;
"Connected Persons"	connected persons as defined in section 252 of the 2006 Act;
"Consideration Shares"	the 27,341,960 New Ordinary Shares to be issued by the Company to the Gama Shareholders pursuant to and on the terms of the Acquisition Agreement on completion of the Acquisition;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the un-certificated Securities Regulations) in accordance with which securities may be held or transferred in Uncertificated form;
"Directors" or "Board"	the existing directors of the Company (each a "Director") as at the date of this document whose names appear on page 5 of this document;
"DTR"	the Disclosure Rules and the Transparency Rules of the FCA;
"EASA"	European Aviation Safety Agency;
"EBITDA"	operating earnings before interest, tax, depreciation and amortisation;
"Enlarged Group"	the Group and the Gama Group following the completion of the Acquisition;
"Enlarged Share Capital"	the entire issued share capital of the Company immediately following Admission comprising of the Existing Ordinary Shares, the Placing Shares and the Consideration Shares;
"EU" or "European Union"	has the meaning given to it in Article 299(1) of the Establishing the European Economic Community Treaty as amended by, among others, the Treaty on European Unity (the Maastricht Treaty), the Treaty of Amsterdam and the Treaty of Lisbon;
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited;
"Existing Ordinary Shares"	the 9,527,103 Ordinary Shares in issue immediately prior to the Placing and Admission;
"Existing Shareholders"	holders of the Existing Ordinary Shares;
"FBO"	fixed base operator;
"Form of Proxy"	the form of proxy sent to holders of Existing Ordinary Shares enclosed with this document for use by the Existing Shareholders in connection with the General Meeting;
"FCA"	the Financial Conduct Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000 of the UK as amended;
"Gama" or "Gama Limited" or "Target"	Gama Aviation Holdings (Jersey) Limited, a company incorporated and registered in Jersey with company number 117076 whose registered office is at Hilary House, 9 Hilary Street, St Helier, Jersey JE2 4SX;

"Gama Group"	Gama and its subsidiaries details of which are set out in paragraph 3 of Part VII of this document;
"Gama EBT"	the transitional employee benefit scheme set up by Gama for employees of the Gama Group in order to allow them to benefit from the Acquisition, details of which are set out in paragraph 2 of Part III of this document;
"Gama Shareholders"	holders of the ordinary shares in the share capital of Gama immediately prior to the completion of the Acquisition;
"GCAA CAR 145"	approval for the maintenance of aircraft and component required by the Part 145 of the Civil Aviation Regulation delivered by the UAE General Civil Aviation Authority;
"General Meeting"	the general meeting of the Company, to be held at the offices of Cantor Fitzgerald Europe, One Churchill Place, London E14 5RB at 10.00 a.m. on 5 January 2015;
"Group"	the Company and its subsidiaries prior to the Acquisition;
"HMRC"	Her Majesty's Revenue & Customs;
"IFRS"	International Financial Reporting Standards, as adopted for use in the European Union;
"Independent Directors"	the Directors, other than Kevin Callan, Dustin Dryden and Nigel Payne;
"Independent Shareholders"	the Existing Shareholders, other than Dustin Dryden and Nigel Payne;
"Irrevocable Undertakings"	the irrevocable undertakings to vote in favour of the Resolutions given by Hargreave Hale Investment Management, Living Bridge VC LLP, Killik Asset Management, Unicorn Asset Management, Artemis Investment Management LLP, Quilter Cheviot Limited, Walker Crips Stockbrokers, Mr. Chris Perry, Mr. Michael Peagram and Mr. George Rolls;
"Jet Set"	Jet Set Equity Partners FZC, a company registered in the Sharjah Airport Free Zone in the United Arab Emirates;
"London Stock Exchange"	London Stock Exchange plc;
"MAA DAOS"	Design Approved Organization Scheme; a mechanism by which competence of design organisations can be assessed by the UK Military Aviation Authority;
"MAA MAOS"	Maintenance Approved Organisation Scheme; a means by which the UK Ministry Of Defence can assess the competency of organizations wishing to provide continuing airworthiness support services for military registered aircraft;
"MRO"	maintenance, repair and overhaul;
"New Articles"	new articles of association of Hangar 8 plc as proposed to be adopted at the General Meeting;
"New Board"	the board of directors of the Company immediately following Admission;
"New Ordinary Shares"	Ordinary Shares to be issued pursuant to the Acquisition and Placing;

"Nomination Committee"	the nomination committee of the Board;
"Notice"	the notice convening the General Meeting, which is set out at the end of this document;
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company;
"Owners"	the owners of aircraft with whom the Group has contracts in place for the Group to manage, maintain and in certain cases charter the aircraft to third parties;
"Panel"	Panel on Takeovers and Mergers;
"Part 145 Certification"	certification for organisations wishing to conduct aircraft maintenance activities;
"PBT"	profit before taxation;
"Placing"	the conditional placing by Cantor of the Placing Shares at the Placing Price pursuant to and on the terms of the Placing Agreement;
"Placing Agreement"	the agreement dated 7 December 2014 between (1) Cantor; (2) the Company; (3) the continuing Directors therein mentioned; (4) the Proposed Directors therein mentioned; and (5) the Vendors therein mentioned; and (6) the Selling Shareholder relating to the Placing and Admission, further details of which are set out in paragraph 13 of Part VII of this document;
"Placing Price"	280p per Placing Share;
"Placing Shares"	6,125,379 New Ordinary Shares to be issued to placees pursuant to the Placing;
"Prohibited Territories"	United States, Canada, Australia, South Africa, Japan and any other jurisdiction where the distribution of this document or the offer of Ordinary Shares (or any transaction contemplated thereby and any activity carried out in connection therewith) would breach applicable law;
"Proposals"	means (i) the Acquisition, (ii) the Placing; (iii) the Rule 9 Waiver; (iv) change of name to Gama Aviation Plc; (v) the Vendor Placing; and (vi) Admission;
"Proposed Directors"	Sir Ralph Robins, Marwan Abdel-Khalek, Stephen Wright and Peter Brown;
"Prospectus Rules"	the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No.809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
"PSP"	Hangar 8 plc 2010 Performance Share Plan;
"Registrars"	Equiniti Registrars Limited;
"Remuneration Committee"	the remuneration committee of the Board;
"Resolutions"	the resolutions set out in the Notice;
"Rule 9 Waiver"	the waiver (further details of which are set out in Part III of this document) of the obligation to make a general offer under Rule 9 of the Takeover Code which may otherwise arise as a consequence of

	the issue of the Consideration Shares to the Concert Party, granted by the Panel conditional upon the approval of the Independent Shareholders on a poll at the General Meeting;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Selling Shareholder”	Dustin Sean Dryden;
“Shareholders”	holders of Ordinary Shares;
“Social Responsibility Committee”	the social responsibility committee of the Board;
“STC”	Supplemental Type Certificate; a national aviation authority-approved major modification or repair to an existing type certified aircraft, engine or propeller;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“TCM”	Teledyne Continental Motors, Inc., a branch of Continental Motors, Inc.;
“Type B Licence”	Type B Operating Licence: a CAA licence required by undertakings established in the United Kingdom for the carriage by air within the European Union of passengers, cargo or mail using an aircraft with no more than 19 seats;
“UAE”	United Arab Emirates;
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated” or “in uncertificated form”	a share or shares recorded on the register of members as being held in uncertificated form in CREST, entitlement to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST;
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2001 (SI/2001/3755);
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“£”, “pound”, “p” or “pence”	British pound sterling, the legal currency of the United Kingdom;
“United States” or “US”	the United States of America, its territories and possessions, any state in the United States, the District of Columbia and other areas subject to its jurisdiction;
“US$” or “US Dollars” or “$”	United States Dollars the legal currency of the United States;
“VAT”	value added tax;
“Vendors”	the Selling Shareholder, in respect of 660,714 Existing Ordinary Shares held by him and each of Ghassan Khalek and Stephen Wright in respect of an aggregate 1,428,572 Consideration Shares held by them;
“Vendor Placing”	the conditional placing by Cantor of the Vendor Shares at the Placing Price pursuant to the terms of the Placing Agreement;
“Vendor Shares”	the 660,714 Existing Ordinary Shares and the 1,428,571 Consideration Shares to be placed pursuant to the Vendor Placing; and
“Wheels Up”	Wheels-Up Partners LLC.

PART I

LETTER FROM THE CHAIRMAN OF HANGAR 8 PLC

HANGAR 8 PLC

(Incorporated and registered in England and Wales under Company Number 07264678)

Directors:	*Registered address:*
Nigel Payne *(Non-Executive Chairman)*	The Farmhouse
Dustin Dryden *(Chief Executive Officer)*	Langford Lane
Kevin Callan *(Finance Director)*	Oxford Airport
Greg Martin *(Chief Operating Officer)*	Kidlington
George Rolls *(Non-Executive Director)*	Oxford OX5 1RA
David Savile *(Non-Executive Director)*	
Michael Peagram *(Non-Executive Director)*	

Proposed Directors:

Sir Ralph Robins *(proposed Non-Executive Chairman)*
Marwan Abdel-Khalek *(proposed Chief Executive Officer)*
Stephen Wright *(proposed Executive Director)*
Peter Brown *(proposed Non-Executive Director)*

Directors on Admission:

Sir Ralph Robins *(Non-Executive Chairman)*
Marwan Abdel-Khalek *(Chief Executive Officer)*
Dustin Dryden *(Executive Director)*
Stephen Wright *(Executive Director)*
Kevin Callan *(Finance Director)*
Nigel Payne *(Non-Executive Director)*
George Rolls *(Non-Executive Director)*
Peter Brown *(Non-Executive Director)*
Michael Peagram *(Non-Executive Director)*

8 December 2014

To all holders of Existing Ordinary Shares

Dear Shareholder,

Proposed acquisition of Gama Aviation Holdings (Jersey) Limited
Proposed Placing of 6,125,379 Placing Shares to raise £17.15 million
Proposed placement of 2,089,286 Vendor Shares on behalf of the Vendors
Proposed change of name to Gama Aviation Plc
Approval of waiver of obligations under Rule 9 of the Takeover Code
Appointment of the Proposed Directors
Renewal of Shareholder authorities
Adoption of new articles of association
Admission to trading on AIM
and
Notice of General Meeting

1. INTRODUCTION

The board of Hangar8 announced earlier today that it has conditionally entered into a sale and purchase agreement pursuant to which Hangar8 is to acquire the entire issued share capital of Gama, and an associated placing of Ordinary Shares. As a result, the Proposals are to be put to Shareholders at the General Meeting. This document, which comprises an admission document, sets out the details of, and reasons for, the Proposals and explains why the Independent Directors consider the Proposals to be in the best interests of the Company and its Independent Shareholders as a whole and recommend that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Established in 1983, Gama is a global business aviation services group that focuses on air operations (management and charter of business aircraft) and ground operations (engineering, design, software, passenger handling and consultancy). Today it has operations in North America, Europe, Middle East, South America and Asia. As at the date of this document, Gama has 96 aircraft under management and AOCs in Europe, USA, Middle East and Switzerland.

The Acquisition, if completed, will constitute a reverse takeover of the Company under the AIM Rules and therefore is subject to the approval of Shareholders at the General Meeting. The consideration is to be satisfied by the issue of 27,341,960 Consideration Shares valuing Gama at £82.3 million (based on the. Hangar8 closing share price on 5 December 2014). Further details of the terms and conditions of the Acquisition are set out in paragraph 7 of this Part I.

The Company intends to raise £17.15 million (before expenses) by means of the Placing to extinguish a debt facility and provide additional working capital for the Enlarged Group. In addition it is proposed that Cantor will undertake, on behalf of the Vendors (including the Selling Shareholder), a Vendor Placing of Vendor Shares in order that the Vendors may realise part of their investment in the Enlarged Group. Further details of the Placing and Vendor Placing are set out in paragraph 15 of this Part I.

In view of Dustin Dryden's position as a Director and Chief Executive Officer of the Company and his prospective interest as Selling Shareholder, Mr Dryden has taken no part in the decision of the other members of the Board (being the "Independent Directors") to recommend the Proposals to the Shareholders and is not deemed independent for the purpose of voting on the Resolutions to be proposed at the General Meeting.

In view of Nigel Payne's position as a Non-Executive Director and Chairman of the Company and his prospective interest as set out in paragraph 9.2.1 of Part VII of this document, Mr Payne has taken no part in the decision of the other members of the Board (being the "Independent Directors") to recommend the Proposals to the Shareholders and is not deemed independent for the purpose of voting on the Resolutions to be proposed at the General Meeting.

In view of Kevin Callan's position as a Director and Finance Director of the Company and his prospective interest as set out in paragraph 9.1.2 of Part VII of this document, Mr Callan has taken no part in the decision of the other members of the Board (being the "Independent Directors") to recommend the Proposals to the Independent Shareholders.

Following implementation of the Proposals, the Gama Shareholders will be deemed to be acting in concert (pursuant to the Takeover Code) and will hold 25,913,388 Ordinary Shares, representing 60.27 per cent. of the Enlarged Share Capital.

Under Rule 9 of the Takeover Code, the Concert Party would normally be obliged to make a mandatory offer to all Shareholders (other than the Concert Party) to acquire their Ordinary Shares. **Following an application by the Company, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (being the Shareholders other than Dustin Dryden and Nigel Payne who are independent of the Acquisition) on a poll at the General Meeting.** Your attention is drawn to the Takeover Code and the Rule 9 Waiver section contained in paragraph 16 of this Part I.

The Directors and Proposed Directors believe that it is appropriate, should the Acquisition be approved by Independent Shareholders at the General Meeting and the Acquisition completes, that the name of the Company be changed to Gama Aviation Plc.

The purpose of this document is to provide Shareholders and prospective placees of the Placing Shares with further information regarding the matters described above and to seek Independent Shareholder approval of the Resolutions, which include the Rule 9 Waiver (which specifically requires the approval of the Independent Shareholders taken on a poll), at the General Meeting. The notice of General Meeting is set out at the end of this document. The Proposals are conditional, *inter alia*, on the passing of the Resolutions and Admission. If the Resolutions are approved by Independent Shareholders, it is expected that

Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence on AIM on or around 8.00 a.m. on 6 January 2015. The General Meeting of the Company, at which the Resolutions will be proposed, has been convened for 10.00 a.m. on 5 January 2015. Further details of the General Meeting are set out in paragraph 12 of this Part I.

You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part II of this document. Your attention is also drawn to the information set out in Parts III to VII of this document.

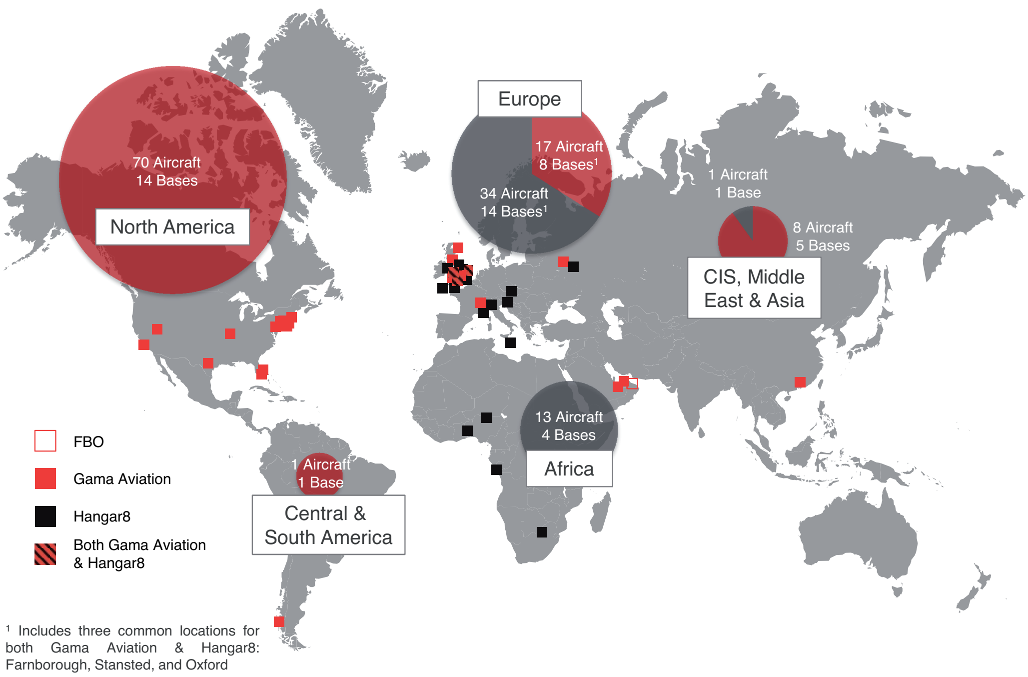
2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

Acquisition

Following the Company's admission to AIM in 2010, the Board took the strategic decision to position the Group towards a broad based aviation business with a particular focus on managed aircraft and bringing maintenance in-house. Since 2010, the Group has increased the number of aircraft under management from 19 to 48 aircraft as at the date of this document. This expansion has been in line with the Group's strategy of increasing the fleet organically and through acquisition of other private jet charter operators, as demonstrated by its acquisition of International Jet Club Limited in November 2012. Having reviewed several acquisition opportunities the Board has come to the view that the Acquisition would provide a greater platform with which the Enlarged Group can position itself as a leading global private aviation service company.

Gama is a business that operates a similar business model to Hangar8, albeit in predominantly different territories globally. Hangar8 operates primarily in Europe and Africa while Gama operates primarily in Europe, the US, Far East and the Middle East. Gama has four AOCs, which when combined with Hangar8's AOCs, will provide global coverage.

The following illustrates the global coverage of the Enlarged Group, the fleet they operate and the breakdown of each business.



Source: Hangar8 and Gama

The Board believes that the Acquisition will assist the Enlarged Group in becoming a major global player in the industry in which it operates offering depth, breadth and scale of services to a wide range of customers and the opportunity to deliver quality, sustainable earnings in an expanding global market. The Enlarged Group will have a strengthened senior management team with the addition to the Board of the Proposed Directors, with a clear and focused strategy for continued growth both organically and by way of further acquisitions.

For the year ended 31 December 2013 Gama reported revenues of $183.4 million (2012: $162.3 million) with gross profit of $22.9 million (2012: 18.9 million). For the half year ended 30 June 2014, Gama reported revenues of $89.4 million with gross profit of $14.3 million.

The Directors and Proposed Directors believe that additional synergies can be achieved through the removal of certain duplicated central costs. For example it is intended that certain administrative functions of Hangar8, currently based at Oxford Airport, will be relocated to Gama's head office at Farnborough Airport.

3. INFORMATION ON THE COMPANY

Overview

Hangar8 listed on AIM on 10 November 2010 with a strategy to grow the size of its managed fleet, focus on larger intercontinental aircraft, diversify the services the Group offers and expand its geographic reach. By doing so, the Directors believed they could achieve the virtuous circle of providing an improved service to its customers with greater choice on more competitive terms which would improve the quality and visibility of its earnings away from the more volatile charter market.

Since being listed on AIM, Hangar8 has increased the number of aircraft it manages to 48, of which 27 are long range heavy and superheavy jets. In addition, Hangar8 has invested in its MRO capability to bring in-house this important service, thereby improving its offering and improving profitability.

By increasing the number of aircraft under management, the provision of a very focused, personalised service and the expansion of the range of services offered and geographic reach, the Directors believe that they can provide a very high quality, competitively priced solution to aircraft owners, operators and users of business aircraft.

The Group's clients come from a wide variety of backgrounds including music, sport and corporate – all of whom expect, and receive, the same level of service. The Group's focus on long range, heavy and superheavy jets and long term leases has made the Group a preferred aviation solutions supplier to some of the world's largest oil and gas, mining and commodity trading conglomerates.

Hangar8 is one of the largest private aircraft operators in the UK and amongst the top five in Europe and it specialises in operating mid-size, heavy and superheavy aircraft. All of the private jets under management by the Group have the range to fly direct from London to Europe, with some capable of flying non-stop to Russia, the Middle East, India or the US.

The Company has established a number of business divisions focused as follows:

Aircraft Management & Logistics

Aircraft Management

The Group provides the following key services to Owners depending on the terms of the individual agreement: the organisation of the use of the aircraft by its Owner; the provision of qualified flight crew (through agreements with crewing companies); the management of aircraft, cleaning and preparation (through agreements with subcontractors); and hangarage of the Owner's aircraft. The Group provides in-house engineering and maintenance services to aircraft from the bases in Oxford (UK), Abuja, Lagos (Nigeria) and Pointe-Noire (Republic of the Congo) having obtained a Part 145 Certification. Having more than doubled the size of the maintenance team, which now has the expertise and skills to maintain the majority of aircraft in the Group's fleet plus a range of others, the Company expects this area of the business to grow significantly as it takes advantage of its own economies of scale. For the year ended 30 June 2014, total revenues from aircraft management represented 83 per cent. of total revenues, increasing by 26 per cent. to £53.8 million (2013: £42.7 million).

Typically, all the direct costs arising from owning and flying an aircraft are either charged to the Owner or to charter customers. In addition, as the Group does not own any aircraft, it does not carry the risk of high capital investment or depreciation associated with aircraft ownership. Whilst this means that Hangar8 does not have guaranteed use of aircraft, this gives the Group the flexibility to adjust the size of its fleet for relatively small cost as demand requires.

Each Owner contract with Hangar8 is negotiated on a case by case basis depending on the type of aircraft, likely demand for the aircraft and the number of aircraft of that type already operated by the Group. Contracts are typically entered into on a rolling basis, and the majority are terminable on three months' notice by either party. Whilst the majority of contracts provide for both the management and chartering of an Owner's aircraft, some Owners stipulate that their aircraft are not to be chartered to third parties.

Aircraft Fleet

The fleet of aircraft operated by the Group has increased from 19 at the time of Hangar8's admission to AIM in November 2010 to 48 as at the date of this document.

The fleet currently comprises:

- 2 airliner aircraft (Boeing 737-300, Boeing BBJ)
- 24 heavy and superheavy weight aircraft (Challenger 601/604/605, Falcon 2000EX, Falcon 50EX, Global 5000/6000/Express/Express XRS, Gulfstream 450/550)
- 14 midsize aircraft (Citation CJ1/X/XLS, Embraer Legacy 600/650, Hawker 750/800A/850XP/900XP, Lear 35/45)
- 8 light weight, turboprop and rotary aircraft (Beechcraft KingAir 90, Eurocopter, Robinson R44/R66)

Logistics

The Group offers both short and long term wet (providing an aircraft, complete crew, maintenance and insurance) and dry leases (providing an aircraft without crew, maintenance and insurance) and supplies aviation solutions to large corporate clients including in the oil and gas and natural resources markets. The Group's operations provide a complete go-anywhere aviation service, with the ability to operate in challenging environments worldwide.

Charter Services

The Group operates within a highly regulated industry in the UK and it is regulated and monitored by the CAA. In order to operate charter flights for members of the public, a UK company has to hold an AOC, and a Type B Licence, both of which the Group currently holds.

Whilst an important source of revenue, the Group made the strategic decision to reduce its reliance on the more cyclical charter business and for the year ended 30 June 2014 charter accounted for only 9 per cent. of Group revenue, albeit increasing 35 per cent. to £6 million (2013: £4.5 million).

Engineering & Maintenance

The Group offers scheduled and unscheduled maintenance, repairs and refurbishment to its Owners and other client's aircraft in-house. Among many benefits is the ability of the Group to deploy skilled technicians wherever they are required, saving Owners the expense and inconvenience of repositioning. The Group and its dedicated maintenance arm of global engineers hold a Part 145 Certification, enabling them to support Owners and clients worldwide 24/7.

The Group's continuing airworthiness & maintenance management services authorises the Company to perform activities on EASA, Cayman Islands, Bermuda, Isle of Man and FAA registered aircraft and the in-house EASA Part M Subpart G organisation continuously monitors and enforces standards of technical quality and airworthiness.

The Group has the technical ability to maintain over 12 different aircraft types, specialising in Bombardier, Hawker Beechcraft and Embraer types and has capability in respect of those manufactured by Dassault and Gulfstream. From its line station maintenance facilities in the UK and Nigeria the Group performs all key elements of aircraft maintenance including planning, input, oversight, completions, export and recovery.

Aero-Medical

The Company launched Hangar8 Aero-Medical in March 2012 following the acquisition of Star-Gate Aviation, an AOC holder in South Africa. It has continued to add aircraft to its aero-medical fleet to meet, as the Directors believe that there will be, a substantial increase in demand for this type of service. The Company is progressing in this market with an advanced aeromedical long-range fleet on permanent standby at bases in Abuja, Lagos, Johannesburg and Pointe-Noir. Every flight carries at least one fully qualified paramedic and usually a doctor in addition.

The Directors believe Hangar8 Aero-Medical is well placed to take advantage of the estimated 15,000 aeromedical evacuations from Africa a year*. In addition, Hangar8 Aero-Medical estimates there are only some 24 dedicated air ambulance aircraft based on the continent, with only four of these, including Hangar8, covering the whole of Africa.

Recent health concerns, such as the Ebola virus, provide the Directors with comfort for the future growth in Aero-Medical.

* Company estimate

Employees and Training

As at 30 June 2014, Hangar8 had 112 employees including aircrew, engineering, administration and key management staff.

Hangar8 has a dedicated flight crew training department providing type-specific and continuation instruction and performance-monitoring of crew for every type of aircraft in the Hangar8 fleet. Training is fully CAA and EASA compliant.

Summary financials

Hangar8 announced their final results for the year ended 30 June 2014 on 6 November 2014 where they delivered significant organic growth, increasing the number of long-term fixed contracts, diversifying the services offered and expanding the geographical breadth and depth of the business.

For the year ended 30 June 2014, 87 per cent. of gross profit was contracted. The Group reported total revenues up 26 per cent. to £65.0 million (2013: £51.4 million) with a gross profit up 25 per cent. to £10.3 million (2013: £8.3 million). Operating profit increased by 29 per cent. to £1.5 million (2013: £1.2 million). Hangar8 announced its intention to pay a maiden dividend on 19 January 2015 of 2.3 pence per share to those shareholders on the register on 19 December 2014.

YE 30 June	**2013 £'m**	**2014 £'m**	**2014 $'m**
Total revenue[1]	51.4	65.0	105.6
Direct costs	(43.1)	(54.6)	(88.7)
Gross profit	8.3	10.3	16.8
Gross margin%	16.1%	15.9%	15.9%
Overheads[2]	(6.3)	(7.7)	(12.5)
Adjusted EBITDA[3]	2.0	2.7	4.3
EBITDA margin	3.9%	4.1%	4.1%
PBT[4]	1.2	1.5	2.4

[1] Revenue includes rechargeable expenses

[2] Overheads represents administrative expenses less exceptional items, depreciation and amortisation

[3] Adjusted EBITDA is arrived at by taking operating profit before depreciation, amortisation and exceptional items

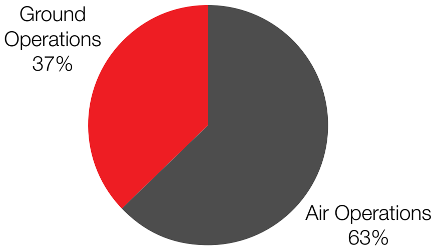
[4] PBT is stated after exceptional items which represent non-recurring costs that are deemed by the Directors to be of a nature not typically incurred in carrying out the principal activities of the business. The total exceptional costs in the year ended 30 June 2014 of £487,000 related to legal and professional fees incurred in respect of an aborted acquisition and to restructuring and redundancy costs in connection with the previous year's acquisition of International Jet Club Limited. The total exceptional costs in the year ended 30 June 2013 of £295,000 principally related to the cost, including redundancy, of reorganising the Group management accounting department; consultancy, legal fees and other contractual amounts required to be paid in connection with the acquisition of International Jet Club Limited during that year; and a bonus paid to International Jet Club Limited following the acquisition.

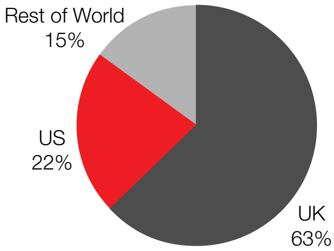
4. INFORMATION ON GAMA

Background

Gama Group is a global business aviation services group that focuses on air operations (management and charter of business aircraft) and ground operations (engineering, design, software, MRO, passenger handling and consultancy). The Proposed Directors believe that these two integrated complementary business segments, together, increase convenience and reduce costs for customers. Gama was founded in 1983 by Marwan Khalek and Stephen Wright and currently employs over 600 people at 27 operating bases, across three continents, managing 96 business aircraft across four AOCs and two operating approvals.

Revenue Breakdown for year ended 31 December 2013:





Gama's global headquarters are located at Farnborough Airport, with its American headquarters in Shelton, Connecticut, its Middle East and North Africa headquarters in Dubai, UAE, and its Asian headquarters in Hong Kong.

Gama operates in the following locations:

Americas: Boca Raton, Bradley International, Sikorksy Memorial, Westchester, Oxford, Palm Beach International, San Antonio, Lambert St. Louis, Teterboro, Van Nuys, Las Vegas, White Plains, Hartford, Shelton, Dallas, Santiago.

Europe & Russia: Glasgow; Aberdeen; Stansted; Oxford; Fairoaks; Farnborough; Bournemouth; Geneva; Vnukovo; Moscow.

Middle East: Abu Dhabi; Sharjah; Dubai.

Asia: Hong Kong.

Gama Group holds the following certifications and approvals:

- CAA (UK), FAA (US), GCAA (UAE) and Swiss AOCs;
- Bermudan and Cayman Islands operating approvals;
- BDCA Part 145;
- Cayman Part 145;
- EASA Part 145/MAA MAOS;
- EASA Part 21J/MAA DAOS;
- EASA Part 21G;
- EASAPart M and BDCA CAMO;
- FAR Part 145/Part 135; and
- GCAA Part 145.

Gama also maintains localised standards/certification/awards under the following schemes:

- ISO9001:2008;
- ISO9001:2000;
- IS-BAO;
- FAA Diamond award;
- Air Charter Safety;
- NBAA Corporate Business Flying Award;
- Wyvern Wingman; and
- ARG/US.

Gama is a localised authorised service centre /distributor/ reseller for the following businesses:

- Cirrus Aircraft
- Beechcraft
- Rockwell Commander
- Garmin, Avidyne, Aspen, L3
- Honeywell
- Rockwell Collins

These certificates and approvals listed above enable Gama Group to offer the following services:

(i) **Aircraft management** – Gama offers a comprehensive fleet management service to business jet owners managing a wide range of aspects of running an aircraft on behalf of the aircraft or fleet owner, including, but not limited to, the provision of management and training of crew personnel, fuel, airworthiness, engineering oversight, insurance, hangar space, valeting, as well as all travel arrangements.

Gama Group currently has 96 managed aircraft of which 8 are owned.

Aircraft management represents approximately 54 per cent. of Gama's revenue for the year ended 31 December 2013.

(ii) **Charter** – Gama Group acts as a charter broker for its owned and/or managed aircraft and it also occasionally sub-charters aircraft. For managed aircraft, revenue is shared between Gama and the underlying aircraft owner.

Charter represents approximately 10 per cent. of Gama Group's revenue for the year ended 31 December 2013.

(iii) **Ground operations** – Gama Group offers a comprehensive range of MRO and other services to its managed aircraft fleet and to third party owners. Ground operations cover:

- MRO – provision of MRO, modification and support services for civilian and military aircraft;

- Design – in-house aviation engineering design services and certification projects. Gama generally retains ownership of designs developed under the Part 21J approvals.
- FBO – circumstances where Gama granted the right by an airport to operate on aircraft at that airport and provide services to third parties such as handling (aircraft and passengers), fuelling, hangarage, tie-down and parking as well as aircraft maintenance. Gama has one FBO in the UK (Glasgow), and one FBO at Sharjah International Airport, UAE; and
- Aircraft valet services – Gama offers a mobile aircraft valet service operating from Gama's base in Farnborough including internal and external aircraft cleaning, brightwork polishing, leather cleaning, silver polishing and carpet cleaning.

Ground operations represent approximately 35 per cent. of Gama's revenue for the year ended 31 December 2013.

(iv) **Special Missions Support** – Gama provides dedicated "Special Missions" support under contract with a number of UK Government bodies including the NHS Scotland (Air Ambulance) and the UK Ministry of Defence.

(v) **Software & IT support** – Gama, through its wholly-owned subsidiary Gama Software, acquired by Gama in 2008, provides both software consultancy and aviation software packages under the brands "AIROPS 5" and "AIROPS Movement-Exec".

AIROPS 5 is an aviation management system designed to support aircraft operators and brokers in all aspects of commercial, operations, technical, finance, marketing and management. AIROPS 5 is positioned to improve efficiency, accuracy and the speed of response to client enquiries. First introduced in 1988, AIROPS 5 is used by a number of well-known aviation companies around the globe. AIROPS Movement-Exec is a management software system designed to reduce the administrative workload involved in running an airport, handling agent or FBO. In addition, Gama offers an IT solutions service which provides and supports IT systems both for Gama Group companies and for external clients.

Software & IT support represents approximately 1 per cent. of Gama's revenue for the year ended 31 December 2013.

(vi) In the United States, Gama Group has provided maintenance support to one of the leading fractional ownership companies since 2012, currently across four bases, and has been contracted by Wheels Up, a membership-based US private aviation company, to support its King Air turboprop fleet expansion.

	UK & Europe	*USA*[(1)]	*Gama Middle East*[(2)]	*Switzerland*
Services	Management Charter Maintenance Design FBO Airworthiness Avionics Special mission Government agency support and operation Software & IT Support	Management Charter Maintenance Software	Management Charter Maintenance FBO Software	Management Charter Software
Customer type	Government Corporate HNWs	Corporate HNWs	Government Corporate HNWs	Corporate HNWs
No. of aircraft	17	71	7	1

(1) Gama's US Air business is a 49 per cent. owned subsidiary with the balance owned 24 per cent. by the US management team and 27 per cent. owned by Merritt Property LLC, a US based commercial real estate business. The US *Federal Aviation Administration* requires that at least 75 per cent. of the voting equity must be held by US citizens. In order to comply with regulatory restrictions, Gama has 49 per cent. ownership and 25 per cent. of voting equity in Gama Aviation LLC.

(2) Gama's Middle East business is a 49 per cent. owned subsidiary with the balance owned by Jet Set Equity Partners Limited. Further details on Jet Set Equity Partners Limited are set out in Part III of this document.

History

Gama was established in 1983 by Marwan Khalek and Stephen Wright at Fairoaks Airport, initially providing aircraft charter services with one Beech Baron aircraft. In 1984 Gama obtained its first AOC and commenced offering business aircraft management services with one aircraft under management in 1988. In 1991 Gama commenced working with the Scottish Ambulance Service through Bond Aviation Limited to provide fixed and rotary aircraft. In 1997, Gama Group acquired Bond Aviation Limited business from Bond Helicopters Group as well as Heathrow Jet Charter, a charter brokerage business. Having established a core platform during the 1990's, Gama focused on expanding its UK aircraft maintenance and service business with the acquisition of Plymouth Executive Aviation in 2001, which provided maintenance capabilities. This was further enhanced by the acquisition of Lees Avionics in 2008, which enabled Gama Group to provide a range of design and installation capabilities.

In 2008 Gama acquired Gama Software, a software consultancy and developer of aviation productivity software and PrivatAir Inc (now Gama Aviation, Inc), based in Connecticut, USA, which provided Gama with a meaningful presence in the United States, the largest business aircraft market in the world. Full FAA maintenance approval was granted in the USA in 2011. Gama opened a number of other bases as part of its international expansion, including in the UAE which offers aircraft management, charter, maintenance and FBO services. Gama was awarded an AOC in the UAE in 2010.

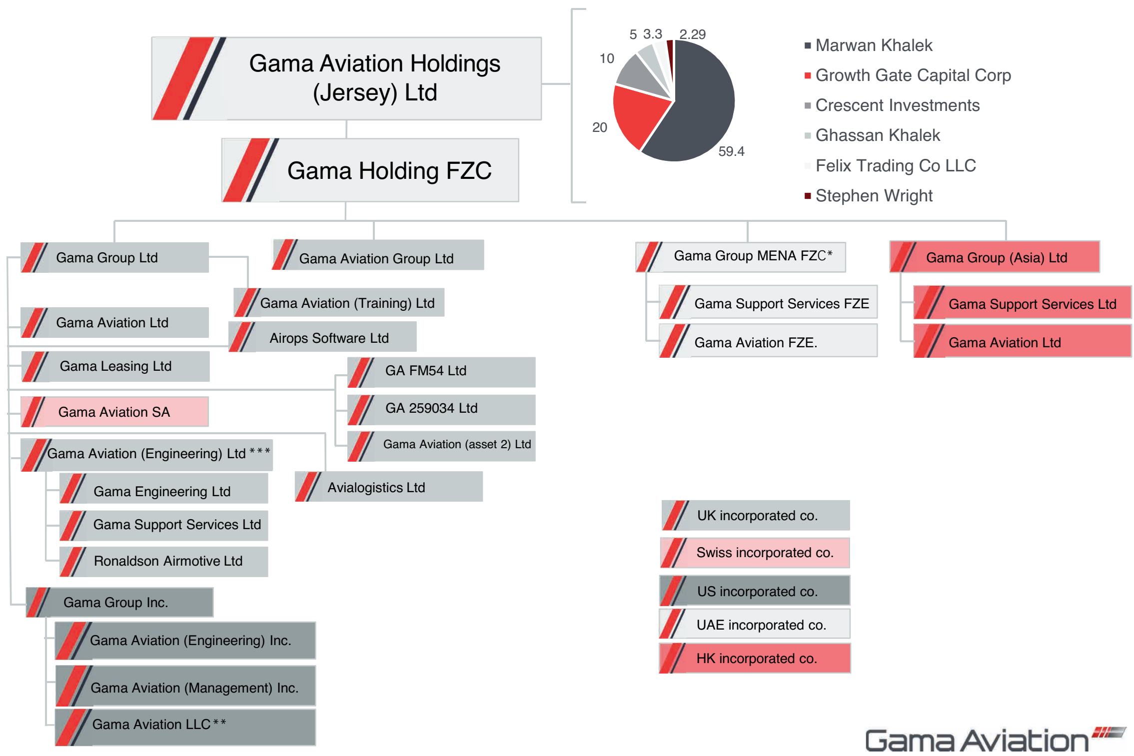
Further acquisitions were undertaken in 2011 (trade and assets of Mann Aviation Group Engineering) and 2012 (Ronaldson Airmotive Limited) which expanded Gama's engineering and support capabilities. New bases were opened at Sharjah Airport, UAE, and Hong Kong.

Since its inception in 1983, Gama Group has grown its fleet under management from one aircraft to 96 aircraft, across 28 bases in the UK, Europe, United States, Middle East and Asia and is now a leading business aircraft services group.

Group structure

Gama is a private limited company incorporated in Jersey. Pursuant to a conditional share exchange agreement dated 30 November 2014 Gama and the Gama Shareholders have agreed to transfer their entire shareholdings in Gama Holding FZC (save for one share in the name of Marwan Khalek) to Gama, in exchange for which they received share capital in Gama. Pending completion of the share exchange agreement prior to Admission, Gama Holding FZC remains the holding company of the Gama Group.

Organisational structure of Gama:



*Gama has a 49 per cent. equity interest in Gama Group MENA FZC.

**Gama has a 49 per cent. equity interest in Gama Aviation LLC.

***Gama has a 94 per cent. equity interest in Gama Aviation (Engineering) Ltd.

*Gama Holding FZC has agreed conditionally to transfer the entire issued share capital of each of Gama Group Limited, Gama Aviation Group Limited and Gama Group (Asia) Limited to Gama Limited pursuant to a share purchase agreement (for further details see paragraph 13.12 of Part VII).

Geographic Business Overview

Gama operates on a regional basis, with its global head office, based in Farnborough, providing oversight, support, central management and finance.

United Kingdom

Gama holds a CAA Type B Operating Licence and offers aircraft management, charter, engineering, design and support AOC and special mission work across five primary locations in the UK:

- **Farnborough** – Farnborough combines the headquarters for Gama and Gama Software as well as a location for the provision of charter, aircraft management and special mission operations, and a 17,000sq.ft. EASA/BDCA/FAA Part 145 maintenance facility. The facility is approved for base and line maintenance on the following aircraft: Beech King Air 90, 100, 200, 300, B300; Hawker Beechcraft 390, 400, 800, 800XP, BAE 125- 800, 1000, Cessna 406/525A and B, Learjet 45 & 60, Challenger 601/604, Gulfstream GIV, V and GVSP and Boeing 737-700. The facilities MAA MAOS approvals extend to King Air 200/300 series and the Britten-Norman Islander/Defender series;

- **Fairoaks** – Fairoaks is a 53,000sq.ft. EASA/FAA/BDCA Part 145 facility providing full engineering support to both fixed-wing and rotary operators ranging from major corporate clients to private owners and flight schools. It is fully supported by Gama's in-house EASA and BDCA continued airworthiness management department. The Fairoaks facility also offers Part 21J/MAA DAOS design work on projects on behalf of a broad spread of third party customers ranging from flag carriers to privately owned light aircraft, covering modifications such as avionics upgrades and special mission installations. The Part 21G production department manufacture amongst other things, one of the only child safety seats that is approved for use during take-off and landing;

- **Oxford** – With approximately 12,000sq.ft. of workshop spaces, Oxford is the primary fixed wing and rotary engine and component centre for Gama's UK maintenance operation. The facility has EASA Part 145 approval and in addition, it is a D1 rated company (non-destructive test house) with extensive experience in respect of most piston engine types and a particular specialism in Lycoming and CMI engines. It is authorised by CMI/TCM to perform ultrasonic inspections of CMI crankshafts;
- **Aberdeen** – Aberdeen is primarily a base for Gama's NHS air support serving the Northern Islands of Scotland; and
- **Glasgow** – The facility in Glasgow, which opened in November 2013, provides a full service FBO for international and domestic flights as well as 2,480m^2 maintenance hangar. Gama invested approximately £3.8 million to fund the construction of a hangar to develop Glasgow Airport as a private aviation hub. Gama subsequently entered into a sale and leaseback arrangement on this hangar. A second hangar is under construction (not being funded by Gama) to operate as the primary hub for its NHS contract.

Aircraft Management

In the UK, Gama Group has 17 aircraft under management including 6 UK registered aircraft owned by Gama. Aircraft under management are typically on "evergreen" rolling contracts with a 6 month termination period after a minimum term of 6 months. The contracts usually have a fixed fee element, payable regardless of flying activity including management and personnel fees, continued airworthiness management, and engineering oversight and coordination. Fixed costs incurred such as insurance and training are recharged to the client on a monthly basis along with all direct and variable costs incurred in the operation of the aircraft such as fuel, navigation, handling charges and catering.

Charter

Gama Group acts as a charter broker for its fleet of managed or owned aircraft with revenue shared between Gama and the owner of the aircraft. Gama may also at times sub-charter aircraft from other operators depending on mission suitability and its own managed fleet availability. With a managed fleet of 96 aircraft (which includes 8 owned aircraft registered in the UK and US) and over 27 bases worldwide, the Proposed Directors believe that the Gama Group can offer a flexible and competitive charter service.

Engineering, Design and Maintenance Support

Through acquisition and organic growth, Gama Group has built a broad engineering and support service capability, across both rotary and fixed wing aircraft, to service large fleet operators as well as private owners. Gama Group holds authorised service centre status on behalf of a number of aircraft manufacturers including Beechcraft, Twin Commander and Cirrus and has certification and approvals (FAA/EASA/BDCA) for a wide variety of fixed wing aircraft including Boeing, Gulfstream, Bombardier, Cessna, Hawker and Embraer. For rotary aircraft, Gama Group has approvals for major helicopter manufacturers including Airbus Helicopters, Augusta, Bell and Sikorsky.

Work undertaken includes MRO, modification and support services for civilian and military aircraft (fixed and rotary), delivered through Gama Engineering, Gama Group's EASA/FAA/BDCA and BDCA CAMO/Part M approved maintenance business based in the UK.

From its Oxford workshops, Gama Group has in-house capabilities to cater for a wide range of piston engine and component overhaul/repair. With EASA Part 145 approval, an extensive range of test equipment and factory trained and accredited staff, Gama Group offers a wide range of services. This also offers an opportunity in the European, Middle East and African markets, which are not sufficiently covered by CMI/TCM authorised service centres.

Gama also benefits from being an EASA Part 21J/MAA DAOS approved organisation, which enables it to undertake in-house design services and certification projects for aircraft operators or owners. The design scope of the approval covers all aircraft types from small single-engined trainers to large commercial jets and all helicopters and includes structures, avionics/electrical systems and cabin interiors capabilities. Working as an approved distributor with a large number OEM avionics providers, such as Garmin, Aspen, Honeywell, Rockwell Collins, L3 and Avidyne, Gama is able to design and install a wide range of avionic equipment on behalf of its customers. Designs are either minor changes under Gama's own approval, or major changes that result in an EASA supplemental type certificate (STC). The EASA Part 21G production department manufactures installation kits to support STCs and minor modifications for both in-house and third-party designs and installations. Kits can include machined and sheet metal parts, composite components and fully assembled wiring harnesses. In addition, the production department also manufactures the only aviation child safety seat which is fully approved for use during take-off and landing (currently in service with Virgin Atlantic, Cathay Pacific and several corporate operators).

Special Mission

Gama Group has successfully won a number of longer term contracts to support "special mission" services. In the UK, since 1991, Gama has provided air ambulance services in Scotland and in 2006 it became the sole contract holder for the provision of all fixed and rotary aircraft services. Under this contract, which was renewed in 2013 for a further seven years, over 3,400 emergency air ambulance flights were flown in 2013 across a required core fleet of two King Air aircraft (plus an occasional relief aircraft) both of which are owned by Gama (subject to financing), and two Eurocopter 135 helicopters under a subcontract arrangement with Bond Air Services.

In 2013 Gama won a competitive tender to procure aircraft for a client's fleet.

Gama has also undertaken work on behalf of certain armed forces under its MAOS / DAOS approvals. Gama has been awarded the prestigious Chief of modification Defence Material (CDM) commendation for its work on the Shadow R1 platform. Gama's work in this area includes (being those programmes allowed to be referenced in the public domain):

- updating avionics for Gazelle helicopters;
- upgrades to the avionics packages military trainers; and
- airworthiness reviews.

United States of America

In 2008 Gama acquired PrivatAir Inc (now Gama Aviation, LLC., ("Gama Aviation")), from the Swiss based aviation group, PrivatAir. Gama Aviation currently operates from fourteen North American locations spanning both East Coast and West Coast Initially providing aircraft management and charter, under Gama ownership Gama Aviation has built up its Part 145/EASA repair station capabilities. Its operational facilities are located at the following US locations:

- **Two Corporate Drive, Shelton, Connecticut** – Gama's US head office, including the hub for charter, aircraft management and operations;
- **Sikorsky Memorial Airport**, Connecticut;
- **Teterboro Airport**, New Jersey;
- **Palm Beach International Airport**, Florida;
- **McCarran International Airport**, Las Vegas, Nevada;
- **Van Nuys Airport**, California; and
- **Greater Binghamton Airport**, New York.

An eighth location will be opened in Dallas, Texas, by the end of 2014. In the US, Gama Aviation has 71 aircraft under management and operates under FAR Part 135 Certified awarded on 24 April 2009.

Fractional Ownership

In 2012 Gama was awarded a five year contract to provide maintenance for one of the world's largest fractional ownership business aircraft companies. As part of the planned roll-out of its services, Gama now operates in a number of US locations to provide maintenance to this customer's fleet.

Membership-based

Wheels Up

Wheels Up was formed in 2013 by Kenny Dichter, a former founder of Marquis Jet (which was sold to NetJets in 2010), and previously a vice-chairman of NetJets in the US, to provide access to on-demand business aircraft travel to its members who pay an annual fee. Gama was awarded a five year contract to provide an outsource management service for the Wheels Up fleet of Beechcraft King Air and Cessna Citation Excel aircraft. As at October 2014, Gama manages 31 aircraft, 156 pilots and operates up to 40 flights daily on behalf of Wheels Up. New aircraft are being continually added with a fleet of 35 King Air 350i's in total by June 2015.

Gama's US business

Gama currently has two US Air operating entities; being Gama Aviation LLC ("GAL") and Gama Aviation (Management), Inc. ("GAI") as well as its ground aviation business, Gama (Aviation) Engineering, Inc.

GAL is the entity which holds the AOC for Gama's US air business and, due to the requirements of the US Federal Aviation Administration, is 49 per cent. owned by Gama (but only has 25 per cent. of the voting rights) with the balance owned 24 per cent. by GAL's US management team and 27 per cent. owned by Merritt Property LLC, a US based commercial real estate business. As such, GAL is accounted for as an associate of Gama in its statutory accounts. In addition to its 49 per cent. ownership of GAL, Gama has a franchising and branding agreement with GAL whereby GAL uses the Gama brand under license in return for branding and franchising fee based on the revenue that GAL generates. Gama recognizes such fees from GAL within total revenue. It is the intention of the Enlarged Group to provide more detailed financial analysis on the performance of the US business within the notes to the accounts of its first statutory accounts, being for the year ended 31 December 2015.

GAI is the entity which operates the aircraft management contracts for the majority of the aircraft under management and is currently wholly owned by Gama.

It is the intention that, following Admission, Gama will undertake a reorganisation of its US air business which will result in the transfer of the trade and certain assets of GAI to GAL thereby ensuring all of the US Air trading operations are conducted in a more efficient and cost effective manner within the entity which holds the US AOC.

Switzerland

Gama opened its Geneva facility in July 2012 and currently has one aircraft under management at Geneva Airport's Executive Terminal. Its Geneva operation offers aircraft management and travel services as well as charter and sub charter services. It operates under a Swiss AOC.

Whilst Switzerland is presently a relatively small part of Gama 's business, the Proposed Directors believe it is an important destination for a number of customers and potential customers. This is particularly true in capturing and servicing traffic from the MENA region and China, attracted to Switzerland's banking and luxury markets.

Middle East

Gama operates its Middle East headquarters from the Dubai Airport Free Zone, with operational, maintenance, handling and service teams based at Sharjah International Airport ("Sharjah"), UAE. Gama has been operating at Sharjah since 2004 and it opened its new FBO in July 2014. The facility offers direct airside access, full security and customs clearance on site as well as a comfortable, high specification lounge environment. Traffic through the terminal has been building and Sharjah is already being recognised as a practical alternative airport for Dubai with the Northern Emirates being around 30 minutes by car, or 5 minutes by helicopter, away from central Dubai. The FBO offers a wide range of services, including GCAA CAR145 approved maintenance support which Gama is seeking to expand as the Proposed Directors see maintenance services as being a key driver of future business.

Whilst most business aircraft in this territory are self-managed, the Proposed Directors believe that there is an increasing interest and pressure to transfer aircraft to professional operators such as Gama. During 2014 this has been evidenced through an additional two aircraft being placed with Gama.

Gama was awarded an AOC by the UAE General Civil Aviation Authority (GCAA) in 2010.

Gama has a 49 per cent. equity interest in Gama Group MENA FZC ("GGMF"), the holding company of its Middle East operation, with the balance owned by Jet Set Equity Partners Limited ("Jet Set"). Further details on Jet Set, who form part of the Concert Party, are set out in Part III of this document.

Under the terms of the existing GGMF shareholder agreement between Gama and Jet Set, on change of control of Gama, Gama has the obligation to offer to purchase the balance of GGMF from Jet Set, to be satisfied in shares, at a valuation to be determined by a third party. In turn, Jet Set has the right, but not the obligation, to accept such an offer.

Therefore, following Admission, the New Board, under the terms of the GGMF shareholder agreement, will offer to purchase the 51 per cent. of GGMF currently owned by Jet Set. Whilst there can be no guarantee that the purchase of the balance of GGMF will be concluded, the New Board believes that, if Jet Set accepts the offer, any new Ordinary Shares issued to Jet Set as consideration would constitute no more than 2.5 per cent. of the Enlarged Share Capital and increase the Concert Party's interest in Hangar8 by approximately 1 per cent.

Further details of arrangements in respect of the GGMF shareholder agreement are set out in paragraph 13.13 of Part VII of this document.

Asia- Hong Kong & Beijing

Gama Aviation Group Limited is in the final stages of setting up a new joint venture company with Hutchison Whampoa (China) Limited to act as a holding JV company incorporated in Hong Kong ("Hong Kong JVC").The Hong Kong JVC is envisaged to set up an operating company in Hong Kong and other joint venture companies with local partners in China and any other countries in the territory for the management and charter, maintenance and repair operation, interior decoration and modification and FBO services for business aircraft.

The Proposed Directors recognise that non-commercial aviation is still at a relatively early stage in Asia, and that historically there have been significant barriers to entering such a restricted airspace with high import taxes, but believe that there are good growth prospects in the region.

Other territories

In addition, Gama has been granted operating approvals in both Bermuda and Cayman Islands. Whilst not full AOCs, these approvals enable Gama to operate aircraft registered in those two jurisdictions and operated on a private basis.

Financials

Gama's strategy has been to replicate its profitable UK business model in new regions. International expansion began in 2008 and is expected to be the major driver of future growth. Gama's results from 2011 to H1 2014 therefore reflect significant investment into international expansion.

Gama's gross profit increased by 50 per cent. from 2011 to 2013 driven by strong UK growth and margin performance and an increasing contribution from other geographies. Over the same period, overhead increased by 55 per cent. reflecting investment in international expansion, which is expected to drive growth in 2014-2015.

For the year ended 31 December 2013, Gama recorded consolidated revenue of $183.4 million (2012: $162.3 million) and Adjusted EBITDA of $3.2 million (2012: $2.2 million). Revenue in the year benefited from a military procurement programme, the commencement of the fractional ownership contract and opening new bases, offset by lower than expected flying activity, particularly in the United States. Whilst overall administrative costs were broadly flat, the continued investment in the business, particularly costs associated in setting up and servicing new facilities until they reach sufficient scale, did offset to a certain extent modest margin improvement.

For the six months to 30 June 2014, revenue was $89.4 million and Adjusted EBITDA of $2.2 million. Revenue in the first half of 2014 has benefited from an improving US economy and the roll-out of the fractional ownership contract with one new base in the first half of 2014, offset partially by expected reduction in the low margin military procurement programme. The improved level of EBITDA was driven principally by higher margin new business, the benefit of the developing membership-based and fractional ownership contracts as well as a continued focus on costs. As such, the Proposed Directors believe that 2014 represents an inflection point for Gama as the US business reaches scale with significant built-in, contracted growth for the year ahead and beyond. The Enlarged Group is also expected to benefit from Gama's accumulated US tax losses of US$13.2 million, which are expected to be available to offset future profits generated in the US.

The Proposed Directors also monitor Underlying Adjusted EBITDA as a performance measure, which is Adjusted EBITDA before start-up investments and costs associated with owned aircraft Gama intends to exit. Start-up investments consist of losses incurred by Gama's Swiss, Middle East and Hong Kong businesses, which are considered by the Proposed Directors to be in the early stages of their development. Costs associated with owned aircraft to be exited relate to losses from three aircraft that are held for sale. Whilst Underlying Adjusted EBITDA is a non-statutory profit measure, the Proposed Directors believe it represents a clearer picture of the underlying trends in the Gama business. The Proposed Directors expect the start-up losses to reduce in 2015 and that the owned aircraft to be exited will be sold in H1 2015.

Summary Gama Income Statement

YE 31 December, $'m	**2011**	**2012**	**2013**	**H1 2014**
Total turnover	183.9	162.3	183.4	89.4
Direct costs	(168.7)	(143.4)	(160.6)	(75.1)
Gross profit	15.2	18.9	22.8	14.3
Gross margin%	8.3%	11.6%	12.4%	16.0%
Overheads[1]	(15.5)	(19.9)	(23.9)	(12.4)
Adjusted EBITDA[2]	2.8	2.2	3.2	2.2
Adj. EBITDA margin%[2]	1.5%	1.3%	1.7%	2.5%
Adjusted EBITDA[2]	2.8	2.2	3.2	2.2
Start-Up Investment	0.9	1.4	1.8	1.2
Owned aircraft to be exited	(0.6)	0.4	0.6	0.8
Underlying Adj. EBITDA[3]	3.1	4.0	5.6	4.2
Underlying Adj. EBITDA margin%[3]	1.7%	2.5%	3.1%	4.7%

1 Excluding non recurring items being impairment of aircraft and goodwill, loan settlement discount, provision for/release of litigation provisions and exceptional legal and professional fees.

2 Adjusted EBITDA is calculated as operating profit and share of associates' results before depreciation, amortisation and non recurring items, as for overheads above, plus exceptional inventory write down recognised in cost of sales.

3 Underlying Adjusted EBITDA is calculated as Adjusted EBITDA before start up investment related to the trading losses of the MENA, Switzerland and Hong Kong entities and profits/losses associated with owned aircraft Gama intends to exit (relating to 3 of the owned aircraft held for sale).

The different stages of development of the constituent parts of the Gama business can be further illustrated by Gama's Gross Profit on a geographical basis. Gama's mature UK business generated a Gross Profit margin of 15.5 per cent. in 2013, rising to 24.3 per cent. in H1 2014. The UK business has a balanced mix of engineering and air business and benefits from operational leverage from incremental aircraft and additional services.

The US business achieved a Gross Profit margin of 9.5 per cent. in 2013 and 7.0 per cent. in H1 2014. Gama entered the US market in 2008 through the acquisition of the then-loss making PrivatAir. Gama has since re-engineered the US business to more closely replicate the integrated UK model. The Proposed Directors believe that contract wins and an improved business mix position the business for strong growth and performance in 2015 and that, over time, the Gross Profit margin of the US business will move more in line with the UK business.

The Rest of World consists of Gama's non UK and US operations, including the loss marking start-up operations in Switzerland, the Middle East and Hong Kong. As a result of the start-up nature of a number of the territories in this segment, the Gross Profit margin was 3.8 per cent. in 2013 and 4.2 per cent. in H1 2014. The Proposed Directors believe that Gross Profit margin of the Rest of World will improve as the constituent business scale and that, over time, they will trend towards levels exhibited by the US and, eventually, the UK business. The increased gross profit contribution of these businesses is expected to be a significant driver of growth for the Enlarged Group.

Below illustrates Gama's financials by geography:

YE 31 December, $'m	**2011**	**2012**	**2013**	**H1 2014**
UK (Mature)				
Total turnover	117.7	96.5	116.0	48.9
Gross profit	11.8	14.9	18.0	11.8
Gross margin %	10.0%	15.4%	15.5%	24.1%
US (Scaling)				
Total turnover	52.0	52.9	41.0	26.5
Gross profit	2.1	2.6	3.9	1.9
Gross margin %	4.0%	4.9%	9.5%	7.0%
Rest of World (Start-Up)				
Total turnover	14.2	12.9	26.4	14.0
Gross profit	1.3	1.4	0.9	0.6
Gross margin %	9.2%	10.9%	3.4%	4.2%

5. STRATEGY OF THE ENLARGED GROUP

Combining the Group and the Gama Group is a key stage in creating one of the world's largest business aircraft service companies. The Enlarged Group will have some 144 aircraft under management in 44 global locations across 5 continents. It will have a strong presence in North America, the UK, continental Europe, Africa, Middle East and Asia, as well as start-up operations in South America, and offer its customers a broad spectrum of services from aircraft management and charter through to engineering and support services. From this strong global platform, in a fragmented industry with opportunity for further organic growth and by acquisition, the Directors and Proposed Directors believe they can build the Enlarged Group to be a global leader.

The Enlarged Group will offer a comprehensive service offering, operating and supporting aircraft from all major manufacturers and all classes of aircraft ranging from light aircraft to global aircraft. Below illustrates the Enlarged Group's aircraft offering:

Source: Hangar8 and Gama

The aviation industry is highly regulated with a significant cost of compliance for owners or operators of business aircraft. Furthermore, global operators are subject to regulatory requirements and oversight in multiple jurisdictions each with its different requirements. The Directors and Proposed Directors believe that the current level of regulation, and any future changes in regulations, do or will make it more difficult for smaller operators to compete effectively in the provision of business aircraft services, or for owner managers to comply. The Directors and Proposed Directors believe these drivers support the combination of Hangar8 and Gama. Their strategy to grow the Enlarged Group will include the following steps:

(i) Economies of scale; reinforcing the virtuous circle whereby having a greater number of managed aircraft, across a greater number of geographic locations, provides a customer with more choice and convenience. Furthermore, economies of scale improve the logistics of ensuring aircraft are available to meet customer needs, reduce cost of operation and increase buying power such as for maintenance, insurance and aviation fuel for the benefit of owners;

(ii) Broader service offering in more locations; the Group has a particularly strong presence in the UK and Africa, and the Gama Group has a large presence in North America and FBOs in the Middle East and Asia to meet growing demand in those territories. Together, the Enlarged Group will operate from 44 locations across 15 countries in five continents;

(iii) Combining the maintenance and service offerings of the two businesses is expected to provide a fuller solution in the business aircraft industry. The ability to service and maintain a wider range of aircraft and engine manufacturers, both fixed and rotary, across the expanded global footprint of the Enlarged Group, should generate incremental sales and, potentially, lower costs through the benefit of scale;

(iv) Strengthen management through combining two experienced management teams who have been instrumental in building up their respective businesses; each through organic growth and by acquisition. Collectively, the New Board will have some 225 years' industry experience;

(v) Ability to achieve material synergies, improve operational gearing and provide cost efficiencies to improve margin;

(vi) Stronger platform for further complementary acquisitions which may be to expand the size of the managed fleet, broaden maintenance and services offered and/or broader geographic expansion; and

(vi) Opportunity to be a global leader in a fragmented industry which the Directors and Proposed Directors believe is at an early stage of consolidation.

6. INDUSTRY BACKGROUND

The demand for business aircraft comes from a number of sectors including: business/corporate, film and media, music tours, high net worth individuals, government and military, medical and evacuation, celebrities, sporting events and the oil and gas industry. This demand can be satisfied through aircraft purchased with outright ownership, by fractional ownership, or by purchasing block hours from owners or operators of business aircraft; or by *ad hoc* chartering, typically through air charter brokers.

The Directors and Proposed Directors believe that a key advantage that private aviation offers over scheduled airlines is speed and time efficiency. Private aircraft can take off and land at smaller airports that can be closer to the client's start/end destinations and this can avoid stopovers, transfers and lengthy security and check-in procedures. A dedicated crew provides the charter customer or Owner with flexibility, as flight plans or schedules may also be amended at short notice.

Regulation

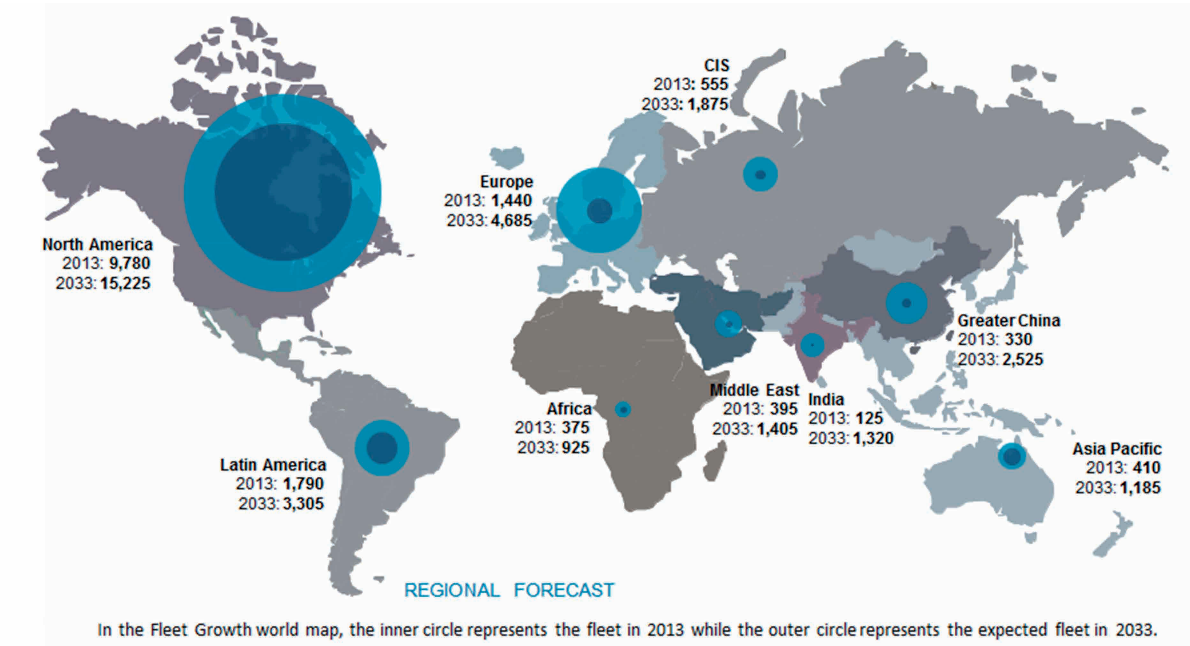
The business aircraft industry is highly regulated; for example, the initial grant of an AOC as well as recurrent audit requirements create significant barriers to entry. The industry is also global but regulation is not standardised across regions creating the need to adopt operations and procedures to local regulation and a supplemental financial burden for operators.

Market

Whilst the market for business aircraft usage is global, the penetration rate by region is highly variable with each region at a different stage of development. The largest single market for business aircraft (by fleet size), and home to four out of the eight largest business aircraft manufacturers, is North America, with some 9,780 aircraft[1]. The second largest market for business aircraft is Latin America with 1,790 aircraft [1], followed closely by Europe with 1,440 aircraft [1]. Africa, the Middle East, Greater China, CIS, India and Pacific Asia are significantly smaller, albeit some of the strongest growth is forecast to be in the Middle East, India and Greater China.

(1) Source: Bombardier Market Forecast 2014-2033

The business aircraft market –Fleet growth by region



Source: Bombardier Business Aircraft Market Forecast 2013 vs 2033

North America

During the recession, both the number of new business aircraft delivered and flight activity were depressed which also had an impact on the resale of used aircraft. The first signs of recovery were in 2013 with flight activity up by 0.3 per cent. (source: Avinode), albeit this improvement varied regionally with both East and West coast showing improvement, against continued declines in the Mid-West.

After a difficult period, the business aircraft market in the United States has shown renewed signs of activity with forecast flight activity in 2014 to increase by 0.7 per cent. (source: Avinode). Corporate activity has also increased with new entrants such as Wheels Up, launched by Kenny Dichter, founder of Marquis Jet and previously with NetJets Inc., and some consolidation of operators including Directional Aviation Capital's purchase of fractional ownership company, Flexjet, from Bombardier as well as manufacturers with Textron acquiring Beechcraft for $1.4 billion. Avinode predicts that "*this consolidation trend will continue in 2014 as the industry grows increasingly aware of the benefits inherent to economies of scale*".

North America is forecasted to receive the greatest number of new business jet deliveries with 8,760 units between 2014 and 2033, representing a fleet CAGR of 2 per cent. over the forecast period (source: Bombardier).

Europe

Like North America, European flight activity was depressed during the recession which continued into the early part of 2013. Between 2011 and 2013 the total number of business aircraft departures decreased by approximately 5.6 per cent. However, in the later part of 2013 flight activity improved with positive flight activity trends. Avinode, the World's leading marketplace for charter flights, believes that Europe is now entering a period of slow stabilisation and recovery. It is also worth noting that flight activity is not uniform across different aircraft categories. In Europe, ultra long-range aircraft performed strongly in 2013 (up 14 per cent.), whereas light jets performed poorly, decreasing by approximately 6.7 per cent. (source:

Avinode). A similar pattern also emerged in the United States during 2013 where ultra- long range aircraft flight activity was up 16 per cent. (source: Avinode).

The European Business Aviation Association (EBAA) forecast growth in Europe of 1.5 per cent. in 2014 against a decline in departures of 0.8 per cent. in 2013. The EBAA also stated in its 2013-14 annual review that "*it seems safe to say that the most discouraging years are now behind us, and there's something in the air that feels like positivity*". (Source: AMSTAT)

Europe is expected to remain one of the main markets for new business jet deliveries between 2014 and 2033, at 3,575 unit deliveries, seeing significant fleet growth equivalent to a CAGR of 6 per cent. over the forecast period. (source: Bombardier)

Africa

The transportation needs of the extractive industries, combined with poor surface transportation options and the large distance between major cities and the often remote locations of resource operations have benefited the business aircraft industry. Whilst the region continues to face several barriers to growth, including legal restrictions, underdeveloped infrastructure and more limited skilled workforce, the Enlarged Group expects Africa to remain an important region for business aircraft deliveries. Between 2014 and 2033, 685 business jet deliveries are expected in this region, with a fleet CAGR of 5 per cent. over the forecast period. (source: Bombardier)

Latin America

Latin America is a relatively mature business aircraft market, with fleet penetration similar to the United States and the second oldest average fleet age at 18.5 years. Brazil and Mexico are the two most important markets within the region. Latin America is expected to continue to be a key market for deliveries of new business jets between 2014 and 2033 with 2,130 delivery units expected. (source: Bombardier)

Middle East

With significant economic growth, long distances between major cities and fewer surface transportation options than in Europe or the United States, the Middle East is a promising market for business aircraft travel. The Middle East region is expected to receive 1,095 business jet deliveries between 2014 and 2033. This is an equivalent fleet CAGR of 7 per cent. over the forecast period. (source: Bombardier)

China

The business aircraft sector in China is relatively nascent, partly due to underdeveloped airport infrastructure, relatively high aircraft import duties and user fees. However, the Chinese market for business jet deliveries has grown from approximately 2 per cent. in 2009 to 6 per cent. in 2013. Bombardier forecast that China will be the third largest market for business jets by 2033.

Asia Pacific

Business aviation in Asia Pacific includes a mix of the well-established business aviation sector of advanced economies such as Australia and Japan, as well as that of the emerging economies such as Indonesia, the Philippines and Vietnam.

As of the end of 2013, the fleet in Asia Pacific accounted for 3 per cent. of the worldwide business jet installed base. Over the last 10 years, Asia Pacific experienced a two-fold increase of its fleet size with an estimated 410 aircraft in 2013. More than half of the overall regional fleet is within Australia and Japan, with 33 per cent. and 18 per cent. of the overall installed based, respectively.

CIS

After rapid economic expansion over the last 10 years, the CIS has become an important market for the business aircraft industry. However, the global economic downturn has impacted the Russian economy as have recent geopolitical issues in the Ukraine and the consequential economic sanctions taken by the EU, the United States and other countries. Despite the uncertainty around the near-term prospects for the Russian economy, the medium-and long-term outlook for the region remains positive.

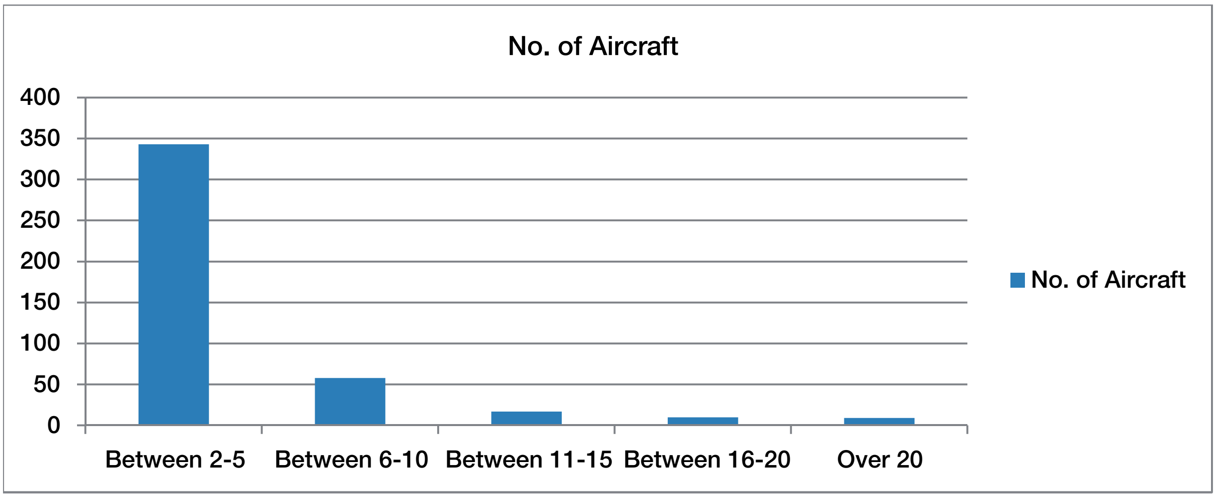
India

Whilst business aircraft deliveries to India were weak in 2013, India is forecast to be the fastest growing region in terms of business aircraft fleet growth over the next 20 years, at fleet growth equivalent to a CAGR of 13 per cent. (source: Bombardier).

Competition

The business aircraft industry is highly fragmented. In Europe alone it is estimated that there are over 800 business aircraft operators with a total fleet size of 4,266 aircraft, equivalent to five per operator (source: NetJets). According to EBAA, there are only nine operators in Europe with more than 20 aircraft. Hangar8 and Gama are both in this group. Other sizeable operators in Europe include TAG Aviation, Net Jets, Jet Aviation, Execujet, Vistajet and London Executive Aviation.

According to EBAA, the vast majority of operators of business aircraft in Europe operate less than 6 aircraft:



In North America, fractional ownership is more prevalent, with Netjets being the largest fractional ownership company in the world.

There are a number of charter brokers including Air Partner (TIDM: AIP), albeit charter brokers need to differ from Hangar8 and Gama as they ultimately have no control over the end product (i.e. the aircraft and service). Trading platforms such as Avinode have disrupted the market in so far as they have bought information parity and therefore negotiation strength to buyers. Use of these platforms is not universal and there are plenty of distribution channels that do not have access/are unaware of these platforms.

The Directors and Proposed Directors believe that the Enlarged Group will be one of the five largest operators globally.

7. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION AGREEMENT

Under the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Gama. The consideration due to Gama Shareholders is to be satisfied by the issue of 27,341,960 Consideration Shares valuing Gama at £82.3 million (based on the Hangar8 closing share price on 5 December 2014). The consideration has been calculated by means of a formula that applies to Gama's EBITDA projections for the financial year ending 31 December 2015, a ratio of earnings to enterprise value that is consistent with the market's valuation of Hangar8 as at 12 November 2014, subject to certain agreed adjustments to take account of Gama's net working capital position and the net present value of net operating losses retained within the Gama business.

The Consideration Shares will represent 63.59 per cent. of the Enlarged Share Capital and will be issued and credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares comprised in the Enlarged Share Capital, including rights to future dividends.

Completion of the Acquisition is conditional, *inter alia*, upon final completion of the Gama pre-transaction group reorganisation, the passing of the Resolutions and Admission. It is expected that Completion and Admission will take place on 6 January 2015.

Further details of the Acquisition Agreement are set out in paragraph 12 of Part VII of this document.

8. CURRENT TRADING AND PROSPECTS FOR THE ENLARGED GROUP

Hangar8

Hangar8 announced its final results for the year ended 30 June 2014 on 6 November 2014. Total Revenue increased by 26 per cent. to £65.0 million (2013: £51.4 million) with a corresponding improvement in profit before taxation to £1.5 million (2013: £1.2 million), an increase of 29 per cent. Adjusted basic earnings per share was 22.0 pence (2013: 19.1 pence). Net assets as at 30 June 2014 were £7.5 million (2013: £6.5 million) and cashflow for the year ended 30 June 2014 from operating activities was £1.1 million (2013 £1.2 million) to increase cash and cash equivalents to £4.6 million (2013 £3.8 million).

Hangar8 announced a maiden full year dividend of 2.3 pence a share, to be paid to Shareholders on the share register on 19 December 2014.

In the Chairman's statement, Nigel Payne stated that "I am delighted to report that the Group has enjoyed an excellent year delivering significant organic growth. Our controlled growth strategy has gained further momentum as we continue to focus our efforts on increasing the number of our long-term fixed contracts, diversifying the services we offer and expanding the geographical breadth and depth of the business. It is also the first year in which we have seen the full benefit of the acquisition of International Jet Club which has continued to surpass our expectations. I am delighted to report a very positive set of results and the Board will accordingly be proposing the payment of a maiden dividend of 2.3 pence per share."

Further historical financial information on Hangar8 for the two years to 30 June 2014 is set out in Part IV of this document.

Gama

For the year ended 31 December 2013, Gama recorded consolidated revenue of $183.4 million (2012: $162.3 million) and Adjusted EBITDA of $3.2 million (2012: $2.2 million). Revenue in the year benefited from a military procurement programme, the commencement of the fractional ownership contract and opening new bases, offset by lower than expected flying activity, particularly in the United States. Whilst overall administrative costs were broadly flat, the continued investment in the business, particularly costs associated in setting up and servicing new facilities until they reach sufficient scale, did off-set to a certain extent modest margin improvement.

For the six months to 30 June 2014, revenue was $89.4 million and Adjusted EBITDA of $2.2 million. Revenue in the first half of 2014 has benefited from an improving US economy, the roll-out of the fractional ownership contract with one new base in the first half of 2014, offset partially by expected reduction in the low margin military procurement programme. The improved level of Adjusted EBITDA was driven principally by higher margin new business, the benefit of the developing membership-based and fractional ownership contracts as well as a continued focus on costs.

The Proposed Directors are confident that further growth will be achieved, particularly in the United States through further expansion in the number of aircraft under the membership-based contract, new bases to be opened under the fractional ownership contract and new aircraft under management in Europe. A strategic partnership in Asia is expected to commence operations in the first half of 2015.

Further historical financial information on Gama for the three years and six months to 30 June 2014 is set out Section B and C of Part V of this document.

9. INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTORS

It is currently envisaged that the New Board will consist of four Executive Directors and five Non-Executive Directors. On Admission, Sir Ralph Robins will be appointed Non-Executive Chairman and Marwan Khalek will be appointed Chief Executive Officer. Stephen Wright will be appointed as an Executive Director and Kevin Callan will continue in his role as Finance Director. Dustin Dryden will take the position of Executive Director, Nigel Payne will become Non-Executive Director and George Rolls and Michael Peagram will continue in their roles as Non-Executive Directors. Greg Martin and David Savile will step down from their current positions on Admission. Brief biographies of the Directors and Proposed Directors are set out below. Paragraph 8 of Part VII of this document contains details of current and past directorships and certain other information relating to the Directors and Proposed Directors.

On Admission, the Board will therefore comprise:

Directors

Dustin Dryden *(aged 38) – Executive Director*

Dustin Dryden is a qualified pilot and has been flying for 22 years both on fixed wing and rotary aircraft. He co-founded the Business in 2002 and has been Chief Executive Officer since inception being instrumental in its growth to date. He has over 19 years' experience in aviation sales and jet management having represented several of the major aircraft manufacturers in their global marketplace. He has specialist technical and contractual knowledge within the business jet environment from his worldwide operations and has first-hand experience of the certification and launch of new aircraft types.

Kevin Callan *(aged 54) – Finance Director*

Kevin, an accountant by profession, has been involved in aviation finance for more than 25 years and was Group Accountant in an international freight forwarding business prior to joining the airline Flightline as chief financial officer. In 2009 he joined Air Slovakia and was appointed to the board of directors of Hangar8 in 2012.

Nigel Payne *(aged 54) – Non-Executive Director*

Nigel Payne has some 30 years' experience at board level, covering a wide range of industries: advertising, manufacturing, distribution, retail, finance and e-commerce. Nigel has had wide-ranging exposure to various types of corporate activity including acquisitions, flotations and fundraising. Nigel was Chief Executive of Sportingbet UK plc between 2000 and 2006 and since 2006 he has been a non-executive director of Hangar8. Between 1995 and 2000 Nigel was group finance, business development and IT director of Polestar Magazines, the largest independent printer in Europe (operating in 19 countries). Between 1993 and 1995 Nigel was finance and IT director of Home Brewery plc, a subsidiary of Scottish & Newcastle plc.

George Rolls *(aged 54) – Non-Executive Director*

Over the last 28 years, George Rolls has been a director, manager and adviser to many private companies in a variety of sectors such as manufacturing, publishing and print media, technology and consumer products. Earlier in his career, George spent several years in Australia, primarily working in trading and insurance, before returning to the UK where he founded Beaufort Securities of which he was a director between 1992 and 2006. Since selling Beaufort Securities in 2008, George has acted as a consultant for private high net worth individuals and more recently has been involved with the launch of a software technology fund. George is a trustee of the Geoffrey de Havilland Flying Foundation and the Honorary Secretary of The Air Squadron. He holds a current helicopter pilot's licence and has a keen interest in aviation.

Michael Peagram *(aged 71) – Non Executive Director*

Michael qualified as a chemist at Oxford University and subsequently obtained an MBA from Manchester Business School. His initial industrial career in various management roles was at Pfizer and Croda, where he was Managing Director of the Chemical Division. He turned round and built up the Holliday Chemicals Group, which was floated on the Main Market of the London Stock Exchange in 1993 and subsequently sold to Yule Catto in 1998 where he was Deputy Chairman until 2007. He has experience as Chairman and Director of a number of other publicly listed and private SMEs. Michael also served on the Council for Management Studies at Oxford University (Said Business School) from 1991 to 2009.

Proposed Directors

Sir Ralph Robins *(aged 82) – Chairman*

Sir Ralph graduated from Imperial College, London and joined Rolls-Royce as a graduate apprentice in 1955. He served on the Board of Rolls-Royce for 20 years as Managing Director from 1984, Deputy Chairman from 1989 and latterly as Executive Chairman from 1992-2003. He has also served as Chairman of Cable & Wireless plc and as a Director of Standard Chartered plc, Schroders plc and Marks & Spencer plc. Sir Ralph is a former Chairman of The Defence Industries Council and former President of The Society of British Aerospace Companies. He is a Fellow of The Royal Academy of Engineering, a Fellow of Imperial College, an Honorary Fellow of The Institute of Mechanical Engineers and an Honorary Fellow of the Royal Aeronautical Society.

Marwan Abdel-Khalek *(aged 54) – Chief Executive Officer*

Marwan is Chief Executive Officer of Gama Aviation, which he founded together with Stephen Wright in 1983. He is a successful entrepreneur with a proven track record of building value through organic and inorganic growth, as evidenced by the scale of Gama Aviation's development over the last three decades. Gama Aviation's growth, over a period marked by a number of profound economic recessions, has resulted in a leading global aviation services group.

Outside of his responsibilities with Gama Aviation, Marwan is Chairman of the BBGA. Marwan holds an Airline Transport Pilot's Licence and occasionally flies the Beech 200. He graduated with a BEng in Civil Engineering from the University of London.

Captain Stephen Wright *(aged 57) – Executive Director*

Stephen is Chief Operating Officer of Gama Aviation, which he founded together with Marwan Khalek in 1983. He has been fundamental to the institution of a number of process improvements that have been commended by regulators and industry auditors alike. Stephen retains a flying role both on the line and in training, regularly flying helicopters and fixed wing aircraft. His flying duties place him in regular contact with a wide variety of Gama Aviation's clients, allowing him to have a direct, qualitative understanding of their needs and requirements. The insight he gains, combined with the management systems he has instituted, provide Gama Aviation with significant operational advantages.

Peter Brown *(aged 62) – Non Executive Director*

Peter is a chartered accountant with 25 years' experience at board level within the leisure and travel industry. He adds complementary skills to Gama Aviation's founding directors; having been CEO of a major British leisure airline and managing the mergers, acquisitions and group finance functions of a variety of service companies. Peter is also Chairman of the Gama Aviation audit committee and a member of the remuneration committee. He graduated from University College Cardiff with a BSc in Economics.

It is the intention of the New Board to appoint a further Non-Executive Director following Admission. Whilst at an early stage, this process has commenced.

10. CORPORATE GOVERNANCE

The Board is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company has sought to comply with a number of the provisions of Financial Reporting Council's Corporate Governance Code in so far as it considers them to be appropriate for a company of its size and nature. The Company holds regular Board meetings, at which financial and other reports, including, *inter alia*, working capital reports, fleet utilisation, review of new business opportunities (including contract terms for potential new aircraft) and acquisition opportunities, are considered and, where appropriate, voted on.

Details of the Board members' beneficial interests in Ordinary Shares and options, both immediately prior to and following Admission, are set out in paragraph 7 of Part VII of this document. The Directors and Proposed Directors understand their obligation to comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted a share dealing code.

It is proposed that each of the Proposed Directors will be appointed to the New Board, conditional on completion of the Acquisition, by the Existing Shareholders passing Resolutions 3, 4 5 and 6 as ordinary resolutions, rather than being appointed by a resolution of the Board. Accordingly, as their appointment will have been made by the Shareholders, none of the Proposed Directors will be required under the Articles of Association of the Company to submit themselves for re-election at the next annual general meeting of the Company unless otherwise subject to retirement by rotation at that time.

The Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee and a Social Responsibility Committee, each with formally delegated duties and responsibilities. Following completion of the Acquisition and Admission, it is intended that the New Board will make adjustments to these committees reflecting the appointment of the Proposed Directors. Details on these committees are set out in paragraph 19 of Part VII of this document.

11. DIVIDEND POLICY

The Directors and Proposed Directors recognise the importance of dividend income to shareholders and intend to adopt a progressive dividend policy. This policy will be subject to the retention of funds needed to fund future growth of the Enlarged Group's business and its strategic aim of becoming a global leader in its industry. All of the Ordinary Shares comprising the Enlarged Share Capital will rank *pari passu* for the payment of dividends.

A maiden dividend of 2.3 pence per Ordinary Share was proposed by Hangar8 in respect of its financial year ended 30 June 2014 which will be paid on 19 January 2015 to those Shareholders on the register as at 19 December 2014.

12. GENERAL MEETING

The notice convening the General Meeting is set out at the end of this document. A General Meeting has been convened for 10.00 a.m. on 6 January 2015 at the offices of Cantor Fitzgerald Europe, One Churchill Place, London E14 5RB where the following Resolutions will be proposed to approve:

(1) the Acquisition, for the purposes of Rule 14 of the AIM Rules;

(2) the Rule 9 Waiver;

(3) the appointment of Marwan Abdel Khalek as a director of the Company;

(4) the appointment of Sir Ralph Robins as a director of the Company;

(5) the appointment of Stephen Wright as a director of the Company;

(6) the appointment of Peter Brown as a director of the Company;

(7) the authorisation of the Directors to allot New Ordinary Shares;

(8) the authorisation of the Directors to disapply statutory pre-emption rights in respect of the allotment of New Ordinary Shares;

(9) the adoption of the New Articles; and

(10) the change of name of the Company.

13. IRREVOCABLE UNDERTAKINGS TO APPROVE THE PROPOSALS

In addition to the undertakings of the Independent Directors set out in paragraph 26 below, ten Independent Shareholders have irrevocably undertaken to the Company to vote in favour of the Resolutions to be proposed at the General Meeting, in respect of their aggregate beneficial holdings totalling 4,429,821 Existing Ordinary Shares, representing approximately 46.5 per cent. of the Existing Ordinary Shares. In aggregate, therefore, irrevocable undertakings to vote in favour of the Resolutions have been given by holders of 4,657,392 Existing Ordinary Shares representing 48.89 of the Existing Ordinary Shares, representing 69.8 per cent. of the Ordinary Shares that are entitled to vote.

Further details on the Irrevocable Undertakings are set out in paragraph 18.14 of Part VII of this document.

14. TAXATION

Information regarding certain taxation considerations for corporate, individual and trustee shareholders in the United Kingdom with regard to Admission is set out in paragraph 11 of Part VII of this document.

15. THE PLACING

Pursuant to the Placing Agreement Cantor has conditionally raised £17.15 million (before expenses) for the Company though the placing of the Placing Shares at the Placing Price with investors conditional on the Resolutions being approved by Shareholders at the General Meeting and Admission. On Admission, the Company will have 42,994,442 Ordinary Shares in issue and a market capitalisation of approximately £120.4 million at the Placing Price. The net proceeds of the Placing are estimated at £14.2 million and will be used to eliminate net debt and for working capital purposes. Pursuant to the Placing Agreement, Cantor has also conditionally agreed to use its reasonable endeavours to procure placees for the Vendor Shares with institutional and other investors at the Placing Price. The Placing and the Vendor Placing have not been underwritten by Cantor. The Placing and the Vendor Placing is conditional upon, *inter alia*, Independent Shareholders passing the Resolutions at the General Meeting of the Company and Admission becoming effective by not later than 8.00 a.m. on 6 January 2015 (or such date as Cantor may agree being not later than 31 January 2015).

In order to facilitate the issue of the Consideration Shares, the Placing Shares and to enable the Company to raise further funds (if required), it is necessary for the Company to increase the Directors' authority to issue Ordinary Shares and to disapply pre-emption rights in relation to any such issue, as detailed in Resolutions 7 and 8 respectively. In each case, the authorities conferred by Resolutions 7 and 8 shall expire fifteen months after the passing of the relevant Resolutions or at the conclusion of the next annual general meeting of the Company following the passing of these Resolutions, whichever occurs first. Subject to the passing of the Resolutions, the New Board may look to raise further funds for the Company by issuing further New Ordinary Shares for cash in the future but has no immediate plans to do so.

The Placing Shares being offered pursuant to the Placing will represent 14.25 per cent. of the Enlarged Share Capital in issue on Admission. The Placing Shares being offered pursuant to the Placing are or will be in registered form and, on Admission, will rank *pari passu* in all respects including, without limitation, in relation to any dividends and other distributions declared, paid or made following Admission with the other Ordinary Shares. Further details of the Placing Agreement are set out in paragraph 13 of Part VII of this document.

16. TAKEOVER CODE AND RULE 9 WAIVER

The Takeover Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person. Investors should be aware that, under the Takeover Code, if a person (or group of persons acting in concert) holds interests in shares carrying more than 50 per cent. of the company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the concert party will not be able to increase their percentage shareholding above a Rule 9 threshold without Panel consent. Such persons should, however consult with the Panel in advance of making such further acquisitions.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company or to frustrate an offer for that company.

The vendors of a private company are generally deemed to be acting in concert in relation to an acquisition of that company by a company subject to the Takeover Code. The Gama Shareholders therefore are deemed to be acting in concert for the purposes of the Takeover Code. Full details of the members of the Concert Party are set out in paragraph 2 of Part III of this document.

Maximum potential controlling position

Immediately following the issue of the Placing Shares and Consideration Shares, and following the Vendor Sale the Concert Party will hold in aggregate 25,913,388 Ordinary Shares, representing 60.27 per cent. of the Enlarged Share Capital which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

The Concert Party's existing shareholdings in the Company and its proposed interest in the Enlarged Group immediately following Admission are set out in the table below.

Concert Party member	*Interest in Existing Share Capital Number*	*Consideration Shares Number*	*Vendor Sale Number*	*Interest in Enlarged Share Capital Number*	*%*
Marwan Abdel-Khalek	Nil	15,424,502	nil	15,424,502	35.88
Stephen Wright	Nil	595,331	357,143	238,188	0.55
Ghassan Abdel-Khalek	Nil	1,298,905	1,071,429	227,476	0.53
Growthgate Capital	Nil	5,195,621	nil	5,195,621	12.08
Crescent Investment	Nil	2,597,810	nil	2,597,810	6.04
Felix Trading	Nil	865,936	nil	865,936	2.01
Gama EBT	Nil	1,363,855	nil	1,363,855	3.17
Total	Nil	27,341,960	1,428,572	25,913,388	60.27

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Independent Shareholders.

Save as described in paragraph 9 of this Part I, the Concert Party is not intending to seek any further changes to the Board and has confirmed that its intention is that, following completion of the Proposals, the business of the Company would be merged with the business of Gama; operating in substantially the same manner as it is at present.

As both Hangar8 and Gama have their respective head offices in the UK, the New Board intends to relocate the Company's main place of business from Oxford to Farnborough, where Gama's head office is based. However, it is not anticipated that such a move will require a material redeployment of the Company's fixed assets. Whilst such a relocation will inevitably result in some redundancies of employees who are unable or do not wish to relocate, the Concert Party is not intending to prejudice the existing employment rights, including pension rights, of any of the employees or management of the Enlarged Group nor to procure any material change in the conditions of employment of any such employees or management, save for the change in principal place of work for certain employees.

The Concert Party will not undertake any steps to amend the Company's share trading facilities in force at the date of this document.

The Panel has agreed, subject to Resolution 2 at the General Meeting being passed on a poll of the Independent Shareholders, to waive the requirement which might otherwise arise for the members of the Concert Party (individually or collectively) to make a general offer under Rule 9 of the Takeover Code in cash for the remaining shares in the Company as a result of the issue of the Consideration Shares to members of the Concert Party pursuant to the Acquisition. To be passed, Resolution 2 will require a simple majority of the votes cast on a poll by the Independent Shareholders. Accordingly, Independent Shareholders should be aware that, following completion of the Acquisition, the Placing and the Vendor Placing, as the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital, for as long as they continue to be treated as acting in concert they will normally be entitled to increase their aggregate holding in the Company without incurring any obligation under Rule 9 of the Takeover Code to make a mandatory offer to the other Shareholders. Individual members of the Concert Party will not however be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent.

Additional information required by the Takeover Code in relation to the Rule 9 Waiver is detailed in Part III of this document.

17. CHANGE OF ARTICLES

The Articles of the Company are being amended to remove any voting rights attached to shares which would bring the Company under the ownership of non-EEA Shareholders.

18. CHANGE OF ACCOUNTING REFERENCE DATE

Following completion of the Proposals, it is the intention of the New Board to change its accounting reference date to 31 December. As such, the first full reporting period of the Enlarged Group would be for the year ended 31 December 2015.

19. CHANGE OF REPORTING CURRENCY

Gama currently reports in US Dollars and Hangar8 currently reports in pounds. Following completion of the Proposals, the Enlarged Group will report in US Dollars.

20. CHANGE OF NAME

Subject to Independent Shareholders' approval by way of a special resolution, it is proposed, pursuant to Resolution 9, that the name of the Company be changed to Gama Aviation Plc shortly following from the General Meeting. If Resolution 9 to approve the change of name of the Company is passed at the General Meeting, the Company's AIM symbol will be changed to GMAA and its website address will be changed to www.gamaaviation.com as soon as possible following the General Meeting.

21. ADMISSION, SETTLEMENT AND CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings, for normal settlement, will commence at 8 a.m. on 6 January 2015. This date and time may change.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Enlarged Share Capital to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission may take place within the CREST system.

CREST is a voluntary system and the holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. It is expected that the share certificates for the Consideration Shares and the Placing Shares will be dispatched by the Company's Registrars by first class post to those who elect that their entitlements are not to be settled in uncertificated form in CREST, at the risk of the person entitled thereto, no later than 20 January 2015.

22. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

The Gama Shareholders have undertaken to the Company and to Cantor not to dispose of the Consideration Shares held by them and their connected persons (which, taken together represent approximately 60.27 per cent. of the Enlarged Share Capital of the Company immediately following Admission) at any time prior to the date falling six months from the date of Admission (subject to certain exceptions, including disposals pursuant to a recommended takeover offer for the entire issued share capital of the Company) (the "6 month Lock-in Period"). They have further undertaken to the Company and to Cantor that, for a six month period following the end of the 6 month Lock-in Period, they will only dispose of Ordinary Shares held by them or their connected persons through Cantor (or such other broker to the Company at the time) although Cantor may impose reasonable restrictions on any such disposal of Consideration Shares in order to maintain an orderly market in the Ordinary Shares.

23. EMPLOYEE & MANAGEMENT INCENTIVISATION

The Group has an EMI approved share option scheme in place although there are no options outstanding. The Group does not have a formal management incentive plan in place. The Remuneration Committee awards bonuses from time to time at the end of a financial year on a discretionary basis upon its assessment of the Group's financial performance.

As part of its group corporate reorganisation, Gama has set up an employee benefit trust (EBT) as a transitional mechanism to facilitate awards of Ordinary Shares to existing Gama employees in respect of performance prior to the completion date. Further details of the Gama EBT arrangements are set out in paragraph 6.2 of Part VII of this document.

It is the intention of the Directors and the Proposed Directors that an independent third party consultant, (the "Remuneration Consultant"), will be commissioned to carry out a full review of executive remuneration, bonus and share incentive structures. The Remuneration Consultant will be required to report to the remuneration committee of the New Board in the early part of 2015 with recommendations as to structures to be adopted, revised executive compensation packages and incentive and/or option awards to be granted.

24. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts II to VII of this document, including the risk factors set out in Part II. You are advised to read the whole of this document.

25. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Equiniti Limited Aspect House, Spence Road, Lancing, West Sussex BN99 6DA, as soon as possible and in any event so as to arrive not later than 10.00 a.m. on 3 January 2015, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the General Meeting they are urged to complete and return the Form of Proxy as soon as possible.

26. RECOMMENDATIONS AND VOTING INTENTIONS

The Independent Directors, who have been so advised by Cantor, consider that the Proposals are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. Furthermore the Independent Directors, who have been so advised by Cantor, consider that the Rule 9 Waiver is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Cantor has taken into account the Independent Directors' commercial assessment of the transaction.

Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings of 227,571 Ordinary Shares, representing 2.39 per cent. of the Company's issued share capital. Furthermore the Independent Directors recommend that Independent Shareholders vote in favour of Resolution 2 to approve the Rule 9 Waiver.

Yours faithfully

Nigel Payne
Non-Executive Chairman

PART II

RISK FACTORS

In addition to all other information set out in this document, the following specific risk factors should be considered carefully by potential investors in evaluating whether or not to make an investment in the Company. The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors who are in any doubt are advised to consult their stockbroker, bank manager, solicitor or accountant or other independent professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company.

Investing in Ordinary Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this document, including the risk factors, set out in this Part II before investing in Ordinary Shares. Additional risks and uncertainties not presently known to the Company, the Directors and the Proposed Directors (or that the Company, the Directors and the Proposed Directors currently consider to be immaterial) may also adversely affect the Enlarged Group's business, operations and financial condition and prospects. If any events or circumstances giving rise to any of the following risks, together with possible additional risks and uncertainties of which the Company, the Directors and the Proposed Directors are currently unaware or which the Company and the Directors consider not to be material in relation to the Enlarged Group's business, actually occur, the Enlarged Group's business, financial condition and prospects and results of future operations could be materially and adversely affected. In such circumstances, the value of the Ordinary Shares could decline due to any of these risks occurring and investors could lose part or all of their investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation, whether express or implied, is or can be made as to the future performance of the Enlarged Group and there can be no assurance that the Company will achieve its objectives.

The risks listed below do not necessarily comprise all those faced by the Enlarged Group and are not intended to be presented in any order of priority.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS

Exposure of the Enlarged Group to general economic climate

The trading activities of the Enlarged Group will, to a material extent, be dependent on the economic environment that are beyond the Enlarged Group's control. The business aircraft market is particularly sensitive to a deterioration in general economic conditions. Economic uncertainty in one or more of the key territories in which the Enlarged Group operates, or a sustained downturn in the global economy, could result in a reduction in the demand for business aircraft, flight activity or chartering of business aircraft which would have a detrimental impact on the trading and profitability of the Enlarged Group.

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the services.

Exposure to global events

Whilst geopolitical issues, adverse weather conditions or health scares can be advantageous to the Enlarged Group as demand in affected areas can rise or other operators may not be able to continue to operate, such events could impact the Enlarged Group by restricting its ability to fly in or around those areas or its ability to effectively service customers in those areas. Any prolonged restrictions on the Enlarged Group to operate in one or more jurisdictions could have a detrimental impact on the Enlarged Group's business, prospects, financial condition or results of operations.

Increase in costs associated with aviation

A significant and sustained increase in business aircraft related costs such as aviation fuel is likely to result in a reduction in the level of flight activity which could have a detrimental impact on the trading and profitability of the Enlarged Group.

Dependence on aircraft under management

The Enlarged Group's business plan assumes that the Owners will continue to offer their aircraft for charter and management by the Enlarged Group. The majority of the Enlarged Group's agreements with Owners are terminable on three months' notice and supply of such aircraft cannot therefore be guaranteed. A material decrease in the number of aircraft available to the Enlarged Group would have a material impact on the trading and profitability of the Enlarged Group. The planned growth of the Enlarged Group is, to an extent, predicated on the availability of additional business aircraft to its managed fleet. There can be no guarantee that the Enlarged Group will be successful in securing further aircraft to manage, or that the terms that they can secure additional aircraft will be on attractive terms. Furthermore, a material reduction in the number of aircraft under management is likely to reduce the requirement for other services provided by the Enlarged Group, in particularly MRO, which if were to occur would have a detrimental impact on the trading and profitability of the Enlarged Group.

Loss of a key contract

The loss of one or more of the Enlarged Group's key contracts to provide services to third parties would materially impact the Enlarged Group's business, prospects, financial condition or results of operations.

Competition

The Enlarged Group operates in a highly competitive market with a number of competitors who may have greater resources or offer a more compelling proposition to aircraft owners, operators or persons wishing to charter aircraft. In addition, an increase in the appeal of fractional ownership, or other competing forms of transportation, could reduce the attractiveness of the Enlarged Group's offering. Increased competition could reduce turnover or negatively impact anticipated margins of the Enlarged Group.

Retention of the Enlarged Group's Air Operator Certificates and other licences

An AOC is required to operate charter flights which are classified as commercial air transport. The Enlarged Group's operations are reliant on companies within the Enlarged Group holding an AOC of both Type A and Type B and engineering Part 145 Licences granted by the CAA and each continuing to comply with the relevant conditions. The Enlarged Group has stringent internal controls in order to comply with the relevant conditions and has a Quality Department dedicated to liaising with the regulatory authorities to monitor any changes in the conditions and ensure continuing compliance with the existing and new conditions. In the US, Europe and other parts of the world, there are substantial ownership and effective control restrictions which may be breached leading to potential loss of an AOC. There can be no guarantee that the Enlarged Group will be able to retain its AOC's and other licences required to operate some or all of its businesses. If such loss were to occur, it would restrict the Enlarged Group's ability to service its customers or offer certain services which would have a material adverse impact on its business, prospects, financial condition or results of operations.

Risk arising from air accidents

The Enlarged Group's prospects could be adversely affected by an air accident which involved an aircraft operated by the Enlarged Group, or an aircraft similar to the type operated by the Enlarged Group.

Changes in legislation and regulation

The aviation industry is highly regulated and each territory in which the Enlarged Group operates will be subject to that territory's own stringent legal and regulatory regime. Whilst the Directors and Proposed Directors believe that the Enlarged Group is compliant with its regulatory and legal obligations, no assurance can be given by the Enlarged Group will be compliant in the future. If the Enlarged Group was not compliant, this may affect the Enlarged Group's ability to operate in that territory, or undertake MRO on certain aircraft which could materially reduce forecast revenues or require additional cost and time to ensure fully compliant.

Environmental regulation

The operations of the Enlarged Group are subject to government laws and environmental regulations. Such laws and regulations may change in a manner which requires stricter or additional standards than those currently in force. It is the Enlarged Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, there can be no assurance that this will be possible, or that the costs of doing so will not be prohibitive to be economically viable.

Air passenger duty being imposed on business aircraft

Since 2013 business aircraft have been subject to Air Passenger Duty ("APD") in the UK. From April 2015 APD for business aircraft will increase. Whilst the aviation industry does lobby the UK Government that APD has a substantial negative effect on the UK economy, any material increase in APD, or more widespread adoption of a similar taxation in other territories that the Enlarged Group operates, may reduce the level of demand for its services; particularly its Charter business.

Sanctions

Owners and/or charterers may be located in countries where sanctions are in place preventing business in that country.

Arrest of aircraft

If there is a violation by an owner (for example non-payment of fines or taxes), an owner's aircraft may be arrested/impounded leading to loss of revenue and potential breach of contract claims. This is a particular risk in certain jurisdictions such as Brazil and India. However for managed aircraft this can be substantially mitigated by the fact that, as manager and operator of the aircraft, the Enlarged Group have control of the operation of the aircraft and would take or procure that the Owner would take necessary steps to avoid any such issue attaching to the aircraft to create the risk of arrest.

Availability of free air space

There may be restrictions on the ability to fly in certain territories. This is currently an issue in China where much of the airspace (other than commercial routes) is controlled for military use. This could affect the development of the Enlarged Group's operations in Hong Kong.

Risks attached to Nigerian and other African operations

There are complications of doing business in Africa, including bureaucracy and corruption. There is a risk of reliance on informal hosting arrangements for a local AOC and a loss of the ability to operate in those areas should that AOC be withdrawn. There are significant costs and time required to obtain an AOC should the Enlarged Group apply for further AOCs in the region.

US Visa Waiver

The Enlarged Group has a Visa Waiver Programme Agreement with the United States of America Commissioner. There can be no guarantee that the United States of America Commissioner will not withdraw the agreement although the Directors and Proposed Directors are not aware of any intention to do so.

Reliance on key individuals

The success of the Enlarged Group depends largely upon the expertise of the Executive Directors and other senior employees. The loss of any of the Executive Directors or senior management could have an adverse effect on the Enlarged Group.

Influence of principal shareholders

Following the completion of the Proposals, the Directors and Proposed Directors and entities that are affiliated with them (including the Concert Party), will beneficially own 65.9 per cent. of the Enlarged Share Capital. This significant concentration of share ownership may adversely affect the market value of Ordinary Shares because investors may believe that there are disadvantages in owning shares in a company with controlling shareholders. If these shareholders collectively act in concert they may have the ability to determine the outcome of matters requiring Shareholder approval, including significant corporate transactions and appointments to the board of directors. In addition, the interests of these shareholders may be different to the interests of the Enlarged Group or shareholders as a whole. This control could also have the effect of delaying or preventing an acquisition or other change of control of the Enlarged Group.

Litigation

Legal proceedings may arise from time to time in the course of the Enlarged Group's business. There is a risk of catastrophic accidents which may lead to potential serious claims and there is a higher likelihood that minor events (such as damage to the aircraft in the form of scratches and damaged windscreens for example). There can be no guarantee that current or future actions of the Enlarged Group will not result in litigation.

Foreign exchange risk

As the Enlarged Group operates globally, is exposed to foreign exchange gains and losses which may have an adverse effect on the Enlarged Group's profits.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such an investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such an investment themselves.

Share price volatility and liquidity

The share prices of publicly quoted companies can be volatile and the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Enlarged Group may make in terms of developing and expanding its services or its actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company's shares. The share price for publicly traded companies can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

There is no guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity (as stated above therefore), making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and they could lose their entire investment in the Company.

Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares

Each of the Vendors have given lock-in undertakings that, save in certain circumstances, they will not, until either six or twelve months following Admission, dispose of the legal or beneficial ownership of, or any other interest in, Ordinary Shares held by them at Admission. There can be no assurance that such parties will not affect transactions upon the expiry of the lock-in or any earlier waiver of the provisions of their lock-in.

The sale of a significant number of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares.

Issuance of additional Ordinary Shares

An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

Dividends

There can be no assurance as to the level of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the New Board and will depend on, among other things, the Enlarged Group's earnings, financial position, cash requirements, availability of profits, as well provisions for relevant laws or generally accepted accounting principles from time to time.

Taxation

The attention of potential investors is drawn to paragraph 11 of Part VII headed "Taxation". The tax rules and their interpretation relating to an investment in the Enlarged Group may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

PART III

ADDITIONAL INFORMATION REQUIRED BY THE TAKEOVER CODE

1. Responsibility Statements

(a) Each Director and Proposed Director, whose names are set out on page 5 of this document, and the Company accept responsibility for the information contained in this document.

(b) To the best of the knowledge and belief of the Directors, Proposed Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

(c) Each individual member of the Concert Party, whose names are set out in Paragraph 2 of this Part III, accepts responsibility for the information contained in this document relating to himself.

(d) To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Composition of the Concert Party

The composition of the Concert Party and a brief biography of each of the members of the Concert Party is set out below.

The Concert Party members and their respective addresses are as follows:

Name	*Address*
Marwan Abdel-Khalek*	Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA, UK
Stephen Wright	Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA, UK
Growthgate Capital Corporation B.S.C.	Building 247, Office 653 Road 1704, Diplomatic Area 317, Kingdom of Bahrain
Crescent Investments LLC	P.O. Box 2222, Sharjah, UAE
Ghassan Abdel-Khalek	Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA, UK
Felix Trading Co LLC	Office No.1, Golf Club Emirates Road, Sharjah Al Ruqa Al Hamra, UAE
Gama EBT	Elian Corporate Services Limited 44 Esplanade St Helier Jersey JE4 9WG

* Marwan Abdel-Khalek's interests in Gama Aviation is held by him personally. It is intended that he will transfer, prior to Admission, part of his interest to a family trust for his benefit and the benefit of his connected persons, and a family company controlled by him.

A biography of each of the members of the Concert Party is set out below:

Marwan Khalek – Marwan is Chief Executive Officer of Gama Aviation, which he founded together with Stephen Wright in 1983. He is a successful entrepreneur with a proven track record of building value through organic and inorganic growth, as evidenced by the scale of Gama Aviation's development over the last three decades. Gama Aviation's growth, over a period marked by a number of profound economic recessions, has resulted in a leading global aviation services group.

Outside of his responsibilities with Gama Aviation, Marwan is Chairman of the BBGA and a supporter of several charitable causes. Marwan holds an Airline Transport Pilot's Licence and occasionally flies the Beech 200. He graduated with a BEng in Civil Engineering from the University of London.

Stephen Wright – Stephen is Chief Operating Officer of Gama Aviation, which he founded together with Marwan Khalek in 1983. He has been fundamental to the institution of a number of process improvements that have been commended by regulators and industry auditors alike. Stephen retains a flying role both on the line and in training, regularly flying helicopters and fixed wing aircraft. His flying duties place him in regular contact with a wide variety of Gama Aviation's clients, allowing him to have a direct, qualitative understanding of their needs and requirements. The insight he gains, combined with the management systems he has instituted, provide Gama Aviation with significant operational advantages.

OTHER GAMA SHAREHOLDERS

Growthgate Capital Corporation B.S.C. ("Growthgate Capital")

Growthgate Capital is a growth equity investment firm incorporated as a closed joint stock company in the Kingdom of Bahrain in 2007 (www.growthgate.com/pc/). Its founders include State-owned banks, public pension funds, and single-family offices active in the Middle East. Growthgate Capital is managed by Growthgate Equity Partners Holding W.L.L..

Growthgate Capital invests in profitable and promising middle market companies operating in the GCC and other select markets of the MENA region and has approximately $1.7 billion assets under monitoring. Growthgate Capital has made eight investments since 2007, the majority in service-oriented industries, all of which are managed by their founders. They currently have seven companies in their portfolio having made one exit in February 2014. Its current investments are Gama, IrisGuard Inc., Roots Group Arabia CJSC, Able Logistics Group FZCO, Rubicon Group Holding, Averda International and International Food Services Co.

Growthgate Capital became a shareholder of Gama Aviation in December 2007 and is currently represented on the Gama Board by Haythem Macki and Karim Souaid. Mr Macki started his career in 1991 with the Central Bank of Oman before joining Oman Arab Bank in charge of the Investment Banking division. He then went on to holding the position of Executive Director in Al Mawarid Securities Company in Oman before forming FinCorp, an investment banking firm in Oman. Mr Macki helped set up Growthgate Capital and is a Partner in Growthgate Equity Partners W.L.L.. Mr Souaid is the founder and managing partner of Growthgate Equity Partners W.L.L. having formed it in 2006. Prior to that, he was Managing Director of Global Investment Banking at HSBC Bank, Middle East. Mr Souaid started his career as a corporate finance attorney at a Wall Street law firm.

Crescent Investments, being one of the other Gama Shareholders, holds less than 7.5 per cent. of share capital in Growthgate Capital. The investment by Growthgate Capital in Gama was made via Jet Set Equity Partners Limited (further details are set out below).

Crescent Investments LLC ("Crescent Investments")

Crescent Investments was incorporated in Sharjah, UAE in 2007 and holds all the financial investments of Crescent Enterprises Limited ("Crescent Enterprises") including investments in public and private equities in the Middle East and globally. Crescent Enterprises is a UAE-based conglomerate operating across eight core sectors of the global economy, with an international presence in 22 countries and employing over 6,000 people through its subsidiaries and associate companies; which are active in Ports and Logistics, Power and Engineering, Business Aviation, Healthcare, Media and Entertainment, Real Estate and Construction, IT Commerce, and Private Equity. (www.crescententerprises.com). Crescent Enterprises is a wholly owned subsidiary of the Crescent Group (www.crescent.ae), a private family-owned group headquartered in the UAE. Established in 1971, the Crescent Group operates a portfolio of more than 25 diversified companies through its two main wholly owned subsidiaries, Crescent Petroleum and Crescent Enterprises.

Crescent Petroleum (www.crescentpetroleum.com) is the oldest private oil company in the Middle East. Headquartered in Sharjah, the company has over 40 years' experience as an international operator in numerous countries including Egypt, Bahrain, Pakistan, Yemen, Canada, Montenegro, Tunisia, Argentina, in addition to its continuing operations in UAE and Iraq.

Badr Jafar is the Chief Executive Officer of Crescent Enterprises. Mr Jafar is also President of Crescent Petroleum, Managing Director of Crescent Group and on the Board of Directors of Growthgate Capital (see below).

Crescent Investments became a shareholder of Gama Aviation in December 2007 via a special purpose investment vehicle, Jet Set Equity Partners Limited (further details are set out below), and is currently represented on the Gama Board by Tushar Singhvi. Mr. Singhvi joined Crescent Enterprises in March 2011 having previously worked at KPMG Corporate Finance in Dubai with prior roles in investment banking in London and within the power and infrastructure industry in Asia and Africa. Mr. Singhvi holds a Bachelor's degree in Engineering from the University of Pune, India and graduated with an MBA from the University of Oxford.

Crescent Petroleum is also a customer of Gama Aviation FZC.

Ghassan Khalek – Ghassan Khalek is the brother of Marwan Khalek. Ghassan is a skilled construction project director and has in the past undertaken consultancy projects for Gama Aviation.

Felix Trading Co LLC ("Felix")

Felix was incorporated in Sharjah, UAE in 1984. Its shareholders are Al Thani Companies Group LLC (as to 99 per cent. of shareholding) and Al Thani Holding LLC (as to 1 per cent. of shareholding), both being the investment vehicle of Sheikh Mohammed Bin Abdullah Al Thani.

His Excellency is a member of Al Thani royal family of Qatar. His Excellency is chairman of Sharjah International Airport, Sharjah Airport International Free Zone and department of Civil Aviation in Sharjah. He has also been chairman of Air Arabia (www.airarabia.com) since 2003. Air Arabia (AIRAIRABI: UH) is listed on the Dubai Financial Market with a market capitalization of approximately AED 6,813 million. His Excellency is the president of the Al-Sharjah Sports Club, the president of Sharjah Golf and Shooting Club, and a board member of the Al-Buhaira National Insurance Company.

He has a well-known track record in contributions towards developing air transport sector in UAE, as well as significant contributions and support to Economic & Tourism development in Sharjah and to Sharjah Sports Club.

The investment by Felix in Gama was made via Jet Set Equity Partners Limited (further details are set out below).

Gama Employee Benefit Trust ("EBT") – The Gama EBT was established in November 2014 as part of the reorganisation of Gama in order to create a pool of shares in Gama out of which awards of shares can be made to employees if the Gama Group based on historical contribution to the business of Gama prior to completion of the Acquisition.

Jet Set Equity Partners Limited – Jet Set Equity Partners Limited ("Jet Set") is incorporated and registered in the Sharjah Airport International Freezone as a special vehicle for the purpose of holding investment in Gama on behalf of Growthgate Capital, Crescent and Felix Trading Co LLC. Jet Set has a 51 per cent. equity interest in Gama Group MENA FZC ("GGMF"), the holding company of Gama's Middle East operation. Under the terms of an existing GGMF shareholder agreement between Gama and Jet Set, on change of control of Gama, Gama has the obligation to offer to purchase the balance of GGMF from Jet Set, to be satisfied in shares, at a valuation to be determined by a third party. In turn, Jet Set has the right, but not the obligation, to accept such an offer. Therefore, following Admission, the New Board, under the terms of the GGMF shareholder agreement, will offer to purchase the 51 per cent. of GGMF currently owned by Jet Set at a valuation to be determined by the third party. Whilst there can be no guarantee that the purchase of the balance of GGMF will be concluded, the New Board believes that, if Jet Set accepts the offer, any new Ordinary Shares issued to Jet Set as consideration would constitute no more than 2.5 per cent. of the Enlarged Share Capital and increase the Concert Party's interest in Hangar8 by approximately 1 per cent.

Further details are set out in paragraph 4 of Part I of this document and in paragraph 13.13 of Part VII of this document.

3. Further disclosure required by the Takeover Code

3.1 No person has made a public takeover bid for the Company's issued share capital in the financial period to 30 June 2014 or in the current financial year.

3.2 No member of the Concert Party (nor directors of Gama or its subsidiaries) holds any Ordinary Shares at the date of this document and none of them (nor directors of Gama or its subsidiaries) has dealt in any shares in the Company during the 12 month period prior to the date of this document.

3.3 Save as disclosed in this document, there are no other agreements, arrangements or understandings (including compensation arrangements) between the Concert Party and any of the Directors, the Proposed Directors, Shareholders or recent Shareholders of the Company connected with or dependent upon the Acquisition other than any relating to the Acquisition process.

3.4 The Directors, the Proposed Directors and the Concert Party have confirmed that, save as set out in paragraph 16 of Part I, they are not proposing any changes that would affect: (i) the employment rights, including pension rights of any of the employees or the management of the Company or Gama; (ii) the strategic plans for the Company or Gama; (iii) the redeployment of fixed assets of the Company; and (iv) the Company's main place of business.

3.5 There is no agreement, arrangement or understanding between any of the members of the Concert Party and any other person pursuant to which any Ordinary Shares proposed to be allotted to the members of the Concert Party pursuant to the Acquisition Agreement will be transferred to any other person except as contemplated by the Placing Agreement for the purposes of the Vendor Placing. Save for the Placing of certain of the Consideration Shares pursuant to the Placing Agreement the Directors and Proposed Directors are not aware that any such placees under the Placing are connected to any member of the Concert Party.

3.6 The payment of interest on, repayment of, or security for, any liability (contingent or otherwise) will not depend to any significant extent on the business of the Company.

3.7 As at the close of business on the disclosure date, save for the Placing of certain of the Consideration Shares pursuant to the Placing Agreement, none of the Concert Party members nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Act), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person dealt therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any of the relevant securities.

3.8 Save as disclosed in paragraph 4 of Part VII of this document, in the 12 months prior to the date of this document neither:

3.8.1 the Company;

3.8.2 the Directors or the Proposed Directors;

3.8.3 any of their families or related trusts;

3.8.4 the pension funds of the Company or its subsidiary undertakings;

3.8.5 any employee benefit trust or its subsidiary undertakings;

3.8.6 any connected adviser with the Company or its subsidiary undertakings or any person acting in concert with the Directors or Proposed Directors;

3.8.7 any person controlling, controlled by or under the same control as any connected adviser falling within 3.8.6 above (except for an exempt principal trader or an exempt fund manager); nor

3.8.8 any other person acting in concert with the Company;

owns or controls, or has borrowed or lent (or entered into any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person any short position (whether conditional or absolute or whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any of the relevant securities.

3.9 Save as disclosed in this document, no Director or Proposed Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangements exists in which a Director or Proposed Director is materially interested and which is significant in relation to the business of the Company.

3.10 Save as disclosed in this document, there are no outstanding loans made or guarantees provided by any member of the Company or its subsidiary undertakings for the benefit of any of the Directors or Proposed Directors, nor are there any guarantees provided by any of the Directors or Proposed Directors for any member of the Company or its subsidiary undertakings.

3.11 Save as disclosed in this document, there are no personal, financial or commercial relationships arrangements or undertakings between any member of the Concert Party and any Directors or Proposed Directors, their close relatives and related trusts.

3.12 No agreement, arrangement or understanding exists whereby the beneficial ownership of any Ordinary Shares to be acquired by the Concert Party will be transferred to any other person except as contemplated by the Placing Agreement for the purposes of the Vendor Placing.

3.13 There are no financing arrangements in place in relation to the Proposals whereby repayment or security is dependent on the Company.

3.14 Save as disclosed in this document, members of the Concert Party have confirmed that no changes are envisaged to be introduced to the Company's business a result of completion of the Proposals.

3.15 Save as disclosed in this document, no incentivisation arrangements have been entered into and no proposals as to any incentivisation arrangements have reached an advanced stage between the Company and the Directors or the Proposed Directors.

3.16 The board of Gama Aviation Holdings (Jersey) Limited and their respective addresses are as follows:

Sir Ralph Robins	33 Godfrey Street, London SW3 3SX, UK
Marwan Abdel-Khalek	Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA, UK
Stephen Peter Wright	Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA, UK
Haythem Macki	Growthgate Capital Corporation BSC, Manama Center, Kingdom of Bahrain, Block 317, Road 1704, Building 247, Flat 653
Peter Richard Brown	Four Elms, Blackstone Lane, Henfield, West Sussex BN5 9TA, UK
Tushar Singhvi	Crescent Investments LLC, P.O. Box 2222, Sharjah, UAE
Karim Souaid	Growthgate Capital Corporation BSC, Manama Center, Kingdom of Bahrain, Block 317, Road 1704, Building 247, Flat 653

3.17 In this Part III the following expressions mean:

"acting in concert" has the meaning attributed to it in the Takeover Code; persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

(1) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each

other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

(2) a company with any of its directors (together with their close relatives and related trusts);

(3) a company with any of its pension funds and the pension funds of any company covered in 1) above;

(4) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;

(5) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); and

(6) directors of a company which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

"arrangement"	includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
"connected adviser"	has the meaning attributed to it in the Takeover Code;
"connected person"	has the meaning attributed to it in sections 252 to 255 of the Act;
"control"	means an interest in relevant securities carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the interest gives de facto control;
"dealing" or "dealt"	Includes the following:

(a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;

(b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;

(c) subscribing or agreeing to subscribe for relevant securities;

(d) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;

(e) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

(f) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

"derivative"	includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of a underlying security;
"disclosure date"	means 5 December 2014, being the latest practical date prior to the posting of this document;
"disclosure period"	means the period commencing on 8 December 2013, being the date 12 months prior to the posting of this document and ending on the disclosure date;
"exempt principal trader" or "exempt fund manager"	has the meaning attributed to it in the Takeover Code;
"interest"	being "interested" in relevant securities includes where a person has long economic exposure (whether absolute or conditional) to changes in the price of those securities. A person who only has a short position in securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in securities if: (a) owns relevant securities; (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them; (c) by virtue of any agreement to purchase, option or derivative, has the rights or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it; (e) has received an irrevocable commitment in respect of the relevant securities;
"relevant securities"	means ordinary shares (or derivatives referenced thereto) and securities convertible into or rights to subscribe for ordinary shares, options in respect of ordinary shares (including traded options) or short positions in ordinary shares in the Company, Gama Group and/or any member of the Concert Party; and
"short position"	means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

PART IV

HISTORICAL FINANCIAL INFORMATION ON HANGAR 8 PLC

Accounting Policy Reconciliation for Previously Published Audited Financial Statements of Hangar8

The following unaudited reconciliations summarise the material adjustments which reconcile Hangar8's consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for each of the two years ended 30 June 2014 as previously reported by Hangar8, in its published annual financial statements for those years, to estimates of those that would have been reported had Hangar8 applied the IFRS accounting policies which will be applied by the Enlarged Group in its first published annual financial statements for the year ending 31 December 2015[A].

The consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows previously reported by Hangar8 for each of the periods referred to above were prepared under IFRS. The Enlarged Group will also prepare its financial statements under IFR. However the application of IFRS and a certain IFRS accounting policy differ between the Enlarged Group and Hangar8, as indicated in the reconciliation below, in each of the periods presented.

(A) Note, the IFRS accounting policies which will be applied by the Enlarged Group in its first published annual financial statements for the year ending 31 December 2015 have been applied in the Gama historical financial information set out in Part V.

Notes to the reconciliations

(1) ***Presentational currency***

IFRS permits a company to select a presentational currency of its choosing. Hangar8 has previously reported using British pounds sterling (£) as its presentational currency. The Enlarged Group will report using US dollars (US$) as its presentational currency.

Hangar8's reported results have been translated from sterling to US dollars at rates approximating to those ruling when the transactions took place. Hangar8's reported assets and liabilities have been translated from sterling to US dollars at the rate ruling at the reporting date. For equity items and equity-like items (namely Share Capital, Share Premium, Shares to be Issued and the Merger Reserve) Hangar8 has elected to translate from sterling to US dollars at the rate ruling at the reporting date. For retained earnings and similar reserves (namely Retained Earnings and the Share Based Payments Reserve) the amounts in sterling have been translated from sterling to US dollars at rates approximating to those ruling when the transactions took place, with exchange differences arising on translation recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Unaudited IFRS reconciliation of Hangar 8 plc's consolidated statement of comprehensive income for each of the two years ended 30 June 2014

Consolidated statement of comprehensive income

	Year ended 30 June 2013		*Year ended 30 June 2014*	
	As reported	*Reconciled Note 1*	*As reported*	*Reconciled Note 1*
	£'000	*US$'000*	*£'000*	*US$'000*
Revenue	51,353	80,530	64,952	105,541
Cost of sales	(43,082)	(67,560)	(54,608)	(88,733)
Gross profit	8,271	12,970	10,344	16,808
Administrative expenses	(7,113)	(11,154)	(8,852)	(14,384)
Operating profit before depreciation and amortisation and exceptional items	2,020	3,168	2,657	4,317
Exceptional items	(295)	(463)	(487)	(791)
Depreciation and amortisation	(567)	(889)	(678)	(1,102)
Operating profit	1,158	1,816	1,492	2,424
Profit before tax	1,158	1,816	1,492	2,424
Taxation	(376)	(590)	(512)	(832)
Profit after tax	782	1,226	980	1,592
Other comprehensive income net of tax				
Items that may be reclassified to profit and loss:				
Exchange gains/(losses) arising on translation of foreign operations	61	100	(70)	(114)
Total comprehensive income for the year attributable to the owners of the parent	843	1,326	910	1,478

Unaudited IFRS reconciliation of Hangar 8 plc's consolidated statement of financial position at 30 June 2013 and 30 June 2014

Consolidated statement of financial position

	At 30 June 2013		At 30 June 2014	
	As reported	*Reconciled Note 1*	*As reported*	*Reconciled Note 1*
	£'000	*US$'000*	*£'000*	*US$'000*
Assets				
Non-current assets				
Property, plant and equipment	225	345	194	330
Intangible assets	3,486	5,345	3,152	5,361
Deferred tax asset	114	175	38	65
Total non-current assets	3,825	5,865	3,384	5,756
Current assets				
Inventory	376	577	459	781
Trade and other receivables	18,152	27,840	28,233	48,024
Cash and cash equivalents	3,829	5,873	4,640	7,893
Total current assets	22,357	34,290	33,332	56,698
Total assets	26,182	40,155	36,716	62,454
Liabilities				
Current liabilities				
Trade and other payables	18,489	28,357	27,754	47,210
Corporation tax liability	663	1,017	1,091	1,855
Total current liabilities	19,152	29,374	28,845	49,065
Non-current liabilities				
Deferred tax liability	548	840	391	665
Total non-current liabilities	548	840	391	665
Total liabilities	19,700	30,214	29,236	49,730
Total net assets	6,482	9,941	7,480	12,724
Capital and reserves attributable to equity holders of the company				
Share capital	94	144	95	162
Share premium	5,593	8,578	5,680	9,661
Shares to be issued	25	38	–	–
Merger reserve	1,174	1,801	1,199	2,039
Retained earnings	(514)	(796)	487	834
Foreign exchange reserve	89	143	19	28
Share based payment reserve	21	33	–	–
Total equity	6,482	9,941	7,480	12,724

Unaudited IFRS reconciliation of Hangar 8 plc's consolidated statement of cash flows for each of the two years ended 30 June 2014

Consolidated statement of cash flows

	Year ended 30 June 2013		*Year ended 30 June 2014*	
	As reported	*Reconciled Note 1*	*As reported*	*Reconciled Note 1*
	£'000	*US$'000*	*£'000*	*US$'000*
Cash flows from operating activities				
Profit for the year before taxation	1,158	1,816	1,492	2,424
Adjustments for:				
Share based payments	6	9	–	–
Movement in impairment provision	126	193	1	25
Foreign exchange loss	(18)	66	145	136
Depreciation and amortisation	567	889	678	1,102
Loss on disposal of property, plant and equipment	10	16	–	–
Loss on disposal of joint venture	48	75	–	–
Cash flows from operating activities before changes in working capital and provisions	1,897	3,064	2,316	3,687
Increase in trade and other receivables	(3,272)	(4,367)	(10,074)	(20,196)
Increase in inventory	(256)	(389)	(82)	(203)
Increase in trade and other payables	3,062	3,974	9,157	18,679
Cash used in operations	1,431	2,282	1,317	1,967
Income taxes paid	(210)	(399)	(172)	(70)
Net cash flows from operating activities	1,221	1,883	1,145	1,897
Investing activities				
Purchases of property, plant and equipment	(201)	(315)	(61)	(99)
Purchase of subsidiary undertaking net of cash acquired	(1,651)	(2,645)	–	–-
Purchase of intangibles	(314)	(492)	(174)	(283)
Net cash used in investing activities	(2,166)	(3,452)	(235)	(382)
Financing activities				
Issue of ordinary shares	4,200	6,585	88	143
Share issue costs	(234)	(367)	–	–
Net cash from financing activities	3,966	6,218	88	143
Net increase in cash and cash equivalents	3,021	4,649	998	1,658
Cash and cash equivalents at beginning of year	790	1,232	3,829	5,873
Effect of exchange rate fluctuations on cash held	18	(8)	(187)	362
Cash and cash equivalents at end of year	3,829	5,873	4,640	7,893

PART V

SECTION A – ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON GAMA HOLDING FZC

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Bristol
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The Board of Directors
on behalf of Hangar 8 plc
The Farmhouse, Langford Lane
London Oxford Airport
Kidlington
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Cantor Fitzgerald Europe
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8 December 2014

Dear Sirs

Gama Holdings FZC ("Target" and, with its subsidiaries, the "Target Group")

We report on the financial information for the three years ended 31 December 2013 of Gama Holdings FZC set out in Part V B of the AIM admission document dated 8 December 2014 of Hanger 8 plc (the "Company" and, together with its subsidiaries, the "Group") (the Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 3 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation) as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Target Group as at 31 December 2011, 31 December 2012 and 31 December 2013 and of its profits, cash flows and changes in equity for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

SECTION B – HISTORICAL FINANCIAL INFORMATION ON GAMA HOLDING FZC

Consolidated income statement

	Note	31 December Year ended 2011 $'000	Year ended 2012 $'000	Year ended 2013 $'000
Continuing operations				
Revenue	5, 6	183,942	162,274	183,444
Cost of sales		(168,739)	(143,381)	(160,584)
Gross profit		15,203	18,893	22,860
Impairment of property, plant and equipment	7	(1,245)	(2,189)	(282)
Impairment of goodwill	11	–	–	(1,779)
Loan settlement discount	7	–	–	2,327
Legal litigation (provision)/release	7	(1,750)	(1,570)	2,704
Professional fees regarding litigation defence	7	(1,223)	(1,044)	(4,948)
Other administrative expenses		(15,517)	(19,872)	(23,910)
Total administrative expenses		(19,735)	(24,675)	(25,888)
Share of results of associate	15	(118)	(1)	48
Operating loss		(4,650)	(5,783)	(2,980)
Finance costs	9	(1,340)	(1,171)	(1,702)
Loss before tax		(5,990)	(6,954)	(4,682)
Taxation (charge)/credit	10	(365)	1,155	140
Loss for the year	7	(6,355)	(5,799)	(4,542)
Attributable to:				
Owners of the Company		(5,891)	(5,590)	(4,378)
Non-controlling interests		(464)	(209)	(164)
		(6,355)	(5,799)	(4,542)
Loss per share				
Basic loss per share ($)	38	(2,383)	(2,261)	(1,771)
Diluted loss per share ($)	38	(2,383)	(2,261)	(1,771)

Gama Holding FZC

Consolidated statement of comprehensive income

		31 December		
	Note	*Year ended 2011 $'000*	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Loss for the year		(6,355)	(5,799)	(4,542)
Exchange differences on translation of foreign operations		(143)	386	354
Total comprehensive loss for the year		(6,498)	(5,413)	(4,188)
Attributable to:				
Owners of the Company		(6,034)	(5,204)	(4,024)
Non-controlling interests	26	(464)	(209)	(164)
		(6,498)	(5,413)	(4,188)

Gama Holding FZC

Consolidated balance sheet

	Note	2011 $'000	2012 $'000	2013 $'000
		As at 31 December		
Non-current assets				
Goodwill	11	3,614	4,530	2,861
Other intangible assets	12	673	4,093	4,697
Property, plant and equipment	13	23,396	21,690	11,145
Investments in associates	15	213	212	260
Deferred tax asset	19	445	967	473
		28,341	31,492	19,436
Current assets				
Assets held for sale	13	–	–	12,862
Inventories	16	5,977	4,237	5,258
Trade and other receivables	17	37,738	29,069	37,975
Cash and cash equivalents		6,404	5,806	6,815
		50,119	39,112	62,910
Total assets		78,460	70,604	82,346
Current liabilities				
Trade and other payables	21	(40,480)	(36,477)	(48,589)
Obligations under finance leases	18, 20	(6,418)	(5,517)	(1,456)
Provisions for liabilities	30	–	–	(616)
Borrowings	18	(9,292)	(8,535)	(7,978)
Deferred revenue	33	(3,222)	(3,902)	(12,383)
		(59,412)	(54,431)	(71,022)
Total assets less current liabilities		19,048	16,173	11,324
Non-current liabilities				
Obligations under finance leases	18, 20	(49)	(33)	(8,696)
Provision for liabilities	30	(1,750)	(3,320)	–
Borrowings	18	(12,786)	(11,831)	(6,567)
Deferred tax liabilities	19	(1,397)	(1,593)	(954)
Other long-term liabilities		–	(101)	–
		(15,982)	(16,878)	(16,217)
Total liabilities		(75,394)	(71,309)	(87,239)
Net assets/(liabilities)		3,066	(705)	(4,893)
Equity				
Share capital	22	67	67	67
Share premium	23	4,498	4,498	4,498
Merger reserve	24	15,644	15,644	15,644
Accumulated losses	25	(18,134)	(22,000)	(26,024)
Funds/(deficit) attributable to owners of the Company		2,075	(1,791)	(5,815)
Non-controlling interest	26	991	1,086	922
Total equity/(deficit)		3,066	(705)	(4,893)

Gama Holding FZC

Consolidated statement of changes in equity

	Share capital $'000	*Share premium $'000*	*Merger reserve $'000*	*Acc-umulated losses $'000*	*Total equity attributable to owners of the Company $'000*	*Non-controlling interest $'000*	*Total equity/ (deficit) $'000*
Balance at 1 January 2011	67	4,498	15,644	(13,599)	6,610	(105)	6,505
Loss for the year	–	–	–	(5,891)	(5,891)	(464)	(6,355)
Foreign exchange	–	–	–	(143)	(143)	–	(143)
Total comprehensive expense	–	–	–	(6,034)	(6,034)	(464)	(6,498)
Capital contribution	–	–	–	1,499	1,499	1,560	3,059
Balance at 31 December 2011	67	4,498	15,644	(18,134)	2,075	991	3,066
Loss for the year	–	–	–	(5,590)	(5,590)	(209)	(5,799)
Foreign exchange	–	–	–	386	386	–	386
Total comprehensive expense	–	–	–	(5,204)	(5,204)	(209)	(5,413)
Premium on sale of shares in a subsidiary to a minority interest	–	–	–	1,338	1,338	–	1,338
Minority interest on acquisition	–	–	–	–	–	304	304
Balance at 31 December 2012	67	4,498	15,644	(22,000)	(1,791)	1,086	(705)
Loss for the year	–	–	–	(4,378)	(4,378)	(164)	(4,542)
Foreign exchange	–	–	–	354	354	–	354
Total comprehensive (expense)/income	–	–	–	(4,024)	(4,024)	164	(4,188)
Balance at 31 December 2013	67	4,498	15,644	(26,024)	(5,815)	922	(4,893)

Gama Holding FZC

Consolidated cash flow statement

	Note	*Year ended 2011 $'000*	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Net cash generated from operating activities	28	3,120	7,622	5,326
Cash flows from investing activities				
Proceeds on disposal of property, plant and equipment		63	36	5,869
Purchases of property, plant and equipment		(585)	(3,118)	(5,033)
Cash acquired with purchase of subsidiary undertaking		–	949	–
Investment in intangible assets		–	(305)	(509)
Net cash outflow on acquisition of subsidiary		(2,051)	(2,721)	–
Net cash (used by)/from investing activities		(2,573)	(5,159)	327
Cash flows from financing activities				
Capital contribution		3,059	–	–
Repayments of obligations under finance leases		(819)	(917)	(1,521)
Decrease in borrowings		(919)	(1,673)	(3,288)
Net cash from/(used by) financing activities		1,321	(2,590)	(4,809)
Net increase/(decrease) in cash and cash equivalents		1,868	(127)	844
Cash and cash equivalents at beginning of year		4,511	6,404	5,806
Effect of foreign exchange rate changes		25	(471)	165
Cash and cash equivalents at end of year		6,404	5,806	6,815

Cash and cash equivalents

	As at 31 December 2011 $'000	*2012 $'000*	*2013 $'000*
Cash and bank balances	6,404	5,806	6,815

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets is approximately equal to their fair value.

Gama Holding FZC

Notes to the historical financial information

1. General information

Gama Holding FZC (the “Company”) is a limited liability company incorporated in Sharjah Airport International Free Zone, United Arab Emirates. The address of the registered office is Executive Desk Q1-06-068/A, PO Box 121954, Sharjah, UAE, and its principal place of business is Building 6EB, Office 550, PO Box 54912, Dubai Airport Free Zone, Dubai UAE.

Gama Holding FZC together with its subsidiaries and associates comprise the Gama Group (the “Group”).

Basis of accounting

The historical financial information has been prepared on a going concern basis and under historical host convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit and loss as required by International Accounting Standard (IAS) 39 ‘Financial Instruments: Recognition and Measurement’.

The historical financial information of Gama Holding FZC has been prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations.

The principal accounting policies adopted in the preparation of this historical financial information have been consistently applied to all the years presented, unless otherwise stated. These accounting policies are in line with the policies expected to be followed for the year ending 31 December 2015.

The preparation of historical financial information in conformity with IFRS as endorsed by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information as disclosed in note 4.

The historical financial information is presented in US dollars because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Changes in accounting policies

Adoption of new and revised standards

In the year ended 31 December 2013, the following new and revised Standards and Interpretations have been adopted:

- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- IFRS 13 Fair Value Measurement
- Amendments to IFRS 7 and IAS 32 Offsetting financial assets and financial liabilities

No amendments to the historical financial information have been made as a result of adopting new and revised standards and interpretations.

2. Changes in accounting policies (continued)

Standards and Interpretations in issue but not yet effective

At the date of authorisation of this historical financial information, the following Standards and Interpretations which have not been applied to the historical financial information were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial Instruments

IAS 27 (amendments) Investment Entities

IAS 36 (amendments) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 (amendments) Novation of Derivatives and Continuation of Hedge Accounting

IFRIC Interpretation 21 Levies

Amendments to IAS 36 Recoverable Amount Disclosures for Non Financial Assets

Amendments to IAS16 and IAS38 Clarification of acceptable methods of depreciation and amortisation

IFRS 15 Revenue from contracts with customers

IFRIC 14 Limit on defined benefit assets

IFRIC 15 Agreements for Construction of Real Estate

So far as the directors are aware, none of these is expected to have a material impact on the reported results of the Group or its financial position in future years.

3. Significant accounting policies

Basis of consolidation

The historical financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries) in each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Merger accounting has been applied to reflect the combination of the results of the Company with those of Gama Group Limited following the share-for-share exchange transacted on 11 December 2008. Other than as described above in respect of Gama Group Limited, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date. Acquisition related costs are recognised in the income statement as incurred.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant accounting policies (continued)

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the historical financial information using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment. The Group's share of the changes in the carrying value of the investments in associates is recognised in the consolidated statement of comprehensive income.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the amount of any non-controlling interests in the acquiree and the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

The Group measures revenue as the fair value of consideration received or receivable and represents amounts received for goods and services provided in the normal course of business, net of discounts, estimated customer returns, VAT and other sales-related taxes.

Revenue is recognised when the amount can be reliably estimated, collection is probable, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods sold, and the inherent risks and rewards of ownership of the goods have been transferred to the other party.

Where contracts include provisions for adjustments, including yearly increases based on external benchmarks, these are not taken into consideration until they are known.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Rendering of services

Revenue from services is primarily derived from the management or provision of aircraft. Revenue includes fixed contract fees and variable fees such as revenue earned with reference to flying hours. Revenue also includes the recharges for costs incurred relating to the management or provision of the aircraft. We record revenue relating to services rendered using an accrual method and in accordance with the terms of the contracts pursuant to which such services are rendered. Revenue from aircraft services is recognised based on contractual rates as the related services are performed.

Revenues associated with engineering activity represent amounts derived from the provision of services to customers during the year, including aircraft maintenance and overhauls. The amount of profit attributable to the stage of completion of an engine and maintenance overhaul contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Revenue for such contracts is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. The stage of completion is measured by reference to costs (mainly hours and materials) incurred to date as a percentage of total estimated costs for each contract. Provision is made for any losses as soon as they are foreseen.

Sale of goods

Revenues associated with the sale of goods represent amounts derived from sales activity whereby the Group procures aircraft, parts or components on behalf of customers for their use. Revenue is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be in incurred in respect of the transaction can be measured reliably; and
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated historical financial information, the results and financial position of each Group company are expressed in US Dollars, which is the functional currency of the Company and the presentation currency for the Group's historical financial information.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting the historical financial information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (as part of accumulated losses).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate for each year-end.

Operating loss

Operating loss is stated after the share of results of associates but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered the service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Internally-generated intangible assets

Internally-generated intangible assets are recognised only if a separately identifiable asset is created from which future economic benefits are expected to flow. The life of each asset is assessed individually. Where the life is considered to be indefinite no amortisation is charged.

Software is amortised over the expected life of the asset which is generally not more than five years. Other intangibles relate to the AOC (Air Operators Certificate), which is an essential cost to running the business. The certificate has an indefinite life; without the certificate the operation cannot perform legally and as such amortisation is not charged.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

3. Significant accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Assets held for sale

Assets held for sale comprise non-current assets or disposal groups (together with any liabilities), the carrying amounts of which will be realised principally through a highly probable sale transaction within the next 12 months or an already executed sale transaction, and not through continued use. At the time of their classification as "held for sale," such assets are collectively measured at the lower of the carrying amount and fair value less costs to sell, and depreciation or amortisation ceases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. Significant accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold property	Life of lease
Aircraft hull and refurbishments	Remaining life of the aircraft
Furniture, fixtures and equipment	20% per annum
Motor vehicles	20% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables and other receivables are measured at amortised cost less provision for doubtful debts, determined as set out below in "impairment of financial assets". Any write-down of these assets is expensed to the income statement.

3. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are measured at fair value, net of transaction costs.

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

4. Key accounting estimates and judgements

Preparing financial information in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

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

Judgements made by management in applying the accounting policies that could have a significant effect on the amounts recognised in the historical financial information are set out below:

- The goodwill impairment review requires the use of estimates related to future profitability and the cash-generating ability of the related businesses. The estimates used may differ from the actual outcome. Details of the impairment review performed are set out in note 11. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. All cash-generating units where impairments have been made are included in the UK segment. The recoverable amounts of each business are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to direct costs during the period.
- The allowance for doubtful debts is calculated based on management's best estimate of the amounts which will be recovered from trade debtors. A proportion of the trade receivables balance is with individuals, for whom it is more difficult to establish a credit rating. Management is in constant communication with all debtors and assesses the likelihood of recoverability on a regular basis. The estimate of the allowance for doubtful debts may vary from the actual amounts recovered if an individual becomes unable to pay. An analysis of the trade receivables balance and indications of credit concentration are provided in note 17.

5. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Continuing operations			
Sales of services	183,942	162,274	156,682
Sale of goods	–	–	26,762

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Notes to the historical financial information

6. Segment information

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment is of performance on a divisional basis. The Group's reportable segments under IFRS 8 are therefore as follows:

Aircraft Management	Management fees, long-term aviation contracts and recharges
Aircraft Charter – third party	Third party charter and third party sub-charter of aircraft
Aircraft Charter – owned	Charter of owned aircraft
Engineering	Third party maintenance and FBO activities
Other	Includes income streams for aircraft leasing, aviation software business and aircraft cleaning.

Segment result is gross margin. Management also considers adjusted EBITDA to be a key performance measure.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in 2013:

	Aircraft Management Year ended 2013 $'000	*Aircraft Charter Third party Year ended 2013 $'000*	*Aircraft Charter Owned Year ended 2013 $'000*	*Engineering Year ended 2013 $'000*	*Other Year ended 2013 $'000*	*Consolidated Year ended 2013 $'000*
Gross revenues	111,372	12,071	5,516	69,514	3,157	201,640
Inter-segment	(12,908)	–	–	(4,007)	(1,281)	(18,196)
Revenue	98,464	12,071	5,516	65,507	1,886	183,444

Inter-segment sales are charged at prevailing market prices

Segment result – including non-recurring items	7,857	1,529	(1,168)	13,965	677	22,860
Write down of inventory	–	–	–	1,288	–	1,288
Segment result – excluding non-recurring items	7,857	1,529	(1,168)	15,253	677	24,148

Administrative costs before non-recurring items	(23,910)
Depreciation	2,956
Share of results of associates	48
Adjusted EBITDA	3,242
Non-recurring administrative costs:	
Impairment of property, plant and equipment	(282)
Impairment of goodwill	(1,779)
Loan settlement discount	2,327
Debt holder litigation provision - release	2,704
Debt holder litigation costs	(3,553)
Other non-recurring legal and professional fees	(1,395)
Total administrative expenses	(25,888)
Operating loss	(2,980)
Finance costs	(1,702)
Loss before tax	(4,682)
Tax	140
Loss for the year	(4,542)

The following is an analysis of the Group's revenue and results by reportable segment in 2012:

	Aircraft Management Year ended 2012 $'000	*Aircraft Charter Third party Year ended 2012 $'000*	*Aircraft Charter Owned Year ended 2012 $'000*	*Engineering Year ended 2012 $'000*	*Other Year ended 2012 $'000*	*Consolidated Year ended 2012 $'000*
Gross revenues	104,133	23,947	8,281	33,955	6,340	176,656
Inter-segment	(7,125)	–	–	(1,859)	(5,398)	(14,382)
Revenue	97,008	23,947	8,281	32,096	942	162,274

Inter-segment sales are charged at prevailing market prices

Segment result – including non-recurring items	6,751	2,597	(679)	9,953	271	18,893
Write-down of inventory	–	–	–	39	–	39
Segment result – excluding non-recurring items	6,751	2,597	(679)	9,992	271	18,932

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Notes to the historical financial information

6. Segment information (continued)

Segment revenues and results (continued)

Administrative costs before non-recurring items	(19,872)
Depreciation	3,146
Share of results of associates	(1)
Adjusted EBITDA	2,166
Non-recurring administrative costs:	
Impairment of property, plant and equipment	(2,189)
Debt holder litigation provision	(1,570)
Other non-recurring legal and professional fees	(1,044)
Total administrative expenses	(24,675)
Operating loss	(5,783)
Finance costs	(1,171)
Loss before tax	(6,954)
Tax	1,155
Loss for the year	(5,799)

The following is an analysis of the Group's revenue and results by reportable segment in 2011:

	Aircraft Management Year ended 2011 $'000	*Aircraft Charter Third party Year ended 2011 $'000*	*Aircraft Charter Owned Year ended 2011 $'000*	*Engineering Year ended 2011 $'000*	*Other Year ended 2011 $'000*	*Consolidated Year ended 2011 $'000*
Gross revenues	122,269	30,514	5,643	31,040	11,524	200,990
Inter-segment	(6,563)	–	–	(1,647)	(8,838)	(17,048)
Revenue	115,706	30,514	5,643	29,393	2,686	183,942

Inter-segment sales are charged at prevailing market prices

Segment result – including non-recurring items	6,434	2,991	(1,059)	6,279	558	15,203
Write-down of inventory	–	–	–	355	–	355
Segment result – excluding non-recurring items	6,434	2,991	(1,059)	6,634	558	15,558

6. Segment information (continued)

Segment revenues and results (continued)

Administrative costs before non-recurring items	(15,517)
Depreciation and amortisation	2,962
Share of results of associates	(118)
Adjusted EBITDA	2,885
Non-recurring administrative costs:	
Impairment of property, plant and equipment	(1,245)
Debt holder litigation provision	(1,750)
Other non-recurring legal and professional fees	(1,223)
Total administrative expenses	(19,735)
Operating loss	(4,650)
Finance costs	(1,340)
Loss before tax	(5,990)
Tax	(365)
Loss for the year	(6,355)

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue			*Non-current assets*		
	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*	*Year ended 2011 $'000*	*Year ended 2012 $'000*	*Year ended 2013 $'000*
UK	117,747	96,506	115,967	24,876	27,674	15,372
United States	51,964	52,895	41,022	2,606	2,470	2,144
Other	14,231	12,873	26,455	859	1,348	1,920
Total	183,942	162,274	183,444	28,341	31,492	19,436

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7. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Net foreign exchange (gains)/losses	(517)	(431)	1,298
Depreciation of property, plant and equipment	2,803	3,146	2,956
Impairment of property, plant and equipment [(1)]	1,245	2,189	282
Impairment of goodwill [(2)]	–	–	1,779
Amortisation of software	159	–	–
(Gain)/loss on disposal of property, plant and equipment	(17)	19	(8)
Cost of inventories recognised as expense	6,759	6,055	3,694
Write-downs of inventories recognised as an expense	355	39	1,288
Staff costs (see note 8)	26,221	30,921	34,256
Impairment loss recognised on trade receivables (see note 17)	1,942	314	381
Reversal of impairment losses recognised on trade receivables (see note 17)	(45)	(444)	(1,233)
Loan settlement discount [(3)]		–	(2,327)
Litigation provision/(release) (see note 30) [(4)]	1,750	1,570	(2,704)
Professional fees regarding litigation defense [(4)]	1,223	1,044	4,948

(1) The directors have observed that as a result of the economic downturn the market for second-hand aircraft has been difficult and the number of distress sales has lowered the resale value of small and medium-sized business aircraft. As a result the Group has undertaken detailed impairment reviews and determined that impairments of $282,000 (2012: $2,189,000; 2011: $1,245,000) should be recorded.

(2) The directors have conducted an impairment test on Goodwill as described in note 3 to the historical financial information and further analysed in note 11. As a result of the impairment test in 2013, $1,510,000 of goodwill impairment was recognised with respect to Gama Engineering Limited and $269,000 of goodwill impairment was recognised with respect to Avialogistics Limited.

(3) The directors negotiated an early settlement discount with one of its lenders; this resulted in the recognition of a loan discount in 2013.

(4) In March 2014 the company settled litigation and wrote back the excess provision charge recorded in prior years; see note 30. Additional one-off litigation costs were incurred relating to aircraft management and financing.

8. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 2011 Number	*Year ended 2012 Number*	*Year ended 2013 Number*
Operations and administration	112	156	180
Pilots and cabin crew	110	101	129
Aircraft engineering	107	127	126
	329	384	435

Their aggregate remuneration comprised:

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Wages and salaries	22,581	25,779	29,609
Social security costs	2,758	4,244	3,746
Other pension costs (see note 32)	882	898	901
	26,221	30,921	34,256

9. Finance costs

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Interest on bank overdrafts and loans	188	66	239
Interest on obligations under finance leases	19	16	831
Other similar charges payable	1,133	1,089	632
Total interest expense	1,340	1,171	1,702

Other similar charges payable relate to interest on the directors' loan accounts. See note 36 for further information.

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10. Taxation

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Corporation tax:			
Current year charge	5	57	2
Adjustments in respect of prior years	–	(207)	–
	5	(150)	2
Deferred tax (note 19)	360	(1,005)	(142)
	365	(1,155)	(140)

The corporation tax rate in Sharjah Airport International Free Zone is 0 per cent. (2012: 0 per cent.; 2011: 0 per cent.). The corporation tax rate in the United Kingdom, which is the jurisdiction in which the majority of the taxable profits arise, is 23 per cent. (2012: 24 per cent.; 2011: 26 per cent.).

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23 per cent. to 21 per cent. effective from 1 April 2014 and to 20 per cent. effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax charge/(credit) for the year, based on the tax rate in the United Kingdom, can be reconciled to the loss per the income statement as follows:

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Loss before tax	(5,990)	(6,954)	(4,682)
Tax at the corporation tax rate of 23.25% (2012: 24.50%; 2011: 26.25%)	(1,573)	(1,704)	(1,089)
Effects of:			
Expenses not deductible for tax purposes	(7)	6	498
Differences between capital allowances and depreciation	416	134	59
Origination of tax losses	1,231	1,321	26
Effect of tax rates in different jurisdictions	298	303	376
Other short-term timing differences	–	–	(10)
Origination and reversal of timing differences	–	(1,008)	–
Adjustment to tax charge in respect of previous periods	–	(207)	–
Tax charge/(credit) for the year	365	(1,155)	(140)

11. Goodwill

	$'000
Cost	
At 1 January 2011	2,194
Additions (note 27)	1,497
Exchange differences	(77)
At 1 January 2012	3,614
Additions (note 27)	747
Exchange differences	169
At 1 January 2013	4,530
Exchange differences	110
At 31 December 2013	4,640
Accumulated impairment losses	
At 1 January 2011, 1 January 2012 and at 1 January 2013	–
Impairment	1,779
At 31 December 2013	1,779
Carrying amount	
At 31 December 2013	2,861
At 31 December 2012	4,530
At 31 December 2011	3,614

The carrying amount of goodwill is allocated to the following cash-generating units:

	2011 $'000	2012 $'000	2013 $'000
Airops Software Limited	681	710	724
Gama Engineering Limited	2,633	2,758	1,273
Avialogistics Limited	253	265	–
Gama Aviation Limited/Gama Leasing Limited/Gama Support Services Limited	47	50	51
Ronaldson Airmotive Limited	–	747	813
	3,614	4,530	2,861

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. All cash-generating units where impairments have been made are included in the UK segment.

The recoverable amounts of each business are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to direct costs during the period.

At the beginning of the financial period the fair value of goodwill was substantially in excess of its book value. The recoverable about for Airops Software Limited $2.4 million (2012: $1.2 million; 2011: $2.1 million), for Gama Engineering Limited is $1.2 million (2012: $2.7 million; 2011: $9.9 million) and for Ronaldson Airmotive Limited is $4.9 million (2012: $5.4 million); Ronaldson was not part of the group in 2011.

11. Goodwill (continued)

The directors have reviewed the key assumptions made in their forecasts and in all reasonable circumstances can't envisage a change in the key assumptions that would result in the carrying amount exceeding the recoverable amount.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The average rate used to discount the forecast cash flows is 11.5 per cent. (2012: 12 per cent.; 2011: 12 per cent.). This is applicable to all individual CGUs.

The growth rate used for Airops Software Limited is 3 per cent. per cent (2012 and 2011: 3 per cent.), for Gama Engineering Limited is 0 per cent. (2012 and 2011: 0 per cent.) and for Ronaldson Airmotive Limited is 11 per cent. (2012 and 2013: 11 per cent.).

12. Other intangible assets

	Software *$'000*	*Air operator certificates* *$'000*	*Part 145 approvals* *$'000*	*Total* *$'000*
Cost				
At 1 January 2011	154	673	–	827
Foreign exchange differences	(2)	–	–	(2)
At 1 January 2012	152	673	–	825
Additions	–	305	3,107	3,412
Foreign exchange differences	–	8	–	8
At 31 December 2012	152	986	3,107	4,245
Additions	–	509	–	509
Foreign exchange differences	–	30	65	95
At 31 December 2013	152	1,525	3,172	4,849
Amortisation				
At 1 January 2011	–	–	–	–
Charge for the year	159	–	–	159
Foreign exchange differences	(7)	–	–	(7)
At 31 December 2011, 2012 and 2013	152	–	–	152
Carrying amount				
At 31 December 2013	–	1,525	3,172	4,697
At 31 December 2012	–	986	3,107	4,093
At 31 December 2011	–	673	–	673

The other intangible assets relate to those costs incurred in order to obtain air operator certificates in the United Arab Emirates and in Switzerland which meet the capitalisation requirements of IAS38. The asset has not been amortised, as subject to compliance with regulations, the certificates have indefinite lives. These intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

In addition, there are other intangible assets which were acquired with the purchase of Ronaldson Airmotive Limited, a subsidiary of Gama Engineering Group Limited. These costs are in relation to Part 145 approvals and have met the capitalisation requirements of IAS 38 (note 27).

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13. Property, plant and equipment

	Leasehold property $'000	*Aircraft hull and refurbishments $'000*	*Fixtures, fittings and equipment $'000*	*Motor vehicles $'000*	*Total $'000*
Cost					
At 1 January 2011	3,646	42,368	982	1,232	48,228
Additions	261	–	294	30	585
Disposals	(194)	–	(165)	(225)	(584)
Exchange differences	(18)	(1)	(9)	(3)	(31)
At 1 January 2012	3,695	42,367	1,102	1,034	48,198
Additions	2,539	12	522	45	3,118
Acquisition	–	–	859	45	904
Disposals	–	–	(224)	(503)	(727)
Exchange differences	138	3	60	7	208
At 1 January 2013	6,372	42,382	2,319	628	51,701
Additions	3,472	7,053	621	14	11,160
Disposals	(5,866)	(822)	(27)	(372)	(7,087)
Reclassified as held for sale	–	(35,600)	–	–	(35,600)
Exchange differences	(44)	332	65	2	355
At 31 December 2013	3,934	13,345	2,978	272	20,529
Accumulated depreciation					
At 1 January 2011	690	19,208	599	815	21,312
Charge for the year	328	2,058	239	178	2,803
Impairment charge (note 7)	–	1,245	–	–	1,245
Eliminated on disposals	(182)	–	(158)	(198)	(538)
Exchange differences	(6)	(1)	(10)	(3)	(20)
At 1 January 2012	830	22,510	670	792	24,802
Charge for the year	291	2,406	343	106	3,146
Acquisition	–	–	464	45	509
Impairment charge (note 7)	–	2,189	–	–	2,189
Eliminated on disposals	–	–	(230)	(478)	(708)
Exchange differences	27	3	38	5	73
At 1 January 2013	1,148	27,108	1,285	470	30,011
Charge for the year	284	2,191	409	72	2,956
Impairment charge (note 7)	–	282	–	–	282
Eliminated on disposals	–	(822)	(17)	(371)	(1,210)
Reclassified as held for sale	–	(22,738)	–	–	(22,738)
Exchange differences	26	16	39	2	83
At 31 December 2013	1,458	6,037	1,716	173	9,384
Carrying amount					
At 31 December 2013	2,476	7,308	1,262	99	11,145
At 31 December 2012	5,224	15,274	1,034	158	21,690
At 31 December 2011	2,865	19,857	432	242	23,396

The Group's obligations under finance leases (see note 20) are secured by the lessors' title to the leased assets, which have a carrying amount of $6.3 million (2012: $6.1 million; 2011: $8.6 million).

Aircraft with a carrying value of $12.9 million have been reclassified as assets held for sale under IFRS5 in 2013. It is intended that these aircraft will be sold directly to third parties within 12 months.

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14. Subsidiaries

Details of the Company's subsidiaries at 31 December 2013 are as follows:

Name	*Place of incorporation and operation*	*Proportion of voting and ownership interest*	*Nature of business*
Gama Group Ltd	United Kingdom	100%	Holding company
Gama Aviation Ltd*	United Kingdom	100%	Aviation management
Gama Aviation FZE	UAE	49%	Aviation management
Gama Support Services FZE	UAE	49%	Aviation design & engineering
Gama Leasing Ltd*	United Kingdom	100%	Aviation management
Gama Properties Ltd*	United Kingdom	100%	Dormant
Gama Support Services Ltd *	United Kingdom	100%	Aviation design & engineering
Gama Engineering Ltd*	United Kingdom	100%	Aviation design & engineering
Gama Aviation (Engineering) Ltd (formerly Gama Engineering Group Ltd)*	United Kingdom	94%**	Holding company
Avialogistics Limited*	United Kingdom	100%***	Aviation cleaning
Airops Software Ltd*	United Kingdom	100%	Aviation software
Gama Aviation SA*	Switzerland	100%	Aviation management
Gama Group Inc.*	USA	100%	Holding company
Gama Aviation Inc*	USA	100%	Aviation management
Ronaldson Airmotive Ltd*	United Kingdom	100%****	Aircraft servicing and rebuilding
Gama Support Services Inc.	USA	100%	Aviation design & engineering
Gama Group Asia Ltd	Hong Kong	100%	Holding company
Gama Aviation Ltd*	Hong Kong	100%	Aviation management
Gama Support Services Ltd*	Hong Kong	100%	Aviation design & engineering
Gama Group Mena FZE	UAE	100%	Holding company

* indicates indirect Holding.
** 100% in 2011 and 2012
*** 75% in 2011 and 2012
**** Acquired in 2012 with an initial ownership of 94%

Gama Holding FZC holds a 49 per cent. shareholding in Gama Aviation FZE and Gama Support Services FZE. The results of Gama Aviation FZE and Gama Support Services FZE are fully consolidated within the historical financial information because Gama Holding FZC is able to control the financial and operating policies of these companies.

15. Associate

	2011 $'000	2012 $'000	2013 $'000
Total assets	1,074	944	5,033
Total liabilities	(638)	(511)	(4,503)
Net assets	436	433	530
Group's share of net assets of associate	213	212	260
Total revenue	20,155	18,509	27,819
(Loss)/profit	(242)	(1)	97
Group's share of (loss)/profit of associate	(118)	(1)	48
Group's share of cumulative loss of associate	(120)	(121)	(73)

Details of the Group's associate at 31 December 2013, 31 December 2012 and 31 December 2011 are as follows:

Name	*Place of incorporation and operation*	*Proportion of ownership interest*	*Proportion of voting power held*
Operator Holding Inc.	USA	49%	25%

16. Inventories

	2011 $'000	2012 $'000	2013 $'000
Raw materials and consumables	4,749	3,503	3,623
Work in progress	1,228	734	1,635
	5,977	4,237	5,258

The directors consider that the carrying value of inventories is approximately equal to their fair value.

Gama Holding FZC

Notes to the historical financial information

17. Other financial assets

Trade and other receivables

	2011 *$'000*	*2012* *$'000*	*2013* *$'000*
Amount receivable for the sale of services	17,122	14,270	12,998
Allowance for doubtful debts	(2,786)	(2,714)	(1,844)
	14,336	11,556	11,154
Other debtors	4,613	2,990	3,914
Prepayments and accrued income	18,789	14,523	22,907
	37,738	29,069	37,975

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period taken on sales of goods is 28 days (2012: 28 days; 2011: 28 days). No interest is charged on overdue receivables (2012: nil; 2011: nil). The Group recognises an allowance for doubtful debts on a customer-by-customer basis, based on past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Group assesses the potential customer's credit quality and requests payments on account, where considered appropriate, as a means of mitigating the risk of financial loss from defaults.

Of the trade receivables balance at the end of the year, $1.9 million (2012: $3.4 million; 2011: $5.8 million) is due from the Group's largest five customers which comprise 17 per cent. (2012: 11 per cent.; 2011: 15 per cent.) of the ledger value at the year-end.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. Management has noted that most of the balance with ageing of more than 361 days past due but not impaired has been settled by the time the financial information was prepared.

Ageing of past due but not impaired receivables

	2011 *$'000*	*2012* *$'000*	*2013* *$'000*
30-60 days	1,593	1,748	915
61-90 days	861	1,111	502
91-120 days	789	184	368
121-360 days	1,653	1,388	732
361+ days	634	1,073	1,804
Total	5,530	5,504	4,321

17. Other financial assets (continued)

Movement in the allowance for doubtful debts

	2011 $'000	2012 $'000	2013 $'000
Balance at the beginning of the year	1,408	2,786	2,714
Impairment losses recognised in income statement	1,942	314	381
Amounts written off as uncollectable	(514)	(27)	(45)
Amounts recovered during the year	(45)	(444)	(1,233)
Foreign exchange translation (gains)/losses	(5)	85	27
Balance at the end of the year	2,786	2,714	1,844

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Ageing of impaired trade receivables

	2011 $'000	2012 $'000	2013 $'000
30-60 days	–	–	71
61-90 days	–	–	3
91-120 days	(30)	98	17
121+ days	2,816	2,616	1,753
Total	2,786	2,714	1,844

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No security is taken on trade receivables.

18. Borrowings

	2011 $'000	2012 $'000	2013 $'000
Secured borrowings at amortised cost			
Finance lease liabilities (note 20)	6,467	5,550	10,152
Other loans	22,078	20,366	14,545
	28,545	25,916	24,697

18. Borrowings (continued)

	2011 $'000	2012 $'000	2013 $'000
Total borrowings			
Obligations under finance leases	6,418	5,517	1,456
Other loans	9,292	8,535	7,978
Amount due for settlement within 12 months	15,710	14,052	9,434
Obligations under finance leases	49	33	8,696
Other loans	12,786	11,831	6,567
Amount due for settlement after 12 months	12,835	11,864	15,263

Analysis of borrowings by currency:

	Sterling $'000	US Dollars $'000	Total $'000
31 December 2013			
Obligations under finance leases	34	10,118	10,152
Other loans	2,478	12,067	14,545
	2,512	22,185	24,697
31 December 2012			
Obligations under finance leases	4	5,546	5,550
Other loans	2,428	17,938	20,366
	2,432	23,484	25,916
31 December 2011			
Obligations under finance leases	26	6,441	6,467
Other loans	2,358	19,720	22,078
	2,384	26,161	28,545

The other principal features of the Group's borrowings are as follows:

(i) Obligations under finance leases are secured by the assets leased. Interest arises at LIBOR + 1.96 per cent. (2012: LIBOR +1.962, 2011: LIBOR +1.962) and the leases expire in 2020.

(ii) Other loans as at 31 December 2013 include:

- £0.75 million (2012: £0.75 million; 2011: £0.75 million), which has no fixed repayment term and carries an interest rate of 9.5 per cent. per annum (2012: 9.5 per cent.; 2011: 9.5 per cent.).
- $4.1 million (2012: $9.8 million; 2011: $11.6 million) secured against aircraft. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.
- $10.5 million (2012: $16.6 million 2011: $17.6 million), of aircraft loans on three aircraft which have variable repayment terms and carry interest rates as follows. Two of the aircraft have fixed rate LIBOR of 2.65 per cent. plus the three-month variable LIBOR rate for that period. One aircraft has a fixed LIBOR of 2.47 per cent. plus a fixed rate of 3.77 per cent.

19. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the years ended 31 December 2013, 2012 and 2011.

	Fixed asset timing differences $'000	*Short term timing differences $'000*	*Tax losses $'000*	*Total $'000*
At 1 January 2011	1,061	(1)	(463)	597
Movement in year	342	–	18	360
Exchange differences	(6)	1	–	(5)
At 1 January 2012	1,397	–	(445)	952
Movement in year	(483)	–	(522)	(1,005)
Deferred tax liability on acquisition	653	–	–	653
Exchange differences	26	–	–	26
At 1 January 2013	1,593	–	(967)	626
Movement in year	(639)	(10)	507	(142)
Exchange differences	–	–	(3)	(3)
At 31 December 2013	954	(10)	(463)	481

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2011 $'000	*2012 $'000*	*2013 $'000*
Deferred tax liabilities	1,397	1,593	954
Deferred tax assets	(445)	(967)	(473)
Net deferred tax liability	952	626	481

The Group has not recognised a deferred tax asset of $10.0 million (2012: $8.9 million; 2011: $7.1 million) in respect of tax losses brought forward because the future recoverability of the asset is uncertain. These losses may be carried forward indefinitely.

20. Obligations under finance leases

	Minimum lease payments		
	2011 $'000	*2012 $'000*	*2013 $'000*
Amounts payable under finance leases:			
Within one year	6,573	5,654	1,846
In the second to fifth years inclusive	54	33	7,140
After more than five years	–	–	2,574
	6,627	5,687	11,560
Less: future finance charges	(160)	(137)	(1,408)
Present value of lease obligations	6,467	5,550	10,152

20. Obligations under finance leases

	Present value of minimum lease payments		
	2011	*2012*	*2013*
	$'000	*$'000*	*$'000*
Amounts payable under finance leases:			
Within one year	6,418	5,517	1,456
In the second to fifth years inclusive	49	33	6,184
After more than five years	–	–	2,512
Present value of lease obligations	6,467	5,550	10,152

It is the Group's policy to lease aircraft and cars under finance leases. The average lease term is 10 years for aircraft and three years for cars. For the year ended 31 December 2013, the average effective borrowing rate was 6.3 per cent (2012 and 2011: 3 per cent). Interest rates are variable. Lease obligations are denominated in sterling (cars) and US dollars (aircraft).

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 13.

21. Other financial liabilities

Trade and other payables

	2011	*2012*	*2013*
	$'000	*$'000*	*$'000*
Trade creditors and accruals	40,480	36,429	48,589
Current tax liabilities	–	48	–
	40,480	36,477	48,589

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 50 (2012: 50; 2011: 49) days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

22. Share capital

	Number	*AED '000*	*$'000*
Authorised, issued and fully paid:			
At 31 December 2011, 31 December 2012 and 31 December 2013	2,472	247	67

The Company has one class of ordinary shares with a nominal value of AED100 and no right to fixed income.

23. Share premium

	$'000
At 31 December 2011, 31 December 2012 and 31 December 2013	4,498

24. Merger reserve

	$'000
Balance at 31 December 2011, 31 December 2012, and 31 December 2013	15,644

The merger reserve arising reflects the difference between the nominal value of the shares issued in the share-for-share exchange compared with the fair value of the shares acquired.

25. Accumulated losses

	$'000
Loss at 1 January 2011	(13,599)
Total comprehensive loss attributable to the owners of the Company	(6,034)
Premium on sale of shares in a subsidiary to a minority interest	1,499
Loss at 1 January 2012	(18,134)
Total comprehensive loss attributable to the owners of the Company	(5,204)
Premium on sale of shares in a subsidiary to a minority interest	1,338
Loss at 31 December 2012	(22,000)
Total comprehensive income attributable to the owners of the Company	(4,024)
Balance at 31 December 2013	(26,024)

26. Non-controlling interest

	$'000
Balance at 1 January 2011	(105)
Total comprehensive loss attributable to minority interests	(464)
Capital contribution	1,560
Balance at 1 January 2012	991
Total comprehensive loss attributable to minority interests	(209)
Minority interest net assets on acquisition	304
Balance at 31 December 2012	1,086
Total comprehensive profit attributable to minority interests	(164)
Balance at 31 December 2013	922

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27. Acquisitions

Acquisition of Ronaldson Airmotive Limited in 2012

On 28 March 2012, Gama Aviation (Engineering) Limited (formerly Gama Engineering Group Ltd) a subsidiary of Gama Group Limited, acquired the entire ordinary share capital of Ronaldson Airmotive Limited, an Oxford-based company specialising in the overhaul, maintenance and inspection of piston engines and components. Under the terms of the deal, part of the consideration included a 6 per cent. shareholding of Gama Aviation (Engineering) Limited (formerly Gama Engineering Group Ltd), the immediate parent company of Gama Support Services Limited, Gama Engineering Limited and Ronaldson Airmotive Limited.

The acquisition is envisaged to provide the Group with increased engineering service offerings.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

Net assets acquired	*Book value $'000*	*Fair value adjust- ment $'000*	*Fair value and book value $'000*
Financial assets	1,106	–	1,106
Inventory	236	–	236
Property, plant and equipment	398	–	398
Identifiable intangible assets	–	2,454	2,454
Financial liabilities	(521)	–	(521)
Total identifiable assets	1,219	2,454	3,673
Goodwill			747
Total consideration			4,420

	Fair value and book value $'000
Satisfied by:	
Cash	2,185
Equity instruments	1,700
Total consideration transferred	3,885
Net cash outflow arising on acquisition	
Cash consideration	4,420
Less: cash and cash equivalents balances acquired	(535)
	3,885

The goodwill of $0.7 million arising from the acquisition consists of the intangible asset resulting for the ability to offer maintenance services in-house enabling Gama to offer a complete package to its clients. None of the goodwill is expected to be deductible for tax purposes.

The consideration included a cash payment on the date of acquisition, deferred consideration payable over two years contingent on continued employment and 6 per cent. of the shares in Gama Aviation (Engineering) Ltd (formerly Gama Engineering Group Ltd).

Ronaldson Airmotive Limited contributed £969,000 revenue and £102,000 to the Group's result for the period between the date of acquisition and the balance sheet date.

27. Acquisitions (continued)

Acquisition of Ronaldson Airmotive Limited in 2012 (continued)

If the acquisition of Ronaldson Airmotive Limited had completed on the first day of the financial year, the contribution to group revenues for the period would have been £1,689,000 and a Group profit of £600,000.

These fair values are the final fair values ascribed to the acquisition. No changes were made in 2013.

Mann Aviation Group Engineering Limited in 2011

On 27 May 2011 an agreement was entered into for the purchase of the entire business and assets of Mann Aviation Group Engineering Limited ("MAGE") (In Administration) by Gama Engineering Limited. MAGE is a Woking-based company providing design, manufacture and installation services related to aircraft interiors and components. However, the Administrators were unable immediately to deliver the business and assets to Gama and a side agreement was put in place appointing Gama as its agent to manage the business until such time as the business could be transferred. This occurred on 16 November 2011. Due to the complexities involved, the period of Administration was extended.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

Net assets acquired	*Book value $'000*	*Fair value adjust-ment $'000*	*Fair value and book value $'000*
Inventory	554	–	554
Total identifiable assets	554	–	554
Goodwill			1,497
Total consideration			2,051
Cash			2,051

The goodwill of $1.5 million arising from the acquisition consists of the ability of MAGE to provide the Group with increased engineering service offerings. None of the goodwill is expected to be deductible for tax purposes.

The consideration included a cash payment of £400,000 on the date of acquisition and the remainder following settlement with the Administrators was delayed due to the complexities involved.

MAGE contributed $568,000 of revenue and $37,000 to the Group's results for the period between the date of acquisition and the 31 December 2011 balance sheet date.

28. Net cash generated from operating activities

	2011 $'000	2012 $'000	2013 $'000
Loss for the year	(6,355)	(5,799)	(4,542)
Adjustments for:			
Finance costs	1,340	1,171	1,702
Income tax recognised	365	(1,155)	(140)
Depreciation of property, plant and equipment	2,803	3,146	2,956
Impairment of goodwill	–	–	1,779
Impairment of property, plant and equipment	1,245	2,189	282
Amortisation of software	159	–	–
Loan settlement discount	–	–	(2,327)
(Gain)/loss on disposal of property, plant and equipment	(17)	(13)	6
Unrealised foreign exchange movements	25	448	318
Share of results of associates	118	1	(48)
Operating cash outflow before movements in working capital	(317)	(12)	(14)
(Increase)/decrease in inventories	(801)	1,740	(1,139)
Decrease/(increase) in receivables	13,311	7,143	(10,749)
(Decrease)/increase in payables	(6,581)	(2,423)	13,303
(Decrease)/increase in deferred revenue	(2,902)	680	8,481
Increase/(decrease) in provisions	1,750	1,564	(2,704)
Increase/(decrease) in other long-term creditors	–	101	(101)
Cash generated by operations	4,460	8,793	7,077
Taxes paid	–	–	(49)
Interest paid	(1,340)	(1,171)	(1,702)
Net cash generated from operating activities	3,120	7,622	5,326

29. Contingent liabilities

The banking facilities of Gama Group Limited and its UK subsidiary undertakings are secured by a fixed and floating charge over the assets of that company and its subsidiaries. The directors consider it highly improbable that any liability will crystalise as a result of this composite company multilateral guarantee.

30. Provisions for liabilities

Litigation provision	2011 $'000	2012 $'000	2013 $'000
Provision brought forward	–	1,750	3,320
Charged/(released) to income statement (note 7)	1,750	1,570	(2,704)
Provision carried forward	1,750	3,320	616

The litigation provision is as a result of the Group being in dispute with one of its debt holders about the terms of its debt. This dispute was settled in 2014 and the provision reflects the agreed settlement amount. The Group has also agreed to repay the loan principal included in note 18 and accrued interest included in note 21.

31. Operating lease arrangements

The Group as lessee

	2011 $'000	2012 $'000	2013 $'000
Lease payments under operating leases recognised as an expense in the year	3,568	3,177	4,375

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011 $'000	2012 $'000	2013 $'000
Within one year	2,175	2,303	1,484
In the second to fifth years inclusive	2,001	1,489	8,681
After five years	657	364	5,520
	4,833	4,156	15,685

Operating lease payments represent rentals payable by the Group for leasing of aircraft. Leases are negotiated for an average term of five years.

32. Retirement benefit schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of $901,000 (2012: $898,000; 2011: $882,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2013, contributions of $nil (2012 and 2011: $nil) due in respect of the current reporting period had not been paid over to the schemes.

33. Deferred revenue

	2011 $'000	2012 $'000	2013 $'000
Deferred revenue	3,222	3,902	12,383

The deferred revenue arises in respect of management fees invoiced in advance.

34. Financial instruments

The Group's financial assets and liabilities, as defined under IAS 39, and their estimated fair values are as follows:

At 31 December 2013	Cash and cash equivalents $'000	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets					
Cash and cash equivalents	6,815	–	–	6,815	6,815
Trade and other receivables	–	15,068	–	15,068	15,068
Financial liabilities					
Provision	–	–	(616)	(616)	(616)
Trade and other payables	–	–	(48,589)	(48,589)	(48,589)
Obligations under finance leases	–	–	(10,152)	(10,152)	(10,329)
Borrowings	–	–	(14,545)	(14,545)	(17,463)
Net financial assets/(liabilities)	6,815	15,068	(73,902)	(52,019)	(55,114)

At 31 December 2012	Cash and cash equivalents $'000	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets					
Cash and cash equivalents	5,806	–	–	5,806	5,806
Trade and other receivables	–	14,546	–	14,546	14,546
Financial liabilities					
Long-term provision	–	–	(3,320)	(3,320)	(3,320)
Trade and other payables	–	–	(36,429)	(36,429)	(36,429)
Obligations under finance leases	–	–	(5,550)	(5,550)	(5,685)
Borrowings	–	–	(20,366)	(20,366)	(23,969)
Other long-term liability	–	–	(101)	(101)	(101)
Net financial assets/(liabilities)	5,806	14,546	(65,766)	(45,414)	(49,200)

At 31 December 2011	Cash and cash equivalents $'000	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Book value total $'000	Fair value total $'000
Financial assets					
Cash and cash equivalents	6,404	–	–	6,404	6,404
Trade and other receivables	–	18,949	–	18,949	18,949
Financial liabilities					
Long-term provision	–	–	(1,750)	(1,750)	(1,750)
Trade and other payables	–	–	(40,480)	(40,480)	(40,480)
Obligations under finance leases	–	–	(6,467)	(6,467)	(6,847)
Borrowings	–	–	(22,078)	(22,078)	(25,951)
Net financial assets/(liabilities)	6,404	18,949	(70,775)	(45,422)	(49,675)

34. Financial instruments (continued)

34.1 Capital risk management

The Group manages its capital to ensure that the company and its subsidiaries will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity, comprising issued capital, reserves and accumulated losses as disclosed in notes 22 to 25.

The executive committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

34.2 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments across the Group in each individual currency. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

34.2.1 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets			*Liabilities*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Sterling	24,414	17,075	16,730	23,080	19,616	31,363
Euro	2,199	1,186	888	3,054	2,973	2,276
Swiss Franc	2,125	1,983	1,973	2,050	1,556	1,563

34. Financial instruments (continued)

34.2.1 Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The Group is exposed to Sterling, the Euro and the Swiss Franc.

The following table details the Group's sensitivity to a 10 per cent. increase in the US Dollar against the relevant foreign currencies. This percentage has been determined based on the average market volatility in exchange rates in the previous 24 months. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10 per cent. change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the US Dollar strengthens 10 per cent. against the relevant currency. For a 10 per cent weakening of the US Dollar against the relevant currency, there would be a comparable impact on the profit and equity, and the balances below would be negative.

	Sterling impact			*Euro impact*			*CHF impact*		
	2011 $'000	*2012 $'000*	*2013 $'000*	*2011 $'000*	*2012 $'000*	*2013 $'000*	*2011 $'000*	*2012 $'000*	*2013 $'000*
(Loss)/profit	(133)	(254)	(1,463)	105	(179)	(138)	(7)	43	41

34.2.2 Interest risk management

The Group is exposed to interest rate risk as it finances fixed asset purchases using both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rates on financial liabilities is detailed in section 34.4 Liquidity risk management section. The Group's exposure to interest rates on financial assets has been assessed by management as insignificant.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared based on the average liability held by the Group over the year. A 1 per cent. increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 per cent. basis points higher and all other variables were held constant, the Group's:

- Loss for the year ended 31 December 2013 would decrease by $206,000 (2012: $258,000; 2011: $270,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate finance leases; and
- Other comprehensive income would not be impacted (2012: nil; 2011: nil).

The Company's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the value of finance leases held.

34. Financial instruments (continued)

34.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and requesting payments on account, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored.

Trade receivables consist of a large number of customers, coming from diverse backgrounds and geographical areas. Ongoing review of the financial condition of accounts receivable is performed. Further details can be located in note 17.

The carrying amount of financial assets recorded in the financial information represents the Group's maximum exposure to credit risk. There has been no change to the Group's exposure to credit risk or the manner in which this risk is managed and measured during the year.

34.4 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities wherever possible. There has been no change to the Group's exposure to liquidity risks or the manner in which these risks are managed and measured during the year.

Liquidity and interest risk table

The maturity profile of the financial liabilities is summarised below. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	*Less than 1 year $'000*	*2 to 5 years $'000*	*After more than 5 years $'000*	*Total $'000*
31 December 2013					
Provision	n/a	616	–	–	616
Trade and other payables	n/a	48,589	–	–	48,589
Finance lease creditors	6.3%	1,846	7,085	2,634	11,565
Loans	5.0%	8,478	6,847	–	15,325
31 December 2012					
Long-term provision	n/a	–	3,320	–	3,320
Trade and other payables	n/a	36,477	–	–	36,477
Finance lease creditors	13.4%	5,536	33	–	5,569
Loans	1.3%	9,011	12,578	–	21,589
31 December 2011					
Long-term provision	n/a	–	1,750	–	1,750
Trade and other payables	n/a	40,480	–	–	40,480
Finance lease creditors	13.4%	6,564	49	–	6,613
Loans	1.3%	9,806	13,882	–	23,688

35. Events after the balance sheet date

After the 31 December 2013 year-end but before the audited accounts for that period were completed, the Group successfully concluded a settlement agreement that ended nearly three years of litigation. This allowed the directors to quantify the liability to be recognised at 31 December 2013 and write back the excess provision charge previously recorded, $2,704,000, in the 2013 financial year.

In addition, the Group negotiated an early settlement discount with one of the Group's aircraft lenders. The discounts applied to two aircraft, a Hawker 1000 and Lear 45. The loan on the former was repaid in 2013 and the early settlement discount of $2,327,000 recognised in the income statement for that year. The loan on the other was settled in March 2014 and the discount of $2,071,000 will be recognised in the 6 months ended 30 June 2014.

Concurrent with the above transactions, the company raised $14,000,000 of new debt finance in March 2014. This loan has an 18-month term and is secured on three aircraft plus various other Group assets.

Gama Group undertook a restructuring pursuant to a share exchange agreement dated 30 November 2014 between Gama Holding FZC shareholders and Gama Aviation Holdings (Jersey) Limited. Gama shareholders agreed to transfer their entire shareholding in Gama Holding FZC (save for one share in the name of Marwan Khalek) to Gama Aviation Holdings (Jersey) Limited, in exchange for which they received share capital in Gama Aviation Holdings (Jersey) Limited. Gama Aviation Holdings (Jersey) Limited is a company incorporated and registered in Jersey with company number 117076 whose registered office is at Hilary House, 9 Hilary Street, St Helier, Jersey, JE2 4SX.

36. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associate are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of services			*Purchase of services*		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Zulu X-Ray Services Limited	–	–	–	552	572	566
Gama Charters Inc.	645	630	619	1,352	1,177	824
Crescent Investment LLC	4,567	3,199	3,199	99	143	189
MOD SPV	–	–		386	378	368
Caskie		–	3,368		–	489
Saudi Bin Laddin		–	4,674		–	–
Quanon Capital	2,868	8,260	2,217	–	287	461

Gama Holding FZC

Notes to the historical financial information

36. Related party transactions (continued)

Trading transactions (continued)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties			*Amounts owed to related parties*		
	2011 *$'000*	*2012* *$'000*	*2013* *$'000*	*2011* *$'000*	*2012* *$'000*	*2013* *$'000*
Zulu X-Ray Services Limited	–	–	–	–	–	–
Gama Charters Inc.	385	492	167	–	–	–
Crescent Investment LLC	–	–	654	37	1,256	–
MOD SPV	–	–	–	1,023	196	322
Caskie	–	–	–	–	–	–
Saudi Bin Laddin	–	–	306	–	–	–
Quanon Capital	1,285	2,717	1,851	–	2,013	2,442

Amount owed by related parties are included in trade receivables and amounts owed to related parties are included in trade payables.

Mr G A Khalek, a director of the company, controls 25 per cent. of the voting rights of Zulu X-Ray Services Limited.

The Group controls 25 per cent. of the voting rights and 49 per cent. ownership interest of Gama Charters Inc., a company registered in the USA, indirectly through Operator Holdings Inc.

Crescent Investment LLC, Saudi Bin Laddin and Caskie are investors in Growthgate Capital, a shareholder of the company.

MOD SPV (Oneti Limited) is owned by Mr M A Khalek, a director and shareholder of the company.

Quanon Capital is controlled by shareholders of the company.

All sales and purchases of services are made at market price.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2011 *$'000*	*2012* *$'000*	*2013* *$'000*
Short-term employee benefits	770	815	815
Post-employment benefits	100	105	105
	870	920	920

36. Related party transactions (continued)

Directors' transactions

As at 31 December 2013, Mr G A Khalek owed the Group $629,430 (2012: $161,510) in the form of a director's loan account, being funds advanced by the Group. The loan is due on demand, is unsecured and attracts interest at the rate of 5 per cent. per annum.

As at 31 December 2013 the Group owed $258,818 to Mr M A Khalek. In 2012 the Group was owed $2,000 by Mr M A Khalek in the form of a director's loan account, being funds advanced from the Group. The loan is due on demand, is interest-free and is unsecured.

Ultimate controlling party

The ultimate controlling party is Mr M A Khalek by virtue of his majority shareholding.

37. Provision for employees' end of service indemnity

Provision for employees' end of service indemnity is made in accordance with the labour laws, and is based on current remuneration and cumulative years of service at the reporting date; see note 8.

	2011 *$'000*	*2012* *$'000*	*2013* *$'000*
At 1 January	28	80	164
Amounts charged for the year	52	84	–
At 31 December	80	164	164

38. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Loss for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	(5,891)	(5,590)	(4,377)

	Year ended 2011 $'000	*Year ended 2012 $'000*	*Year ended 2013 $'000*
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,472	2,472	2,472

PART V

SECTION C – INTERIM FINANCIAL INFORMATION ON GAMA HOLDING FCZ

Consolidated income statement

	Note	*Year ended 31 December 2013 $'000*	*Six months ended 30 June 2013 $'000 Unaudited*	*Six months ended 30 June 2014 $'000 Unaudited*
Continuing operations				
Revenue		183,444	80,138	89,385
Cost of sales		(160,584)	(69,766)	(75,070)
Gross profit	2	22,860	10,372	14,315
Impairment of property, plant and equipment		(282)	–	(225)
Impairment of goodwill		(1,779)	–	–
Loan settlement discount		2,327	–	2,071
Legal litigation (provision)/release		2,704	(529)	(225)
Professional fees regarding litigation defence		(4,948)	(460)	(817)
Professional fees regarding finance		–	–	(200)
Other administrative expenses		(23,910)	(11,271)	(12,484)
Total administrative expenses		(25,888)	(12,260)	(11,880)
Share of results of associates		48	24	78
Operating (loss)/profit		(2,980)	(1,864)	2,513
Finance costs		(1,702)	(762)	(1,154)
(Loss)/profit before tax		(4,682)	(2,626)	1,359
Taxation credit/(charge)		140	137	(16)
(Loss)/profit for the year/period		(4,542)	(2,489)	1,343
Attributable to:				
Owners of the Company		(4,377)	(2,399)	1,282
Non-controlling interests		(165)	(90)	61
		(4,542)	(2,489)	1,343
Earnings/(loss) per share				
Basic earnings/(loss) per share ($)	3	(1,771)	(970)	519
Diluted earnings/(loss) per share ($)	3	(1,771)	(970)	519

Gama Holding FZC

Consolidated statement of comprehensive income

	Year ended 31 December 2013 $'000	*Six months ended 30 June 2013 $'000 Unaudited*	*Six months ended 30 June 2014 $'000 Unaudited*
(Loss)/profit for the year/period	(4,542)	(2,489)	1,343
Exchange differences on translation of foreign operations	354	(818)	512
Total comprehensive (loss)/profit for the year/period	(4,188)	(3,307)	1,855
Attributable to:			
Owners of the Company	(4,023)	(3,217)	1,794
Non-controlling interests	(165)	(90)	61
	(4,188)	(3,307)	1,855

Gama Holding FZC

Consolidated balance sheet

	As at 31 December 2013 $'000	As at 30 June 2014 $'000 Unaudited
Non-current assets		
Goodwill	2,861	2,902
Other intangible assets	4,697	4,855
Property, plant and equipment	11,145	12,220
Investments in associates	260	337
Deferred tax asset	473	459
	19,436	20,773
Current assets		
Assets held for sale	12,862	12,999
Inventories	5,258	7,237
Trade and other receivables	37,975	46,351
Cash and cash equivalents	6,815	5,668
	62,910	72,255
Total assets	82,346	93,028
Current liabilities		
Trade and other payables	(48,589)	(48,108)
Obligations under finance leases	(1,456)	(1,465)
Provision for liabilities	(616)	–
Borrowings	(7,978)	(1,347)
Deferred revenue	(12,383)	(19,839)
	(71,022)	(70,759)
Total assets less current liabilities	11,324	22,269
Non-current liabilities		
Obligations under finance leases	(8,696)	(7,958)
Borrowings	(6,567)	(16,362)
Deferred tax liabilities	(954)	(987)
	(16,217)	(25,307)
Total liabilities	(87,239)	(96,066)
Net liabilities	(4,893)	(3,038)
Equity		
Share capital	67	67
Share premium	4,498	4,498
Merger reserve	15,644	15,644
Accumulated losses	(26,024)	(24,230)
Deficit attributable to owners of the Company	(5,815)	(4,021)
Non-controlling interest	922	983
Total deficit	(4,893)	(3,038)

Gama Holding FZC

Consolidated statement of changes in equity

	Share capital $'000	*Share premium $'000*	*Merger reserve $'000*	*Acc-umulated losses $'000*	*Total equity attributable to owners of the Company $'000*	*Non-controlling interest $'000*	*Total (deficit) $'000*
Balance at 31 December 2012	67	4,498	15,644	(22,000)	(1,791)	1,086	(705)
Loss for the period	–	–	–	(2,399)	(2,399)	(90)	(2,489)
Foreign exchange	–	–	–	(818)	(818)	–	(818)
Total comprehensive income	–	–	–	(3,217)	(3,217)	(90)	(3,307)
Balance at 30 June 2013	67	4,498	15,644	(25,217)	(5,008)	996	(4,012)
Balance at 31 December 2013	67	4,498	15,644	(26,024)	(5,815)	922	(4,893)
Profit for the period	–	–	–	1,282	1,282	61	1,343
Foreign exchange	–	–	–	512	512	–	512
Total comprehensive income	–	–	–	1,794	1,794	61	1,855
Balance at 30 June 2014	67	4,498	15,644	(24,230)	(4,021)	983	(3,038)

Gama Holding FZC

Consolidated cash flow statement

	Year ended 31 December 2013 $'000	Six months ended 30 June 2013 $'000 Unaudited	Six months ended 30 June 2014 $'000 Unaudited
Net cash generated from/(used in) operating activities	5,326	(62)	(2,126)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	5,869	3,715	120
Purchases of property, plant and equipment	(5,033)	(1,839)	(1,611)
Investment in intangible assets	(509)	(263)	–
Net cash generated from/(used) by investing activities	327	1,613	(1,491)
Cash flows from financing activities			
Repayments of obligations under finance leases	(1,521)	(1,046)	(602)
Decrease in borrowings	(3,288)	(3,308)	3,164
Net cash generated from/(used) by financing activities	(4,809)	(4,354)	2,562
Net increase/(decrease) in cash and cash equivalents	844	(2,803)	(1,055)
Cash and cash equivalents at beginning of year/period	5,806	5,806	6,815
Effect of foreign exchange rate changes	165	565	(92)
Cash and cash equivalents at end of year/period	6,815	3,568	5,668

Cash and cash equivalents

	As at 31 December 2013 $'000	As at 30 June 2013 $'000 Unaudited	As at 30 June 2014 $'000 Unaudited
Cash and bank balances	6,815	3,568	5,668

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets is equal to their fair value.

Gama Holding FZC

Notes to the interim financial information

1. General information

Gama Holding FZC (the "Company") is a limited liability company incorporated in Sharjah Airport International Free Zone, United Arab Emirates. The address of the registered office is Executive Desk Q1-06-068/A, PO Box 121954, Sharjah, UAE, and its principal place of business is Building 6EB, Office 550, PO Box 54912, Dubai Airport Free Zone, Dubai UAE.

Gama Holding FZC together with its subsidiaries and associates comprise the Gama Group (the "Group").

Basis of preparation

The basis of preparation of this interim financial information is consistent with those accounting policies as set out in the Historical Financial Information note 3.

While the financial figures included in this interim financial information have been computed in accordance with IFRS applicable to interim periods, this interim financial information does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

This interim financial information has not been audited pursuant to guidance issued by the Auditing Practices Board and the financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The 31 December 2013 figures have been extracted from the Historical Financial Information.

2. Segment information

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment is of performance on a divisional basis. The Group's reportable segments under IFRS 8 are therefore as follows:

Aircraft Management	Management fees, long term aviation contracts and recharges
Aircraft Charter – third party	Third party charter and third party sub charter of aircraft
Aircraft Charter – owned	Charter of owned aircraft
Engineering	Third party maintenance and FBO activities
Other	Includes income streams for aircraft leasing, aviation software business and aircraft cleaning

Segment result is gross margin. Management also consider adjusted EBITDA to be a key performance measure.

Gama Holding FZC

Notes to the interim financial information

2. Segment information (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment to the period ended 30 June 2014:

	Aircraft Management Period ended 30 June 2014 $'000 Unaudited	*Aircraft Charter Third party Period ended 30 June 2014 $'000 Unaudited*	*Aircraft Charter Owned Period ended 30 June 2014 $'000 Unaudited*	*Engineering Period ended 30 June 2014 $'000 Unaudited*	*Other Period ended 30 June 2014 $'000 Unaudited*	*Consolidated Period ended 30 June 2014 $'000 Unaudited*
Gross revenues	54,008	6,574	2,838	28,504	2,786	94,710
Inter-segment	(2,162)	–	–	(2,073)	(1,090)	(5,325)
Revenue	51,846	6,574	2,838	26,431	1,696	89,385
Inter-segment sales are charged at prevailing market prices						
Segment result – including non-recurring items	4,694	1,219	(645)	9,263	(216)	14,315
Write down of inventory	–	–	–	–	–	–
Segment result – excluding non-recurring items	4,694	1,219	(645)	9,263	(216)	14,315

Administrative costs before non-recurring items	(12,484)
Depreciation	320
Share of results of associates	78
Adjusted EBITDA	2,229
Non recurring administrative costs:	
Impairment of property, plant and equipment	(225)
Loan settlement discount	2,071
Loan litigation provision	(225)
Debt holder litigation costs	(817)
Other non-recurring legal and professional fees	(200)
Total administrative expenses	(11,880)
Operating profit	2,513
Finance costs	(1,154)
Profit before tax	1,359
Tax	(16)
Profit for the period	1,343

3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2013 $'000	*Six months ended 30 June 2013 $'000 Unaudited*	*Six months ended 30 June 2014 $'000 Unaudited*
(Loss)/profit for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	(4,377)	(2,399)	1,282

	Year ended 31 December 2013 $'000	*Six months ended 30 June 2013 $'000 Unaudited*	*Six months ended 30 June 2014 $'000 Unaudited*
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,472	2,472	2,472

4. Events after the balance sheet date

Gama Holding FZC undertook a restructuring pursuant to a share exchange agreement dated 30 November 2014 between Gama Aviation Holdings (Jersey) Ltd and the shareholders of Gama Holding FZC. Gama shareholders agreed to transfer their entire shareholding in Gama Holding FZC (save for one share in the name of Marwan Khalek) to Gama Aviation Holdings (Jersey) Limited, in exchange for which they received share capital in Gama Aviation Holdings (Jersey) Limited.

Gama Aviation Holdings (Jersey) Limited is a company incorporated and registered in Jersey with company number 117076 whose registered office is at Hilary House, 9 Hilary Street, St Helier, Jersey JE2 4SX.

The ultimate controlling party is Mr M A Khalek by virtue of his majority shareholding.

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of the Enlarged Group which has been prepared on the basis of the net assets of the Group as at 30 June 2014, as reconciled to those that would have been reported had Hangar8 applied the IFRS accounting policies which will be applied by the Enlarged Group in its first published annual financial statements for the year ending 31 December 2015, and adjusted for the Placing and the acquisition by the Company of the entire issued share capital of Gama as set out in the notes below. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only to provide information about the impact of the Acquisition and the Placing on the Group as if they had occurred on 30 June 2014 and, because of its nature, will not represent the actual consolidated financial position of the Enlarged Group at the date of Admission.

Unaudited pro forma statement of net assets

	Hangar8		Gama	Adjustments		
	30 June 2014 (As reported) Note 1 £'000	30 June 2014 (As reconciled to Enlarged Group accounting policies) Note 2 US$'000	30 June 2014 Note 3 US$'000	Placing Proceeds (Net) Note 4 US$'000	M&G Debt Opportunities Fund Limited loan repayment Note 5 US$'000	Enlarged Group Pro forma net assets Note 6 US$'000
Assets						
Non-current assets						
Property, plant and equipment	194	330	12,220			12,550
Intangible assets	3,152	5,361	7,757			13,118
Investments in associates	–	–	337			337
Deferred tax asset	38	65	459			524
Total non-current assets	3,384	5,756	20,773	–	–	26,529
Current assets						
Assets held for sale	–	–	12,999			12,999
Inventories	459	781	7,237			8,018
Trade and other receivables	28,233	48,024	46,351			94,375
Cash and cash equivalents	4,640	7,893	5,668	22,000	(14,435)	21,126
Total current assets	33,332	56,698	72,255	22,000	(14,435)	136,518
Total assets	36,716	62,454	93,310	22,000	(14,435)	163,047
Liabilities						
Current liabilities						
Trade and other payables	27,754	47,210	48,108			95,318
Obligations under finance leases	–	–	1,465			1,465
Borrowings	–	–	1,347		–	1,347
Deferred revenue	–	–	19,839			19,839
Corporation tax liability	1,091	1,855	–			1,855
Total current liabilities	28,845	49,065	70,759	–	–	119,824
Non-current liabilities						
Obligations under finance leases	–	–	7,958			7,958
Borrowings	–	–	16,362		(14,435)	1,927
Deferred tax liability	391	665	987			1,652
Total non-current liabilities	391	665	25,307	–	(14,435)	11,537
Total liabilities	29,236	49,730	96,066	–	(14,435)	131,361
Total net assets/liabilities	7,480	12,724	(3,038)	22,000	–	31,686

Notes:

1. The financial information in respect of the Group as at 30 June 2014, as presented in British pounds sterling, has been extracted, without material adjustment, from the audited consolidated financial statements of Hangar 8 plc for the year ended 30 June 2014 (which have been published and are available free of charge on Hangar 8 plc's website: www.hangar8.com).
2. The financial information in respect of the Group as at 30 June 2014, as presented in United States dollars, has been extracted, without material adjustment, from the Accounting Policy Reconciliation for Previously Published Audited Financial Statements of Hangar8, as set out in Part IV of this document.

3. The financial information in respect of Gama as at 30 June 2014 has been extracted, without material adjustment, from the Interim Financial Information on Gama, as set out in Part V (C) of this document.
4. The pro forma net asset statement has been prepared on the basis that the Company will raise approximately £17 million in gross proceeds from the Placing and that there will be approximately £3 million of fees incurred in respect of this transaction, resulting in net Placing proceeds of approximately £14 million or c$22 million.
5. At 30 June 2014 Gama had an aggregate outstanding liability due to M&G Debt Opportunities Fund Limited of $14,435,369 (capital and accrued interest) in respect of loan notes. Gama has given certain indemnities, representations, undertakings and financial covenants under the loan notes agreement. The Enlarged Group has effectively committed to repay this indebtedness from the Placing Proceeds as a condition to M&G Debt Opportunities Fund Limited giving its consent to the Proposals.
6. This column represents the sum of the preceding columns, and represents the pro forma net assets of the Enlarged Group.
7. The pro forma net asset statement has been prepared on the basis that the consideration payable pursuant to the Acquisition will be settled solely by the issue of the Consideration Shares (this only impacts Shareholders' Equity which is not shown in the pro forma statement of net assets).
8. The Acquisition will be accounted for under the reverse acquisition method of accounting whereby Gama will for accounting purposes be treated as the acquirer, and the legal parent, the Company, as the acquired entity. The unaudited pro forma statement of net assets does not include any fair value adjustments which may be identified prior to preparing the first set of financial statements for the Enlarged Group under the reverse acquisition method.
9. Apart from the items described above, no other adjustments have been made, for the Group nor for Gama, to reflect any issues of equity, trading, expenditure, changes in working capital, changes in debt or other movements subsequent to 30 June 2014.
10. The pro forma net asset statement does not constitute statutory accounts within the meaning of section 435 of the Act.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Directors and the Proposed Directors, whose names appear on page 5 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors, the Proposed Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 Deloitte LLP, whose registered office appears on page 6 of this document, accepts responsibility for its report set out in Section A of Part V of this document.

2. THE COMPANY

2.1 The Company was incorporated and registered in England and Wales on 25 May 2010 under the Act with registered number 07264678 as a private company limited by shares with the name Pilotrunner Limited. The Company resolved to change its name to Hangar8 Limited on 27 September 2010, and was issued a certificate of incorporation on change of name by Companies House on 28 September 2010. On 13 October 2010 the Company re-registered as a public limited company with the name Hangar 8 plc. On 2 November 2010 the Company carried out a subdivision of its share capital, subdividing its shares from ordinary shares of £1 each to ordinary shares of £0.01 each.

2.2 The registered office, head office and principal place of business of the Company is The Farmhouse, Langford Lane, Oxford Airport, Kidlington, Oxfordshire, 0X5 1RA. The telephone number of the Company is 01865 372215. Following Admission, the registered office of the Company will be changed to Business Aviation Centre, Farnborough Airport, Hampshire GU14 6XA.

2.3 The principal legislation under which the Company operates is the Act.

2.4 The liability of the Company's members is limited.

2.5 The ISIN number of the Ordinary Shares is GB00B3ZP1526. The Ordinary Shares have been created pursuant to the Act under the laws of England and Wales.

2.6 The Company's accounting reference date is 30 June in each year. The accounting reference date of the Company will be changed to 31 December following Admission.

3. SUBSIDIARIES AND GROUP STRUCTURE

3.1 Assuming completion of the Acquisition, the Company will have the following subsidiaries:

Pre-Admission (as at the date of this document)

Name	*Country of Incorporation*	*Immediate Parent Company*	*Principal Activity*	*Percentage ultimately owned and proportion of voting power held by the Company*
Hangar8 Management Ltd	England and Wales	The Company	Managing, and arranging chartering of, aircraft on behalf of their owners	100%
Hangar8 Engineering Ltd	England and Wales	The Company	Carrying out licensed maintenance on approved aircraft types subject to approval by the CAA	100%

Name	*Country of Incorporation*	*Immediate Parent Company*	*Principal Activity*	*Percentage ultimately owned and proportion of voting power held by the Company*
Hangar8 AOC Limited	England and Wales	The Company	Operator of charter flights	100%
Infinity Flight Crew Academy Limited	England and Wales	The Company	The provision of training services for aircraft crew	100%
Aviation Crewing Limited	England and Wales	The Company	The provision of aircraft crew	100%
International JetClub Limited	England and Wales	The Company	The operation and management of long range private aircraft	100%
Aravco Limited	England and Wales	International JetClub Limited	The management of executive aircraft and aircraft charter	100%
Exklusiv Aviation Limited	England and Wales	The Company	Dormant	100%
Optimum Aviation Limited	Isle of Man	The Company		100%
Oasis Flight (Malta) Limited	Malta	The Company/ Hangar8 Management Limited		100%
Star-Gate Aviation Pty Limited	South Africa	The Company		100%
Hangar8 Mauritius Limited (Non Trading)	Mauritius	The Company		100%
Hangar8 Nigeria Limited	Nigeria	Hangar8 Mauritius (combination of legal and equitable ownership) and Hangar 8 plc		100%
Following the Acquisition and at Admission the Company will have the following additional subsidiaries				
Gama Aviation Holdings (Jersey) Limited	Jersey	Hangar 8 plc		100%
Gama Group Limited	England and Wales	Gama Aviation Holdings (Jersey) Limited	A group engaged as air transport contractors, leasing and aircraft	100%
Gama Aviation Limited	England and Wales	Gama Group Limited	Air transport contractors	100%
Gama Aviation Group Limited	England and Wales	Gama Aviation Holdings (Jersey) Limited	Dormant	100%
Airops Software Limited	England and Wales	Gama Group Limited	Business and domestic software development	100%

Name	*Country of Incorporation*	*Immediate Parent Company*	*Principal Activity*	*Percentage ultimately owned and proportion of voting power held by the Company*
Gama Leasing Limited	England and Wales	Gama Group Limited	Leasing of aircraft	100%
Avialogistics Limited	England and Wales	Gama Group Limited	Service activities incidental to air transportation	100%
GA FM54 Limited	England and Wales	Gama Group Limited	Non-scheduled passenger air transport	100%
Gama Aviation (Asset 2) Limited	England and Wales	Gama Group Limited	Non-scheduled passenger air transport	100%
GA 259034 Limited	England and Wales	Gama Group Limited	Non-scheduled passenger air transport	100%
Gama Aviation (Engineering) Limited	England and Wales	Gama Group Limited (94%)	A group engaged in the aircraft maintenance and engineering services	100%
Gama Support Services Limited	England and Wales	Gama Aviation (Engineering) Limited	Provision of aircraft maintenance and engineering services	94%
Gama Engineering Limited	England and Wales	Gama Group Limited	Repair and maintenance of aircraft	100%
Ronaldson Airmotive Limited	England and Wales	Gama Group Limited	Service activities incidental to air transportation	100%
Gama Group Inc	US	Gama Group Limited		100%
Gama Aviation (Management) Inc	US	Gama Group Inc		100%
Gama Aviation LLC	US	Gama Group Inc (49%) Merrit Property LLC (26%) Thomas Connelly (12.5%) Tom Miller (12.5%)		49%
Gama Aviation (Engineering) Inc	US	Gama Group Inc	Aircraft maintenance	100%
Gama Group MENA FZC	UAE	Gama Aviation Holdings (Jersey) Limited (49%)		49%
Gama Aviation FZE	UAE	Gama Group MENA FZC (100%)	Aircraft leasing and chartering	49%
Gama Support Services FZE	UAE	Gama Group MENA FZC (100%)		49%
Gama Group (Asia) Limited	Hong Kong	Gama Aviation Holdings (Jersey) Limited		100%

Name	*Country of Incorporation*	*Immediate Parent Company*	*Principal Activity*	*Percentage ultimately owned and proportion of voting power held by the Company*
Gama Support Services Limited	Hong Kong	Gama Group (Asia) Limited		100%
Gama Aviation Limited	Hong Kong	Gama Group (Asia) Limited		100%
Gama Aviation SA	Switzerland	Gama Group Limited		100%

3.2 Save as set out in this document, there are no other undertakings in which the Company has a proportion of capital likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

4. SHARE AND LOAN CAPITAL

4.1 The Company was incorporated with a share capital of £10 divided into ten ordinary shares of £1 each, all of which were issued to the subscribers to the memorandum of association of the Company, being Dustin Dryden and Rowan Irving who held 8 and 2 ordinary shares of £1 each respectively.

4.2 Since the Company's incorporation, the following changes have taken place to the Company's issued share capital:

4.2.1 on 26 July 2010, the Company resolved that: (a) the directors were authorised to allot shares in the Company up to an aggregate amount of £10,000; and (b) pre-emption rights of existing shareholders on the allotment of additional shares pursuant to the authority described at part (a) of this paragraph 4.2.1 were disapplied;

4.2.2 also on 26 July 2010, pursuant to the terms of a share purchase agreement, Dustin Dryden and Rowan Irving were respectively issued an additional 1,608 and 402 ordinary shares of £1 each, resulting in a total issued share capital of 2,020 ordinary shares of £1 each;

4.2.3 on 7 October 2010, Dustin Dryden transferred all 1,616 ordinary shares of £1 each held by him to Rysaffe Trustee Company;

4.2.4 on 12 October 2010, the Company resolved that: (a) the directors were authorised to allot shares in the Company up to an aggregate amount of £50,000; and (b) pre-emption rights of existing shareholders on the allotment of additional shares pursuant to the authority described at part (a) of this paragraph 4.2.4 were disapplied:

4.2.5 on 12 October 2010: (a) James Thomson was issued 143 ordinary shares of £1 for a subscription of £143; (b) Rysaffe Trustee Company was issued an additional 38,270 ordinary shares of £1 for a subscription of £38.270; and (c) Rowan Irving was issued an additional 9,567 ordinary shares of £1 for a subscription of £9,567, resulting in a total issued share capital of 50,000 ordinary shares of £1 each;

4.2.6 on 2 November 2010, the Company resolved that: (a) the ordinary shares be subdivided into Ordinary Shares of 1 pence each; (b) the directors be authorised to allot shares in the Company up to an aggregate amount of £26,335; and (c) pre-emption rights of shareholders on the allotment of additional shares pursuant to the authority described at part (b) of this paragraph 4.2.6 be disapplied;

4.2.7 On 10 November 2010 1,333,334 Ordinary Shares of £0.01 each were issued to placees in connection with the Company's admission to AIM, resulting in a total issued share capital of 6,333,334 Ordinary Shares;

4.2.8 On 1 December 2011, the Company granted options over 260,000 Ordinary Shares to certain directors and employees of the Company. Subsequently, in the financial year to 30 June 2012, 100,000 of these share options were cancelled;

4.2.9 On 8 March 2012, 120,930 Ordinary Shares were issued to Arthur Christopher Perry in part consideration for the transfer of shares in Star-Gate Aviation (Proprietary) Limited. Also pursuant to the share purchase agreement for the acquisition of Star-Gate Aviation (Proprietary) Limited, the Company granted an option in favour of Arthur Christopher Perry pursuant to which he may acquire 134,367 Ordinary Shares at an issue price of £0.9675 per Ordinary Share. The option can be exercised at any time after 2 March 2015 conditional upon Arthur Christopher Perry being employed in the Group on the day of exercise;

4.2.10 On 3 December 2012, 1,133,300 Ordinary Shares were issued to placees (comprising existing and new institutional investors) and to the vendors in connection with the Company's acquisition of International JetClub Limited;

4.2.11 On 17 December 2012, the Company resolved that: (a) the directors were authorised to allot shares in the Company up to an aggregate nominal amount of £30,000; (b) pre-emption rights of existing shareholders on the allotment of additional shares of up to an aggregate nominal amount of £25,000 were disapplied. On 18 December, a further 1,836,700 new Ordinary Shares were issue to placees (comprising existing and new institutional investors) in connection with the completion of the Company's acquisition of International JetClub Limited;

4.2.12 On 8 April 2013, 12,823 new Ordinary Shares were issued to Arthur Christopher Perry in part deferred consideration for the transfer of shares in Star-Gate Aviation (Proprietary) Limited;

4.2.13 In the course of the financial year to 30 June 2013, 80,000 share options lapsed;

4.2.14 On 29 November 2013, Dustin Dryden sold 750,000 Ordinary Shares. Following such disposal, Mr Dryden had an interest in 3,266,933 Ordinary Shares representing approximately 34.6 per cent. of the issued ordinary share capital of the Company;

4.2.15 On 10 January 2014 the Company resolved that: (a) the directors were authorised to allot shares in the Company up to an aggregate nominal amount of £62,284 in connection with an offer by way of a rights issue to holders of ordinary shares in proportion to their respective shareholdings; (b) that the directors were authorised to allot shares in the Company in any other case up to an aggregate nominal amount of £31,142 (such amount being reduced by the nominal amount of any shares allotted pursuant to (a) above); (c) pre-emption rights of existing shareholders on the allotment of additional shares pursuant to (b) above of up to an aggregate nominal amount of £9,437 were disapplied;

4.2.16 On 13 March 2014, Dustin Dryden sold 500,000 Ordinary Shares. Following such disposal, Mr Dryden had an interest in 2,766,933 Ordinary Shares representing approximately 29.32 per cent. of the issued ordinary share capital of the Company;

4.2.17 On 14 April 2014, 10,016 new Ordinary Shares were issued to Arthur Christopher Perry in part deferred consideration for the transfer of shares in Star-Gate Aviation (Proprietary) Limited. In addition, further to the granting of share options on 1 December 2011, 80,000 Ordinary Shares were issued to employees;

4.2.18 On 7 May 2014, Dustin Dryden and George Rolls purchased 80,000 Ordinary Shares and 50,000 Ordinary Shares respectively. Following such purchases, Mr Dryden was interested in 2,846,933 Ordinary Shares representing 29.88 per cent. of the issued share capital, and Mr Rolls was interested in 99,565 Ordinary Shares representing 1.04 per cent. of the issued ordinary share capital; and

4.2.19 On 2 July 2014, Dustin Dryden and George Rolls purchased 2,000 Ordinary Shares and 2,706 Ordinary Shares respectively. Following such purchases, Mr Dryden is interested in 2,820,600 Ordinary Shares representing 29.60 per cent. of the issued share capital, and Mr Rolls is interested in 102,271 Ordinary Shares representing 1.07 per cent. of the issued ordinary share capital.

4.3 The Company's issued share capital is at the date of this document, and is expected to be immediately following Admission, as follows:

	At the date of this document		*Immediately following Admission*	
	Amount (£)	*Number of Ordinary Shares*	*Amount (£)*	*Number of Ordinary Shares*
Issued and Fully Paid	£95,271.03	9,527,103	£429,944.42	42,994,442

4.4 Pursuant to the Resolutions to be proposed at the General Meeting, *inter alia*:

4.4.1 the Directors will be generally and unconditionally authorised, in accordance with section 551 of the Act, to allot shares in the Company up to a maximum aggregate value of £491,198.21 (representing approximately 77.9 per cent. of the Enlarged Issued Share Capital) and an additional nominal amount of £42,994.44 provided that this authority shall, unless renewed, varied or revoked, expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of the relevant Resolution;

4.4.2 the Directors will be given power in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act pursuant to the authority conferred by the resolution described in paragraph 4.4.1 above up to a maximum aggregate nominal value of £61,253.79 (representing approximately 14.2 per cent. of the Enlarged Issued Share Capital) as if section 561(1) of the Act did not apply to the allotment provided that such power shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of the relevant Resolution.

4.5 All Ordinary Shares represent capital in the Company and the Company does not have any securities not representing share capital and it has issued no convertible securities or exchangeable securities. No Ordinary Shares are held by or on behalf of the Company or by any subsidiary of the Company.

4.6 The provisions of section 561 of the Act (to the extent not disapplied by the resolution referred to in paragraph 4.4.2 and by any future disapplication) confer rights of pre-emption on Shareholders in respect of the allotment of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash (section 565) other than by way of allotment to employees under an employees' share scheme (as defined in section 1166 of the Act) (section 566). Subject to certain limited exceptions, unless the approval of Shareholders by special resolution (i.e. a majority of at least 75 per cent. of voting Shareholders) in a general meeting is obtained, the Company must offer Ordinary Shares to be issued for cash to holders of Ordinary Shares on a pro rata basis.

4.7 The Ordinary Shares do not have any particular voting rights or preferences other than entitling a Shareholder to one vote per share.

4.8 On Admission, save as set out in paragraph 6 of this Part VII, no unissued share or loan capital of the Company or any other member of the Group will be under option or has been agreed, conditionally or unconditionally, to be put under option.

4.9 The Ordinary Shares will be in registered form and may be held either in certificated or uncertificated form and are not and will not be redeemable.

4.10 None of the Ordinary Shares have been sold or made available to the public as referred to in section 85 of FSMA in whole or in part in conjunction with the application for Admission.

4.11 Save as disclosed in this Part VII and apart from the issue of the Consideration Shares and the Placing Shares:

4.11.1 no share or loan capital of the Company has been issued or agreed to be issued, fully or partly paid, either for cash or for consideration other than cash and no such issue is now proposed;

4.11.2 no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital; and

4.11.3 no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

5. SUMMARY OF THE ARTICLES OF ASSOCIATION

The current articles of association of the Company are summarised in paragraphs 5.1 to 5.16 (inclusive) below. Pursuant to Resolution 10 to be passed at the General Meeting, it is proposed that the New Articles would include the additional amendments summarised at paragraph 5.17 below.

5.1 Objects

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by law.

5.2 Voting rights attaching to Ordinary Shares

Subject to the Act, or to any suspension or abrogation of voting rights in the Articles, at any general meeting on a show of hands every Shareholder present in person or by proxy or by a duly authorised representative (in the case of a member which is a corporation) has one vote, and on a poll every Shareholder present in person or by proxy or by a duly authorised representative (in the case of a member which is a corporation) has one vote for each share of which he is the holder.

5.3 Pre-emption rights

5.3.1 There are no rights of pre-emption under the Articles in respect of transfers of Ordinary Shares.

5.3.2 In certain circumstances, Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new equity securities in the Company. These statutory pre-emption rights would require the Company to offer new equity securities for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such equity securities would be offered to the Company's shareholders.

5.4 Disclosures of interests in shares and failure to disclose such interests

5.4.1 Pursuant to Rule 5 of DTR, holders of three per cent. or more of the voting rights of the Company's share capital are required to notify their interest in writing to the Company.

5.4.2 Pursuant to section 793 of the Act, the Company may by notice in writing require a person whom the Company knows or has reasonably cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares so comprised, to give such further information as may be required in accordance with Section 793 of the Act.

5.4.3 If a member or any person appearing to be interested in any shares held by a member has been issued with a notice pursuant to section 793 of the Act, and has failed to give the Company the information thereby required within 28 days from the date of notice, the following restrictions shall apply:

5.4.3.1 where the member has a holding of less than 0.25 per cent., of any class of shares, the member shall not be entitled in respect of the shares held by him to vote at a general meeting (either personally or by proxy), or to exercise any other right conferred by membership in relation to meetings of the Company:

5.4.3.2 where the member has a holding of at least 0.25 per cent., of any class of shares, the member shall not be entitled in respect of the shares held by him:

(a) to vote at a general meeting (either personally or by proxy), or to exercise any other right conferred by membership in relation to meetings of the Company; or

(b) to receive any dividend payable in respect of such shares; or

(c) to transfer or agree to transfer any of such shares, or any rights to those shares.

5.4.4 The above restrictions shall be without prejudice to the right of either the member holding the shares concerned or the beneficial owner of those shares to effect or agree to sell under an arm's length transfer of those shares.

5.4.5 The above restrictions shall continue until either the default is remedied, or the shares are registered in the name of the purchaser or offerer (or that of his nominee) pursuant to an arm's length transfer. Any dividends withheld pursuant to 5.4.3.2(b) above shall be paid to the member as soon as practicable after the above restrictions lapse.

5.5 **Alteration of capital and purchase of own shares**

5.5.1 The Company may alter its share capital as follows:

5.5.1.1 it may increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount and subdivide its shares into shares of smaller amount;

5.5.1.2 subject in any consent required by law and to any special rights for the time being attached to any shares it may by special resolution reduce its share capital, and any capital redemption reserve and any share premium account in any manner;

5.5.1.3 subject to the provisions of the Act and to any special rights for the time being attaching to any shares, it may issue shares which may be redeemed at the option of the Company or the shareholders; and

5.5.1.4 subject to the provisions of the Act and to any special rights attaching to any shares, it shall have the power to purchase its own shares (including any redeemable shares).

5.6 **Dividends**

5.6.1 The Company may declare dividends in general meeting provided that no dividends shall be payable otherwise than in accordance with the Act and out of the profits of the Company available for that purpose and no dividend shall exceed the amount recommended by the directors.

5.6.2 The directors may if they think fit from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company and are permitted by the Act.

5.6.3 All dividends shall be declared and paid according to the amounts paid-up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share.

5.6.4 Any dividend unclaimed for a period of twelve years from the date of declaration shall be forfeited and cease to remain owing by the Company and shall belong to the Company absolutely.

5.6.5 The Board may, if authorised by an ordinary resolution of the Company, offer any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution. The Board may exclude from any such offer any holders of Ordinary Shares where the Board believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.

5.7 **Distribution of assets on liquidation**

On a winding up of the Company, the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company, such assets to be set at such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept shares in respect of which there is a liability.

5.8 **Variation of rights**

Subject to the provisions of the Act, the special rights attached to any class of share in the Company may be varied or abrogated, whether or not the Company is being wound up, either (a) in such manner (if any) as may he provided by such rights, or (b) with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares held in treasury), or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise).

5.9 **Transfer of shares**

5.9.1 A transfer of shares (in whole or in part) may be effected by a transfer in writing in any usual form or in any form approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members in respect thereof.

5.9.2 The Directors may in their absolute discretion, and without giving any reason, refuse to register any transfer of a share unless the instrument of transfer:

5.9.2.1 is deposited at the Company's registered office (or such other place as the Directors may appoint), accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer provided that in the case of a transfer by a recognised person, a share certificate will only be necessary if a certificate has been issued in respect of the share in question;

5.9.2.2 is duly stamped;

5.9.2.3 is in respect of only one class of share;

5.9.2.4 is in favour of not more than four transferees; and

5.9.2.5 is in respect of a share in respect of which all sums presently payable to the Company have been paid.

5.9.3 The Directors may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted by the Regulations and the relevant system (e.g. CREST).

5.9.4 If the Directors refuse to register a transfer of any shares, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of the refusal.

5.9.5 Shareholders should note that additional restrictions on transfers of shares to certain persons will be included in the New Articles that are proposed to be adopted pursuant to Resolution 10, as more particularly summarised below.

5.10 **Conversion of shares to stock**

5.10.1 The Company may, by ordinary resolution, convert any paid up shares into stock, and reconvert any stock into paid up shares of any denomination. The holders of stock may transfer the same or any part of it (in the same way as a transfer of shares). The Directors may, if they think fit, fix the minimum amount of stock that may be transferred, provided that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

5.10.2 The holders of stock have the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings and other matters, as if they held shares of the class from which the stock arose.

5.11 **Redemption**

The Ordinary Shares are not redeemable.

5.12 **General meetings**

5.12.1 An annual general meeting shall (in addition to any other meetings in that year) be held within six months from the day following the Company's accounting reference date at such time and place as the Directors may determine. General meetings are convened at the discretion of the Board. A general meeting may also be convened on the requisition of members as provided by the Act.

5.12.2 An annual general meeting shall be called by at least twenty-one clear days' notice. All other general meetings (not being an annual general meeting) shall be called by at least fourteen clear days' notice.

5.12.3 Every notice shall be in writing and shall specify (amongst other things) the place, day and time of meeting and, in the case of special business, the general nature of such business. In the case of an annual general meeting, the notice shall specify that the meeting is an annual general meeting. Every notice shall specify with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of' him and that a proxy need not also he a member.

5.12.4 Notices shall be given to all the Ordinary Shareholders (other than those who under the provisions of the Articles are not entitled to receive notice), to the Directors (including the alternate Directors), to the auditors for the time being and to any other person entitled to receive it.

5.12.5 The Board (and, at any general meeting, the chairman) may make such arrangements and impose such requirements and restrictions which it (or he) considers appropriate to ensure the safety and security of those attending any general meeting and the proper and orderly conduct of the meeting, including without limitation (i) requirements that those attending the meeting should produce evidence of identity or should submit to searches or other security arrangements; and (ii) the restriction of items which may be taken into the meeting place. The Board (and, at any general meeting, the chairman) shall be entitled to refuse entry to the meeting to, or to order or arrange the removal from the meeting of, any person who refuses to cooperate and comply with any such arrangements, requirements and restrictions or who disrupts the proper and orderly conduct of the meeting.

5.13 **Directors**

5.13.1 **Appointment and removal of Directors**

5.13.1.1 The number of directors shall not be subject to any maximum and shall not be less than two but the Company may by ordinary resolution from time to time vary (subject to the Act) the minimum number and may also fix and from time to time vary a maximum number of Directors.

5.13.1.2 The Directors shall have power at any time, and from time to time, to appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number (if any) fixed by or in accordance with the Articles. Subject to the provisions of the Act and of the Articles, any Director so appointed shall hold office only until the conclusion of the next following annual general meeting, and shall be eligible for reappointment at that meeting. Any Director who retires shall not be taken into account in determining the Directors who are to retire by rotation at such meeting and if not reappointed at such annual general meeting, shall vacate office at the conclusion thereof.

5.13.1.3 The Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number (if any) fixed in accordance with the Articles.

5.13.1.4 Without prejudice to the provisions of the Act, the Company may by ordinary resolution remove a Director (including a Director holding executive office) before the expiration of his period of office (but such removal shall be without prejudice to any claim such Director may have for breach of any contract of service between him and the Company).

5.13.2 **Retirement and Rotation of Directors**

5.13.2.1 The office of a Director shall be vacated if (a) he resigns his office by instrument in writing signed by the resigning Director and authenticated in such manner as the other Directors or Director may accept; (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally; (c) if, in the opinion of the majority of Directors other than the Director vacating office and in the written opinion of a suitably qualified medical expert, he becomes of unsound mind; (d) if he is absent from meetings of the Directors for six successive months without leave, and his alternate Director (if any) shall not during such period have attended in his place, and the Directors resolve that his office be vacated; (e) if he is requested to resign by notice in writing and signed by not less than three-quarters of the other Directors (without prejudice to any claim for damages which he may have for breach of any contract between him and the Company); or (f) if he ceases to be a Director by virtue of any provision of the Act or becomes prohibited by law from being a Director.

5.13.2.2 At each annual general meeting, one-third of the Directors who are subject to retirement by rotation and in office at the opening of business on the date of the notice calling the relevant annual general meeting, or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. A Director retiring at a meeting may, if willing to act be re-appointed. If he is not re-appointed or deemed to have been re-appointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

5.13.2.3 No person other than a Director retiring at the meeting shall, unless recommended by the Directors for appointment, be eligible for appointment to the office of Director at any general meeting unless, not less than seven nor more than forty- eight days before the day appointed for the meeting, there shall have been given to the Company notice in writing by some member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of Directors, and also notice in writing signed by the person to be proposed of his willingness to be appointed.

5.13.3 The Directors to retire in such annual general meetings shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last appointment or re-appointment but as between persons who became or were last re-appointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

5.13.4 At a general meeting a motion for the appointment of two or more persons as Directors by a single resolution shall not he made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it, and a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

5.14 **Directors' remuneration, expenses and pensions**

5.14.1 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services such sums as the Board may from time to time determine, such fees to be distinct from any salary, remuneration or other amounts payable to a Director and shall accrue from day to day. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

5.14.2 Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, lump sum, percentage of profits or otherwise as the Directors may determine.

5.14.3 The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or in lieu of any fee payable to him for his services as Director pursuant to the Articles.

5.15 **Directors' interests**

5.15.1 Subject to the Act and provided that he has disclosed to the Board the nature and extent of any interest, a Director may (a) enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is interested, (b) hold any other office or place of profit under the Company (except auditor) and (c) be a Director or other officer of or employed by, or a party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment. Such Director shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

5.15.2 Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 252 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

5.15.2.1 the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

5.15.2.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part by the giving of security or under a guarantee or indemnity;

5.15.2.3 any proposal concerning an offer for subscription or purchase of shares or debentures or other securities or rights of or by the Company or any of its subsidiaries or of any other company which the Company may promote or in which it may be interested in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting;

5.15.2.4 any proposal concerning any other company in which he is interested directly or indirectly and whether in any one or more of the capacities of officer, creditor, employee or holder of shares, debentures, securities or rights of that other company, but only where he is not the holder (otherwise than as a nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent., or more of the issued shares of any class of such company or of any third company through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed for these purposes to be a material interest in all circumstances);

5.15.2.5 any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or

5.15.2.6 any proposal concerning the purchase and/or maintenance of any insurance policy under which he may benefit.

5.15.3 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.16 **Directors' indemnity and insurance**

5.16.1 Subject to the Articles, each Director or other, officer or former Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme but excluding any person engaged by the Company (or associated company) as auditor whether or not he is also a Director or other officer) shall be indemnified out of the Company's assets against all costs, charges. losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties, or in relation to them and in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme. The indemnity includes any liability incurred in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs.

5.16.2 The Board may purchase and maintain insurance at the expense of the Company for the benefit of each Director or other officer or former Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension, but excluding any person engaged by the Company (or associated company) as auditor (whether or not he is also a Director or other officer). Such insurance may include insurance against any loss or liability which has been or may be incurred in relation to duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.

5.17 **Amendments to be contained in New Articles**

Pursuant to Resolution 10 to be passed at the General Meeting, it is proposed that the Company shall adopt the New Articles which shall contain certain restrictions on the transfer of shares, as summarised below. The purpose of the relevant amendments to be included in the New Articles is to seek to prevent the refusal, withholding, suspension or revocation of any operating right of the Company, or the imposition of any conditions or limitations which materially affect the exercise thereof by reason of any matter or circumstance related to the nationality of persons owning or controlling the Company. Such provisions are commonly adopted by airlines and other companies, who are subject to EC Regulation 1008/2008 on common rules for the operation of air services in the European Community.

5.17.1 The Company shall have a right to require a shareholder or any other person with an interest in shares to disclose information relating to the beneficial ownership of any such interest.

5.17.2 The Company shall maintain a separate register of its shares which are known to be (or deemed to be) held by non-EEA nationals, corporates and Government agencies or organisations ("Affected Shares").

5.17.3 If the Directors determine that it is necessary to take steps in order to protect any operating right of the Company or the Enlarged Group, the Directors shall have the power to give a notice (an "Affected Share Notice") to the registered holders thereof. Shares subject to an Affected Share Notice shall be disenfranchised, and the Directors may require the Affected Shares to be transferred, to their reasonable satisfaction, such that they cease to be Affected Shares.

5.17.4 The New Articles will contain a power of the Directors to refuse to register any transfer of any shares if, in the reasonable opinion of the Directors, such shares would upon transfer become Affected Shares.

6. EMPLOYEE & MANAGEMENT INCENTIVISATION

6.1 The share purchase agreement dated 2 March 2012 detailing the terms on which the Company acquired all the issued share capital of Star-Gate Aviation (Proprietary) Limited from Arthur Christopher Perry on 2 March 2012 contains an option in favour of Arthur Christopher Perry pursuant to which he can acquire 134,367 Ordinary Shares at an issue price of £0.9675 per Ordinary Share. The option can be exercised at any time after 2 March 2015 conditional upon Arthur Christopher Perry being employed in the Group on the day of exercise.

6.2 Gama has set up an employee benefit trust (EBT) as a transitional mechanism to put aside (ring-fence) 5 per cent. of existing shares in Gama Aviation Holdings (Jersey) Limited, to be held by a trustee for the benefit of those Gama worldwide employees as at the date of completion of the Acquisition to reward them for performance up to that date. The trustee of the EBT has pursuant to the Acquisition Agreement agreed to sell the 5 per cent. shareholding in Gama Aviation Holdings (Jersey) Limited to Hangar8 in consideration of 5 per cent. of the Consideration Shares in Hangar8, credited as fully paid. No shares (whether in Gama or Hangar8) have yet been awarded or have vested with any employees.

6.3 Following completion of the Proposals and Admission, the CEO of Gama Holdings (Jersey) Limited will recommend for the trustee of the EBT to make discretionary share awards to various legacy Gama employees based on their contribution to Gama's success in the period prior to Admission The awards will be by way of a free transfer of the Hangar8 Consideration Shares and at the same time the trustee would sell sufficient number of Hangar8 Consideration Shares to discharge any payroll tax/NIC charge arising, so that employees effectively receive an award of shares net of taxes. Once all Hangar8 Consideration Shares have been transferred or sold, the trust will be dissolved.

6.4 It is the intention of the New Board to implement new employee and management incentivisation arrangements following Admission. The Directors and the Proposed Directors have commissioned an independent third party consultant, (the "Remuneration Consultant"), to carry out a full review of executive remuneration, bonus and share incentive structures. The Remuneration Consultant will be required to report to the remuneration committee of the New Board in the early part of 2015 with recommendations as to structures to be adopted, revised executive compensation packages and incentive and/or option awards to be granted.

7. DIRECTORS' AND OTHER INTERESTS

7.1 References in this paragraph 7 to:

(a) "**acting in concert**" has the meaning attributed to it in the Takeover Code;

(b) "**arrangement**" includes an indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

(c) "**associate**" of any company means:

(i) its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);

(ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;

(iii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts); and

(iv) its pension funds or the pension funds of a company covered in (i) above;

(d) "**connected adviser**" has the meaning attributed to it in the Takeover Code;

(e) "**connected person**" has the meaning attributed to it in section 252 of the Act;

(f) "**control**" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;

(g) "**dealing**" or "**dealt**" includes the following:

(i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;

(ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;

(iii) subscribing or agreeing to subscribe for relevant securities;

(iv) the exercise of conversion of any relevant securities carrying conversion or subscription rights;

(v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;

(vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

(vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

(h) "**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;

(i) "**disclosure date**" means 5 December 2014, being the latest practicable date prior to the posting of this document;

(j) "**disclosure period**" means the period commencing on 8 December 2013, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date;

(k) "**exempt principal trader**" or "**exempt fund manager**" has the meaning attributed to it in the Takeover Code;

(l) being "**interested**" in relevant securities includes where a person:

(i) owns relevant securities;

(ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;

(iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;

(m) "**paragraph 1 associate**" means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);

(n) "**relevant Hangar8 securities**" means shares in Hangar8 (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

(o) "**relevant securities**" means "relevant Hangar8 securities"; and

(p) "**short position**" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

7.2 As at the date of this document, the interests of the Directors and the Proposed Directors or any member of the Directors' or Proposed Directors' family (as defined in the AIM Rules for Companies) including, for the avoidance of doubt, "related financial products" (as defined in the AIM Rules for Companies) in the issued share capital of the Company required to be notified to the Company pursuant to Rule 17 of the AIM Rules for Companies, the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors or the Proposed Directors and as they are expected to be immediately following Admission are as follows:

	At the date of this document		*Immediately following Admission*	
Director	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of Share Capital*
Dustin Dryden	2,820,600	29.6%	2,159,886	5.02%
Nigel Payne	32,899	0.51%	32,899	0.08%
George Rolls	102,271	1.07%	102,271	0.24%
Michael Peagram	132,000	1.39%	132,000	0.31%
Marwan Abdel-Khalek	Nil	Nil	15,424,502*	35.88%
Sir Ralph Robins	Nil	Nil	Nil	Nil
Peter Brown	Nil	Nil	Nil	Nil
Stephen Peter Wright	Nil	Nil	238,188	0.54

* including interests held by persons connected with Mr Khalek.

7.3 Save as disclosed above, none of the Directors or Proposed Directors or directors of Gama (and any of its subsidiaries) nor any member of his immediate family or person connected with him (within the meaning of section 252 of the Act) nor Gama or any of its subsidiaries holds or is interested, whether beneficially or non-beneficially, directly or indirectly, in any shares or options over shares, or securities convertible into, shares of the Company or any of its subsidiaries.

7.4 No member of the Concert Party holds or is interested, whether beneficially or non-beneficially, directly or indirectly, in any Ordinary Shares or options over shares, or securities convertible into, shares in the Company (or any of its subsidiaries) at the date of this document and none of them has dealt in any shares in the Company (or any of its subsidiaries) during the 12 month period prior to the date of this document.

7.5 In addition to the interests of the Directors or Proposed Directors disclosed in paragraph 7.2 above, as at 5 December 2014 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons were, or will at Admission, be directly or indirectly interested (within the meaning of Part 6 FSMA Rule 5 of the DTR) in three per cent. or more of the issued share capital of the Company:

Shareholder	As at the date of this document Number of Ordinary Shares	Percentage of issued shares	Immediately following Admission Number of Ordinary Shares	Percentage of issued shares
Independent Investment Trust	–	–	2,000,000	4.65%
FIL Investment International	–	–	1,600,000	3.72%
Hargreave Hale	1,492,170	15.66%	1,842,170	4.28%
Living Bridge VC LLP	1,066,666	11.20%	1,423,809	3.31%
Killik & Co	718,825	7.55%	1,325,968	3.08%
Unicorn Asset Management	466,966	4.90%	739,823	1.71%
Artemis Asset Management	400,000	4.20%	1,050,000	2.44%
Hargreaves Landsdown	301,331	3.16%	372,760	0.87%
Growthgate Capital Corp BSC	Nil	Nil	5,195,621	12.08%
Crescent Investment LLC	Nil	Nil	2,597,810	6.04%

7.6 Save as disclosed in paragraphs 7.2 and 7.5 above, so far as the Company is aware, there are no persons who are at the date of this document, or will be immediately following Admission, interested directly or indirectly in three per cent. or more of the issued share capital of the Company or who could directly or indirectly, jointly or severally, exercise or could exercise, control over the Company.

7.7 The persons, including the Directors or Proposed Directors, referred to in paragraphs 7.2 and 7.5 above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

7.8 Save as disclosed in this document in respect of the Acquisition, which constitutes a reverse takeover under the AIM Rules, the Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

7.9 Pursuant to the terms of a share purchase agreement dated 26 July 2010, the Company acquired the entire share capital of each of Hangar8 Management, Hangar8 Engineering, and a newly incorporated company, Hangar8 AOC. In consideration for the shares in each of Hangar8 Management, Hangar8 Engineering and Hangar8 AOC transferred to the Company, each of the sellers, Dustin Dryden and Rowan Irving, were issued such number of additional shares in the Company so that immediately following completion of the share purchase agreement each of Dustin Dryden and Rowan Irving held the same proportion of the issued shares in the Company as they had held in each of Hangar8 Management, Hangar8 Engineering and Hangar8 AOC immediately prior to completion of such share purchase agreement.

7.10 On 12 October 2010, Hangar8 Management entered into a business transfer agreement with Langford Lane Limited under which it acquired the business of arranging of chartering and management of aircraft on behalf of their owners, as carried on by Langford Lane Limited, together with certain liabilities (the "**Hangar8 Management Agreement**"). Pursuant to the Hangar8 Management Agreement, the transfer of the relevant assets and liabilities was effective from 11.59 p.m. on 31 May 2010. Also on 12 October 2010, Hangar8 AOC entered into a business transfer agreement with Langford Lane Limited under which it acquired the business of operating charter flights, as carried on by Langford Lane Limited, together with certain liabilities (the "**Hangar8 AOC Agreement**"). Pursuant to the terms of the Hangar8 AOC Agreement, the transfer of the relevant assets and liabilities was effective from 11.59 p.m. on 31 May 2010, save in respect of certain assets and liabilities which were conditional on Hangar8 AOC being granted an AOC and Type B Licence, the transfer of which had an effective date of 25 June 2010. The consideration payable under each of Hangar8 Management Agreement and Hangar8 AOC Agreement was £1, being in each case the fair market value as agreed between the parties after reference to an independent valuation. Dustin Dryden, a Director of the Company, is a director and shareholder of Langford Lane Limited. Rowan Irving, who at the time was a director of Hangar8 Management, was also at the same time a director and shareholder of Langford Lane Limited.

7.11 On 1 September 2012 a service agreement was entered into between (1) Hangar8 Management Limited and (2) Dustin Sean Dryden pursuant to which Mr. Dryden was employed as the Chief

Executive Officer of Hangar8 Management Limited, the agreement being terminable by either party on 12 months written notice at a salary (subject to annual review by the Remuneration Committee of the board) of £295,000 per annum, unless Mr Dryden elects to take a lower salary which he may do at his sole discretion and Mr Dryden is also is eligible to receive an annual bonus. As at the date of this document, Mr Dryden currently draws a salary of £225,000 per annum.

7.12 On 15 October 2012 a statement of employment was entered into between (1) Hangar8 Management Limited and (2) Kevin Andrew Callan pursuant to which Mr Callan is employed as the chief financial officer of Hangar8 Management Limited, the employment being terminable at one month's written notice for the first five years of employment and then at one week's notice for every year of service up to a maximum of twelve weeks at a salary (subject to annual review) of £108,000 per annum and Mr Callan is eligible to receive an annual bonus. Pursuant to a decision of the Remuneration Committee of the Board dated 1 September 2014, Mr Callan will be entitled to receive a bonus payment of £50,000 upon completion of the Acquisition and Admission.

7.13 On 28 April 2013 a service agreement was entered into between (1) the Company and (2) Gregory Richard Frank Martin pursuant to which Mr Martin was employed as Chief Operating Officer of the Company, the agreement being terminable by either party on 3 months' written notice at a salary (subject to annual review) of £110,000 per annum and Mr Martin was eligible to receive an annual bonus. It has been agreed that, with effect from Admission, Mr Martin will step down from the board of the Company.

7.14 On 14 November 2010 the Company entered into a service agreement with Nigel Payne pursuant to which Mr Payne was employed as Non-Executive Chairman and Director of the Company, the agreement being terminable by either party on 6 months' written notice at a fee (subject to annual review) of £1,000 per month plus reasonable out of pocket expenses. The agreement also contemplated the provision of consultancy services to the Company by Mr Payne through his business, Merlin Financial Advisers LLP. The agreement also contains a change of control bonus provision whereby Mr Payne will be entitled to receive a bonus payment linked to the difference between the Company's original listing price and the market price of the Company's shares in the 30 days prior to a change of control taking place. Accordingly, it is expected that, upon completion of the Acquisition and Admission, Mr Payne will be entitled to receive a bonus payment of £150,000.

7.15 In September 2010 the Company entered into a non-executive letter of appointment with George Rolls at a rate of £3,000 per calendar month. In November 2011, the rate payable to Mr Rolls was reviewed by verbal agreement to a total amount payable of £4,500 per calendar month, paid as to £1,000 per month through the Company's payroll and as to £3,500 for consultancy services. With effect from June 2014, the amount payable for the consultancy services of Mr Rolls has been invoiced through Mr Rolls' consultancy company, Gebu Partners Limited ("Gebu"). In the financial year to 30 June 2014, Mr Rolls also received a payment of £25,000 in connection with the introduction of a possible corporate transaction with Air Charter Service Group Plc, and services provided with him in relation to the evaluation and progression of such opportunity.

7.16 On 9 February 2013 the Company entered into a non-executive letter of appointment with Michael Peagram at a rate of £1,000 per calendar month and a notice period of 3 months' notice in writing. The amounts payable under Mr Peagram's letter of appointment are invoiced to the Company through Mr Peagram's consultancy company, Valentia Properties Limited ("Valentia").

7.17 On 1 March 2013 the Company entered into a non-executive letter of appointment with David Savile at a gross monthly fee of £1,000 per calendar month (which is paid through the Company's payroll) and a notice period of 1 month's notice in writing. In addition, Mr Savile may invoice the Company a gross amount of £600 per day for additional work that the board may from time to time require of him. Any such amounts are typically invoiced to the Company through Mr Savile's consultancy entity, Moose Yacht Charter LLP. It has been agreed that Mr Savile will step down from the board of the Company with effect from Admission.

7.18 In 2013 the Group entered into an informal arrangement with Volare Aviation Limited ("**Volare**") pursuant to which Volare would provide aircraft consultancy, sales, acquisition and brokerage services to the Group (and also directly to its clients) on an ad hoc (and non-exclusive) basis from time to time. Dustin Dryden (Chief Executive of the Company) and George Rolls (Non-Executive Director of the Company) are both directors of, and shareholders in, Volare.

7.19 On 7 April 2014 George Rolls and Dustin Dryden provided short term loans in the respective amounts of US$180,000 and £75,000 to Hangar8 Management Limited in order to permit Hangar8 Management Limited to provide a bespoke aircraft maintenance solution to a client of the Group, without reducing the availability of the Group's capital for other business needs. The loans were subsequently repaid in full within 30 days together with interest.

7.20 Save as disclosed above no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company or the Group effected during the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

7.21 Save as disclosed in this document, there are no other agreements, arrangements or understandings (including compensation arrangements) between the Concert Party and any of the Directors, the Proposed Directors, Shareholders or recent Shareholders of the Company connected with or dependent upon the Acquisition other than any relating to the Acquisition process.

7.22 There is no agreement, arrangement or understanding between any of the members of the Concert Party and any other person pursuant to which any Ordinary Shares proposed to be allotted to the members of the Concert Party pursuant to the Acquisition Agreement will be transferred to any other person except as contemplated by the Placing Agreement for the purposes of the Vendor Placing. Save for the Placing of certain of the Consideration Shares pursuant to the Placing Agreement the Directors and Proposed Directors are not aware that any such placees under the Placing are connected to any member of the Concert Party.

7.23 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

7.24 The Company has not redeemed or purchased any relevant securities in the Company during the disclosure period.

7.25 Neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any persons acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any shares in Gama nor had any of them dealt in any relevant securities in Gama during the disclosure period.

7.26 As at the close of business on the disclosure date, save for the Placing of certain of the Consideration Shares pursuant to the Placing Agreement, none of the Concert Party members nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Act), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any of the relevant securities, nor has any such person dealt therein during the disclosure period or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any of the relevant securities in the Company during the disclosure period.

7.27 Neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) nor any persons acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any shares in the Company nor had any of them dealt in any relevant securities in the Company during the disclosure period.

7.28 There are no relevant securities of the Company in respect of which any of the Directors or any person acting in concert with the Company has borrowed or lent at any time during the disclosure period.

7.29 Save as disclosed in this document, there are no personal, financial or commercial relationships arrangements or undertakings between any member of the Concert Party and any Directors or Proposed Directors, their close relatives and related trusts.

7.30 No agreement, arrangement or understanding exists whereby the beneficial ownership of any Ordinary Shares to be acquired by the Concert Party will be transferred to any other person except as contemplated by the Placing Agreement for the purposes of the Vendor Placing.

8. FURTHER INFORMATION ABOUT DIRECTORS AND PROPOSED DIRECTORS

8.1 The Directors and Proposed Directors are or have been directors of the following companies (excluding the subsidiaries or Hangar8 and Gama respectively at any time in the period of five years preceding the date of this document):

At the date of this document

Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Kevin Andrew Callan		Atlantic Wings Limited Aviation Representation (U.K.) Limited Bettersky Limited Flightline Limited Prospect Aviation
Michael John Peagram	CMS s.r.o Mountmorris Developments Ltd Quixant PLC Valentia Properties Limited	Valentia Air Limited

Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Dustin Sean Dryden	Oxfordshire Estates Limited Volare Aviation Limited	Corporate Crewing Limited Langford Lane Limited Summerfield Foundation Care Limited
Greg Richard Frank Martin	Bravium Limited	AJW Technique, Inc
Nigel Terence Payne (Chairman)	Flexwork Limited Idiaz Consultancy Limited Merlin Consultancy Limited Merlin Financial Advisors LLP Perpetuus Carbon Group Limited	Foreteller Limited Mucky Pups Childcare Limited Redweb Security (UK) Limited Silver Executive Cars Limited Sportingbet PLC
George Henry Rolls	GEBU Partners Limited Perpetuus Carbon Group Limited Volare Aviation Limited	Cadogan Crowns Limited Totally PLC Walker Logistics Ltd
David Christopher Wrey Savile	Airport Management Services Limited Highlands and Islands Airports Limited Moose Yacht Charter LLP	Air Partner PLC Air Partner Enclave Limited Air Partner Investments Limited Air Partner Private Jets Limited Air Partner Travel Management Company Limited Business Jets Limited Dundee Airport Limited Starflight Aviation International Limited

After Admission

Marwan Abdel-Khalek	BBGA Limited	–
Stephen Peter Wright	–	–

Sir Ralph Robins	Freestream Aircraft Limited Marshall Holdings Limited Rolls Royce Motor Cars Limited The Holdingham International Advisory Board	Brooklands Museum Trust

Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Peter Brown	Ordinal Limited	Archers Tours Limited Avro Limited Avro Aviation Limited Cosmos Aviation Limited Cosmos Holidays Limited Cosmos Tours Limited Cosmos Transport Services Limited Distant Dreams Limited First Aviation Limited Monarch Aircraft Engineering Limited Monarch Airlines Limited Monarch Airlines Leasing Limited Monarch Group Management Limited Monarch Holdings Limited Monarch Technical Support Limited Monarch Travel Group Limited Pullman Holidays (UK) Limited Somewhere2stay Limited The Charter Warehouse Limited

8.2 As at the date of this document save as set out in paragraph 8.3 below, none of the Directors or Proposed Directors has:

8.2.1 any unspent convictions in relation to indictable offences;

8.2.2 been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies) nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

8.2.3 been a director of a company at the time of, or within the 12 months preceding the date of that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;

8.2.4 been a partner in a partnership at the time of, or within 12 months preceding the date of that partnership being placed into compulsory liquidation or administration or partnership voluntary arrangement;

8.2.5 had any asset of his subject to a receivership or been a partner in a partnership at the time of or within the 12 months preceding any asset of such partnership being subject to a receivership;

8.2.6 been bankrupt nor been the subject of any form of individual voluntary arrangement;

8.3 Nigel Payne was appointed a director of Redweb Security (UK) Limited on 12 June 2008. Mr Payne left the company in September 2009. The company subsequently entered administration.

9. NEW DIRECTORS' SERVICE AGREEMENTS

9.1 Executive Directors

The following agreements have been entered into between the Executive Directors and the Group, in each case conditional upon and commencing from Admission:

9.1.1 a service agreement dated 8 December 2014 between (1) the Company and (2) Dustin Sean Dryden pursuant to which Mr. Dryden is employed as an Executive Director of the Company, the agreement being terminable by either party on 12 months' written notice at a salary (subject to annual review by the Remuneration Committee of the New Board) of £295,000 per annum, unless Mr Dryden elects to take a lower salary which he may do at his sole discretion. Mr Dryden is also eligible to receive a bonus at the discretion of the Remuneration Committee of the New Board. This agreement supersedes the agreement that Mr Dryden was previously employed by the Group under, but is otherwise on substantially the same commercial terms.

9.1.2 a service agreement dated 8 December 2014 between (1) the Company and (2) Kevin Andrew Callan pursuant to which Mr. Callan is employed as the Finance Director of the Company, the agreement being terminable by either party on 3 months' written notice at a salary (subject to annual review by the Remuneration Committee of the New Board) of £108,000 per annum. Mr Callan is also eligible to receive a bonus at the discretion of the Remuneration Committee of the New Board. This agreement supersedes the agreement that Mr Callan was previously employed by the Group under, but is otherwise on substantially the same commercial terms.

The following agreements have been entered into between the Proposed Directors and the Company, in each case conditional on and commencing from Admission:

9.1.4 a service agreement dated 8 December 2014 between (1) Hangar8 and (2) Marwan Abdel-Khalek pursuant to which Mr. Khalek is employed as the Chief Executive Officer of the Company, the agreement being terminable by either party on 12 months' written notice at a salary (subject to annual review by the Remuneration Committee of the board) of £150,000 per annum, and Mr Khalek is also is eligible to receive an annual bonus. Prior to entry into this agreement, there were no formal contractual arrangements entered into between the Gama Group and Mr Khalek but the service agreement to be entered into by Mr Khalek is on substantially the same commercial terms as he has previously been employed under;

9.1.5 a service agreement dated 8 December 2014 between (1) Hangar8 and (2) Stephen Wright pursuant to which Mr. Wright is employed as an Executive Director of the Company, the agreement being terminable by either party on 12 months' written notice at a salary (subject to annual review by the Remuneration Committee of the board) of £133,250 per annum and Mr Wright is also is eligible to receive an annual bonus. Prior to entry into this agreement, there were no formal contractual arrangements between The Gama Group and Mr Wright but the service agreement to be entered into by Mr Wright is on substantially the same commercial terms as he has previously been employed under.

9.2 **Non-executive Directors**

The following agreements have been entered into between the non-executive Directors and the Company, on the same commercial terms as previously contracted, in each case conditional upon and commencing from Admission:

9.2.1 a letter of appointment dated 8 December 2014 pursuant to which Nigel Payne is appointed as a non-executive director of the Company, the appointment being terminable by either party on six months' written notice, at an annual fee (exclusive of VAT) of £54,000;

9.2.2 a letter of appointment dated 8 December 2014 pursuant to which George Rolls is appointed as a non-executive director of the Company, the appointment being terminable by either party on one month's written notice, at an annual fee (exclusive of VAT) of £54,000; and

9.2.3 a letter of appointment dated 8 December 2014 2014 pursuant to which Michael Peagram is appointed as a non-executive director of the Company, the appointment being terminable by either party on three months' written notice, at an annual fee (exclusive of VAT) of £36,000.

The following agreements have been entered into between the Proposed non-executive Directors and the Company, on the same commercial terms as previously contracted, in each case conditional on and commencing from Admission:

9.2.4 a letter of appointment dated 8 December 2014 2014 pursuant to which Sir Ralph Robins is appointed as a non-executive chairman of the Company, the appointment being terminable by either party on three months' written notice, at an annual fee (exclusive of VAT) of £40,000.

9.2.5 a letter of appointment dated 8 December 2014 2014 pursuant to which Peter Brown is appointed as a non-executive director of the Company, the appointment being terminable by either party on three months' written notice, at an annual fee (exclusive of VAT) of £30,000.

9.3 The aggregate remuneration paid (including pension fund contributions and benefits in kind) to the Directors during the last completed financial year (being the year ended 30 June 2014) of the Group was £711,000. The aggregate remuneration payable to the Directors (including pension fund contributions and benefits in kind but excluding bonuses payable to the Directors by members of the Group) in respect of the current financial year (under the arrangements in force at the date of this document) is estimated to be £460,000.

9.4 The aggregate annual remuneration payable to the members of the New Board (including pension fund contributions and benefits in kind but excluding bonuses payable to the members of the New Board) by members of the Enlarged Group under the arrangements to be entered into with effect from, and conditional upon, Admission is estimated to be £1,200,000.

9.5 The agreements with the Directors and Proposed Directors described in this paragraph 9 do not provide for any benefits upon termination of employment other than in relation to payments during their respective notice periods and any contractual entitlement to bonuses that may be payable in accordance with the terms of those agreements.

10. MANDATORY TAKEOVER ARRANGEMENTS

Mandatory Takeover Bids and/or "squeeze out" and "sell out rights"

10.1 The Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, when a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Takeover Code), carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code (a "**Code Company**"), or any person, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of a Code Company, and such person or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the Code Company within the preceding twelve months, for all of the remaining equity share capital of the company.

10.2 The Ordinary Shares are also be subject to the compulsory acquisition procedures set out in sections 979 to 991 (inclusive) of the Act, which provide that where an offeror makes a takeover offer (within the meaning of section 974 of the Act) and receives valid acceptances in respect of, or acquires, more than 90 per cent. of the shares to which the offer relates, that offeror is entitled to compulsory acquire the shares of any shareholder who has not accepted the offer, on the terms of such offer.

10.3 There has been no takeover offer (within the meaning of section 974 of the Act) for any Ordinary Shares during the Company's current financial year.

11. UNITED KINGDOM TAXATION

This summary is not exhaustive and, among other issues, it does not consider the position of any Shareholder not resident or ordinarily resident in the UK or who holds his shares otherwise than as an investment.

The information in these paragraphs is based on current United Kingdom tax law and published HMRC practice as at the date of this document. Shareholders should note that tax law and interpretation can change (potentially with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company. **Any Shareholder who is in any doubt as to his tax position should consult his professional adviser.**

11.1 The Directors have been advised that, under current UK legislation and HM Revenue & Customs ("**HMRC**") practice, the taxation consequences of an acquisition of the Company's Ordinary Shares are broadly as outlined below.

11.2 **Distribution**

11.2.1 ***UK resident individual and trustee Shareholders***

11.2.1.1 An individual Shareholder, resident for tax purposes in the UK, will be entitled to a tax credit equal to one ninth of the amount of the distribution received, which is also equivalent to a tax credit of 10 per cent. of the sum of the distribution received and the tax credit.

11.2.1.2 Individual Shareholders resident for tax purposes in the UK will be liable to income tax on the amount of the distribution received plus the tax credit. The tax credit referred to above will discharge the liability to income tax in respect of the distribution to an individual Shareholder who is subject to UK income tax at the starting or basic rate only. A higher rate taxpayer will be liable to income tax on the distribution received plus the tax credit at a rate of 32.5 per cent. An additional rate taxpayer will be liable to income tax on the distribution received plus the tax credit at a rate of 37.5 per cent. Higher rate and additional rate taxpayers will be able to offset the tax credit against their liability to tax on the distribution received plus the tax credit. After setting off the tax credit, higher rate taxpayers will be liable to additional income tax at an effective rate of 25 per cent. and additional rate taxpayers 30.56 per cent. of the distribution received. If an individual UK resident Shareholder's total tax credit on the distribution exceeds his overall tax liability, he may not claim repayment of the excess from HMRC.

11.2.1.3 Trustees of UK resident trusts should take appropriate advice on the tax consequences of the Tender Offer. Generally, UK resident trusts that are regarded as discretionary or accumulation trusts may be subject to tax at the 37.5 per cent. dividend trust rate on the total of the distribution element of the sum received plus the tax credit. As for individuals, this normally results in an effective rate of tax at 30.56 per cent. on the net distribution received. Certain trusts with up to £1,000 of total income may have no further tax to pay.

11.2.2 ***Corporate Shareholders***

A corporate Shareholder (other than a share dealer) resident in the UK for tax purposes will not generally be liable to UK corporation tax if a distribution is received.

11.2.3 ***Non-UK resident Shareholders***

Non-UK resident Shareholders should clarify their position with their professional adviser.

11.3 **Taxation of Capital Gains**

11.3.1 To the extent the sum received by a Shareholder is a capital payment in respect of the disposal of the Ordinary Shares, a liability to tax on chargeable gains may, depending on the Shareholder's individual circumstances (including the availability of any exemptions, reliefs, allowable losses and the annual allowance), arise. If an allowable loss arises to a Shareholder on the sale of an Ordinary Share, such Shareholder is recommended to seek professional advice on the potential utilisation of such allowable loss.

11.3.2 An individual resident (or ordinarily resident) in the UK will generally be liable to capital gains tax on any gain at an effective tax rate of between 18 per cent. and 28 per cent. depending on the amount of the chargeable gain and whether the UK resident is a basic rate or higher rate tax payer. A reduced effective tax rate of 10 per cent. applies to those individuals who qualify for Entrepreneurs' relief. Shareholders entitled to Entrepreneurs' relief include officers or employees of the Company (or a company in the same group) who hold at least 5 per cent. of the Ordinary Shares (allowing such a Shareholder to exercise at least 5 per cent. of the voting rights) or trusts which have a beneficiary who qualifies as an officer or employee of the Company.

11.3.3 For a Shareholder liable to UK corporation tax any gain will be within the charge to corporation tax. For shareholders who are bodies corporate resident in the UK for tax purposes, indexation relief continues to be available for periods of ownership before April 1998.

11.3.4 It is to be noted that the comments above are general statements as to the current system of UK taxation. All Shareholders are advised to consult their professional advisers regarding their own tax position.

11.4 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

11.4.1 No stamp duty or SDRT will be levied on the issue of Ordinary Shares.

11.4.2 From 28 April 2014 there is an exemption from stamp taxes on securities that are admitted to trading on a recognised growth market. Eligible securities will qualify for the exemption wherever they are traded and will be designated as exempt from SDRT in CREST. A company is required to provide self-certification that its securities admitted to the recognised growth market are not listed on a recognised stock exchange. A recognised growth market is specifically defined by HMRC and AIM currently falls within this definition. Should the definition of a recognised growth market change over time, such that AIM is no longer classified as such, then the following paragraphs become relevant.

11.4.3 A sale of Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Ordinary Shares will usually be liable to *ad valorem* stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.

11.4.4 Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes should usually be collected and accounted for to HMRC through the CREST system.

11.4.5 The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate than that referred to above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities should not give rise to a liability to stamp duty or SDRT.

12. ACQUISITION AGREEMENT

The Acquisition Agreement is entered into on the date of this document between (1) the Gama Shareholders; (2) Dustin Sean Dryden; and (3) the Company. Under the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Gama (being 2,526 ordinary shares of £0.01 each).

The Acquisition Agreement is subject to the following conditions:

(i) Publication of this document;

(ii) The Rule 9 Waiver;

(iii) Completion of the pre-transaction corporate re-organisation of the Gama Group;

(iv) The passing at the general meeting of the Resolutions (including, *inter alia*, the resolution of Independent Shareholders to approve the Acquisition as a reverse takeover for the purposes of the AIM Rules);

(v) The Placing Agreement becoming unconditional in all respects (save for any conditions relating to the Acquisition Agreement and Admission); and

(vi) Admission.

The consideration due to the Gama Shareholders is to be satisfied by the issue of the Consideration Shares to the Gama Shareholders valuing Gama at £82.3 million (based on Hangar8 closing share price on 5 December 2014).

The consideration has been calculated by means of a formula that applies to Gama's EBITDA projections for the financial year ending 31 December 2015 on a ratio of earnings to enterprise value that is consistent with the market's valuation of Hangar8 as at 12 November 2014. The equity valuation of Gama has been adjusted according to certain agreed adjustments, to take account of Gama's net working capital position and the net present value of net operating losses retained within the Gama Group.

The Consideration Shares will represent 63.59 per cent. of the Enlarged Share Capital and will be issued and credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares comprised in the Enlarged Share Capital, including rights to future dividends.

The Acquisition Agreement contains warranties given (i) by the Gama Shareholders to the Company; and (ii) by the Company to the Gama Shareholders, in each case on a substantially reciprocal basis. The Acquisition Agreement also contains customary limitations on liability for each warranting party and also a tax indemnity given by each party to the other in respect of pre-completion tax liabilities, in customary form.

Pursuant to the Acquisition Agreement, the Selling Shareholder will be subject to a restrictive covenant in favour of the Company for a period of 24 months following completion.

It is expected that completion of the Acquisition Agreement and Admission will take place on 6 January 2015.

13. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Enlarged Group in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by any member of the Enlarged Group and which contain any provision under which any member of the Enlarged Group has any obligation or entitlement which is, or may be, material to the Enlarged Group as at the date of this document:

Hangar8

13.1 the Acquisition Agreement, material particulars of which are set out at paragraph 12 of this Part VII;

13.2 the Placing Agreement between (1) the Company; (2) Cantor; (3) the continuing Directors therein mentioned; (4) the Proposed Directors therein mentioned; and (5) the Vendors therein mentioned, pursuant to which Cantor has conditionally agreed to use its reasonable endeavours to procure placees for the Placing Shares and the Vendor Shares. The Placing Agreement contains customary warranties from the Company and the relevant Directors in favour of Cantor and also a customary indemnity from the Company in favour of Cantor. The Placing Agreement also contains a lock-in undertaking pursuant to which each of the Proposed Directors and the relevant Vendors undertake to the Company and Cantor not to dispose of any Locked-in Shares (as defined therein) for a period of six months from the date of Admission, and a further undertaking that for a further period of six months, that they will only dispose of Locked-In Shares through Cantor, in order to maintain an orderly market in the Ordinary Shares.

13.3 certain arrangements in respect of Oasis Flight (Malta) Limited:

13.3.1 a share purchase agreement dated 20 September 2013 between (1) Robert Foster and Thomas Newell; and (2) the Company pursuant to which the Company acquired the entire issued share capital of Oasis Flight (Malta) Ltd, for a nominal consideration (the "**Oasis Acquisition Agreement**");

13.3.2 a working capital facility agreement dated 28 June 2013 between (1) the Company; and (2) Oasis Flight (Malta) Limited, pursuant to which the Company agreed to provide a working capital facility (in an initial amount of up to £85,000 subject to extension upon written request) to finance the initial setup and AOC costs of Oasis Flight (Malta) Limited (the "**Oasis Facility Agreement**"). Pursuant to completion of the Oasis Acquisition Agreement, the entire outstanding balance of the Oasis Facility was capitalised on 26 June 2014, by means of a further issue of 113,000 shares in Oasis Flight (Malta) Limited to the Company.

13.4 an agreement between (1) Maleth Aero Limited; (2) Hangar8 AOC Malta Limited; (3) the Company; (4) MOB Holdings Limited; (5) Unitrans Management Limited; (6) Dustin Sean Dryden; (7) Dr Marco Ciliberti in respect of the Company's shareholding in Maleth Aero Limited and Hangar8 AOC Malta Limited (then to be renamed Maleth Aero AOC Limited, collectively "**Maleth**") (the "**Maleth Agreement**"). Pursuant to the Maleth Agreement, the Company agreed to transfer its shareholding in Maleth to MOB Holdings Limited and Unitrans Management Limited for a nominal consideration and against settlement of other outstanding inter-company balances owed to the Company.

13.5 a nominated adviser and broker agreement dated 23 July 2012 between Cantor; and (2) the Company (the "**Nomad Agreement**"), pursuant to which Cantor agreed to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for an initial period of 12 months' and thereafter subject to 3 months' written notice by either party. Cantor may nevertheless terminate its appointment as nominated adviser and broker at any time by giving written notice to the Company in certain circumstances which include, amongst other things, if the company fails to comply with the advice given to the Company and/or the Directors such that in the reasonable opinion of Cantor, such failure could jeopardise or damage the reputation of Cantor. The Nomad Agreement contains customary indemnities from the Company in favour of Cantor.

Gama

13.6 In July 2014, Rusada SA (**Rusada**) and Gama Aviation (Engineering) Limited entered into system purchase and support agreement, pursuant to which Rusada agreed to provide certain IT consultancy, software and support services to Gama Aviation (Engineering) Limited and its group companies. Under the terms of the agreement, Gama Aviation (Engineering) Limited shall pay to Rusada fees of £130,000 comprising a licence fee and software service and support fee, plus additional user and consultancy service fees, as determined between the parties. The agreement shall continue for an initial term of three years and shall continue automatically thereafter for successive renewal periods of twelve months until terminated by either party giving not less than six months' notice.

13.7 On 14 August 2013, Gama Group (Asia) Limited entered into a business relationship agreement with Dingshi GA Tech Service Center (**Dingshi**). Under the agreement Dingshi agreed to provide certain business services to Gama Group (Asia) Limited, which Gama Group (Asia) Limited would then sell on to customers. The agreement is for a fixed term of five (5) years, unless otherwise agreed by the parties. Gama Group (Asia) Limited shall pay such rates to Dingshi as are agreed between the parties from time to time notwithstanding Dingshi shall charge preferential rates to enable Gama Group (Asia) Limited to recover a reasonable profit margin in order to sustain the business cooperation anticipated by the agreement.

13.8 In February 2014 Gama Aviation Limited entered into an aircraft hire purchase agreement with GE Capital Corporation (Leasing) Limited (**GEC**) pursuant to which Gama Aviation Limited hired one King Air B200C aircraft from GEC. The term of the agreement is 84 months commencing on 26th February 2013 and ending on 26th February 2020. Gama Aviation Limited agreed to pay a sum of USD300,000 as a security deposit for the aircraft, an initial payment of USD 350,000 and 84 monthly payments of USD 34,336. Gama Aviation Limited has a purchase option under the agreement. Gama Holding FCZ is a guarantor of Gama Aviation Limited obligations. Gama Aviation Limited has given an indemnity in respect of any and all liabilities under this agreement together with certain representations and warranties.

13.9 On 27 September 2013 Gama Aviation (Asset 1) Limited, Gama Aviation Limited and Apple Bank For Savings (**ABFS**) entered into a credit agreement, pursuant to which ABFS agreed to lend a maximum principal amount of USD 6,104,835 (**Loan**) to Gama Aviation (Asset 1) Limited in order to finance part of the purchase price (USD 5,687,381) of one Beechcraft B250 aircraft from Gama Aviation Limited and an exposure fee of USD 417,454 due to the Export-Import Bank of the United States. The Loan is repayable in twenty-eight quarterly instalments due on the 30th of each of March, June, September and December for each year during the term of the agreement. Outstanding principal amount of the Loan bears an interest at an annual rate of LIBOR (as at the quotation date) plus a margin of 0.85 per cent. per annum or in accordance with the indemnification provisions of the agreement relating to an alternate interest rate. Gama Aviation (Asset 1) Limited has given certain indemnities, representations and warranties under the agreement. Upon an event of default by Gama Aviation (Asset 1) Limited, the Loan may be cancelled and it shall be due and payable immediately together with any interest earned.

13.10 On 27 March 2014, Gama Group Limited, M&G Debt Opportunities Fund Limited (**M&G**), Prudential Trustee Company Limited and certain guarantors entered into a subscription agreement pursuant to which Gama Group Limited agreed to issue loan notes to M&G in an aggregate amount of up to USD14,000,000. Gama Group Limited agreed to use the funds to refinance certain finance facilities (up to a value of USD 6,000,000), to settle a dispute and to use any surplus amount for any transactional or advisory fees in connection with the dispute or finance facilities. The notes are redeemable 18 months after the issue date although this may be extended under the agreement. The agreement contains certain events of default and mandatory redemption provisions. Gama Group Limited has given certain indemnities, representations, undertakings and financial covenants under the agreement.

13.11 Further to the subscription agreement described in paragraph 13.10 above, the same parties thereto entered into a security trust deed on 27 March 2014 in order to regulate their rights under the finance documents. On the same day, Gama Group Limited (and others), various creditors and investors and Prudential Trustee Company Limited entered into an intercreditor agreement in order to set out the ranking of security under the finance documents. There are certain other ancillary documents entered into in connection with this finance facility.

13.12 On 30 November 2014, Gama Limited entered into a conditional share exchange agreement with the Gama Shareholders (as part of its group re-organisation prior to the Acquisition) pursuant to which the entire issued share capital (with the exception of 1 share which remained in the ownership of Marwan Abdel-Khalek for regulatory reasons) of Gama Holding FZC was transferred to Gama Limited in consideration for the issue and allotment of shares in Gama Limited.

13.13 On 5 December 2014, Gama Holding FZC entered into a conditional share purchase agreement with Gama Limited (as part of its group re-organisation prior to the Acquisition) pursuant to which it transferred the following shares to Gama Limited in its subsidiary companies:

- 100 ordinary shares of £1 each in the capital of Gama Aviation Group Limited;
- 120,000 ordinary shares of £1 each in the capital of Gama Group Limited; and
- 1 ordinary share of 1 Hong Kong Dollar in the capital of Gama Group (Asia) Limited,

in each case representing the entire issued share capital of that company.

The consideration paid by Gama Limited for the shares transferred pursuant to the agreement was an amount equal to the aggregate nominal value of the relevant shares. The consideration payable for the shares in Gama Group Limited remains outstanding as an unsecured interest free intra-group loan payable on demand.

13.14 On or around May 2010, Gama Holding FZC entered into a shareholders' agreement with Jet Set Equity Partners Limited ("Jet Set"), in relation to Gama Group MENA FZC ("GGMF") (the "GGMF Shareholders' Agreement"). Jet Set holds 765 shares of AED 100 each in the capital of GGMF representing 51 per cent. of its entire issued share capital with the balance of 734 shares of AED 100 each, representing 49 per cent. of its entire issued share capital, held by Gama Holding FZC. The terms of the GGMF Shareholders' Agreement provide that, other than for certain permitted transfers (such as group transfers) the shares cannot be transferred without the consent of the other shareholder and are also subject to pre-emption rights on transfer. Jet Set has the right to appoint 5 directors and Gama has the right to appoint 3 directors to the board of GGMF. It is intended that the shares in GGMF held by Gama Holding FZC will be transferred to Gama Limited prior to

Completion in which case Gama Limited will enter into deed of accession to replace Gama Holding FZC as party to the GGMF Shareholders' Agreement.

The GGMF Shareholders' Agreement provides Jet Set with the right, but not the obligation, to convert its 51 per cent. ownership interest in GGMF into shares in the event of a change of control. On a change of control, the GGMF Shareholders' Agreement sets out that the financial advisers to Gama are required to prepare a valuation on GGMF on which an offer to acquire the balance in GGMF from Jet Set is to be made in accordance with a formula based on the relative valuations of GGMF to Gama as a whole. There is provision for expert determination with respect to computation of the number of shares to which Jet Set is entitled.

Shareholders should note that, as referred to in section 4 of Part I of this document, under the terms of the GGMF Shareholders' Agreement, on change of control of Gama, Gama has the obligation to offer to purchase the balance of GGMF from Jet Set, to be satisfied in shares, at a valuation to be determined by a third party as set out above. Therefore, following Admission, the New Board, in order to give effect to the terms of the GGMF Shareholders' Agreement, will offer to purchase the 51 per cent. of GGMF currently owned by Jet Set in consideration for the issue of new Ordinary Shares. Whilst there can be no guarantee that the purchase of the balance of GGMF will be concluded, the New Board believes that, if Jet Set accepts the offer to sell its interest in GGMF, any new Ordinary Shares issued to Jet Set would constitute no more than 2.5 per cent. of the Enlarged Share Capital and increase the Concert Party's interest in Hangar8 by approximately 1 per cent.

If Jet Set does not agree to sell its shares in GGMF, Jet Set will remain a shareholder of GGMF and the relationship between Jet Set and Gama will continue to be governed by the terms of the GGMF Shareholders' Agreement, as amended by the deed of accession.

14. RELATED PARTY TRANSACTIONS

The Company

14.1 Save as set out in paragraphs 7.8 to 7.18 (inclusive) of this Part VII and this paragraph 14.1, the Company has not entered into any related party transactions of the type set out in the Standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the historical financial information set out in Section C of Part III and up to the date of this document.

14.1.1 In the year ended 30 June 2014 the Company entered into related party transactions with the following entities, as more particularly described in the notes to the relevant accounts:

(a) Oxfordshire Estates, an entity controlled by Dustin Dryden in respect of the purchase of consultancy services;

(b) Moose Yacht Charter LLP, an entity controlled by David Savile, in respect of the purchase of consultancy services;

(c) Valentia Properties, an entity controlled by Michael Peagram, in respect of the purchase of consultancy services;

(d) Leaburn, an entity controlled by Murray Law (who was at the relevant time a director of the Company), in respect of the purchase of consultancy services;

(e) Merlin Financial Advisers LLP, an entity controlled by Nigel Payne, in respect of the purchase of consultancy services;

(f) George Rolls in respect of the purchase of consultancy services; and

(g) Hangar Malta (AOC) Limited, which was at the relevant time a related party of the Company.

14.1.2 In the year ended 30 June 2013 the Company entered into related party transactions with the following entities, as more particularly described in the notes to the relevant accounts:

(a) Offshore Jets Limited, which was until 28 June 2013 an entity controlled by Dustin Dryden in respect of sales of charter flights/commissions and on other accounts;

(b) Moose Yacht Charter LLP, an entity controlled by David Savile, in respect of the purchase of consultancy services;

(c) Valentia Properties, an entity controlled by Michael Peagram, in respect of the purchase of consultancy services;

(d) Leaburn, an entity controlled by Murray Law (who was at the relevant time a director of the Company), in respect of the purchase of consultancy services;

(e) Merlin Financial Advisers LLP, an entity controlled by Nigel Payne, in respect of the purchase of consultancy services;

(f) George Rolls in respect of the purchase of consultancy services; and

(g) Hangar Malta (AOC) Limited, which was at the relevant time a related party of the Company.

14.1.3 In the year ended 30 June 2012 the Company entered into related party transactions with the following entities, as more particularly described in the notes to the relevant accounts:

(a) Offshore Jets Limited, which was at the relevant time an entity controlled by Dustin Dryden in respect of sales of charter flights/commissions and on other accounts;

(b) Moose Yacht Charter LLP, an entity controlled by David Savile, in respect of the purchase of consultancy services;

(c) Four Seasons, an entity controlled by John Blower, a former director of the Company;

(d) Merlin Financial Advisers LLP, an entity controlled by Nigel Payne, in respect of the purchase of consultancy services;

(e) Rowan Irving, a former director of the Company; and

(f) George Rolls in respect of the purchase of consultancy services.

Gama

14.2 Save as set out in this paragraph 14.2 and in Part V, Gama has not entered into any related party transactions of the type set out in the Standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the historical financial information set out in Section B of Part V and up to the date of this document.

14.2.1 In the three years ended 31 December 2011, 2012 and 2013, the Gama Group entered into the following transactions with related parties who are not members of the Gama Group:

		Sale of services			*Purchase of services*		
		2013	*2012*	*2011*	*2013*	*2012*	*2011*
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Zulu X-Ray Services Limited	1	–	–	–	566	572	552
Gama Charters Inc	2	619	630	645	824	1,177	1,352
Crescent Investment LLC	3	3,199	3,199	4,567	189	143	99
MOD SPV	4		–	–	368	378	386
Caskie	5	3,368	–	–	489	–	–
Saudi Bin Ladin Group	6	4,674	–		–	–	–
Quanon Capital	7	2,217	8,260	2,868	461	287	–
Air Arabia	8	–	41	221	–	–	–

The following amounts were outstanding at the balance sheet dates:

		Amounts owed by related parties			*Amounts owed to related parties*		
		2013	*2012*	*2011*	*2013*	*2012*	*2011*
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Zulu X-Ray Services Limited	1	–	–	–	–	–	–
Gama Charters Inc	2	167	492	385	–	–	–
Crescent Investment LLC	3	654	–	–	–	1,256	37
MOD SPV	4	–	–	–	322	196	1,023
Caskie	5	–	–	–	–	–	–
Saudi Bin Ladin Group	6	306	–	–	–	–	–
Quanon Capital	7	1,851	2,717	1,285	2,442	2,013	–
Air Arabia	8	–	–	16	–	–	–

(1) Mr G A Khalek, a director of Gama, controls 25 per cent. of the voting rights of Zulu X-Ray Services Limited.

(2) Gama controls 25 per cent. of the voting rights of Gama Charters Inc, a company registered in the USA, indirectly through Operator Holdings Inc.

(3) Crescent Investment LLC is a shareholder of Gama.

(4) MOD SPV (Oneti Ltd) is owned by Mr M A Khalek, a director and shareholder of Gama.

(5) Caskie is related to a shareholder of Growthgate Capital.

(6) Saudi Bin Ladin Group is a shareholder of Growthgate Capital.

(7) Quanon Capital is controlled by shareholders of Gama.

(8) Sheikh Abdullah Bin Mohammad Al Thani is chairman of Air Arabia and is a shareholder in Gama.

All sales and purchases of services are made at market price.

15. MIDDLE MARKET QUOTATIONS

The middle market quotations for Ordinary Shares on the first business day of each of the six months preceding the date of this document and on 5 December 2014 being the latest practicable date prior to the posting of this document, as derived from the London Stock Exchange Daily Official List, were:

2014	*Price per Ordinary Share*
2 June	265p
1 July	269p
1 August	263p
1 September	272p
1 October	289p
3 November	342p
1 December	324p
5 December	301p

16. WORKING CAPITAL

The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry, and after taking into account the existing facilities available to the Enlarged Group and the net proceeds of the Placing, the working capital available to the Company and the Enlarged Group will be sufficient for its present requirements, that is, for at least 12 months from the date of Admission.

17. LEGAL AND ARBITRATION PROCEEDINGS

No member of the Enlarged Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document, a significant effect on the Company and/or the Enlarged Group's financial position or profitability, nor, so far as the Company is aware, are there any such proceedings pending or (save for the proceedings described below) threatened.

17.1 Gama Support Services Limited ("FSS") has accepted responsibility for damage caused to a Beechcraft Air 200 aircraft (the "Airport") operated by Cega Air Ambulance UK Limited ("Cega") during a scheduled 200 hour phase inspection on 21 February 2014. Cega have stated in a letter before action that it calculates the quantum of loss at £361,764. FSS replied to Cega on 15 September 2014, confirming that while it accepted liability it disputed the quantum of costs and has proposed that the parties meet to agree the basis and rationale for the quantum calculation. The parties continue to negotiate with a view to settle the dispute having had a further meeting on 30 September 2014. In Gama's opinion a quantum of loss around £125,000 would be a fair settlement and this is supported by Gama's insurers as being a justifiable amount for the damage.

17.2 Under the terms of AOC agreements entered into between Gama Support Services Limited (FSSL) and CEGA Air Ambulance UK Limited ("CEGA") on 21 February 2014 King Air 200 G-OCEG ("**Aircraft**") underwent a scheduled 200 hour phase inspection at FSSL's facility in Glasgow, during which damage to the Aircraft was caused. FSSL wrote to CEGA accepting full responsibility for the defective work and repaired the Aircraft on 18 July 2014.

17.3 CEGA is claiming compensation for lost revenue between 21 February 2014 and 18 July 2014 and they estimated the loss originally to be £358,083.96, plus expert fees amounting to £3,680.74. FSSL did not settle for this amount, following which CEGA revised the claim amount to around £600,000. It is yet to be determined by the board of FSSL whether to defend the claim or settle out of court.

17.4 Pursuant to aircraft chartering agreement ("**Charter**") dated 15 January 2004, Gama Aviation Limited ("**FAL**") agreed to charter to Mr. Pictet a Bombardier Learjet 45 ("**Aircraft**"). Under the terms of the Charter, Mr. Pictet is liable to pay fixed quarterly charge as well as annual minimum charter requirement charge. The fixed quarterly charge to date amounts to USD 376,859.72, whilst the annual minimum charter requirement charge amounts to USD 523,541.67. In addition, FAL seeks interest in the amount of USD 170,947.46.

17.5 Sansan Fibich alleged disability discrimination in violation of the New Jersey Law Against Discrimination ("**NJLAD**"). Gama maintains that it has a very strong claim against that employee on a number of grounds as she breached confidentiality undertakings under her employment contract. On that basis it is Gama's opinion that the settlement offer made to Sansan Fibich will be accepted and the matter will be settled soon.

17.6 In November 2012 Gama Aviation Limited (UK AOC holder operator) was issued noise regulations infringement notices by French authorities (ACNUSA) in respect of the operations of one of Gama aircraft in Nice Cote Azur Airport. The dispute was settled in 2013 with Gama being fined an amount of EUR 29,500.

17.7 In 2014 Gama settled a dispute in the US in relation to certain loan documents which Gama Group entered into regarding the financing of a Learjet Model 60 aircraft and which was subsequently assigned by the lender to another party. The dispute was regarding the term of the loan and was settled for an amount of USD6,500,000 pursuant to a settlement agreement dated 19 March 2014.

18. GENERAL

18.1 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 30 June 2014, the date to which the latest audited accounts of the Group were prepared.

18.2 Save as disclosed in this document there has been no significant change in the financial or trading position of Gama since 31 December 2013, the date to which the historical financial information on Gama presented in Section B of Part V of this document has been prepared.

18.3 The total gross proceeds of the Placing are expected to be £17.15 million. The estimated amount of the expenses of the Proposals which are payable by the Company are estimated to be approximately £3.0 million (including VAT). The net proceeds of the Placing receivable by the Company will be approximately £14.15 million.

18.4 Grant Thornton UK LLP, chartered accountants and registered auditors of 1020 Eskdale Road, Wokingham RG41 5TS, were UK auditors of the Group for the year ended 30 June 2014.

18.5 The financial information contained in this document does not constitute full statutory accounts as referred to in section 434 of the Act.

18.6 Cantor has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

18.7 Deloitte LLP has given and not withdrawn their written consent to the inclusion in this document of their accountants' report on the Gama historical financial information in Section B of Part V of this document with the references to their report in the form and in the context in which it is included.

18.8 Save as disclosed in this document the Directors and Proposed Directors believe that the Company is not dependent on patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

18.9 Save as disclosed in the document, no person (excluding professional advisers named in this document and trade suppliers) has:

18.9.1 received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or

18.9.2 entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

18.9.2.1 fees totalling £10,000 or more;

18.9.2.2 securities in the Company with a value of £10,000 or more calculated by reference to the value of the Consideration Shares; or

18.9.2.3 any other benefit with a value of £10,000 or more at the date of Admission.

18.10 Assuming completion of the Acquisition and that the Placing Shares are fully subscribed, the Existing Shares will account for approximately 22.16 per cent. of the Enlarged Share Capital on Admission. Holders of Existing Shares will be diluted by the issue of the Consideration Shares and the subscription for the Placing Shares, which will represent an aggregate 78 per cent. immediate dilution of the holders of Existing Shares.

18.11 The Directors and Proposed Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

18.12 The Directors and Proposed Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

18.13 Save as disclosed in this document, there are no investments in progress, and there are no future investments on which the Directors and Proposed Directors have already made firm commitments which are significant to the Company or the Enlarged Group.

18.14 The Company has received Irrevocable Undertakings from George Rolls, Non-Executive Director and Michael Peagram, Non-Executive Director and certain Independent Shareholders to vote in favour of the Resolutions in respect of their Ordinary Shares as follows:

Independent Shareholder	*Interest in Ordinary Shares*	*% of Existing Share Capital*
George Rolls	102,271	1.07%
Michael Peagram	132,000	1.39%
Hargreave Hale Investment Management	1,407,500	14.77%
Living Bridge VC LLP	1,066,666	11.20%
Killik Asset Management	657,500	6.90%
Unicorn Asset Management	466,966	4.90%
Artemis Investment Management	400,000	4.20%
Quilter Cheviot Limited	255,950	2.69%
Walker Crips	94,681	0.99%
Mr Chris Perry	80,558	0.85%

Each shareholder set out above has given an irrevocable undertaking to cast or procure the casting of all votes attaching to their stated number of Ordinary Shares (whether on a show of hands or on a poll) on Resolutions to be proposed at the forthcoming General Meeting. Furthermore, each shareholder has irrevocably undertaken not to sell, transfer, charge, grant any option over or otherwise dispose of or encumber all or any of the Ordinary Shares or any interest in all or any part of it, nor permit any such disposal or enter into any agreement or arrangement which could result in the sale or disposal or would or might restrict their disposal until conclusion of the General Meeting, save as permitted under the Takeover Code.

19. CORPORATE GOVERNANCE

19.1 The Directors and Proposed Directors acknowledge the importance of the Financial Reporting Council's UK Corporate Governance Code (compliance with which is not mandatory for companies admitted to trading on AIM) and following Admission, intend to comply with its principles so far as is practicable and appropriate given the nature and size of the Company and the size and constitution of the New Board. The New Board also intends to comply with the principles of the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance in 2010.

19.2 The Board has established an audit committee, a nomination committee and a remuneration committee and a social responsibility committee. The current composition of those committees is set out below. Following Admission, it is intended that the New Board will review the composition of such board committees as appropriate:

19.2.1 The audit committee is chaired by Peter Brown and also comprises Nigel Payne and Michael Peagram;

19.2.2 The nomination committee is chaired by Sir Ralph Robins and also comprises Nigel Payne and George Rolls;

19.2.3 The remuneration committee is chaired by Nigel Payne and also comprises Sir Ralph Robins and Michael Peagram; and

19.2.4 The social responsibility committee is chaired by George Rolls and also comprises Sir Ralph Robins.

19.3 The Company has adopted a code for dealing in Ordinary Shares by Directors and senior employees which is appropriate for an AIM company.

20. DOCUMENTS AVAILABLE FOR INSPECTION

20.1 Copies of the following documents are available for inspection on request by a Shareholder, person with information rights or other person to whom this circular is sent at the offices of Freeths LLP, One Heddon Street, Mayfair, London W1 4BD during normal business hours on any weekday, (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the General Meeting:

(a) the Existing Articles, the New Articles and the memorandum and articles of association of Gama Aviation Holdings (Jersey) Limited;

(b) the accountants' report on the Historical Financial Information on Gama, from Deloitte LLP set out in Part V of this document and their consent letter as referred to in 18.7 above;

(c) copies of Gama FZC report and accounts for the three years ended 31 December 2013 are available at www.gamaaviation.com

(d) copies of Hangar8's report and accounts for the three years ended 30 June 2014 are available at www.hangar8.com;

(e) Cantor's consent letter as referred to in 18.6 above;

(f) irrevocable commitments as referred to in 18.14 above;

(g) appointment letters/service contracts of Directors and Proposed Directors as set out in paragraph 9 above;

(h) lock in arrangements as detailed in the Placing Agreement, as summary of which is set out in Material Contracts in paragraph 13.2 above;

(i) material contracts as set out in paragraphs 13.1, 13.2 and 13.13 above; and

(j) this document, together with the notice of General Meeting and the Form of Proxy.

20.2 Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary at the Company's registered office being The Farmhouse, Langford Lane, Oxford Airport, Kidlington, Oxford OX5 1RA or by telephone on +44 (0) 1865 372 215.

All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two business days following such request.

A copy of the documents set out above are also available on the Hangar8 website at the following address: http://www.hangar8.com.

Any documents incorporated by reference into this Admission Document have been incorporated in compliance with Rule 24.15 of the Code.

21. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available for download from the Company's website at www.hangar8.com and are available free of charge from the Company's registered office and at the offices of Cantor, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 8 December 2014

HANGAR 8 PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the above named Company will be held at the offices of Cantor Fitzgerald Europe at One Churchill Place, London E14 5RB on 5 January 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions (in the case of Resolutions 1 to 7 (inclusive) as Ordinary Resolutions and (in the case of Resolutions 4 to 6 inclusive) as Special Resolutions:

ORDINARY RESOLUTIONS

1. THAT the proposed acquisition (the "Acquisition") by the Company of the entire issued share capital of Gama Limited ("Gama"), on the terms of the agreement entered into between (1) Marwan Abdel-Khalek and others; (2) Dustin Sean Dryden; and (3) the Company (the "Acquisition Agreement") described in the Admission Document sent to shareholders of the Company dated 8 December 2014 (the "Admission Document") be and is hereby approved for the purpose of Rule 14 of the AIM Rules for Companies and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition and/or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition.

2. THAT the waiver granted by the Takeover Panel of the obligation that would otherwise arise on the members of the Concert Party to make a general offer to the shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the issue of shares to them pursuant to the Proposals, as described in the Company's Admission Document of which this notice forms part, be and is hereby approved.

3. THAT, conditional the passing of Resolutions 1 and 2 and on completion of the Acquisition and Admission, Marwan Abdel-Khalek be appointed as a director of the Company with effect from the end of the General Meeting;

4. THAT, conditional the passing of Resolutions 1 and 2 and on completion of the Acquisition and Admission, Sir Ralph Robins be appointed as a director of the Company with effect from the end of the General Meeting;

5. THAT, conditional the passing of Resolutions 1 and 2 and on completion of the Acquisition and Admission, Stephen Wright be appointed as a director of the Company with effect from the end of the General Meeting;

6. THAT, conditional the passing of Resolutions 1 and 2 and on completion of the Acquisition and Admission, Peter Brown be appointed as a director of the Company with effect from the end of the General Meeting;

7. THAT, conditional upon Resolutions 1 and 2 having been duly passed, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal amount of £334,673.39 provided that this authority shall be limited to the allotment of ordinary shares up to a maximum aggregate nominal amount of £273,419.60 pursuant to the Company's obligations under the Acquisition Agreement and an additional nominal amount of £42,994.44. provided that this authority shall unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling fifteen months after the date of the passing of this resolution save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This resolution revokes and replaces all previous authorities conferred on the Directors in accordance with section 551 of the Companies Act 2006 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

8. THAT, conditional upon Resolutions 1,2, and 7 having been duly passed, in accordance with section 570 of the Companies Act 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by Resolution 3, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £61,253.79. The power granted by this resolution will expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling fifteen months after the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Companies Act 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

9. THAT conditional upon Resolutions 1, 2, 7 and 8 (inclusive) having been duly passed and upon completion of the Acquisition and Admission of the enlarged issued share capital of the Company immediately following completion of the Acquisition to trading on the AIM market of London Stock Exchange plc, the name of the Company be changed to "Gama Aviation Plc".

10. THAT, conditional upon Resolutions 1,2,7,8 and 9 (inclusive) having been duly passed and upon completion of the Acquisition and Admission of the enlarged issued share capital of the Company immediately following completion of the Acquisition to trading on the AIM market of London Stock Exchange plc, the regulations contained in the printed document produced to the meeting and signed by the Chairman for the purposes of identification be and the same are hereby approved and adopted as the New Articles of Association of the Company in substitution for the existing articles of association.

BY ORDER OF THE BOARD

....

Director

Dated:

Registered Office: The Farmhouse, Langford Lane, Oxford Airport, Kidlington, Oxfordshire OX5 1RA

NOTES:

1. A member entitled to attend and vote at the General Meeting may appoint one or more persons to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company.

2. The following principles shall apply in relation to the appointment of multiple proxies:

   (a) the Company will give effect to the intentions of members and include votes wherever and to the fullest extent possible.

   (b) Where a proxy does not state the number of shares to which it applies (a "blank proxy") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of shares registered in the name of the appointing member (the "member's entire holding"). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that, as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).

   (c) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than the member's entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. That is, there is only assumed to be a conflict where the aggregate number of shares in respect of which proxies have been appointed exceeds the member's entire holding.

   (d) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time, to minimise the number of conflicting proxies.

   (e) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid.

   (f) Where the aggregate number of shares in respect of which proxies are appointed exceeds a member's entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata.

   (g) Where the application of paragraph (f) above gives rise to fractions of shares, such fractions will be rounded down.

   (h) If a member appoints a proxy or proxies and then decides to attend the General Meeting in person and vote using his voting card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his voting card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding.

   (i) In relation to paragraph (h) above, in the event that a member does not specifically revoke proxies, it will not be possible for the Company to determine the intentions of the member in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

3. A Form of Proxy is enclosed. To be effective, the Form of Proxy, together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971, of such power or written authority must be completed, signed and deposited with Equiniti Registrars, Aspect House, Spence Road, Lancing, West Sussex BN99 6DA by not later than 10 a.m./p.m. on 3 January 2015. Returning the Form of Proxy will not prevent a member from attending the meeting and voting in person.

4. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular Resolution. However it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a Resolution.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as at 10 a.m./p.m. on 3 January 2015 or, if the General Meeting is adjourned, on the register of members not less than 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares in the Company registered in their name at that relevant time. Changes to entries on the register of members after 10 a.m./p.m. on 3 January 2015 or, if the General Meeting is adjourned, on the register of members not more than 48 hours before the time of any adjourned meeting, will be disregarded in determining the right of any person to attend and vote at the meeting.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (www.euroclear.com). CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.

7. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by 10 a.m./p.m. on 3 January 2015 or 48 hours (excluding weekends and public holidays) before the time fixed for the meeting (or adjournment thereof). The time of receipt of the instruction will be the time

(as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the c of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. Resolution 2 will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code on Takeovers and Mergers and members of the Concert Party who hold shares in the Company will not be entitled to vote on this Resolution.

11. As at the date of the Admission Document the Company's issued share capital comprised 9,527,103 Existing Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at the date of the Admission Document is 9,527,103.

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