



Gama Holding FZC
Annual report and consolidated financial statements
for the year ended 31 December 2013

License number 02-04-06496

Gama Holding FZC
Contents
For the year ended 31 December 2013

	Page
Strategic report	1
Directors' report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Consolidated income statement	9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Consolidated statement of changes in equity	13
Consolidated cash flow statement	14
Notes to the financial statements	15

Gama Holding FZC
Strategic report
For the year ended 31 December 2013

Our Vision

To be demanded and trusted by our clients, valued by our shareholders, prized by our people and admired by our peers.

Our Mission

Our mission is simple – act responsibly to the people that matter: our clients, our shareholders and our people. This will be achieved by consistently improving; turning opportunity into reality, turning challenges into solutions, transforming normal to special. Fundamental to this will be continued, focused, strategic investment that increases our people's expertise, our operational footprint and our value to clients. This has been our history and will be our future.

Business Review

The recovery in the world economy throughout 2013 has begun to impact the private aviation sector and, after a number of years in recession, the directors believe that the industry outlook is positive again. There are a number of leading indicators that support this view, from new aircraft orders, stabilisation of second hand aircraft values and charter enquiries. Gama Aviation is well placed to exploit this growth internationally having maintained investment in the Group's infrastructure, even in the face of a challenging market. In particular, Gama Aviation has continued to invest in its quality management systems to ensure our commitment to safety remains absolute. Despite the positive outlook, the directors will continue to monitor and manage costs cautiously.

Since 2010 the Group has been impacted by litigation in the US that has been costly in terms of capital and time. In 2010 to 2013 the Group recorded significant legal costs and provisions charges related to this legal case. The directors are however pleased to report that this litigation was satisfactorily settled in March 2014 as part of a debt financing. Without the distraction of litigation, the Group has faced 2014 in a much stronger position. The litigation settlement meant that the 2013 results show a credit to the income statement of \$2.7m (2012: cost of \$1.6m).

As part of the same debt financing the Group was able to negotiate an early settlement discount on two aircraft loans, allowing the Group to record a loan settlement discount of \$2.3m in 2013 (2012: \$nil). A further loan discount credit will apply in 2014.

A number of the Group's businesses recorded losses in 2013, most of which had been forecast due to the start-up or turnaround nature of their activities. With the current plans in place we are expecting an improvement in most of the businesses during 2014, with the most significant improvement coming from the US. In September 2013 the US business won a significant management support contract which already sees the Group managing twenty new aircraft. This is an important contract for our US business and exemplifies the ability of the Group to react quickly to opportunities and grow infrastructure in a short timescale, without sacrificing our attention to clients. After a number of years of losses, the US is forecast to be profitable for 2014.

Gama Holding FZC
Strategic report (continued)
For the year ended 31 December 2013

Business review (continued)

The key financial performance indicators for the Group are as follows:

	2013	2012
Turnover (US \$'000)	183,444	162,274
Gross Profit (US \$'000)	22,860	18,893
Gross margin (%)	12.5	11.6
Operating loss (US \$'000)	(2,980)	(6,395)
Adjusted Operating profit (US \$'000)	6,425	3,097
EBITDA* (US \$'000)	1,989	(447)
Adjusted EBITDA* (US \$'000)	7,805	4,648
Cash (US \$'000)	6,815	5,806

* *Earnings before interest, tax, depreciation, amortisation and impairment, and share of associate operating profit / loss.*

For reasons previously stated in the business review, 2012 and 2013 remained challenging years for the Group. As a consequence there were a number of material items within the operating profit and EBITDA figures which the directors believe it would be beneficial to set out to aid understanding of the financial performance of the Group. Therefore, adjusted operating profit and EBITDA numbers are presented.

The Group continues to invest heavily in new ventures and regions to expand the geographical coverage, capabilities and business lines that can be offered to the market place. This diversification mitigates some of the risk associated with a change in economic confidence for any single market or geographic region. The Board have adopted this approach as part of a balanced growth strategy and believe these costs to be integral to the long term growth and prosperity of the Group. It is recognised that this investment will have a short term impact on the profitability of the business.

Gama Holding FZC
Strategic report (continued)
For the year ended 31 December 2013

Business review (continued)

Reconciliation of Operating Loss to Adjusted Operating Loss and Adjusted EBITDA

	2013	2012
	\$'000	\$'000
Operating loss	(2,980)	(6,395)
Add back:		
Foreign exchange loss/(gain)	1,298	(431)
Impairment of property, plant and equipment	282	2,801
Impairment of goodwill	1,779	-
Write down of inventory	1,112	-
Loan settlement discount	(2,327)	-
Debt holder litigation provision (write-back)/expense	(2,704)	1,570
Debt holder litigation costs	3,553	1,044
Other non-recurring legal and professional fees	1,395	-
Losses generated by operations the Group intends to exit	2,364	2,228
Losses generated by start-up and turn-around businesses	2,653	2,280
Adjusted operating loss	6,425	3,097
Depreciation of property, plant and equipment	1,428	1,550
Share of associate result	(48)	1
Adjusted EBITDA	7,805	4,648

The management team regularly review a number of non-financial indicators to gather a more rounded view of the Group's performance. These include:

	2013	2012
Total hours flown	15,997	15,642
Total sectors flown	9,906	10,107
Aircraft owned and / or under management	70	58

Gama Holding FZC
Strategic report (continued)
For the year ended 31 December 2013

Principal risks and uncertainties

The directors consider the principal risks to the business are:

- * Poor operational performance damaging the Group's reputation
- * Changes in economic climate that make private air transport less attractive
- * Increasing regulatory burden and costs of compliance

Damage to the Group's reputation

The Group's reputation for safety, reliability and high service standards is essential for maintaining customer loyalty and ensuring premium pricing levels. The Group has systems and monitoring processes in place to ensure that high standards are maintained across all aspects of the Group, including customer-facing crew as well as back-office operational staff. The Group carefully reviews any deviations from these standards and implements changes to prevent recurrence.

Changes in economic climate

The Group offers air transportation services that provide far greater flexibility, discretion and levels of service than is possible with general aviation services. The directors recognise that in a recessionary economic climate there may be pressure on customers to reduce their use of private aviation services. The directors mitigate this risk by regularly reviewing current and anticipated activity levels and reducing the Group's cost base accordingly.

Regulatory burden and costs of compliance

To ensure very high levels of safety, the aviation industry has significant and complex regulation to cover training, engineering, safety and operations. Breaches of regulations are likely to lead to sanctions such as suspension of operations or other restrictions. The directors believe that the regulatory burden is likely to increase over time and have members of staff dedicated to liaising with the various regulatory bodies. In addition, staff are regularly trained and appraised to ensure their understanding and compliance.

Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise:

- * Bank balances;
- * Trade creditors;
- * Trade debtors; and
- * Finance lease agreements.

The main purpose of these instruments is to raise and maintain sufficient funds to finance the Group's operations.

Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group's activities expose it to the financial risks of changes in foreign currency (primarily sterling and euro) and interest rate changes. The Group does not use derivative financial instruments to hedge these risks. The Group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Bank balances

The Group has no formal overdraft facility as the forecasts regularly reviewed by directors do not anticipate short-term funding requirements. General liquidity risk is managed by maintaining weekly cash forecasts to ensure positive cash balances.

Gama Holding FZC
Strategic report (continued)
For the year ended 31 December 2013

Financial instruments (continued)

Trade creditors

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Trade debtors

Trade debtors are managed in respect of credit and cash flow by regular review of aged debtors and our customers' credit rating. Cash flow risk is mitigated by requiring up-front payment for much of the Group's work and short credit terms for all other customers. Provisions are made against any amount for which the recoverability is uncertain.

Finance lease

The Group is a lessee in respect of a number of finance leased assets, mainly aircraft. The company manages the liquidity risk by ensuring there are sufficient funds to meet payments.

Going concern

The directors have performed a detailed analysis of the cash flow projections for the Group as a whole covering the period through to the financial year ended 2015. The refinancing raised in March 2014 requires the company to comply with a range of standard covenants including asset cover ratios and information requirements. The directors are aware of the importance of satisfying these covenants and managing the business to deliver on the business plan over the next 18 months.

Within the forecast the directors have made a number of assumptions of major transactions that generate cash; these primarily include improved performance in our trading businesses, the sale of legacy owned aircraft and the sale and leaseback of aircraft used within the Group. By their nature, the exact timing and value of some of these transactions, particularly the aircraft sales, are not confirmed.

The directors have detailed plans for each element of the business plan as well as contingencies to ensure the Group remains compliant with its covenants and a going concern. Whilst there are uncertainties inherent in the Group's forecasts, the directors are confident that they can be achieved.

The directors are therefore of the opinion that in all reasonably foreseeable circumstances the company will remain a going concern for at least twelve months from the date on which these financial statements have been approved. Accordingly, the going concern basis has been adopted in the preparation of these financial statements.

Post balance sheet events

These are detailed in note 35 of the financial statements.

By the order of the Board



Chief Financial Officer
D Millington

24 July 2014

Gama Holding FZC
Directors' report
For the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Principal activity

The principal activity of the Group during the year was that of the maintenance, management and charter of private and business aircraft.

Charitable and political contributions

During the year the Group made charitable donations of \$14,697 (2012: \$12,613). During the year the Group made no political donations (2012: \$nil).

Employment of disabled persons

The Group gives full consideration to applications for employment from disabled persons where the requirements of the jobs can be adequately fulfilled by a handicapped or disabled person. Where an existing employee becomes disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Policy and practice on the payment of creditors

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2013 were equivalent to 56 days' (2012: 50 days') purchases.

Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and to the date of this report.

Directors

The directors who served the company throughout the period were as follows:

Sir R Robins
M Khalek
S Wright
D Millington
B Jafar
K Souaid
Sh. M A Thani
H Macki (Appointed 19 June 2013)
P Brown (Appointed 19 June 2013)
M Sukkar (Resigned 19 June 2013)

Dividends

The directors have not recommended a dividend (2012 – nil).

Gama Holding FZC
Directors' report (continued)
For the year ended 31 December 2013

Audit Committee

The Group's audit committee is comprised of the following directors:

P Brown (Chairman of the audit committee)
Sir R Robins
H Macki

Auditor

Each of the persons who is a director at the date of the approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

By the order of the Board


Chief Financial Officer

D Millington

24 July 2014

Gama Holding FZC
Directors' responsibilities statement
For the year ended 31 December 2013

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS"). The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with IFRS and relevant statute. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Gama Holding FZC

Independent auditor's report

The Shareholders

Sharjah Airport Free Zone

Sharjah, U.A.

We have audited the accompanying financial statements of Gama Holding FZC (the "Group"), which comprise the consolidated balance sheet as at December 31, 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gama Holding FZC as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Company has maintained proper books of account and the physical inventory was properly conducted. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the provisions of the FZC implementation Procedure under Law No. 2 of 1995, or the Company's Articles of Association which might have materially affected the financial position of the Company or its financial performance.



24 July 2014

Gama Holding FZC
Consolidated income statement
For the year ended 31 December 2013

	Note	Year ended 2013 \$'000	Year ended 2012 \$'000
Continuing operations			
Revenue	5	183,444	162,274
Cost of sales		(160,584)	(143,381)
		22,860	18,893
Gross profit			
Impairment of property, plant and equipment	6	(282)	(2,801)
Impairment of goodwill	11	(1,779)	-
Loan settlement discount	6	2,327	-
Legal litigation release/(provision)	6	2,704	(1,570)
Professional fees regarding litigation defence	6	(3,553)	(1,044)
Other administrative expenses		(25,305)	(19,872)
		(25,888)	(25,287)
Total administrative expenses		(25,888)	(25,287)
Share of results of associates	15	48	(1)
		(2,980)	(6,395)
Operating loss			
Finance costs	9	(1,702)	(1,171)
		(4,682)	(7,566)
Loss before tax			
Taxation credit	10	140	1,155
		(4,542)	(6,411)
Loss for the year			
		(4,542)	(6,411)
Attributable to:			
Owners of the Company		(5,864)	(6,317)
Non-controlling interests		1,322	(94)
		(4,542)	(6,411)
		(4,542)	(6,411)

Gama Holding FZC
Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Year ended 2013 \$'000	Year ended 2012 \$'000
Loss for the year	(4,542)	(6,411)
Exchange differences on translation of foreign operations	354	386
Total comprehensive loss for the year	<u>(4,188)</u>	<u>(6,025)</u>
Attributable to:		
Owners of the Company	(5,510)	(5,931)
Non-controlling interests	1,322	(94)
	<u>(4,188)</u>	<u>(6,025)</u>

Gama Holding FZC
Consolidated balance sheet
As at 31 December 2013

	Note	2013 \$'000	2012 \$'000
Non-current assets			
Property, plant and equipment	13	11,427	21,972
Goodwill	11	2,861	4,530
Other intangible assets	12	4,697	4,093
Investments in associates	15	260	212
Deferred tax asset	19	473	967
		<u>19,718</u>	<u>31,774</u>
Current assets			
Assets held for sale	13	12,862	-
Inventories	16	5,258	4,237
Trade and other receivables	17	37,975	29,069
Cash and cash equivalents		6,815	5,806
		<u>62,910</u>	<u>39,112</u>
Total assets		<u><u>82,628</u></u>	<u><u>70,886</u></u>
Current liabilities			
Trade and other payables	21	(48,589)	(36,477)
Obligations under finance leases	18, 20	(1,456)	(5,517)
Provision for liabilities	30	(616)	-
Borrowings	18	(7,978)	(8,535)
Deferred revenue	33	(12,383)	(3,902)
		<u>(71,022)</u>	<u>(54,431)</u>
Total assets less current liabilities		<u>11,606</u>	<u>16,455</u>
Non-current liabilities			
Borrowings	18	(6,567)	(11,831)
Obligations under finance leases	18, 20	(8,696)	(33)
Provision for Liabilities	30	-	(3,320)
Deferred tax liabilities	19	(954)	(1,593)
Other Long Term liabilities		-	(101)
		<u>(16,217)</u>	<u>(16,878)</u>
Total liabilities		<u><u>(87,239)</u></u>	<u><u>(71,309)</u></u>
Net liabilities		<u><u>(4,611)</u></u>	<u><u>(423)</u></u>

Gama Holding FZC
Consolidated balance sheet (continued)
As at 31 December 2013

	Note	2013 \$'000	2012 \$'000
Equity			
Share capital	22	67	67
Share premium	23	4,498	4,498
Merger reserve	24	15,644	15,644
Accumulated losses	25	(25,742)	(20,232)
		<hr/>	<hr/>
Deficit attributable to owners of the Company		(5,533)	(23)
Non-controlling interest	26	922	(400)
		<hr/>	<hr/>
Total equity		<u>(4,611)</u>	<u>(423)</u>

The financial statements were approved on 24 July 2014 on behalf of the board of directors by:



D Millington
 Director

Gama Holding FZC
Consolidated statement of changes in equity
For the year ended 31 December 2013

	Share Capital \$'000	Share Premium \$'000	Merger reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the Company \$'000	Non- controlling interest \$'000	Total equity/(deficit) \$'000
Balance at 1 January 2012	67	4,498	15,644	(15,639)	4,570	(610)	3,960
Loss for the year	-	-	-	(6,317)	(6,317)	(94)	(6,411)
Foreign exchange	-	-	-	386	386	-	386
Total comprehensive income	-	-	-	(5,931)	(5,931)	(94)	(6,025)
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	(20,232)	(23)	(400)	(423)
Loss for the year	-	-	-	(5,864)	(5,864)	1,322	(4,542)
Foreign exchange	-	-	-	354	354	-	354
Total comprehensive income	67	4,498	15,644	(5,510)	(5,510)	1,322	(4,188)
Balance at 31 December 2013	67	4,498	15,644	(25,742)	(5,533)	922	(4,611)

Gama Holding FZC
Consolidated cash flow statement
For the year ended 31 December 2013

	Note	Year ended 2013 \$'000	Year ended 2012 \$'000
Net cash generated from operating activities	28	7,653	7,628
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		11,825	36
Purchases of property, plant and equipment		(17,116)	(3,124)
Cash acquired with purchase of subsidiary undertaking		-	949
Investment in intangibles		(509)	(305)
Net Cash outflow on acquisition of subsidiary		-	(2,721)
Net cash used by investing activities		(5,800)	(5,165)
Cash flows from financing activities			
Repayments of obligations under finance leases		4,826	(917)
Decrease in borrowings		(5,835)	(1,673)
Net cash used by financing activities		(1,009)	(2,590)
Net increase/(decrease) in cash and cash equivalents		844	(127)
Cash and cash equivalents at beginning of year		5,806	6,404
Effect of foreign exchange rate changes		165	(471)
Cash and cash equivalents at end of year		6,815	5,806
Cash and cash equivalents			
		2013	2012
		\$'000	\$'000
Cash and bank balances		6,815	5,806

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 consolidated financial statements
For the year ended 31 December 2013

1. General information

Gama Holding FZC 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. The nature of the Group's operations and its principal activities are set out in the directors' report.

These financial statements are 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.

The company was incorporated on 16 July 2008 and the trade license was issued on 30 July 2008.

2. Changes in accounting policies

Adoption of new and revised standards

In the current year, 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 these financial statements have been made as a result of adopting new and revised standards and interpretations.

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements 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

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. 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 the financial statements of 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.

Going concern

The directors have performed a detailed analysis of the cash flow projections for the Group as a whole covering the period through to the financial year ended 2015. The refinancing raised in March 2014 requires the company to comply with a range of standard covenants including asset cover ratios and information requirements. The directors are aware of the importance of satisfying these covenants and managing the business to deliver on the business plan over the next 18 months.

Within the forecast the directors have made a number of assumptions of major transactions that generate cash; these primarily include improved performance in our trading businesses, the sale of legacy owned aircraft and the sale and leaseback of aircraft used within the Group. By their nature, the exact timing and value of some of these transactions, particularly the aircraft sales, are not confirmed.

The directors have detailed plans for each element of the business plan as well as contingencies to ensure the Group remains compliant with its covenants and a going concern. Whilst there are uncertainties inherent in the Group's forecasts, the directors are confident that they can be achieved.

The directors are therefore of the opinion that in all reasonably foreseeable circumstances the company will remain a going concern for at least twelve months from the date on which these financial statements have been approved. Accordingly, the going concern basis has been adopted in the preparation of these financial statements.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies (continued)

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.

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 these financial statements 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 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. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

Revenue from the sale of goods 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 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.

Rendering of services

Revenue from a contract to provide services is recognised when there is a right to consideration once the service has been delivered and is recorded at the value of the consideration.

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

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 financial statements, 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 consolidated financial statements.

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 consolidated financial statements, 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.

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 5 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 and without the certificate the operation cannot perform legally and as such amortisation is not charged.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies (continued)

Taxation

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

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 financial statements 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.

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies (continued)

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.

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 uncollectible, 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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

3. Significant accounting policies (continued)

Financial instruments (continued)

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.

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 statements 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 financial statements set out below:

- During the year the Group had a legal dispute with one of its debt holders. The Group settled this dispute in 2014 and has provided for the agreed settlement. See note 30. The outstanding loan principal is shown in note 18.
- 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 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 are in constant communication with all debtors and assess 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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

4. Key accounting estimates and judgements (continued)

- The directors undertake an annual assessment to determine if there is any indicator of impairment of the Group's aircraft. Where there is an indicator of impairment the directors undertake a full impairment review considering both the value in use and the recoverable amount of the aircraft. The value in use of aircraft is determined based on current levels of charter volumes and rates. The value recoverable amount is assessed by reference to the aircraft's market value. The market values of business aircraft have been volatile since 2008 and the low number of transactions for some model types makes valuation difficult in some circumstances. Where there is a lack of recent data the directors have taken a prudent view of valuation based on recent sales of similar aircraft types when assessing recoverable amount.

5. Revenue

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

	Year ended 2013 \$'000	Year ended 2012 \$'000
Continuing operations		
Sales of services	156,682	162,274
Sale of goods	26,762	-
	<u>183,444</u>	<u>162,274</u>

6. Loss for the year

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

	Year ended 2013 \$'000	Year ended 2012 \$'000
Net foreign exchange loss / (gains)	1,298	(431)
Depreciation of property, plant and equipment	2,956	3,146
Impairment of property, plant and equipment ⁽¹⁾	282	2,801
Impairment of Goodwill ⁽²⁾	1,779	-
(Gain) / loss on disposal of property, plant and equipment	(8)	13
Cost of inventories recognised as expense	3,694	6,055
Write downs of inventories recognised as an expense	1,288	39
Staff costs (see note 8)	34,256	30,921
Impairment loss recognised on trade receivables (see note 17)	381	314
Reversal of impairment losses recognised on trade receivables (see note 17)	(1,233)	(444)
Loan settlement discount ⁽³⁾	(2,327)	-
Litigation (release) /provision (see note 30) ⁽⁴⁾	(2,704)	1,570
Professional fees regarding litigation defense ⁽⁴⁾	3,553	1,044
	<u>(10,000)</u>	<u>(10,000)</u>

⁽¹⁾ The directors have observed that as a result of the economic downturn market values for second hand aircraft have 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 undertook a detailed impairment review and determined that an impairment of \$282,000 (2012: \$2,801,000) should be recorded.

⁽²⁾ The directors have conducted an impairment test on Goodwill as described in note 3 to the financial statements and further analysed in note 11.

⁽³⁾ The directors negotiated an early settlement discount with one of its lenders which allowed the company to recognise a loan discount during the year.

⁽⁴⁾ In March 2014 the company settled litigation and wrote back the excess provision charge posted in prior years. See note 30.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

7. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 2013 \$'000	Year ended 2012 \$'000
Audit and audit related services		
Fees payable to the company's auditor for the audit of the Group and company's annual accounts	38	31
Audit of the company's subsidiaries pursuant to legislation	233	209
	<u>271</u>	<u>240</u>

8. Staff costs

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

	Year ended 2013 Number	Year ended 2012 Number
Operations and administration	180	156
Pilots and cabin crew	129	101
Aircraft engineering	126	127
	<u>435</u>	<u>384</u>

Their aggregate remuneration comprised:

	Year ended 2013 \$'000	Year ended 2012 \$'000
Wages and salaries	29,609	25,779
Social security costs	3,746	4,244
Other pension costs (see note 32)	901	898
	<u>34,256</u>	<u>30,921</u>

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

9. Finance costs

	Year ended 2013 \$'000	Year ended 2012 \$'000
Interest on bank overdrafts and loans	239	66
Interest on obligations under finance leases	831	16
Other similar charges payable	632	1,089
	<u>1,702</u>	<u>1,171</u>

10. Taxation credit

	Year ended 2013 \$'000	Year ended 2012 \$'000
Corporation tax:		
Current year charge	2	57
Adjustments in respect of prior years	-	(207)
	<u>2</u>	<u>(150)</u>
Deferred tax (note 19)	(142)	(1,005)
	<u>(140)</u>	<u>(1,155)</u>

The corporation tax rate in Sharjah Airport International Free Zone is 0% (2012 – 0%). *The corporation tax rate in the United Kingdom, which is the jurisdiction in which the majority of the taxable profits arise, is 23% (2012 – 24%).*

The Finance Act 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% 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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

10. Taxation (continued)

The tax charge 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 2013 \$'000	Year ended 2012 \$'000
Loss before tax	(4,682)	(7,566)
	<hr/>	<hr/>
Tax at the corporation tax rate of 23.25 % (2012: 24.5 %)	(1,089)	(1,854)
Effects of:		
Expenses not deductible for tax purposes	498	6
Differences between capital allowances and depreciation	59	284
Origination of tax losses	26	1,321
Effect of tax rates in different jurisdictions	376	303
Other short term timing differences	(10)	-
Origination and reversal of timing differences		(1,008)
Adjustment to tax charge in respect of previous periods	-	(207)
	<hr/>	<hr/>
Tax credit for the year	<u>(140)</u>	<u>(1,155)</u>

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

11. Goodwill

	\$'000
Cost	
At 1 January 2012	3,614
Additions (note 27)	747
Exchange differences	169
	<hr/>
At 1 January 2013	4,530
Exchange differences	110
	<hr/>
At 31 December 2013	4,640
	<hr/>
Accumulated Impairment Losses	
At 1 January 2012 and at 1 January 2013	-
Impairment	1,779
	<hr/>
At 31 December 2013	1,779
	<hr/>
Carrying amount	
At 31 December 2013	2,861
	<hr/> <hr/>
At 31 December 2012	4,530
	<hr/> <hr/>

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

	2013	2012
	\$'000	\$'000
Airops Software Limited	724	710
Gama Engineering Limited	1,273	2,758
Avialogistics Limited	-	265
Gama Aviation Limited/Gama Leasing Limited/Gama Support Services Limited	51	50
Ronaldson Airmotive Limited	813	747
	<hr/>	<hr/>
	2,861	4,530
	<hr/> <hr/>	<hr/> <hr/>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The rate used to discount the forecast cash flows is 11.5% (2012: 12%).

The growth rate used ranged from 5% to 20% and is based on the expected growth for the relevant business.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

12. Other intangible assets

	Commence operations \$'000	Part 145 approvals \$'000	Total \$'000
Cost			
At 1 January 2012	673	-	673
Additions	305	3,107	3,412
Foreign exchange differences	8	-	8
	<hr/>	<hr/>	<hr/>
At 31 December 2012	986	3,107	4,093
Additions	509	-	509
Foreign exchange differences	30	65	95
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,525	3,172	4,697
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2013	1,525	3,172	4,697
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2012	986	3,107	4,093
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The other intangible assets relate to those costs incurred in order to commence operations in the United Arab Emirates and in Switzerland which meet the capitalisation requirements of IAS38. The asset has not been amortised because the directors believe it has an indefinite life.

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

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

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 2012	3,695	42,367	1,102	1,034	48,198
Additions	2,539	12	528	45	3,124
Acquisition	-	-	859	45	904
Disposals	-	-	(230)	(503)	(733)
Exchange differences	138	3	60	7	208
At 1 January 2013	6,372	42,382	2,319	628	51,701
Additions	3,472	13,009	621	14	17,116
Disposals	(5,866)	(11,905)	(27)	(372)	(18,170)
Reclassified as held for sale	-	(35,600)	-	-	(35,600)
Exchange differences	(44)	332	65	2	355
At 31 December 2013	3,934	8,218	2,978	272	15,402
Accumulated depreciation					
At 1 January 2012	830	21,616	670	792	23,908
Charge for the year	291	2,406	343	106	3,146
Acquisition	-	-	464	45	509
Impairment charge (note 6)	-	2,801	-	-	2,801
Eliminated on disposals	-	-	(230)	(478)	(708)
Exchange differences	27	3	38	5	73
At 1 January 2013	1,148	26,826	1,285	470	29,729
Charge for the year	284	2,191	409	72	2,956
Impairment charge (note 6)	-	282	-	-	282
Eliminated on disposals	-	(5,949)	(17)	(371)	(6,337)
Reclassified as held for sale	-	(22,738)	-	-	(22,738)
Exchange differences	26	16	39	2	83
At 31 December 2013	1,458	628	1,716	173	3,975
Carrying amount					
At 31 December 2013	2,476	7,590	1,262	99	11,427
At 31 December 2012	5,224	15,556	1,034	158	21,972

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).

Aircraft with a carrying value of \$12.9m have been reclassified as assets held for sale under IFRS5. It is intended that a number of these aircraft will be sold directly to third parties and others will be financed under a sale and leaseback arrangement. It is expected that these aircraft will all be sold within 12 months.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

14. Subsidiaries

Details of the Company's subsidiaries at 31 December 2012 and 31 December 2013 are as follows:

Name	Place of incorporation and operation	Proportion of voting and ownership interest	Nature of business
Gama Group Ltd	Great Britain	100%	Holding company
Gama Aviation Ltd *	Great Britain	100%	Aviation Management
Gama Aviation FZE	UAE	49%	Aviation Management
Gama Support Services FZE	UAE	49%	Aviation design & engineering
Gama Leasing Ltd *	Great Britain	100%	Aviation Management
Gama Properties Ltd *	Great Britain	100%	Dormant
Gama Support Services Ltd *	Great Britain	100%	Aviation design & engineering
Gama Engineering Ltd *	Great Britain	100%	Aviation design & engineering
Gama Aviation (Engineering) Ltd (formerly Gama Engineering Group Ltd)*	Great Britain	94%	Holding Company
Avialogistics Limited *	Great Britain	100%	Aviation cleaning
Airops Software Ltd *	Great Britain	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 *	Great Britain	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.

Gama Holding FZC holds a 49% 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 financial statements because Gama Holding FZC is able to control the financial and operating policies of these companies.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

15. Associates

	2013 \$'000	2012 \$'000
Total assets	5,033	944
Total liabilities	(4,503)	(511)
Net assets	<u>530</u>	<u>433</u>
Group's share of net assets of associate	<u>260</u>	<u>212</u>
Total revenue	<u>27,819</u>	<u>18,509</u>
Profit / (loss)	<u>97</u>	<u>(1)</u>
Group's share of profit / (loss) of associate	<u>48</u>	<u>(1)</u>
Cumulative Group's share of loss of associate	<u>(73)</u>	<u>(121)</u>

Details of the Group's associate at 31 December 2013 and 31 December 2012 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

	2013 \$'000	2012 \$'000
Raw materials and consumables	3,623	3,503
Work in progress	1,635	734
	<u>5,258</u>	<u>4,237</u>

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

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

17. Other financial assets

Trade and other receivables

	2013	2012
	\$'000	\$'000
Amount receivable for the sale of services	12,998	14,270
Allowance for doubtful debts	(1,844)	(2,714)
	<u>11,154</u>	<u>11,556</u>
Other debtors	3,914	2,990
Prepayments and accrued income	22,907	14,523
	<u>37,975</u>	<u>29,069</u>

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). No interest is charged on overdue receivables (2012 – 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) is due from the Group's largest 5 customers who comprise 17% (2012: 11%) 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 have noted that most of the balance with ageing of more than 361 days past due but not impaired have been settled by the time the financial statements were prepared.

Ageing of past due but not impaired receivables

	2013	2012
	\$'000	\$'000
30-60 days	915	1,748
61-90 days	502	1,111
91-120 days	368	184
121-360 days	732	1,388
361+ days	1,804	1,073
	<u>4,321</u>	<u>5,504</u>
Total	<u>4,321</u>	<u>5,504</u>

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

17. Other financial assets (continued)

Movement in the allowance for doubtful debts

	2013	2012
	\$'000	\$'000
Balance at the beginning of the year	2,714	2,786
Impairment losses recognised in income statement	381	314
Amounts written off as uncollectible	(45)	(27)
Amounts recovered during the year	(1,233)	(444)
Foreign exchange translation gains and losses	27	85
	<u>1,844</u>	<u>2,714</u>
Balance at the end of the year	<u>1,844</u>	<u>2,714</u>

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

	2013	2012
	\$'000	\$'000
30-60 days	71	-
61-90 days	3	-
91-120 days	17	98
121+ days	1,753	2,616
	<u>1,844</u>	<u>2,714</u>
Total	<u>1,844</u>	<u>2,714</u>

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

18. Borrowings

	2013	2012
	\$'000	\$'000
Secured borrowings at amortised cost		
Finance lease liabilities (note 20)	10,152	5,550
Other loans	14,545	20,366
	<u>24,697</u>	<u>25,916</u>
Total borrowings		
Finance lease liabilities	1,456	5,517
Other loans	7,978	8,535
	<u>9,434</u>	<u>14,052</u>
Amount due for settlement within 12 months	9,434	14,052
Finance lease liabilities	8,696	33
Other loans	6,567	11,831
	<u>15,263</u>	<u>11,864</u>

Analysis of borrowings by currency:

	Sterling	US	Total
	\$'000	Dollars	\$'000
		\$'000	
31 December 2013			
Finance lease liabilities	34	10,118	10,152
Other loans	2,478	12,067	14,545
	<u>2,512</u>	<u>22,185</u>	<u>24,697</u>
31 December 2012			
Finance lease liabilities	4	5,546	5,550
Other loans	2,428	17,938	20,366
	<u>2,432</u>	<u>23,484</u>	<u>25,916</u>

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

- (i) Finance lease liabilities are secured by the assets leased. Interest arises at LIBOR + 1.96% (2012: LIBOR +1.962) and the leases expire in 2020.
- (ii) Other loans include:
 - £0.75 million (2012: £0.75 million), which has no fixed repayment term and carries an interest rate of 9.5% per annum (2012 – 9.5%).
 - \$4.1 million (2012: \$9.8 million) secured against aircraft. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

19. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Fixed asset timing differences \$'000	Short term timing differences \$'000	Tax losses \$'000	Total \$'000
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
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2013	1,593	-	(967)	626
Movement in year	(639)	(10)	507	(142)
Exchange differences	-	-	(3)	(3)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	<u>954</u>	<u>(10)</u>	<u>(463)</u>	<u>481</u>

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:

	2013 \$'000	2012 \$'000
Deferred tax liabilities	954	1,593
Deferred tax assets	(473)	(967)
	<hr/>	<hr/>
Net Deferred tax liability	<u>481</u>	<u>626</u>

The Group has not recognised a deferred tax asset of \$10.0 million (2012: \$8.9 million) in respect of tax losses brought forward because the future recoverability of the asset is uncertain. These losses began to expire in 2013.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

20. Obligations under finance leases

	Minimum lease payments	
	2013	2012
	\$'000	\$'000
Amounts payable under finance leases:		
Within one year	1,846	5,654
In the second to fifth years inclusive	7,140	33
After more than 5 years	2,574	-
	<hr/>	<hr/>
	11,560	5,687
Less: future finance charges	(1,408)	(137)
	<hr/>	<hr/>
Present value of lease obligations	10,152	5,550
	<hr/> <hr/>	<hr/> <hr/>
	Present value of	
	minimum lease payments	
	2013	2012
	\$'000	\$'000
Amounts payable under finance leases:		
Within one year	1,456	5,517
In the second to fifth years inclusive	6,184	33
After more than 5 years	2,512	-
	<hr/>	<hr/>
Present value of lease obligations	10,152	5,550
	<hr/> <hr/>	<hr/> <hr/>

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

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

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

	2013	2012
	\$'000	\$'000
Trade creditors and accruals	48,589	36,429
Current Tax liabilities	-	48
	<hr/>	<hr/>
	48,589	36,477
	<hr/> <hr/>	<hr/> <hr/>

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: 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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

22. Share capital

	Number	AED '000	\$'000
Authorised, issued and fully paid:			
At 1 January 2012, 31 December 2012 and 31 December 2013	<u>2,472</u>	<u>247</u>	<u>67</u>

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 1 January 2012, 31 December 2012 and 31 December 2013	<u>4,498</u>

24. Merger reserve

	Merger reserve \$'000
Balance at 1 January 2012, 31 December 2012, and 31 December 2013	<u>15,644</u>

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 2012	(15,639)
Total comprehensive loss attributable to the owners of the Company	(5,931)
Premium on sale of shares in a subsidiary to a minority interest	<u>1,338</u>
Loss at 31 December 2012	(20,232)
Total comprehensive income attributable to the owners of the Company	<u>(5,510)</u>
Balance at 31 December 2013	<u>(25,742)</u>

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

26. Non-controlling interest

	\$'000
Balance at 1 January 2012	(610)
Total comprehensive loss attributable to minority interests	(94)
Minority interest net assets on acquisition	304
	<hr/>
Balance at 31 December 2012	(400)
Total comprehensive loss attributable to minority interests	1,322
	<hr/>
Balance at 31 December 2013	922
	<hr/> <hr/>

27. Acquisitions

Acquisition of Ronaldson Airmotive Limited in 2012

On the 28th March 2012, 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% shareholding of Gama Engineering Group Ltd, the immediate parent company of Gama Support Services Limited, Gama Engineering Limited and Ronaldson Airmotive Limited.

Net assets acquired	Book value	Fair value adjustment	Fair value and book value
	\$'000	\$'000	\$'000
<i>Net assets acquired</i>	1,219	2,457	3,673
<i>Goodwill</i>			747
<i>Satisfied by:</i>			<hr/>
<i>Fair value of consideration paid</i>			4,420
			<hr/> <hr/>

The composition of the consideration included a cash payment on the date of acquisition, deferred consideration payable over two years contingent on continued employment and 6% of the shares in Gama Engineering Group Limited.

Ronaldson Airmotive Limited recorded a turnover of £720,000 and a profit before tax of £498,000 for the period from 1 January 2012 to 28 March 2012. For the year ended 31 December 2011, Ronaldson Airmotive Limited recorded a turnover of £1,462,000 and a profit before tax of £213,000.

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

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

28. Net cash generated from operating activities

	2013	2012
	\$'000	\$'000
Loss for the year	(4,542)	(6,411)
Adjustments for:		
Finance costs	1,702	1,171
Income tax recognised	(140)	(931)
Depreciation of property, plant and equipment	2,956	3,146
Impairment of goodwill	1,779	-
Impairment of property, plant and equipment	282	2,801
Loss / (gain) on disposal of property, plant and equipment	6	(13)
Unrealised foreign exchange movements	318	224
Share of loss of associates	(48)	1
	<hr/>	<hr/>
Operating cash inflow/(outflow) before movements in working capital	2,313	(12)
(Increase)/decrease in inventories	(1,139)	1,740
(Increase)/decrease in receivables	(10,749)	7,143
Increase/(decrease) in payables	13,303	(2,423)
Increase in deferred revenue	8,481	680
(Decrease)/increase in provisions	(2,704)	1,570
(Decrease)/increase in other long term creditors	(101)	101
	<hr/>	<hr/>
Cash generated by operations	9,404	8,799
Taxes Paid	(49)	-
Interest paid	(1,702)	(1,171)
	<hr/>	<hr/>
Net cash generated from operating activities	<u>7,653</u>	<u>7,628</u>

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 crystallise as a result of this composite company multilateral guarantee.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

30. Provisions for Liabilities

	2013	2012
	\$'000	\$'000
Litigation provision		
Provision brought forward	3,320	1,750
(Released)/charged to income statement (note 6)	(2,704)	1,570
	<u>616</u>	<u>3,320</u>

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

	2013	2012
	\$'000	\$'000
Lease payments under operating leases recognised as an expense in the year	<u>4,375</u>	<u>3,177</u>

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:

	2013	2012
	\$'000	\$'000
Within one year	1,484	2,303
In the second to fifth years inclusive	8,681	1,489
After five years	5,520	364
	<u>15,685</u>	<u>4,156</u>

Operating lease payments represent rentals payable by the Group for leasing of aircraft. Leases are negotiated for an average term of 5 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) 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: \$nil) due in respect of the current reporting period had not been paid over to the schemes.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

33. Deferred revenue

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

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					
Long term provision	-	-	(616)	(616)	(616)
Trade and other payables	-	-	(48,589)	(48,589)	(48,589)
Obligations under finance leases	-	-	(10,152)	(10,152)	(10,152)
Borrowings	-	-	(14,545)	(14,545)	(14,545)
Net financial assets/(liabilities)	6,815	15,068	(73,902)	(52,019)	(52,019)

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	-	-	(36,477)	(36,477)	(36,477)
Obligations under finance leases	-	-	(5,550)	(5,550)	(5,550)
Borrowings	-	-	(20,366)	(20,366)	(20,366)
Other Long term liability	-	-	(101)	(101)	(101)
Net financial assets/(liabilities)	5,806	14,546	(65,814)	(45,462)	(45,462)

The fair value of the all financial instruments approximates their book values.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

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 Group's overall strategy remains unchanged from 2012.

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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Sterling	16,730	17,075	31,363	19,616
Euro	888	1,186	2,276	2,973
Swiss Franc	1,973	1,983	1,563	1,556

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

34. Financial instruments (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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(Loss)/profit	(1,463)	(254)	(138)	(179)	41	43

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:

- profit for the year ended 31 December 2013 would decrease by \$206,000 (2012: \$258,000). 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).

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.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

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. On-going 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 statements 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 these risks are 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. Further details are provided in the Strategic Report,

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	2 -5 years	After more than 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000
31 December 2013					
Long term provision	n/a	-	616	-	616
Trade & other payables	n/a	49,401	-	-	49,401
Finance lease creditors	6.3%	1,456	6,184	2,512	10,152
Loans	5.0%	7,978	6,567	-	14,545
31 December 2012					
Long term provision	n/a	-	3,320	-	3,320
Trade & other payables	n/a	36,477	-	-	36,477
Finance lease creditors	13.4%	5,517	33	-	5,550
Loans	1.3%	8,535	11,831	-	20,366

The directors consider that the carrying amounts of financial liabilities recorded in the financial statements approximate their fair values.

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

35. Events after the balance sheet date

After the balance sheet date 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 credit the excess of the amount 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 profit and loss account for that year. The loan on the other was settled in March 2014 and the discount will be recognised in that year.

Finally, 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.

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 associates 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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Zulu X-Ray Services Limited	-	-	566	572
Gama Charters Inc.	619	630	824	1,177
Crescent Investment LLC	3,199	3,199	189	143
MOD SPV	-	-	368	378
Caskie	3,368	-	489	-
Saudi Bin Laddin	4,674	-	-	-
Quanon Capital	2,217	8,260	461	287

The following amounts were outstanding at the balance sheet date:

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

Gama Holding FZC
Notes to the consolidated financial statements
For the year ended 31 December 2013

36. Related party transactions (continued)

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

The Group controls 25% of the voting rights of Gama Charters Inc, a company registered in the USA, indirectly through Operator Holdings Inc.

Crescent Investment LLC is an investor in Growthgate Capital, a shareholder of the company.

The MOD SPV (Oneti Ltd) 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*.

	2013	2012
	\$'000	\$'000
Short-term employee benefits	815	770
Post-employment benefits	105	100
	<u>920</u>	<u>870</u>

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 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 U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

	2013	2012
	\$'000	\$'000
At 1 January	164	80
Amounts charged for the year	-	84
	<u>164</u>	<u>164</u>