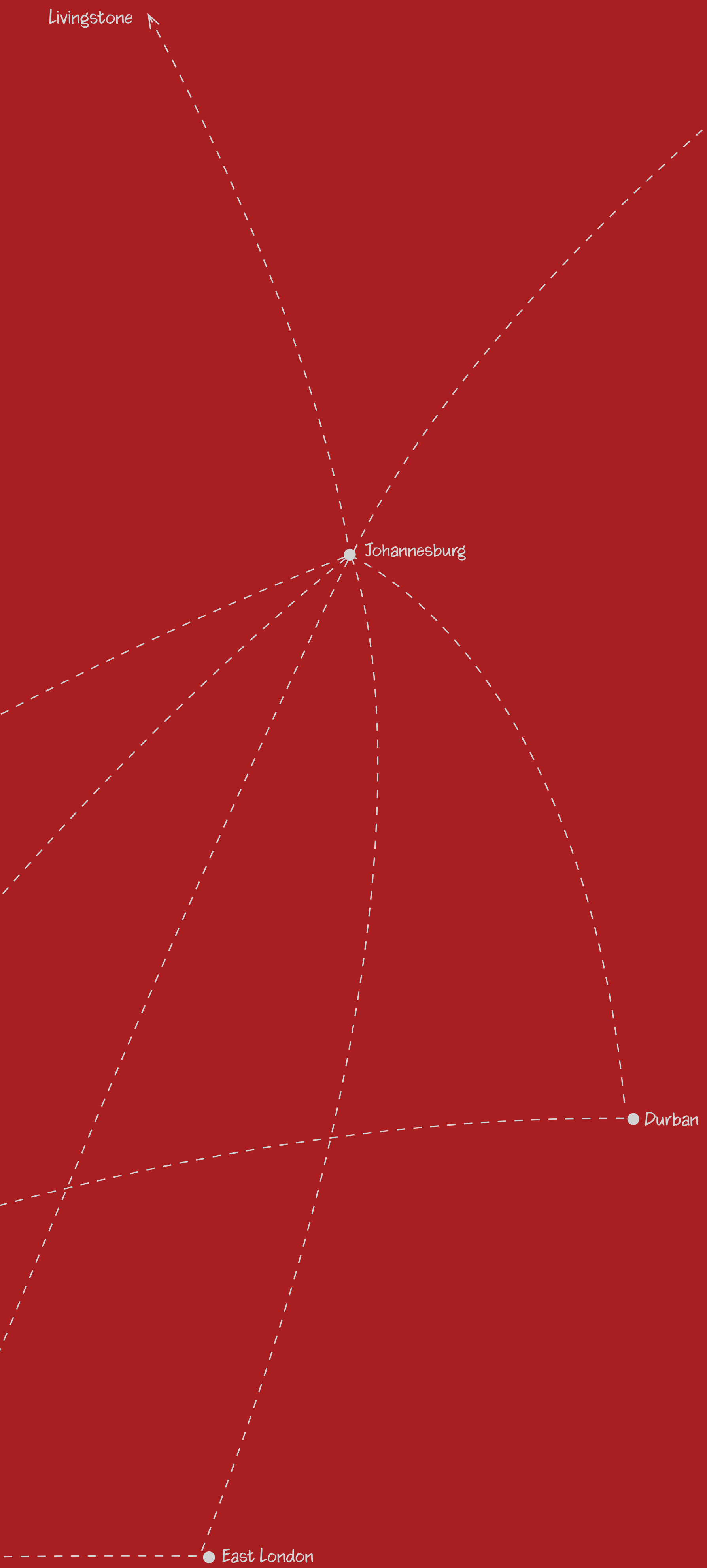

1time holdings Ltd

1time holdings Limited *Annual Report*

2009

CONTENTS

HIGHLIGHTS

HEADLINE EARNINGS	R82,6 million
REVENUE	R1,25 billion
HEADLINE EPS	39,35 cents
REVENUE GROWTH	19%
PASSENGER GROWTH	12%

DIRECTORATE

Sipho Twala (52)
Chairman
BCom, HDip CO

Glenn Orsmond (47)
Group CEO
BCom, CA(SA)

Tania Matsinhe (33)
Independent Non-executive Director
BA, MBA, MEcon

Rodney James (49)
CEO 1time airline

Myles Sinclair (49)
Alternate
Non-executive Director
BCom, CA(SA)

Grant Wishart (47)
Non-executive Director
BSc Engineering

Michael Kaminski (38)
Group IT Director
BCom, MCSE

Michael Snyman (28)
Group Financial Director
BCom (Hons), CA(SA)

SIX-YEAR REVIEW

Figures in Rand '000	Actual 2009	Actual 2008	Actual 2007	Actual 2006	Actual 2005	Actual 2004
GROUP INCOME STATEMENT						
Revenue	**1 251 061**	1 049 554	674 606	496 221	373 690	182 113
Operating costs	**(1 157 678)**	(1 046 570)	(636 583)	(460 862)	(386 298)	(181 686)
Operating profit	**93 383**	2 984	38 023	35 359	(12 608)	427
Net finance cost/revenue	**(28 261)**	(14 116)	(2 432)	(2 630)	(179)	1
Net profit/(loss) before tax	**65 122**	(11 132)	35 591	32 729	(12 787)	428
Taxation	**(19 030)**	1 270	(7 013)	(8 257)	1 555	241
Net profit/(loss) after tax	**46 092**	(9 862)	28 578	24 472	(11 232)	669
Headline earnings adjustments	**36 542**	10 837	1 407	(5 247)	(1 711)	4 938
Headline earnings	**82 634**	975	29 985	19 225	(12 943)	5 607
GROUP BALANCE SHEET						
Aircraft assets	**353 684**	340 614	222 117	84 772	42 625	14 429
Other fixed assets	**105 869**	20 380	15 373	12 115	12 907	7 427
Current assets	**210 210**	127 873	96 113	69 189	34 650	41 086
	669 763	488 867	333 603	166 076	90 182	62 942
Shareholder funds	**165 922**	144 620	104 906	38 159	2 772	9 487
Non-current liabilities	**160 497**	124 751	49 109	35 521	22 727	20 854
Current liabilities	**343 344**	219 496	179 588	92 396	64 683	32 601
	669 763	488 867	333 603	166 076	90 182	62 942
SALIENT FEATURES						
Operating margin %	**7,5**	0,2	5,6	7,1	(3,4)	0,2
Earnings per share	**19,5**	(4,7)	14,9	13,6	(6,2)	0,4
Headline earnings per share	**39,4**	0,5	15,7	10,7	(7,2)	3,1
Weighted average No of shares	**210 000 000**	210 000 000	191 260 274	180 000 000	180 000 000	180 000 000
Available seats	**2 208 000**	1 960 000	1 650 000	1 252 000	1 067 000	451 000
Passengers	**1 800 000**	1 605 000	1 365 000	1 020 000	877 000	386 000
Load factor	**82**	82	83	81	82	86
Sectors flown	**14 719**	13 541	11 720	9 305	8 691	4 075
Average fuel price per litre	**4,1**	6,9	4,2	3,8	3,1	2,3
Cash	**50 329**	6 534	25 890	33 588	20 285	13 318
Depreciation	**43 167**	27 667	13 220	8 065	4 674	2 090


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ZS-PYM


ZS-OBK

CHAIRMAN AND CEO'S REPORT

The maintenance business is well positioned to become the premier aircraft maintenance provider in Africa.

PERFORMANCE REVIEW

We are pleased to announce excellent financial results for the 1time holdings group for the year ended 31 December 2009. The Group achieved R82,6 million attributable headline earnings compared to the R1 million headline earnings for 2008.

Group revenue increased by 19% from R1,049 million last year to R1,251 million despite the generally difficult economic conditions and tough trading environment. The revenue growth was underpinned by a 12% increase in passenger volumes and increased revenue generated from the recently acquired maintenance facility Safair Technical.

The strengthening of the Rand against the US Dollar translated to a R16,6 million foreign exchange gain on the write-down of foreign debt but also resulted in a currency based aircraft valuation impairment of R50,5 million.

The net current liability position is largely due to an increase in forward ticket sales and the policy of replacing all off balance sheet aircraft operating leases with on-balance sheet financing.

Cash generated from operations for the year was exceptionally strong at R232,8 million compared to R58,9 million for 2008. The cash generated has been utilised to acquire additional aircraft and to reduce debt.

The full assessed tax loss from prior years has been substantially utilised in the current year due to strong earnings.

AIRLINE MARKET ENVIRONMENT

1time airline performed well growing revenue to R1,040 million on marginally lower yields and a 12% passenger increase. The passenger growth was achieved despite the overall domestic travel market declining by an estimated 7% for the year, leading to further market share gains for the airline.

The improved margins have been underpinned by the average 40% decrease in Rand jet fuel prices for the year and a successful campaign to entice corporate travelers away from the higher priced legacy airlines.

The airline operates a fleet of 12 standard stage III MD80 type aircraft operating over 1 200 flights a month to

CHAIRMAN AND CEO'S REPORT (continued)

10 destinations. Our planned African expansion has continued with Zanzibar and Livingstone routes performing well and services to Maputo are planned to commence in the second quarter of this financial year.

The airline positions itself around the "more nice, less price" slogan which consistently offers customers the best service at the best price.

Ancillary revenue is generated through on board meal vouchers, catering, sms notification of flights, premier lounges, vehicle and hotel rentals and baggage insurance.

Flight safety remains a primary focus point and the airline has achieved an excellent safety record to date as required by the South African Civil Aviation Authority.

SAFAIR TECHNICAL

Following the acquisition of 72% of Safair Technical by 1time holdings, Aeronexus Technical was merged into Safair Technical effective April 2009.

Aircraft maintenance revenue has increased from R191 million last year to a combined R334 million for the year ended 31 December 2009. Operating margins have been under pressure due to initial merger costs and operating inefficiencies. These matters are now being addressed with recent management changes.

The maintenance business is well positioned to become the premier aircraft maintenance provider in Africa, it has:

- over 700 qualified and well trained staff and mechanics;
- a seven-bay hangar facility based at OR Tambo International Airport;
- all the necessary AMO approvals including the American FAA, European EESA and the South African CAA;
- pricing advantage over European competitors due to local facility and low labour costs; and
- 1time airline, Aergo and Safair Operations as major customers.

1TIME CHARTERS

In order to avoid a duplication of overheads, the Group has, with effect from January 2010, run its charter service as a division within 1time airline rather than through its subsidiary Aeronexus Corporate (Proprietary) Limited.

Subsequent to year-end Aeronexus Corporate (Proprietary) Limited was sold for R1,65 million, which represents a profit to its net asset value. All aircraft assets and MD80 FIFA World Cup charter contracts were transferred from Aeronexus Corporate to 1time airline.

1time charters have performed below expectation largely due to 1time airline utilising charter aircraft capacity for its growth.

1TIME HOLIDAYS

Although online booking of holiday packages is relatively new in South Africa. 1time Holidays has achieved steady growth with further growth expected in 2010 by selling 1time as well as other destinations.

INFORMATION TECHNOLOGY

Information Technology has been one of the cornerstones of 1time airline since its inception six years ago. The airline has enjoyed excellent growth in revenue and passenger numbers over this period and consequently internet traffic and system load has increased dramatically. 1time has always prided itself on website speed, functionality and ease of website use for our passengers. Significant enhancements will be made to the system during 2010 which will increase capacity, functionality and improve the passenger experience.

1time has invested into online and passenger self-service check in. Passengers can currently use the self-service kiosks at OR Tambo International Airport. This service will be expanded to Cape Town, Durban and Port Elizabeth in the next few months.

DIVIDEND POLICY

In line with the Group's strategy to reinvest in the Group to sustain growth, no dividend has been declared. The dividend policy of the Group will be reviewed annually in light of the Group's cash flow, gearing and capital requirements.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act.

CHAIRMAN AND CEO'S REPORT (continued)

We expect further revenue growth on expanded capacity and higher passenger volumes for 2010.

PROSPECTS

For the airline we expect further revenue growth on expanded capacity and higher passenger volumes for 2010. There is uncertainty as to what impact the FIFA World Cup will have on earnings for the year. Margins in the airline will be largely dependent on the average Rand fuel price achieved for 2010. Hedging is, however, considered and assessed on an ongoing basis.

For the aircraft maintenance business we expect further revenue growth and improved margins.

APPRECIATION

We thank our loyal staff for their commitment and also thank our business partners, advisors, passengers, and most importantly our shareholders, for their ongoing support and faith in the Group.

By order of the Board

Sipho Twala
Chairman

Glenn Orsmond
Chief Executive Officer

23 March 2010


OBK

CORPORATE GOVERNANCE

1time holdings is a company that listed its securities on the Alternative Exchange ("Alt^X") of the JSE Limited ("JSE") on 14 August 2007 and is a public company incorporated in South Africa under the provisions of the Companies Act of 1973, as amended ("the Companies Act").

The Board of Directors ("the Board") subscribes to and supports the principles established in the Code of Corporate Practices and Conduct as set out in the King II Report on Corporate Governance in South Africa ("the King II Report") and the Listings Requirements of the JSE.

The company is committed to effective corporate governance and continuously strives to ensure that the interests of stakeholders are protected through fair and understandable disclosure. In all its dealings the highest ethical standards and principles of integrity, accountability, transparency and responsibility are applied as advocated in King II and the JSE Listings Requirements.

Where it is not possible or is impractical for the Group to comply with King II, the instances are referred to in this report and mention is made of the alternative procedures which the Board has agreed to implement.

BOARD OF DIRECTORS

The Board

The Board is accountable and responsible for the performance of the Group. 1time holdings has a unitary Board structure with several subcommittees of the Board.

The Board is considered appropriately skilled and experienced to meet its responsibilities and perform the functions required by a board. The Board provides strategic direction for the Group, identifies key risk areas, reviews financial performance, approves major capital expenditure, approves the annual budget and approves the Group's annual financial statements.

Board composition

The Board comprises four executive directors and three non-executive directors with two of the three non-executive directors being independent. The Chairman is an independent non-executive director.

The non-executive directors provide the Board with independent judgement based on their significant range of skills and commercial experience.

The Board has adopted a transparent policy on the procedures for the appointment of directors. Directors are invited to assist with the identification and nomination of potential candidates.

New directors are invited to meet the board and its members to discuss the Group's strategy as well as outlining the duties and responsibilities of directors. Presentations covering director responsibilities and fiduciary duties are also arranged from time to time.

Rotation

In accordance with the company's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition all directors are subject to re-election by shareholders at the first annual general meeting following their initial appointment. A brief curriculum vitae of each director is set out on page 64.

Chairman and Group Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate. The daily management of the Group's affairs is the responsibility of the Chief Executive Officer, who co-ordinates the implementation of Board policy through the Group subsidiary Board of Directors.

Directors' interests

A declaration of interests is submitted by all directors annually in order to determine any conflict of interests and any interest in contracts. Should there be any conflict of interest, or interest in contracts the Board will debate them and approve or disapprove them depending on the nature and effect thereof.

Meetings

The Board meets for a minimum of four scheduled Board meetings a year as well as special Board meetings should the need arise. Information is distributed in a timely manner prior to Board meetings, to facilitate adequate preparation for relevant deliberation at those meetings. The number of Board meetings attended by each of the directors of the company during the year was as follows:

	Possible	Attended
Gavin Harrison	5	4
Glenn Orsmond	5	5
Grant Wishart *	2	1
Michael Kaminski	5	5
Michael Snyman	5	5
Rodney James	5	5
Sipho Twala	5	5
Sven Petersen	5	4
Tania Matsinhe	5	4

** Appointed 8 July 2009*

The Board meetings are also attended by representatives from exchange sponsors, the company's designated advisor in accordance with the JSE Listings Requirements.

CORPORATE GOVERNANCE (continued)

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises three non-executive directors two of which are independent. The Audit Committee meets at least twice a year. The external auditors and designated advisors have unrestricted access to attend the committee meetings. The Group Financial Director, Group CEO and Executive Managers of Finance for all subsidiaries attend the meetings by invitation.

As required by the JSE, the company has appointed a Group Financial Director. The position is currently held by Michael Snyman a CA(SA) and is deemed competent by the audit committee.

An internal audit position has been approved.This position will be filled once a suitable candidate is found.

The committees updated audit charter was ratified by the Board during the course of the financial year and is continuously being updated for appropriate changes in legislation and requirements.

The committee functions include:

- approve the audit plan;
- recommend external auditor appointment;
- review and recommend approval of the annual budget;
- review and recommend approval of annual financial statements;
- review external auditor reports to management;
- review internal controls; and
- identify and assess management of key risks in the business.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive directors two of whom are independent and the Group CEO is invited to attend if necessary. The purpose of the committee is to endeavour to ensure that the Group's executive directors are fairly rewarded for their individual contribution to the Group's performance. The committee meets once a year to review and recommend remuneration for executive directors, review and recommend increases and bonuses for the Group and to review progress made on the Group employment equity programme.

EXTERNAL AUDIT

The Group external auditors provide an independent assessment of the Group's internal control systems and an independent opinion on the annual financial statements. The external auditors attend the Audit and Risk Committee meetings and have direct access to the chairman of the Audit Committee. The external audit function offers reasonable, but not absolute assurance, on the accuracy of financial disclosure.

EMPLOYMENT EQUITY

The Employment Equity Act imposes obligations, inter alia, on all companies to meet certain employment quotas with regard to the various employee groupings which are designated by the Act.

The Group acknowledges the importance of its employees and their loyalty and effectiveness to the Group's ultimate success. The Group acknowledges the limitations which have prevented previously disadvantaged groups from realising their full potential. The Group has a formalised employment equity plan approved by the Department of Labour and hence appointments and promotions of suitably qualified members of these groups are committed to by the Group.

INTERNAL CONTROLS

The Board of Directors is responsible for the Group's systems of internal control. To fulfil its responsibilities, management maintains accounting records and continues to maintain appropriate systems of internal controls.

The internal controls and systems are designed to:

- provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements;
- to safeguard, verify and maintain accountability of its assets; and
- to detect and minimise fraud, potential liability, loss and material misstatements while complying with the applicable laws and regulations.

Such controls are established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

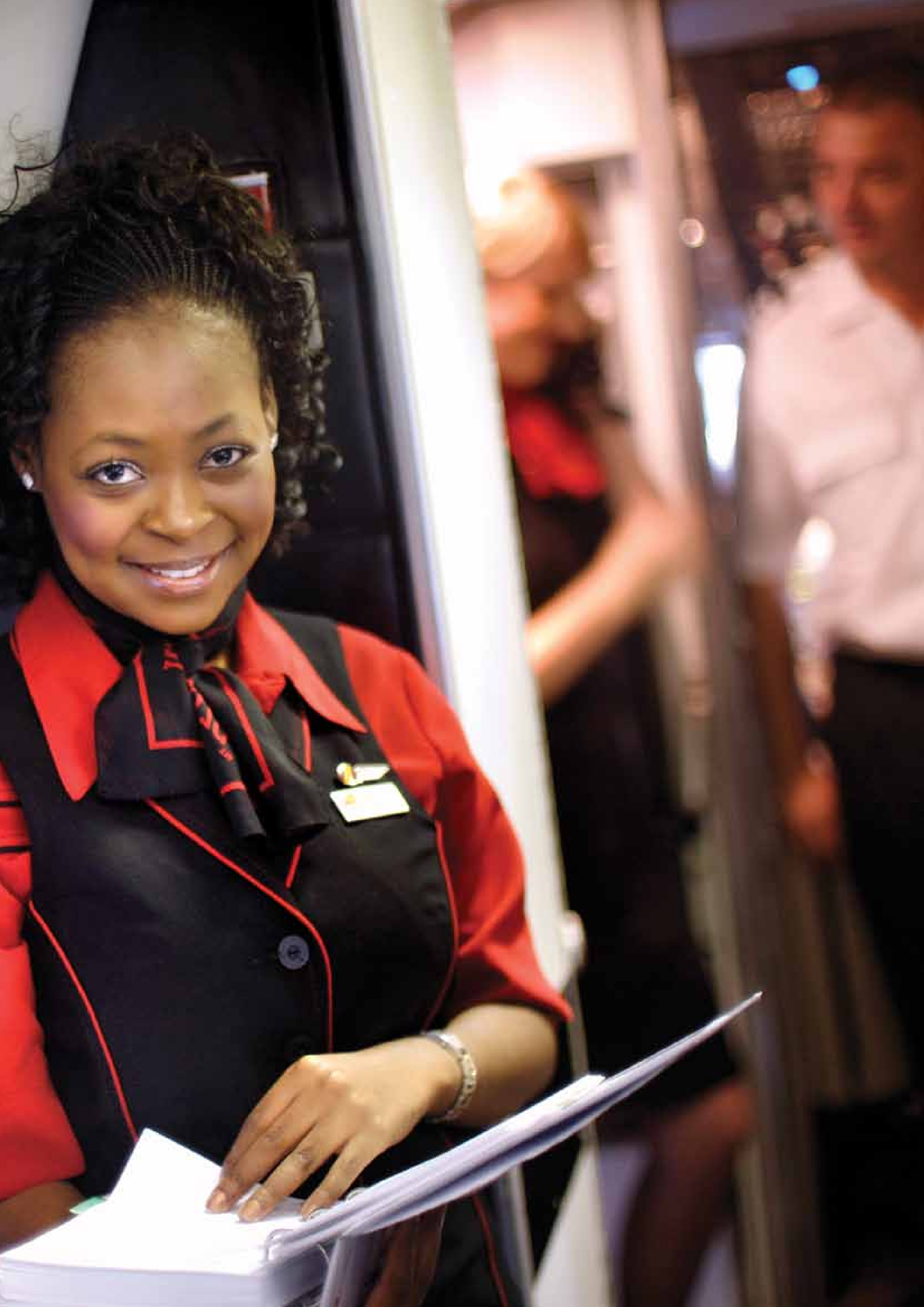
The company's external auditors consider the internal control systems of the company as part of their audit and advise of deficiencies when identified. Any items identified are addressed promptly.

GOING CONCERN

The annual financial statements set out on pages 18 to 59 have been prepared on the going-concern basis since the directors have every reason to believe that the company and Group have adequate resources in place to continue to operate for the foreseeable future. For this reason the directors continue to adopt the going-concern basis in preparing the annual financial statements.

GROUP SECRETARY

The Company Secretary provides individual directors and the Board as a whole with detailed guidance on properly discharging their responsibilities and duties in the best interest of the company. The Board has empowered the



CORPORATE GOVERNANCE (continued)

Company Secretary with the responsibility of advising the Board, through the Chairman, on all corporate governance matters. Accordingly the company secretary is the central source of advice to the Board and the company on matters of ethics and good corporate governance. The Company Secretary ensures, in consultation with the Chairman, that the contents of the agenda are relevant to Board decision-making and the outcome of the Board deliberations is communicated throughout the Group.

The Company Secretary is qualified to perform his duties in accordance with applicable legislation and is considered by the Board to be fit and proper for the post.

INSIDER TRADING

Directors, employees, consultants, agents, associates and all relevant parties who obtain inside information in respect of the Group are advised of closed periods and prohibited in dealing directly or indirectly in the Company's securities.

The Board has stipulated the periods during which the above-mentioned parties may not deal directly or indirectly in 1time's shares. These periods are from 1 June to the publication of interim results and 1 December until the publication of year-end results, or under any period under cautionary.

Share dealings by any of the company's directors require prior approval by the Chairman and the Group Financial Director.

CODE OF CONDUCT

The Board, managers and employees are subject to a code of conduct which forms the basis of the ethics and behaviour expected when dealing with all stakeholders of the Group.

CORPORATE SUSTAINABILITY

Employees

The Group strives to be an employer of choice. Efforts are under way to ensure that each employee knows what his/her unique contribution is an in addition where an environment is created where the employees can develop to their full potential.

Labour and management relations

1time holding's observes organisational rights of its unions. The union recognized by 1time holdings is Solidarity. Employees have the right to belong to collective bargaining associations which are recognised according to clearly defined criteria. A healthy relationship exists between employees, unions and management and consultations are held on a regular basis and the input from all stakeholders are sought in the drive to create a healthy organisation.

Health and safety

1time focused on the roll out of its health and safety policy on all levels within the organisation during the year under review, to ensure a safe and healthy work environment for all of its staff members.

The Group has developed and implemented a strategy pertaining to the legal compliance, implementation and rollout of the policy in the organisation. Continuous risk assessments ensure ongoing compliance with the Occupational Health and Safety Act.

The Group pays close attention to the HIV/Aids pandemic which is a threat to South Africa and acknowledges its responsibility to educate employees and encourage them to know their status.

Socio-economic responsibility

The Group acknowledges its social responsibility to the communities in which it operates. The programmes during the year range from raising awareness for cancer patients through CHOC and Reach for a Dream as well as various sponsorships for child welfare.

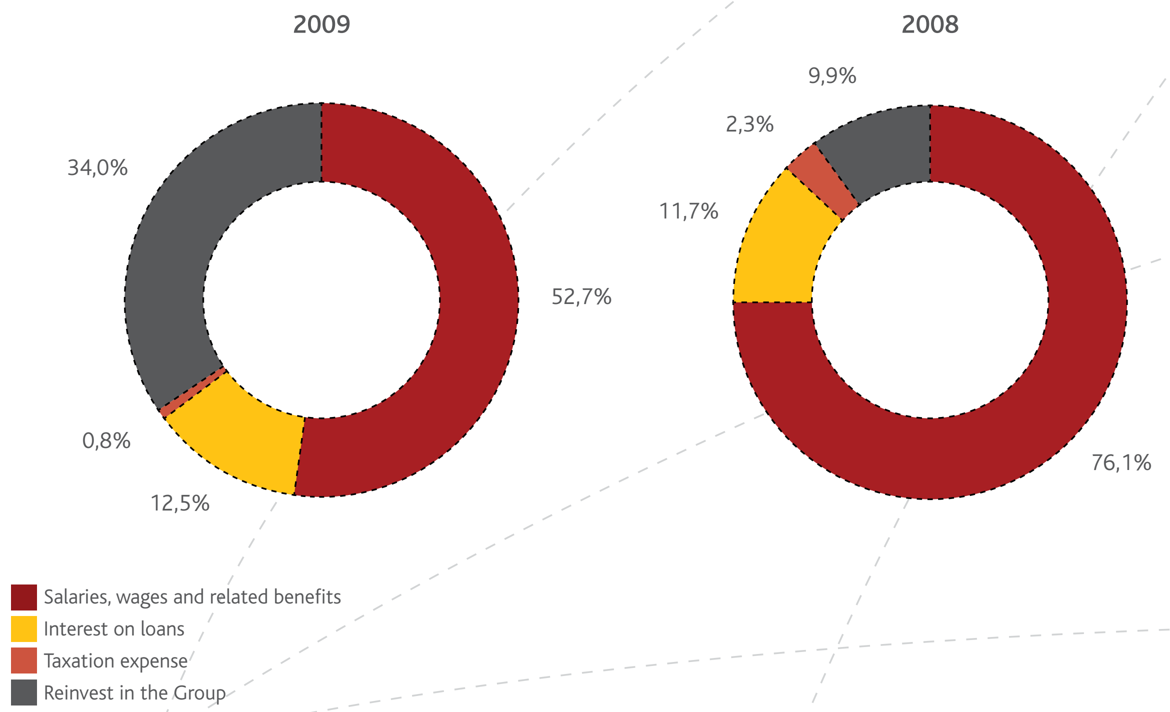
1time airline responded to the 94.7 Highveld Stereo Christmas wish list, which appealed to the community to assist a paraplegic child in realising his dream of going to Cape Town and visiting the ocean for the first time. 1time together with its partners managed to make that dream come true by flying him and his family down and provided accommodation and car hire for a well deserved vacation.

Sustainability

The Group has undergone its first carbon footprint audit and has identified areas where it is possible to reduce its footprint and possibly become carbon neutral. Part of that process has been to sell the DC9 type aircraft which omitted high carbons and replace them with more fuel efficient stage III MD80 type aircraft. The airline is currently also in the process of implementing a programme where its passengers, while booking, can elect to neutralise the carbon footprint of the flight which they booked.

GROUP VALUE ADDED STATEMENT

Figures in Rand '000	2009	%	2008	%
WEALTH CREATED				
Group revenue	1 251 061		1 049 554	
Cost of materials and services	(992 673)		(876 401)	
Value added	258 388		173 153	
Interest income	4 722		7 064	
Total value added	263 110		180 217	
WEALTH DISTRIBUTED				
Employees				
Salaries, wages and related benefits	138 747	52,7	137 067	76,1
Providers of capital				
Interest on loans	32 984	12,5	21 179	11,7
Government				
Taxation expense	2 120	0,8	4 166	2,3
Reinvest in the group	89 259	34,0	17 805	9,9
Depreciation	43 167		27 667	
Retained income	46 092		(9 862)	
	263 110	100	180 217	100



FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 19.

The annual financial statements set out on pages 18 to 59, which have been prepared on the going-concern basis, were approved by the Board on 23 March 2010 and were signed on its behalf by:

Sipho Twala
Chairman

Glenn Orsmond
Chief Executive Officer

STATEMENT OF COMPANY SECRETARY

I Michael Snyman, the company Secretary of 1time holdings Limited, certify that all returns required of a public company have, in respect of the financial year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

Michael Snyman
Company Secretary
23 March 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF 1TIME HOLDINGS LIMITED

We have audited the Group and company annual financial statements of 1time holdings Limited which comprise the Group and company statement of financial position as at 31 December 2009, and the Group and company income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 20 to 59.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual 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 annual financial statements present fairly, in all material respects, the Group and company financial position of 1time holdings Limited as at 31 December 2009, and its Group and company financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

SAB&T

SAB & T Incorporated

Registered Auditors

Per: Aneel Darmalingam
Centurion

23 March 2010

DIRECTORS' REPORT

NATURE OF BUSINESS

1time holdings Limited is the holding company of an aviation-focused group with three operating business segments: a low-fare airline, an aircraft maintenance business and an air charter business.

The airline has positioned itself around the "More Nice. Less Price." slogan which offers its passengers the lowest prices and the best service. It is currently operating on eight domestic and two regional routes.

The maintenance facility currently holds the European (EASA), American (FAA) and South African (CAA) maintenance licences and provides quality maintenance on narrow body jet aircraft for various customers around the globe.

Net profit of the Group was R46 092 080 (2008: loss R9 861 690), and headline earnings of the Group was R82 634 226 (2008: R975 795).

GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SUBSEQUENT EVENTS

Shareholders are referred to the SENS announcement dated 27 January 2010 where it was announced that Aeronexus Corporate (Proprietary) Limited was sold for R1,65 million, which represents a profit to its net asset value. All aircraft assets and MD80 FIFA World Cup charter contracts were transferred from Aeronexus Corporate (Proprietary) Limited to 1time airline (Proprietary) Limited.

AUTHORISED AND ISSUED SHARE CAPITAL

The issued share capital of Safair Technical (Proprietary) Limited, trading as Jetworx, was increased during the year under review. The number of issued shares increased from 100 to 1 000.

NON-CURRENT ASSETS

There were no major changes in the nature of the non-current assets of the company during the year.

Property, plant and equipment to the value of R70 112 262 was purchased with the acquisition of 72% of Safair Technical (Proprietary) Limited trading as Jetworx. Aircraft to the value of R126 268 043 was also purchased during the year.

DIVIDENDS

In line with the Groups' strategy to reinvest in the Group in order to sustain growth, no dividend has been declared. The dividend policy of 1time holdings Limited will be reviewed annually in light of the Group's cash flow, gearing and capital requirements.

BOARD OF DIRECTORS

The directors of the company during the year and to the date of this report were as follows:

- Glenn Orsmond – appointed 1 September 2003
- Michael Kaminski – appointed 27 December 2006
- Michael Snyman – appointed 1 June 2007
- Rodney James – appointed 10 February 2000
- Sipho Twala* – appointed 27 December 2006
- Sven Petersen – appointed 8 May 2001, resigned 26 January 2010
- Gavin Harrison – appointed 8 May 2001, resigned 26 January 2010
- Tania Matsinhe* – appointed 28 March 2008
- Grant Wishart* – appointed 8 July 2009
- Myles Sinclair^ – appointed 26 January 2010

** Non-executive director*

^ Alternate non-executive director

GROUP SECRETARY

Michael Snyman, BCom, CA(SA).

INTEREST IN SUBSIDIARIES

Details of the company's investment in subsidiaries are set out in note 8.

AUDITORS

SAB & T Chartered Accountants Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

DIRECTORS' REPORT (continued)

DIRECTORS' INTEREST IN SHARE CAPITAL (NUMBER OF SHARES)

Figures in Rand	Beneficiary direct 2009	Beneficiary indirect 2009	Beneficiary direct 2008	Beneficiary indirect 2008	% held
Sipho Twala	–	1 608 963	–	1 608 963	0,7
Gavin Harrison#	21 922 138	–	21 922 138	–	10,4
Glenn Orsmond	21 922 138	–	21 922 138	–	10,4
Michael Kaminski	–	21 887 573	–	21 887 573	10,4
Rodney James	21 922 138	–	21 922 138	–	10,4
Sven Petersen#	21 922 138	–	21 922 138	–	10,4
Grant Wishart•	18 527 581	10 500 000	18 527 581	10 500 000	13,8
	106 216 133	33 996 536	106 216 133	33 996 536	66,5

DIRECTORS' REMUNERATION

Figures in Rand	Directors' fees	Remuneration	Bonuses	Medical and life assurance	Total
2009					
Non-executive					
Sipho Twala	268 500	–	–	–	268 500
Tania Matsinhe	215 500	–	–	–	215 500
Grant Wishart	76 000	–	–	–	76 000
Executive					
Glenn Orsmond	–	1 704 000	–	103 875	1 807 875
Rodney James	–	1 704 000	–	132 278	1 836 278
Sven Petersen#	–	1 704 000	–	134 540	1 838 540
Gavin Harrison#	–	1 704 000	–	90 741	1 794 741
Michael Kaminski	–	1 704 000	–	83 472	1 787 472
Michael Snyman	–	792 000	1 050 000	20 044	1 862 044
2008					
Non-executive					
Sipho Twala	232 000	–	–	–	232 000
Tania Matsinhe	155 000	–	–	–	155 000
Executive					
Glenn Orsmond	–	1 540 800	–	39 372	1 580 172
Rodney James	–	1 540 800	–	56 652	1 597 452
Sven Petersen#	–	1 540 800	–	50 100	1 590 900
Gavin Harrison#	–	1 540 800	–	36 468	1 577 268
Michael Kaminski	–	1 540 800	–	62 400	1 603 200
Michael Snyman	–	660 000	–	17 172	677 172

#Resigned 26 January 2010.

•Appointed 8 July 2009.

Note: 2008 salaries include a 7% CPI increase approved after the 2008 year-end and after the annual financial statements went to print.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

		GROUP		COMPANY	
Figures in Rand	Notes	**2009**	2008	**2009**	2008
ASSETS					
Non-current assets					
Aircraft	3	**353 684 432**	340 614 044	**–**	–
Investment property	4	**1 000 000**	996 950	**1 000 000**	996 950
Property, plant and equipment	5	**84 296 999**	15 445 177	**–**	–
Goodwill	6	**1 794 078**	2 053 366	**–**	–
Intangible assets	7	**14 517 997**	791 778	**258 736**	–
Investments in subsidiaries	8	**–**	–	**20 075 503**	20 074 783
Investment in joint venture	9	**1 173 307**	–	**1 173 307**	–
Deferred tax	10	**3 086 092**	1 093 206	**978 461**	945 806
		459 552 905	360 994 521	**23 486 007**	22 017 539
Current assets					
Inventories	11	**104 490 263**	45 244 195	**–**	–
Loans to group companies	12	**–**	–	**32 970 098**	32 291 262
Current tax receivable		**352 036**	–	**–**	–
Trade and other receivables	13	**33 828 837**	43 052 706	**921 187**	921 435
Cash and cash equivalents	14	**50 328 678**	10 722 601	**86 231**	142 297
		188 999 814	99 019 502	**33 977 516**	33 354 994
Non-current assets held-for-sale	15	**21 209 842**	28 853 000	**–**	–
Total assets		**669 762 561**	488 867 023	**57 463 523**	55 372 533
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**46 755 437**	46 755 437	**46 755 437**	46 755 437
Revaluation reserve	17	**39 412 460**	67 210 962	**11 150**	11 150
Accumulated profit/(loss)		**71 521 814**	30 653 491	**(78 224)**	(3 435)
		157 689 711	144 619 890	**46 688 363**	46 763 152
Non-controlling interest		**8 232 620**	–	**–**	–
		165 922 331	144 619 890	**46 688 363**	46 763 152
Liabilities					
Non-current liabilities					
Loans payable	18	**58 394 201**	–	**–**	–
Instalment sale agreements	19	**65 690 618**	102 573 494	**845 171**	3 428 815
Deferred tax	10	**36 411 483**	22 177 811	**–**	–
		160 496 302	124 751 305	**845 171**	3 428 815
Current liabilities					
Loans from group companies	12	**–**	–	**6 258 595**	2 609 521
Loans from shareholders	20	**5 200 001**	5 650 000	**–**	–
Loans payable	18	**3 644 207**	–	**–**	–
Current tax payable		**6 406 405**	3 916 095	**–**	–
Instalment sale agreements	19	**73 966 117**	46 954 574	**3 515 005**	2 402 526
Trade and other payables	21	**254 127 198**	158 786 801	**156 389**	168 519
Bank overdraft	14	**–**	4 188 358	**–**	–
		343 343 928	219 495 828	**9 929 989**	5 180 566
Total liabilities		**503 840 230**	344 247 133	**10 775 160**	8 609 381
Total equity and liabilities		**669 762 561**	488 867 023	**57 463 523**	55 372 533

INCOME STATEMENT
for the year ended 31 December 2009

Figures in Rand	Notes	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Gross revenue	22	**1 251 061 344**	1 049 553 531	**–**	–
Operating costs		**(1 095 645 708)**	(990 089 755)	**(1 166 451)**	(1 078 448)
Earnings before disclosable items		**155 415 636**	59 463 776	**(1 166 451)**	(1 078 448)
Depreciation		**(43 167 260)**	(27 667 005)	**–**	–
Impairment of assets	25	**(50 491 031)**	(10 837 485)	**1 228 860**	–
Loss on sale of assets		**(4 887 298)**	–	**–**	–
Negative goodwill		**19 891 361**	–	**–**	–
Foreign exchange difference		**16 621 929**	(17 976 080)	**–**	(1 434 501)
Operating profit/(loss)	23	**93 383 337**	2 983 206	**62 409**	(2 512 949)
Finance costs	26	**(32 983 935)**	(21 178 998)	**(179 898)**	(325 691)
Investment revenue	24	**4 722 355**	7 063 834	**–**	41 421
Profit/(loss) before taxation		**65 121 757**	(11 131 958)	**(107 196)**	(2 797 219)
Taxation	27	**(19 029 677)**	1 270 268	**32 407**	945 806
Profit/(loss) after tax		**46 092 080**	(9 861 690)	**(74 789)**	(1 851 413)
Profit/(loss) attributable to:					
Non-controlling interest		**5 223 757**	–	**–**	–
Owners of the parent		**40 868 323**	(9 861 690)	**(74 789)**	(1 851 413)
		46 092 080	(9 861 690)	**(74 789)**	(1 851 413)
Earnings per share	35	**19,46**	(4,70)		
Headline earnings per share	36	**39,35**	0,46		

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Other comprehensive income:				
Gains/(losses) on aircraft revaluations	**(31 556 585)**	57 200 502	**–**	–
Taxation related to components of other comprehensive income	**3 758 083**	(4 324 464)	**–**	–
Other comprehensive income for the year net of taxation	**(27 798 502)**	52 876 038	**–**	–
Profit/(loss) for the year	**46 092 080**	(9 861 690)	**(74 789)**	(1 851 413)
Total comprehensive income/(loss)	**18 293 578**	43 014 348	**(74 789)**	(1 851 413)
Total comprehensive income/(loss) attributable to:				–
Non-controlling interest	**5 223 757**	–	**–**	–
Owners of the parent	**13 069 821**	43 014 348	**(74 789)**	(1 851 413)
	18 293 578	43 014 348	**(74 789)**	(1 851 413)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

Figures in Rand	Share capital	Share premium	Total share capital
GROUP			
Balance at 1 January 2008	21 000	46 734 437	46 755 437
Total comprehensive loss for the year	–	–	–
Shareholders' loans repaid	–	–	–
Total changes	–	–	–
Balance at 1 January 2009	**21 000**	**46 734 437**	**46 755 437**
Total comprehensive income for the year	–	–	–
Business combinations	–	–	–
Total changes	–	–	–
Balance at 31 December 2009	**21 000**	**46 734 437**	**46 755 437**
Note(s)	16	16	16
COMPANY			
Balance at 1 January 2008	21 000	46 734 437	46 755 437
Total comprehensive loss for the year	–	–	–
Total changes	–	–	–
Balance at 1 January 2009	**21 000**	**46 734 437**	**46 755 437**
Total comprehensive loss for the year	–	–	–
Total changes	–	–	–
Balance at 31 December 2009	**21 000**	**46 734 437**	**46 755 437**
Note(s)	16	16	16

Shareholders' loans	Revaluation reserve	Accumulated (loss)/ profit	Total attributable to equity holders of the Group/ company	Non-controlling interest	Total equity
3 300 000	14 334 924	40 515 181	104 905 542	–	104 905 542
–	52 876 038	(9 861 690)	43 014 348	–	43 014 348
(3 300 000)	–	–	(3 300 000)	–	(3 300 000)
(3 300 000)	52 876 038	(9 861 690)	39 714 348	–	39 714 348
–	**67 210 962**	**30 653 491**	**144 619 890**	**–**	**144 619 890**
–	**(27 798 502)**	**40 868 323**	**13 069 821**	**5 223 757**	**18 293 578**
–	**–**	**–**	**–**	**3 008 863**	**3 008 863**
–	**(27 798 502)**	**40 868 323**	**13 069 821**	**8 232 620**	**21 302 441**
–	**39 412 460**	**71 521 814**	**157 689 711**	**8 232 620**	**165 922 331**
	17				
–	–	1 847 978	48 603 415	–	48 603 415
–	11 150	(1 851 413)	(1 840 263)	–	(1 840 263)
–	11 150	(1 851 413)	(1 840 263)	–	(1 840 263)
–	**11 150**	**(3 435)**	**46 763 152**	**–**	**46 763 152**
–	**–**	**(74 789)**	**(74 789)**	**–**	**(74 789)**
–	**–**	**(74 789)**	**(74 789)**	**–**	**(74 789)**
–	**11 150**	**(78 224)**	**46 688 363**	**–**	**46 688 363**
	17				

STATEMENT OF CASH FLOWS
for the year ended 31 December 2009

		GROUP		COMPANY	
Figures in Rand	Notes	2009	2008	2009	2008
Cash flows from operating activities					
Cash receipts from customers		1 215 496 872	1 042 047 110	–	–
Cash paid to suppliers and employees		(982 717 338)	(983 175 066)	155 391	(2 161 329)
Cash generated from operations	29	232 779 534	58 872 044	155 391	(2 161 329)
Investment revenue	24	4 722 355	7 063 834	7 243	41 421
Finance costs		(13 315 589)	(21 178 998)	(179 898)	(325 691)
Tax received/(paid)	30	18 289	(529 597)	(248)	–
Net cash from operating activities		224 204 589	44 227 283	(17 512)	(2 445 599)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(17 598 065)	(13 814 565)	–	–
Proceeds on sale of property, plant and equipment		3 086 299	–	–	–
Purchase of intangible assets	7	(1 808 411)	(1 042 217)	(364 320)	–
Business combinations	31	4 821 869	–	–	–
Investment in joint venture	9	(1 173 307)	–	(1 173 307)	–
Purchase of aircraft	3	(126 268 043)	(117 711 770)	–	–
Proceeds on sale of aircraft		4 564 280	–	–	–
Purchase of non-current assets held-for-sale		(3 703 062)	–	–	–
Proceeds from disposal of non-current assets held-for-sale		6 900 834	–	–	–
Net cash from investing activities		(131 177 606)	(132 568 552)	(1 537 627)	–
Cash flows from financing activities					
Repayment of loans payable		(19 770 370)	–	–	–
Proceeds from shareholders' loans		640 833	5 650 000	–	–
Repayment of shareholders' loans		(563 332)	(3 300 000)	–	–
Instalment sale agreements (repaid)/raised		(29 539 679)	66 636 448	(1 471 165)	1 633 149
Loans to Group companies repaid		–	–	3 649 074	–
Loans advanced to Group companies		–	–	(678 836)	(10 285 208)
Net cash from financing activities		(49 232 548)	68 986 448	1 499 073	(8 652 059)
Total cash movement for the year		43 794 435	(19 354 821)	(56 066)	(11 097 658)
Cash at the beginning of the year		6 534 243	25 889 064	142 297	11 239 955
Total cash at end of the year	14	50 328 678	6 534 243	86 231	142 297

SEGMENTAL REPORT
for the year ended 31 December 2009

Figures in Rand	2009	2008
CONSOLIDATED REVENUE		
Airline		
External revenue	1 039 912 340	994 928 298
Intercompany revenue	–	–
Aeronexus		
External revenue	16 161 736	49 992 800
Intercompany revenue	28 887 738	141 597 569
Saftech		
External revenue	185 821 009	–
Intercompany revenue	103 038 519	–
Charters		
External revenue	9 166 259	4 632 433
Intercompany revenue	400 000	6 400 000
Total	1 383 387 601	1 197 551 100
Eliminations	(132 326 257)	(147 997 569)
Total revenue	1 251 061 344	1 049 553 531
SEGMENT RESULT		
Airline	152 759 868	37 629 540
Charters	(430 876)	3 607 633
Aeronexus	1 899 078	20 185 647
Saftech	2 086 755	–
Eliminations	(899 189)	(1 959 044)
Total earnings before disclosable items	155 415 636	59 463 776
Finance costs	(32 983 935)	(21 178 998)
Investment revenue	4 722 355	7 063 834
Taxation	(19 029 677)	1 270 268
Impairment	(50 491 031)	(10 837 485)
Negative goodwill	19 891 361	–
Loss on sale of assets	(4 887 298)	–
Foreign exchange difference	16 621 929	(17 976 080)
Depreciation	(43 167 260)	(27 667 005)
Total profit/(loss) after tax	46 092 080	(9 861 690)
OTHER		
Airline		
Segment assets	538 212 956	437 895 981
Segment liabilities	342 986 189	382 924 041
Capital expenditure	135 755 101	125 307 329
Depreciation	33 354 532	23 529 120
Impairment	45 007 874	6 473 611
Saftech		
Segment assets	219 864 374	93 786 616
Segment liabilities	194 818 067	71 626 841
Capital expenditure	9 887 343	2 227 770
Depreciation	9 639 971	1 769 964
Charters		
Segment assets	8 883 185	13 013 743
Non-current assets held-for-sale	21 209 842	28 853 000
Segment liabilities	24 116 359	24 419 731
Capital expenditure	3 735 137	3 841 042
Depreciation	172 757	2 367 921
Impairment	5 483 157	4 363 874

ACCOUNTING POLICIES

for the year ended 31 December 2009

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis as modified by the revaluation of aircraft and the carrying of investment property and financial assets and financial liabilities including derivatives at fair value through profit and loss, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

Non controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non controlling interests are allocated to the non controlling interest even if this results in a debit balance being recognised for non controlling interest.

The difference between the fair value of consideration paid or received and the movement in non controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non current assets (or disposal group) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held For Sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available for sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

Interests in joint ventures

A joint venture is a contractual agreement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled entities

Investments in jointly controlled entities are proportionately consolidated from the date on which the group has the power to exercise joint control, up to the date on which the power to exercise joint control ceases. This excludes cases where the investment is classified as held for sale in accordance with IFRS 5 Non current Assets Held For Sale and discontinued operations.

The group's share of assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined on a line by line basis with similar items in the consolidated annual financial statements.

The group's proportionate share of inter company balances and transactions, and resulting profits or losses between the group and jointly controlled entities are eliminated on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade and other receivables

The group assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance is made to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values unless otherwise stated. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including currency variances, supply and demand, market interest rates, inflation and fuel costs.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

tax assets recorded at the end of the reporting period could be impacted.

Property, plant and equipment

Management has applied its judgement in assessing the useful life and the residual value of property, plant and equipment including aircraft as presented in the accounting policies.

1.3 Aircraft

The cost of an item of aircraft is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Aircraft is initially measured at cost and is recognised at spot rate at the date of the purchase. Refurbishments and C checks are capitalised when incurred.

Costs include costs incurred initially to acquire or construct an item of aircraft and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of aircraft, the carrying amount of the replaced part is derecognised

Aircraft are carried at the revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

When an item of aircraft is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of aircraft is transferred directly to retained earnings when the asset is derecognised.

Aircraft is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Item	**Useful life**
Aircraft	1,5 – 10 years

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

Item	Average useful life
Leasehold properties and improvements	10 years
Ramp equipment	10 years
Plant and machinery	10 years
Office equipment	6 years
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years
Intangible assets – Comprehensive maintenance rates contracts (CMR)	Indefinite

1.7 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 Investment in joint venture

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interest in jointly controlled assets, the group recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.9 Goodwill

Goodwill is initially measured at cost, being the excess of the purchase consideration over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Subsequently, goodwill is carried at cost less any accumulated impairment. Goodwill is tested annually for impairment.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2009

The excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

1.10 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and joint ventures and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2009

the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted.

1.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first in, first out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Instalment sale agreements-lessee

Instalment sale agreements are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the assets or, if lower, the present value of the minimum payments. The corresponding liability to the lessor is included in the statement of financial position as an instalment sale obligation.

The discount rate used in calculating the present value of the minimum instalment payments is the interest rate implicit in the instalment payment.

The instalment payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the instalment sale term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.15 Non-current assets held-for-sale

Non current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in profit or loss.

1.16 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating 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 entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.17 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.18 Employee benefits

Short-term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.19 Contingencies and provisions

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.20 Revenue

Revenue arising from the provision of transportation services to passengers is recognised on an accrual basis in the period in which the services are rendered. The services not rendered at year end are not recognised as revenue and will therefore be shown as an unused ticket liability.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;

ACCOUNTING POLICIES (continued)

for the year ended 31 December 2009

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.21 Segment report

The group's primary basis of segment reporting are all its business segments as reported to the Board of directors.

1.22 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.23 Statement of cash flows

The statement of cash flows is prepared on the direct method.

1.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 1 January 2009.

The group has adopted the standard for the first time in the 2009 annual financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 1 January 2009.

The group has adopted the standard for the first time in the 2009 annual financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cashgenerating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group has adopted the amendment for the first time in the 2009 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Amendments to IFRS 7: Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendment requires additional disclosures about fair value measurement, including separating fair value measures into a hierarchy. The amendments also require liquidity risk disclosure to be separated between nonderivative financial liabilities and derivative financial liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group has adopted the amendment for the first time in the 2009 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

has resulted in more disclosure than would have previously been provided in the annual financial statements.

Improvements to IFRS (issued in May 2008)

Improvements to IFRS (issued in May 2008) include 35 amendments accross 20 different standards that largely clarify the required accounting treatment where previous practice had varied, and have resulted in a number of changes in the detail of the group's accounting policies. These amendment have had no material impact on the group's accounting policies.

All other standards and interpretations that were effective for periods commencing on or after 1 January 2009 have had no material impact on the group.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2009 or later periods. The impact of initial application has not been assessed as at the date of authorisation of the annual financial statements.

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquire.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 1 July 2009.

The group expects to adopt the standard for the first time in the 2010 annual financial statements.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

IAS 31 Interests in Joint Ventures: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an interest in a joint venture is reduced but joint control is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

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for the year ended 31 December 2009

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidated and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

IFRS 9 (Financial Instruments: Classification and measurement)

This statement will be the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The amendment was issued during November 2009 but is only effective for the annual periods begining on or after 1 January 2013. The company will comply with the applicable standard from the year ending 31 December 2013.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRIC 17 Distribution of Non-cash Assets to Owners

The interpretation provides guidance on accounting for nonreciprocal distributions of non-cash assets to owners, or distributions where owners have a choice between a cash or non-cash distribution. The distribution is to be recognised as a dividend on the date that the dividend has been appropriately authorised and is no longer subject to the discretion of the entity, and measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be reviewed at each reporting date and on settlement date to ensure it reflects fair value. Changes in measurement are recognised in equity as adjustments to the amount of the distribution. Additional disclosures are required.

The effective date of the interpretation is for years beginning on or after 1 July 2009.

The group expects to adopt the interpretation for the first time in the 2010 annual financial statements.

IFRIC 18 – Transfers of Assets From Customers

The interpretation applies to circumstances where entities receive assets from customers to connect them to a network and/or to provide them with certain commodities, for example electricity, resulting from connection to the network. It also applies where the customer provides the entity with cash to construct such assets. It does not apply to government grants or to agreements within the scope of IFRIC 12 (AC 445) Service Concession Arrangements. If the item meets the definition of an asset to the entity, it is to be recognised at fair value. The corresponding credit shall be recognised as revenue and shall be allocated to the separately identifiable services which are provided, i.e the connection service and/or provision of access to commodities service. The revenue recognised for each service shall be based on the recognition criteria of IAS 18 (AC111) Revenue.

The effective date of the interpretation is for years beginning on or after 1 July 2009.

The group expects to adopt the interpretation for the first time in the 2010 annual financial statements.

IFRIC 19 (Extinguishing financial liabilities with equity instruments)

The amendment was issued during January 2009 but is only effective for annual periods beginning on or after 1 July 2010. The group will comply with the applicable standard from the year ending 31 December 2011.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

IAS 24 (Related Party Disclosures)

This statement will clarify the definition of related parties.

The amendment was issued during November 2009 but is only effective for the annual periods beginning on or after 1 January 2011. The company will comply with the applicable standard from the year ending 31 December 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

2009 Annual Improvements Project

Amendments resulting from the April 2009 annual improvements to IFRS effective for annual periods beginning on or after 1 January 2010 to the following standards, which will be applied from the year ended 31 December 2010:

- IFRS 5: Non-current assets held for sale and discontinued operations; the amendment will improve disclosure on non-current assets held-for-sale or discontinued operations and will clarify the correct accounting treatment on selling a controlling interest in a subsidiary;
- IFRS 8: Operating segments; the amendment will improve disclosure on information about segment assets;
- IAS 1: Presentation of financial statements; the amendment will classify convertible instruments as current or non-current;
- IAS 7: Statement of cash flow; the amendment will classify expenditure on unrecognised assets;
- IAS 17: Leases; the amendment will classify leases of land and buildings;
- IAS 21: The effects of changes in foreign exchange rates; there are consequential amendments from changes to business combinations;
- IAS 32: Financial instruments presentation; certain financial instruments will be classified as equity where previously they were classified as financial liabilities. Additionally accounting for rights issues that are denominated in a currency other than functional currency;
- IAS 36: Impairment of assets; the amendment will improve disclosure on estimates used to determine the recoverable amount;
- IAS 38: Intangible assets; the amendment will include the unit of production method for amortisation and measuring of fair value of an intangible asset acquired in a business combination;
- IAS 39: Financial instruments: Recognition and Measurement; the amendment will reclassify derivatives into or out of the classification of fair value through profit or loss.

3. AIRCRAFT

Figures in Rand	2009 Cost/ Valuation	2009 Accumulated depreciation	2009 Carrying value	2008 Cost/ Valuation	2008 Accumulated depreciation	2008 Carrying value
GROUP						
Aircraft	**392 470 514**	**(38 786 082)**	**353 684 432**	365 033 048	(24 419 004)	340 614 044

Reconciliation of aircraft

	Opening balance	**Additions**	**Disposals**	**Losses arising from changes in fair value**	**Depreciation**	**Impairment**	**Total**
GROUP							
2009							
Aircraft	**340 614 044**	**126 268 043**	**(8 244 595)**	**(31 556 585)**	**(28 647 890)**	**(44 748 585)**	**353 684 432**

	Opening balance	Additions	Classified as held-for-sale	Gains arising from changes in fair value	Depreciation	Impairment	Total
GROUP							
2008							
Aircraft	222 116 938	117 711 770	(28 853 000)	57 189 352	(23 042 539)	(4 508 477)	340 614 044

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

3. AIRCRAFT (continued)

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Capitalised expenditure				
Aircraft	**29 652 361**	27 081 066	–	–
Assets subject to instalment sale agreements – Refer to note 19				
Net carrying amount				
Aircraft	**284 923 502**	256 839 799	–	–

Revaluations

The effective date of the revaluations was 31 December 2009. Revaluations were performed by an independent valuer, Mr Donald J Mallete (professional pilot and president of Centec Aviation Inc.) who is not connected to the Group.

The valuation was performed using the following main assumptions:

- the airframe valuation is based on flight hours/cycles, date of manufacture and the C check status value;
- the engine valuations are based on the assessment of the next engine disc limiter; and
- landing gear valuation is based on limiting factors governing the life of each landing gear, per an amount of cycles and years of calendar life. The remaining life values are expressed in percentages per each component of landing gear.

These assumptions were based on current open market conditions.

4. INVESTMENT PROPERTY

Figures in Rand	2009 Cost/ Valuation	2009 Accumulated depreciation	2009 Carrying value	2008 Cost/ Valuation	2008 Accumulated depreciation	2008 Carrying value
GROUP AND COMPANY						
Investment property	1 000 000	–	1 000 000	996 950	–	996 950

Reconciliation of investment property	Opening balance	Revaluation	Total
GROUP AND COMPANY			
2009			
Investment property	996 950	3 050	1 000 000
2008			
Investment property	985 800	11 150	996 950

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2009

4. INVESTMENT PROPERTY (continued)

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Fair value of investment properties	**1 000 000**	996 950	**1 000 000**	996 950

Details of property

Erf 1017 Clarens, Ext 11, Bloemfontein title deed number T30152/2006

The land is used as security for a loan in favour of Standard Bank – Note 19.

Details of valuation

The effective date of the revaluation was 31 December 2009. The revaluation was performed by an independent valuer, Mr G Page, of Clarens Golf & Trout Estate (a member of Pinnacle Point Group Limited). Mr Page is not connected to the Group and has recent experience in the location and category of the investment property being valued.

The valuation was based on comparative sales values of property in Clarens Golf & Trout Estate.

5. PROPERTY, PLANT AND EQUIPMENT

	2009			2008		
Figures in Rand	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**	Cost/ Valuation	Accumulated depreciation	Carrying value
GROUP						
Leasehold property	**62 080 383**	**(6 569 480)**	**55 510 903**	3 712 676	(448 239)	3 264 437
Plant and machinery	**7 951 804**	**(2 608 725)**	**5 343 079**	3 982 411	(1 764 632)	2 217 779
Furniture and fixtures	**5 478 650**	**(1 318 702)**	**4 159 948**	3 124 105	(816 669)	2 307 436
Motor vehicles	**2 519 234**	**(1 952 880)**	**566 354**	2 144 391	(1 558 932)	585 459
Office equipment	**1 256 394**	**(992 505)**	**263 889**	1 202 037	(805 521)	396 516
IT equipment	**15 411 190**	**(7 039 403)**	**8 371 787**	7 402 845	(4 242 222)	3 160 623
Leasehold improvements	**5 691 784**	**(2 885 219)**	**2 806 565**	4 954 067	(1 580 307)	3 373 760
Ramp equipment	**8 701 831**	**(1 427 357)**	**7 274 474**	275 000	(135 833)	139 167
	109 091 270	**(24 794 271)**	**84 296 999**	26 797 532	(11 352 355)	15 445 177

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment

Figures in Rand	Opening balance	Additions	Additions through business combi-nations	Disposals	Depreciation	Total
GROUP						
2009						
Leasehold property	3 264 437	–	59 245 506	(877 798)	(6 121 242)	55 510 903
Plant and machinery	2 217 779	6 102 001	–	(2 132 609)	(844 092)	5 343 079
Furniture and fixtures	2 307 436	2 299 795	899 815	(845 010)	(502 088)	4 159 948
Motor vehicles	585 459	344 099	374 843	(344 098)	(393 949)	566 354
Office equipment	396 516	190 322	–	(135 964)	(186 985)	263 889
IT equipment	3 160 623	7 924 131	1 165 267	(547 655)	(3 330 579)	8 371 787
Leasehold improvements	3 373 760	737 717	–	–	(1 304 912)	2 806 565
Ramp equipment	139 167	–	8 426 831	–	(1 291 524)	7 274 474
	15 445 177	17 598 065	70 112 262	(4 883 134)	(13 975 371)	84 296 999

Figures in Rand	Opening balance	Additions	Depreciation	Impairment	Total
GROUP					
2008					
Leasehold property	2 293 822	1 253 270	(282 655)	–	3 264 437
Plant and machinery	2 298 649	487 027	(567 897)	–	2 217 779
Furniture and fixtures	2 201 854	372 413	(266 831)	–	2 307 436
Motor vehicles	1 077 969	–	(492 510)	–	585 459
Office equipment	458 480	150 761	(212 725)	–	396 516
IT equipment	2 289 492	1 892 447	(1 021 316)	–	3 160 623
Leasehold improvements	1 027 153	9 658 647	(983 032)	(6 329 008)	3 373 760
Ramp equipment	166 667	–	(27 500)	–	139 167
	11 814 086	13 814 565	(3 854 466)	(6 329 008)	15 445 177

Assets subject to instalment sale agreements (Net carrying amount) – Refer to note 19

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Motor vehicles	120 150	203 897	–	–
Leasehold property				
Buildings erected per lease agreement on land owned by The Airports Company of South Africa, situated in Bonaero Park.				
Purchase price: 1 January 2009	59 245 506	–	–	–
Depreciation	(5 554 266)	–	–	–
	53 691 240	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

6. GOODWILL

Figures in Rand	2009 Cost	2009 Accumulated impairment	2009 Carrying value	2008 Cost	2008 Accumulated impairment	2008 Carrying value
GROUP						
Goodwill	2 053 366	(259 288)	1 794 078	2 053 366	–	2 053 366

Reconciliation of goodwill

Figures in Rand	Opening balance	Impairment loss	Total
GROUP			
2009			
Goodwill	2 053 366	(259 288)	1 794 078

The cash-generating unit relating to goodwill is the business of Aeronexus Technical (Proprietary) Limited and 1time airline (Proprietary) Limited.

The total goodwill consists of R1 794 078 attributable to 1time airline (Proprietary) Limited and R0 (2008: R259 288) to Aeronexus Technical (Proprietary) Limited.

The recoverable amount has been determined on the basis of value-in-use calculations. The value-in-use calculations use the cash flow projection method based on 2010 cash flow projections, discounted back at the weighted average cost of capital. The net asset value was then deducted from this value to give the value-in-use. Key assumptions used in the value-in-use calculations include budgeted revenue streams. Such assumptions are based on historical results and adjusted for anticipated future growth.

Based on this calculation the recoverable amount attributable to 1time airline (Proprietary) Limited was greater than the carrying value. The recoverable amount attributable to Aeronexus Technical (Proprietary) Limited was less than the carrying value and resulted in an impairment to goodwill of R259 288.

7. INTANGIBLE ASSETS

Figures in Rand	2009 Cost/ Valuation	2009 Accumulated amortisation	2009 Carrying value	2008 Cost/ Valuation	2008 Accumulated amortisation	2008 Carrying value
GROUP						
Computer software	4 811 029	(2 717 803)	2 093 226	2 521 524	(1 729 746)	791 778
Comprehensive maintenance rate contracts	12 424 771	–	12 424 771	–	–	–
Total	17 235 800	(2 717 803)	14 517 997	2 521 524	(1 729 746)	791 778
COMPANY						
Computer software	364 320	(105 584)	258 736	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

7. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets Figures in Rand	Opening balance	Additions	Additions through business combi-nations	Amortisation	Total
GROUP					
2009					
Computer software	791 778	1 808 411	37 036	(543 999)	2 093 226
Comprehensive maintenance rate contracts	–	–	12 424 771	–	12 424 771
	791 778	1 808 411	12 461 808	(543 999)	14 517 997

Reconciliation of intangible assets Figures in Rand	Opening balance	Additions	Amortisation	Total
GROUP				
2008				
Computer software	518 927	1 042 217	(769 366)	791 778
COMPANY				
2009				
Computer software	–	364 320	(105 584)	258 736

Intangible assets

The useful life of the comprehensive maintenance rate contracts is considered indefinite. The recoverable amount of comprehensive maintenance rate contracts is determined based on the value-in-use calculation which uses cash flow projections based on a combination of financial budgets, interim results and current results approved by directors, covering the terms of maintenance agreements, and a discounted rate of 14,15%. The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based, would not cause the comprehensive maintenance rate contract's carrying amount to exceed its recoverable amount.

8. INVESTMENTS IN SUBSIDIARIES

Name of company	Issued share capital	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
1time airline (Proprietary) Limited	1 000	100	100	13 505 000	13 505 000
Aeronexus Technical (Proprietary) Limited	250	100	100	700 075	700 075
1time charters (Proprietary) Limited	100	100	100	5 769 608	5 769 608
Aeronexus Corporate (Proprietary) Limited	100	100	100	100 100	100 100
Safair Technical (Proprietary) Limited trading as Jetworx	1 000	72	–	720	–
				20 075 503	20 074 783

The carrying amounts of subsidiaries are shown net of impairment losses. The issued share capital of Safair Technical (Proprietary) Limited trading as Jetworx was increased during the year under review. The number of issued shares increased from 100 to 1 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

9. INVESTMENT IN JOINT VENTURE

Name of company	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008	Fair value 2009	Fair value 2008
MD82 Flight Simulator	50	–	1 173 307	–	1 173 307	–

The carrying amounts of the joint venture is shown net of impairment losses.

The joint venture currently has no assets or liabilities. The Group does not hold any interest outside the shareholding of the joint venture.

10. DEFERRED TAX

	GROUP		COMPANY	
Figures in Rand	2009	2008	2009	2008
Deferred tax (liability)/asset				
Deferred tax liability	(36 411 483)	(22 177 811)	–	–
Deferred tax asset	3 086 092	1 093 206	978 461	945 806
	(33 325 391)	(21 084 605)	978 461	945 806
Reconciliation of deferred tax (liability)/asset				
At beginning of the year	(21 084 605)	(22 304 710)	945 806	–
Reduction due to rate change	–	769 128	–	–
(Decrease)/increase in tax losses available for set off against future taxable income	(18 983 675)	15 947 994	32 655	945 806
Originating temporary difference on tangible assets	(3 139 446)	(5 880 029)	–	–
Originating temporary differences on provisions	9 533 538	(2 982 324)	–	–
Originating temporary difference on fair value of debtors and creditors	(110 913)	–	–	–
Accelerated capital allowances	–	(6 299 952)	–	–
Opening deferred tax prior to business combination	910 822	–	–	–
Prepayments	(451 112)	(334 712)	–	–
	(33 325 391)	(21 084 605)	978 461	945 806

11. INVENTORIES

	GROUP		COMPANY	
Figures in Rand	2009	2008	2009	2008
Aircraft spares	92 533 929	42 045 476	–	–
Catering stock	305 509	322 724	–	–
Work in progress	11 650 825	2 875 995	–	–
	104 490 263	45 244 195	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

12. LOANS TO/(FROM) GROUP COMPANIES

Subsidiaries

Figures in Rand	COMPANY 2009	2008
1time airline (Proprietary) Limited	**(3 653 088)**	29 193 565
Aeronexus Technical (Proprietary) Limited	**3 097 697**	3 097 697
Aeronexus Corporate (Proprietary) Limited	**(1 056 408)**	(1 056 408)
1time charters (Proprietary) Limited	**(1 549 099)**	(1 553 113)
Safair Technical (Proprietary) Limited trading as Jetworx	**29 872 401**	–
	26 711 503	29 681 741

These loans are unsecured, interest free and have no fixed terms of repayment.

Current assets	**32 970 098**	32 291 262
Current liabilities	**(6 258 595)**	(2 609 521)
	26 711 503	29 681 741
Credit rating		
High (loans to Group companies)	**32 970 098**	32 291 262

Credit quality of loans to Group companies

The credit quality of loans to Group companies are assessed with reference to the repayment history of the companies. As the companies have not defaulted on any contractual obligations in prior periods and as the companies have not been blacklisted, a credit rating of high has been ascribed to the companies. The company's maximum exposure to credit risk with regards to the loans to Group companies are limited to the carrying value of the loans to Group companies as detailed above.

Loans to Group companies past due but not impaired

The loans to Group companies are considered to be neither past due nor impaired and subsequently no provision was created for the irrecoverability of any portion (or the whole) of the loans to Group companies. The terms of the loans to group companies have not been renegotiated during the year.

Fair value of loans to and from Group companies

As no repayment terms exists, the fair value of the Group loans cannot be determined, therefore the carrying values of loans to Group companies approximates their fair values. The loans to the Group companies have not been pledged as security for any other financial obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Trade receivables	**22 991 905**	21 761 293	**921 187**	921 435
Provision for bad debts	**(1 765 440)**	–	**–**	–
Prepayments	**1 837 175**	3 896 298	**–**	–
Value added taxation	**393 877**	–	**–**	–
Sundry debtors	**10 371 320**	17 395 115	**–**	–
	33 828 837	43 052 706	**921 187**	921 435
Fair value of trade and other receivables				
Carrying value of trade receivables	**21 622 582**	23 170 001	**921 187**	921 435
Trade and other receivables past due but not impaired				
At 31 December 2009, R18 025 088 (2008: R7 547 753) were past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
1 month past due	**6 419 349**	3 407 010	**–**	–
2 months past due	**5 028 679**	2 565 596	**–**	–
3 months past due	**6 577 060**	1 575 147	**–**	–

Normal credit terms advanced varies between 30 – 60 days. Trade receivables that exceed their repayment terms have been discounted to the present value as at year-end using market related interest rates. All other receivables' fair values approximate their carrying values.

Trade and other receivables impaired

As of 31 December 2009, trade receivables of R856 086 (2008: R428 249) were impaired and R1 765 440 (2008: R0) was provided for.

Trade receivables pledged as security

Trade receivables were pledged as security for overdraft facilities during the year. Refer to note 14.

Credit quality of trade receivables

The credit quality of trade receivables that are neither past nor due nor impaired can be assessed by reference to historical repayment trends of the individual debtors. Credit terms are only offered to highly reputable clients. The trade debtors are spread over a broad spectrum of companies in the airline sector, therefore the concentration risk attached to debtors is limited to the airline sector.

Debtors have been individually assessed for any indication of impairment.

None of the financial assets that are fully performing have been renegotiated in the last year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Cash and cash equivalents consist of:				
Cash on hand	**335 286**	218 686	**–**	–
Bank balances	**49 993 392**	10 503 915	**86 231**	142 297
Bank overdraft	**–**	(4 188 358)	**–**	–
	50 328 678	6 534 243	**86 231**	142 297
Current assets	**50 328 678**	10 722 601	**86 231**	142 297
Current liabilities	**–**	(4 188 358)	**–**	–
	50 328 678	6 534 243	**86 231**	142 297

The Group has the following arrangements at the banks:

First National Bank a Division of FirstRand Bank Limited.

Cessions

Trade receivables have been ceded dated 26/10/2009. The Group currently holds cessions and pledges of credit balances for R1 200 000 and R250 000 dated 03/11/2003 and 03/13/2004 respectively.

Surety

Unlimited Group cross suretyship dated 03/04/2009 between 1time airline (Proprietary) Limited, Aeronexus Technical (Proprietary) Limited, Aeronexus Corporate (Proprietary) Limited and 1time charters (Proprietary) Limited.

Guarantees

Guarantee: 318292 Air Service Licencing Council for R100 000 (expiry date 31/12/2025).
Guarantee: 245478 Airports Company South Africa for R25 000 (expiry date 31/12/2025).
Guarantee: 244397 ATNS (Proprietary) Limited for R15 300 (expiry date 31/12/2025).

Facilities

The Group currently holds direct working capital facilities of R5 000 000 and contingent facilities of R1 500 000.

Standard Bank of South Africa Limited

Facilities

The Group currently holds facilities of R8 500 000 which will be reviewed on 20/02/2010.

Cessions

Trade receivables have been ceded for overdraft facilities.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions. The Group's maximum exposure to credit risk as a result of the bank balances held is limited to the carring value of these balances as detailed above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

15. NON-CURRENT ASSETS HELD FOR SALE

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Profit and loss				
Loss impairment on measurement to fair value less cost to sell	**(5 483 158)**	–	**–**	–
Non-current assets held for sale				
Aircraft	**21 209 842**	28 853 000	**–**	–

The decision was made by the Board of Directors to reclassify the three DC9 aircraft as held-for-sale with the intention to purchase two new MD80 aircraft.

The non-current assets are to be sold piecemeal.

Due to unforeseen circumstances not all of the DC9 aircraft could be disposed off during the 12-month period following reclassification, however all other criteria for classification as held-for-sale are still intact.

16. SHARE CAPITAL

	GROUP		COMPANY	
Figure in Rand	**2009**	2008	**2009**	2008
Authorised				
1 000 000 000 ordinary shares of 0,0001 cent each	**100 000**	100 000	**100 000**	100 000
Issued				
210 000 000 ordinary shares of 0,0001 cent each	**21 000**	21 000	**21 000**	21 000
Share premium	**46 734 437**	46 734 437	**46 734 437**	46 734 437
	46 755 437	46 755 437	**46 755 437**	46 755 437

17. REVALUATION RESERVE

	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Opening balance	**67 210 962**	14 334 925	**11 150**	–
(Loss)/gain on aircraft revaluations net of taxation	**(27 798 502)**	52 864 887	**–**	–
Gain on investment property net of taxation	**–**	11 150	**–**	11 150
	39 412 460	67 210 962	**11 150**	11 150

18. LOANS PAYABLE

	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Held at amortised cost				
Imperial Holdings Limited This loan is unsecured, bears no interest, and is repayable over a period of 5 years at an instalment of R6 863 900 per annum	**19 453 918**	–	**–**	–
Safair Operations (Proprietary) Limited The loan is unsecured and bears no interest.	**42 584 490**	–	**–**	–
	62 038 408	–	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

18. LOANS PAYABLE (continued)

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Non-current liabilities				
At amortised cost	**58 394 201**	–	**–**	–
Current liabilities				
At amortised cost	**3 644 207**	–	**–**	–
	62 038 408	–	**–**	–

19. INSTALMENT SALE AGREEMENTS

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Minimum payments due				
– within one year	**107 144 334**	46 954 574	**3 587 019**	2 402 526
– in second to fifth year inclusive	**69 077 787**	143 018 525	**1 481 008**	3 428 815
	176 222 121	189 973 099	**5 068 027**	5 831 341
Less: future finance charges	**(36 565 386)**	(40 445 031)	**(707 850)**	–
Present value of minimum payments	**139 656 735**	149 528 068	**4 360 177**	5 831 341
Present value of minimum payments due				
– within one year	**73 966 117**	46 954 574	**3 515 005**	2 402 526
– in second to fifth year inclusive	**65 690 618**	102 573 494	**845 171**	3 428 815
	139 656 735	149 528 068	**4 360 176**	5 831 341
Non-current liabilities	**65 690 618**	102 573 494	**845 171**	3 428 815
Current liabilities	**73 966 117**	46 954 574	**3 515 005**	2 402 526
	139 656 735	149 528 068	**4 360 176**	5 831 341

It is Group policy to acquire certain aircraft, and property, plant and equipment under instalment sale agreement.

The average instalment sales term was 36 months and the average effective borrowing rate is between 7,75% and 28,16% (2008: 7,75% and 13%).

Aircraft instalment sale agreements' interest rates are fixed at the contract date.

Motor vehicles instalment sale agreements' interest rates are linked to prime at the contract date.

All instalment sale agreements have fixed repayments and no arrangements have been entered into for contingent rent.

The Group's obligations under instalment sale agreements are secured by the relevant assets. Refer to notes 3, 4 and 5.

Market risk

For details of sensitivity of exposures to market risk related to instalment sale agreements, as well as liquidity risk refer to note 37.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2009

20. LOANS FROM SHAREHOLDERS

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
RL James	**(1 266 667)**	(1 250 000)	**–**	
MJ Kaminski	**(1 016 667)**	(1 000 000)	**–**	–
GW Orsmond	**(1 266 667)**	(1 250 000)	**–**	–
GW Harrison	**(1 000 000)**	(1 250 000)	**–**	–
SJ Petersen	**(650 000)**	(900 000)	**–**	–
	(5 200 001)	(5 650 000)	**–**	–

These loans are unsecured, bear interest at 10% per annum and have no fixed terms of repayment.

Fair value of loans to and from shareholders
As no repayment terms exists, the fair value of the shareholders' loans cannot be determined, therefore the carrying values of loans from shareholders approximates their fair values. The loans from shareholders have not been pledged as security for any other financial obligations.

21. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Trade payables	**155 550 421**	94 092 735	**–**	–
Value added taxation	**5 952 088**	8 191 283	**–**	12 131
Accruals	**30 349 782**	27 637 812	**156 489**	156 388
Unflown ticket liability	**61 180 083**	28 864 971	**–**	–
Deposits received	**1 094 824**	–	**–**	–
	254 127 198	158 786 801	**156 489**	168 519

Fair value
Trade payables have been discounted to the present value as at year-end using the expected repayment dates and market related interest rates. All other payables' fair values approximate their carrying values.

22. REVENUE

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Sale of goods and rendering of services	**1 251 061 344**	1 049 553 531	**–**	–
	1 251 061 344	1 049 553 531	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2009

23. OPERATING PROFIT

	GROUP		COMPANY	
Figures in Rand	2009	2008	2009	2008
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
Contractual amounts	**12 415 053**	3 057 109	–	–
Equipment				
Contractual amounts	**748 599**	591 757	–	–
Aircraft				
Contractual amounts	**51 577 716**	6 311 353	–	–
	64 741 368	9 960 219	–	–
(Profit) on disposal of property, plant and equipment	**(1 796 835)**	–	–	–
Impairment on goodwill	**259 288**	–	–	–
Impairment on aircraft and non-current assets held for sale	**50 231 743**	10 837 485	–	–
(Profit)/loss on exchange differences	**(16 621 929)**	17 976 080	**(1 228 860)**	1 434 501
(Profit) on disposal of aircraft	**(3 680 999)**	–	–	–
Loss on sale of non-current assets held for sale and net assets of disposal groups	**(1 037 731)**	–	–	–
Amortisation on intangible assets	**543 999**	769 366	**105 584**	–
Depreciation on property, plant and equipment	**13 975 371**	3 854 466	–	–
Depreciation on aircraft	**28 647 890**	23 042 539	–	–
Employee costs	**138 746 651**	137 066 951	**368 648**	335 111

24. INVESTMENT REVENUE

Interest revenue				
Bank	**1 896 622**	1 032 584	**7 243**	41 421
Implicit interest adjustment	**2 825 733**	6 031 250	–	–
	4 722 355	7 063 834	**7 243**	41 421

25. IMPAIRMENT OF ASSETS

Material impairment losses				
Aircraft, engines and non-current assets held-for-sale	**50 231 743**	10 837 485	–	–
Goodwill	**259 288**	–	–	–
	50 491 031	10 837 485	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

26. FINANCE COSTS

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Non-current borrowings	**3 529 085**	378 517	**179 549**	325 315
Implicit interest adjustment	**5 560 798**	3 189 717	**–**	–
Instalment sale obligation	**19 668 346**	16 178 378	**–**	–
Overdraft	**1 312 595**	1 083 680	**349**	376
Current borrowings	**89 040**	–	**–**	–
South African Revenue Services	**2 183 238**	167 481	**–**	–
Shareholders	**640 833**	181 225	**–**	–
	32 983 935	21 178 998	**179 898**	325 691

27. TAXATION

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Major components of the tax expense/(income)				
Current				
Local income tax current period	**2 119 986**	4 166 159	**248**	–
Deferred				
Originating and reversing temporary differences	**16 909 691**	(5 436 427)	**(32 655)**	(945 806)
	19 029 677	(1 270 268)	**(32 407)**	(945 806)
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit (loss)	**65 121 758**	(11 131 961)	**(107 196)**	(2 797 219)
Tax at the applicable tax rate of 28% (2008: 28%)	**18 234 092**	–	**–**	–
Tax effect of adjustments on taxable income				
Non-taxable amounts debited to the statement of comprehensive income	**(6 041 544)**	–	**1 988**	–
Other	**4 342 788**	14 677 727		–
Unused tax loss	**2 494 341**	(15 947 995)	**(34 395)**	(945 806)
	19 029 677	(1 270 268)	**(32 407)**	(945 806)

28. AUDITORS' REMUNERATION

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Fees	**558 530**	273 859	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2009

29. CASH GENERATED FROM OPERATIONS

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Profit/(loss) before taxation	65 121 758	(11 131 961)	(107 196)	(2 797 219)
Adjustments for:				
Depreciation and amortisation	43 167 260	27 667 006	105 584	–
Loss on sale of assets	5 477 834	–	–	–
Profit on sale of non-current assets and disposal groups	(1 037 731)	–	–	–
Negative goodwill	(19 891 361)	–	–	–
Investment revenue	(4 722 355)	(7 063 834)	(7 243)	(41 421)
Finance costs	32 983 935	21 178 998	179 898	325 691
Fair value adjustments	(3 050)	–	(3 050)	–
Impairment loss	50 491 031	10 837 485	–	–
Investment in subsidiary	(720)	–	(720)	–
Changes in working capital:				
Inventories	(44 306 080)	(5 865 247)	–	–
Trade and other receivables	14 224 275	(12 207 186)	248	339 489
Trade and other payables	91 274 738	35 456 783	(12 130)	12 131
	232 779 534	58 872 044	155 391	(2 161 329)

30. TAX REFUNDED/(PAID)

	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Balance at beginning of the year	(3 916 094)	(279 533)	–	–
Current tax for the year recognised in profit or loss	(2 119 986)	(4 166 159)	(248)	–
Balance at end of the year	6 054 369	3 916 094	–	–
	18 289	(529 598)	(248)	–

31. BUSINESS COMBINATIONS

Aggregated business combinations

	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Property, plant and equipment	70 112 262	–	–	–
Intangible assets	12 461 808	–	–	–
Inventories	14 939 987	–	–	–
Trade and other receivables	5 000 407	–	–	–
Cash and cash equivalents	4 821 869	–	–	–
Loans payable	(81 808 776)	–	–	–
Deferred tax	910 822	–	–	–
Trade and other payables	(3 538 155)	–	–	–
Total identifiable net assets	22 900 224	–	–	–
Non-controlling interest	(3 008 863)	–	–	–
Bargain purchase	(19 891 361)	–	–	–
Net cash outflow on acquisition				
Cash acquired	4 821 869	–	–	–

Safair Technical (Proprietary) Limited trading as Jetworx

On 1 April 2009 the Group acquired 72% of the voting equity interest of Safair Technical (Proprietary) Limited trading as Jetworx which resulted in the Group obtaining control over Safair Technical (Proprietary) Limited trading as Jetworx.

Goodwill of R19 891 316 arising from the acquisition represents the fair value of net asset of the company acquired less the purchase price.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

32. COMMITMENTS

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Operating leases – as lessee/(expense)				
Minimum lease payments due				
– within one year	**4 040 400**	7 770 000	**–**	–
– in second to fifth year inclusive	**–**	11 655 000	**–**	–
	4 040 400	19 425 000	**–**	–

Operating lease payments represent rentals payable by the Group for certain aircraft. Leases are negotiated for an average term of three years. No contingent rent is payable.

33. CONTINGENCIES

Taxation

The South African Revenue Services has issued an assessment with regard to the financial year ending 31 December 2004 and 31 December 2005 to 1time airline (Proprietary) Limited for the amount of R16 707 942. 1time airline (Proprietary) Limited is currently in the process of disputing the assessment. The dispute is regarding the application of section 24C allowances on the unused ticket liability purchased.

34. RELATED PARTIES

		GROUP		COMPANY	
Figures in Rand		**2009**	2008	**2009**	2008
Relationships					
Subsidiaries	Refer to note 8				
Joint ventures	Refer to note 9				
Members of key management	GW Harrison RL James MJ Kaminski GW Orsmond SJ Petersen GL Wishart				
Related party balances					
Loan accounts owing/(to) by related parties					
1time airline (Proprietary) Limited		**–**	–	**(3 653 088)**	29 189 985
Aeronexus Technical (Proprietary) Limited		**–**	–	**3 097 697**	3 097 697
Aeronexus Corporate (Proprietary) Limited		**–**	–	**1 056 408)**	(1 056 408)
1time charters (Proprietary) Limited		**–**	–	**(1 549 099)**	(1 553 113)
Safair Technical (Proprietary) Limited trading as Jetworx		**–**	–	**29 872 401**	–
Shareholders' loans					
RL James		**(1 266 667)**	(1 250 000)	**–**	–
MJ Kaminski		**(1 016 667)**	(1 000 000)	**–**	–
GW Orsmond		**(1 266 667)**	(1 250 000)	**–**	–
GW Harrison		**(1 000 000)**	(1 250 000)	**–**	–
SJ Petersen		**(650 000)**	(900 000)	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

34. RELATED PARTIES (continued)

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Related party transactions				
Interest paid to/(received from) shareholders				
Shareholders	**640 833**	181 225	**–**	–
Compensation to directors and other key management				
Short-term employee benefits	**2 676 418**	7 027 913	**–**	–
Vehicle advertising	**70 350**	–	**–**	–

Key management comprises only the executive directors. Directors' interest in share capital and directors' remuneration have been disclosed in the directors' report.

35. EARNINGS PER SHARE

The calculation of earnings per share is based on profit after tax of R40 868 323 (2008: (R9 861 690)) and 210 000 000 weighted average ordinary shares in issue during the year.

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Profit attributable to ordinary shareholders	**40 868 323**	(9 861 690)	**–**	–
Weighted average ordinary shares	**210 000 000**	210 000 000	**–**	–
EPS (Cents)	**19,46**	(4,70)	**–**	–

36. HEADLINE EARNINGS

The calculation of headline earnings per share is based on headline earnings of R82 634 226 (2008: R975 795) and 210 000 000 weighted average ordinary shares in issue during the year.

Figures in Rand	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Profit attributable to ordinary shareholders	**40 868 323**	(9 861 690)	**–**	–
Impairment of assets	**50 491 031**	10 837 485	**–**	–
Loss on sale of assets	**4 887 298**	–	**–**	–
Negative goodwill	**(13 612 425)**	–	**–**	–
Headline earnings attributable to ordinary shareholders	**82 634 226**	975 795	**–**	–
HEPS (Cents)	**39,35**	0,46	**–**	–

37. RISK MANAGEMENT

Capital risk management

The Group considers its share capital and reserves as its capital. Capital is managed so as to ensure that the Group is sustainable over the long term.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2009

37. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. In terms of its borrowing requirements, the Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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. The table includes both estimated interest and principal cash flows.

At 31 December 2009	Less than one year	Between one and two years	Between two and five years	Over five years
GROUP				
2009				
Instalment sale agreements	**73 966 117**	**35 520 869**	**30 169 749**	**–**
Trade and other payables	**186 995 027**	**–**	**–**	**–**
Loan payable	**3 644 207**	**15 000 000**	**43 394 201**	**–**
Shareholders' loans	**5 200 001**	**–**	**–**	**–**
2008				
Instalment sale agreements	46 954 574	59 649 649	39 887 652	3 036 193
Trade and other payables	121 730 547	–	–	–
Bank borrowings	4 188 358	–	–	–
Shareholders' loans	5 650 000	–	–	–

Interest rate risk

Interest rate risk refers to the risk of fluctuating interest rates that will have a negative financial effect on cash outflows and the income statement. The risk is minimal as most long-term debt is at fixed interest rates.

Deposits and cash balances attract interest at a rate that varies with prime. The Group policy is to manage interest rate risk so the fluctuations in variable rates do not have a material impact on profit and loss.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

	GROUP		COMPANY	
	2009	2008	**2009**	2008
Foreign exchange risk				
Foreign currency exposure at the end of the reporting period				
Current assets				
Trade and other receivables (USD)	**1 126 879**	1 155 203	**–**	–
Liabilities				
Instalment sale agreements (USD)	**11 800 587**	15 445 015	**–**	–
Instalment sale agreements (AUD)	**3 794 986**	–	**–**	–
Trade and other payables (USD)	**3 476 582**	1 089 704	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2009

37. RISK MANAGEMENT (continued)

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Credit risk (continued)				
Exchange rates used for conversion of foreign items were:				
United States Dollar	**7,41**	9,25	**–**	–
Australian Dollar	**6,77**	6,62	**–**	–

Foreign currency sensitivity

The US and Australian Dollar are the primary currencies to which the Group is exposed. The following table indicates the Group's sensitivity at year-end to the indicated movements in the US Dollar on financial instruments excluding forward foreign exchange contracts.

The rates of sensitivity are the rates used when reporting the currency risk to the Executive Committee of the Group and represents management's assessment of the possible change in reporting foreign currency exchange rates for the next financial year.

The figures below represents management's forecasts of the expected foreign currency impact on the income statement.

The 2008 figure represents management's forecasted foreign currency impact on the income statement for the 2009 financial year and the 2009 figure represents management's forecasted foreign currency impact on the income statement for the 2010 financial year.

Management is of the opinion that the Rand will weaken against the United States and Australian Dollar by 8% for 2010 and has strengthened by 20% to the US Dollar with minimal change for the Australian Dollar in 2009.

This is calculated using econometric forecasts and forward curves and balances at year-end but is unrepresentative of the inherent foreign exchange differences as the year-end exposure does not reflect the exposure during the year.

	GROUP		COMPANY	
Figures in Rand	**2009**	2008	**2009**	2008
Profit/(loss) in Rand				
Instalment sale agreements	**(9 011 639)**	18 534 018	**–**	–
Trade and other receivables	**664 859**	(1 444 004)	**–**	–
Trade and other payables	**(2 051 184)**	1 362 130	**–**	–
	(10 397 964)	18 452 144	**–**	–

Market risk

The Group's activities expose it primarily to the risks of fluctuations in foreign currency exchange rates and fluctuations in global oil prices. Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency risk.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how profit before taxation and equity would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. The Group hedges foreign exchange and jet fuel fluctuations when appropriate and the Group reviews its foreign currency and jet fuel exposures including aircraft commitments on an ongoing basis.

ANALYSIS OF ORDINARY SHAREHOLDERS
as at 31 December 2009

	Number of ordinary shareholders	% of total shareholdings	Number of ordinary shares	% of shares in issue
Size of holdings				
1 – 1 000 shares	230	16,6	134 632	0,06
1 001 – 10 000 shares	774	56,0	3 270 289	1,56
10 001 – 100 000 shares	304	22,0	9 116 440	4,34
100 001 – 1 000 000 shares	56	4,1	16 029 521	7,63
1 000 001 shares and over	18	1,3	181 449 118	86,40
Total	1 382	100	210 000 000	100
Distribution of shareholders				
Assurance companies	2	0,1	4 677 530	2,2
Close corporations	29	2,1	2 559 065	1,2
Directors' holdings (direct)	9	0,7	87 834 809	41,8
Investment partnership	11	0,8	262 813	0,1
Pension and provident funds	2	0,1	2 108 950	1,0
Private companies	35	2,5	39 729 924	18,9
Retail shareholders	1 239	89,7	17 399 266	8,3
Trusts	50	3,6	35 845 507	17,1
Unit trusts/mutual funds	5	0,4	19 582 136	9,3
Total	1 382	100	210 000 000	100
Public/Non-public shareholders				
Non-public shareholders	–	–	111 331 345	53,01
Holders holding more than 10% (Excluding directors' holdings)				
Directors	–	111 331 345	–	–
Direct beneficial	87 834 809	–	–	–
Indirect beneficial	23 496 536	–	–	–
Share schemes (excluding directors' holdings)				
Public shareholders	–	–	98 668 655	46,99
	–	–	210 000 000	100,00

	Number of ordinary shares	% of shares in issue
Beneficial shareholders holding more than 5% of share capital		
Rodney James	21 922 138	10,44
Glenn Orsmond	21 922 138	10,44
Sven Jabbour Petersen	21 922 138	10,44
Gavin Wade Harrison	21 922 138	10,44
Mkjh Trust	21 741 316	10,35
Avstar Aviation (Proprietary) Limited SA	18 527 581	8,82
Wishy Family Trust	10 500 000	5,00
	138 457 449	65,93

Share price performance	
Opening price 2 January 2009	0,60
Closing price 31 December 2009	0,60
High for the period	0,60
Low for the period	0,60
Number of shares in issue	210 000 000
Volume traded during period	24 227 434
Ratio of volume traded to shares issued (%)	11,54%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of 1time holdings Limited (the company) will be held on Friday, 4 June 2010 at 12:00 at the Garden Court, OR Tambo International Airport, No 2 Hulley Road, Cnr Andre Greyvenstein Road, Isando.

To consider and if deemed fit to pass with or without modifications the following resolutions:

1. ORDINARY RESOLUTION NUMBER 1

   "RESOLVED THAT the Group annual financial statements for the year ended 31 December 2009 be received and adopted."

2. ORDINARY RESOLUTION NUMBER 2

   "RESOLVED THAT the reappointment of SAB&T as the auditors of the company, be approved and that the directors be and are hereby authorised to determine their remuneration."

3. ORDINARY RESOLUTION NUMBER 3

   "RESOLVED THAT the appointment of Grant Wishart as a director of the company with effect 8 July 2009 be approved."

4. ORDINARY RESOLUTION NUMBER 4

   "RESOLVED THAT the appointment of Myles Sinclair as alternate director to Grant Wishart, with effect 26 January 2010 be approved."

5. ORDINARY RESOLUTION NUMBER 5

   "RESOLVED THAT Michael Snyman, who retires in accordance with the provisions of the company's articles of association but being eligible, offers himself for re-election be and hereby is re-elected as a director of the company."

6. ORDINARY RESOLUTION NUMBER 6

   "RESOLVED THAT Tania Matsinhe, who retires in accordance with the provisions of the company's articles of association but being eligible, offers herself for re-election be and hereby is re-elected as a director of the company."

7. ORDINARY RESOLUTION NUMBER 7

   "RESOLVED THAT Rodney James, who retires in accordance with the provisions of the company's articles of association but being eligible, offers himself for re-election be and hereby is re-elected as a director of the company."

8. ORDINARY RESOLUTION NUMBER 8

   "RESOLVED THAT the directors' remuneration for the past financial year be and hereby is approved."

9. ORDINARY RESOLUTION NUMBER 9 – PLACING UNISSUED SHARES UNDER CONTROL OF DIRECTORS

   "RESOLVED THAT the authorised, but unissued ordinary shares in the capital of the company be placed under the control of the directors of the company until the next annual general meeting of the company and that the directors be and hereby are authorised and empowered to allot, issue and otherwise dispose of such shares, on such terms and conditions and at such times as the directors in their discretion deem fit, subject to sections 221 and 222 of the Companies Act 61 of 1973, and the JSE Listings Requirements."

10. ORDINARY RESOLUTION NUMBER 10 – GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES FOR CASH

    "RESOLVED THAT subject to the approval of 75% of the members present in person and by proxy and entitled to vote at the meetings, the directors of the company be and hereby are authorised, by way of general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the company as they in their discretion deem fit, subject to the following limitations:

    - This authority shall not endure beyond the next annual general meeting of the company nor shall it endure beyond 15 months from the date of this meeting.
    - There will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Limited ("JSE") in its Listings Requirements) and not to related parties.
    - Upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement of the Securities Exchange News Services ("SENS"), give full details thereof, including the effect on net asset value of the company and earnings per share.
    - The aggregate issue of a class of shares already in issue in any financial year will not exceed 50% of the number of that class of shares (including securities which are compulsory convertible into shares of that class).

NOTICE OF ANNUAL GENERAL MEETING (continued)

- The maximum discount at which shares may be issued is 10% of the weighted average traded price of the company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant."

11. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES

"RESOLVED THAT the company and/or its subsidiaries be and hereby are authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of section 85 (2), 85 (3) and 89 of the Act and in terms of the Rules and Requirements of the JSE, being that:

- any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of the passing of this special resolution;
- an announcement will be published on SENS as soon as an aggregate of 3% of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details of such repurchase;
- acquisitions in the aggregate in any one financial year may not exceed 20% of the company's ordinary shares issued nor may acquisitions in the aggregate, from the date of passing of this special resolution, exceed 20% of the company's ordinary shares issued at the date of passing of this special resolution;
- in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company;
- at any point in time, the company will only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company or its subsidiaries will not repurchase securities during a prohibited period in accordance with JSE Listings Requirements."

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 1

The reason for special resolution number 1 is to grant the company general authority in terms of the Companies Act for the acquisition by the company or any of its subsidiaries of shares issued by the company to its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. Such special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors and management – see page 2 of the annual report.
- Major beneficial shareholders – see page 60 of the annual report.
- Directors' interests in ordinary shares – see page 21 of the annual report.
- Share capital of the company – see page 50 of the annual report.

12. SPECIAL RESOLUTION NUMBER 2

"RESOLVED, as a special resolution, that the articles of association of the company be amended by the removal of clause 17.1 from the articles of association which currently reads:

NOTICE OF ANNUAL GENERAL MEETING (continued)

17.1 The number of directors shall not be less than four.

Non-executive directors:

17.1.1. SM Twala (Chairman);

17.1.2 GL Wishart;

17.1.3 RM Loader (alternate).

Executive directors:

17.1.4 GW Orsmond;

17.1.5 GW Harrison;

17.1.6 RL James;

17.1.7 M Kaminski;

17.1.8 SJ Petersen;

17.1.9 M Snyman

and replace with:

17.1 The number of directors shall not be less than four."

VOTING

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. On a show of hands, every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

PROXIES

Certificated shareholders and dematerialised shareholders with "own name" registration. If you are unable to attend the annual general meeting of 1time holdings shareholders to be held at the Garden Court, OR Tambo International Airport, No 2 Hulley Road, Cnr Andre Greyvenstein Road, Isando, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to the transfer secretaries, namely, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa, or PO Box 61051, Marshalltown, 2107, South Africa, by no later than 48 hours (excluding Saturdays, Sundays and public holidays) before the time appointed for the holding of the annual general meeting, being Friday, 4 June 2010 at 12:00.

DEMATERIALISED SHAREHOLDERS, OTHER THAN THOSE WITH "OWN NAME" REGISTRATION

If you hold dematerialised shares in 1time holdings through a CSDP or broker and do not have an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be presented by proxy thereat in order for your CSDP or broker to provide you with your voting instruction in order for your CSDP or broker to vote in accordance with your instruction at the annual general meeting.

By order of the Board

Michael Snyman
Registration number 1999/017536/06

Company Secretary

23 March 2010

CVS OF DIRECTORS UP FOR RE-ELECTION

RODNEY LAURENCE JAMES
CEO airline

Rodney is an aircraft maintenance engineer with over 23 years' experience in aircraft maintenance. Rodney was responsible for setting up the Bop Air maintenance facility before transforming it into Amtec (as Managing Director) and later Aeronexus (Proprietary) Limited, which Rodney formed in 2001. Rodney was instrumental in successfully introducing the DC9 and MD80 type aircraft into South Africa.

Rodney successfully launched the 1time brand as an airline with low airfares and no hidden costs and its marketing slogan "More nice, less price" as Marketing Director before being appointed as the 1time airline CEO.

MICHAEL SNYMAN
Group Financial Director
BCom (CA)(SA)

Michael graduated from RAU with a BCom Acc (Hons) in 2003. After completing his articles and qualifying at RSM Betty and Dickson (Johannesburg) he qualified as a CA(SA). Michael is currently the Group Financial Director at 1time where he is responsible for the full financial function including managing the finance department, financial controls, human resources, financial reporting, fraud prevention, taxation matters and viability assessments of projects for the Group.

TANIA MATSINHE
Masters Degree in Economics
MBA

Tania is a professional economist, with a Masters Degree in Economics from UCT and an MBA at the UCT Graduate School of Business. Her background includes business management and process improvement especially streamlining operational processes fundamental for increasing shareholder value. She has held the position of senior manager within the business advisory services at Ernst & Young as well as a performance consultant at Old Mutual.

FORM OF PROXY

1time holdings Limited
Registration number 1999/017536/06

For use only by 1time holdings shareholders holding certificated shares, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own name registration at the annual general meeting of the shareholders of 1time holdings Limited, to be held at the Garden Court, OR Tambo International Airport, No 2 Hulley Road, Cnr Andre Greyvenstein Road, Isando, at 12:00 on Friday, 4 June 2010 ("annual general meeting").

1time holdings shareholders who have already dematerialised their shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for shareholders who have dematerialised their shares and have elected own name registration in the subregister through a CSDP, which shareholders must complete this form of proxy and lodge it with the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa. Holders of dematerialised shares, other than those with "own name" registration wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary authorisation to attend.

I/We ______________________________

(of address) ______________________________

being the holder/s or custodians of ______________ ordinary shares in the company, do hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to act for me/us at the general meeting and at each adjournment thereof and to vote on such resolutions in respect of the ordinary shares in the issued capital of the company registered in my/our name/s in accordance with the following instructions (see note 2):

	Number of votes (one vote per share)		
	In favour of	Against	Abstain
1. Resolution 1 to consider the financial statements for the year ended 31 December 2009			
2. Resolution 2 to reappoint SAB & T as auditors			
3. Resolution 3 to appoint Grant Wishart as a director			
4. Resolution 4 to appoint Myles Sinclair as alternate director to Grant Wishart			
5. Resolution 5 to re-elect Michael Snyman as a director			
6. Resolution 6 to re-elect Tania Matsinhe as a director			
7. Resolution 7 to re-elect Rodney James as a director			
8. Resolution 8 to approve the directors' remuneration			
9. Resolution 9 to place unissued shares under control of directors			
10. Resolution 10 to allot and issue shares for cash			
11. Special resolution Number 1 (general authority to repurchase shares)			
12. Special resolution Number 2 (ammendment to articles of association)			

Insert an "X" in the relevant space above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of less than all of the shares that you own in the company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at ______________ on ______________ 2010

Signature ______________________________

Assisted by me (where applicable) ______________________________

Each member is entitled to appoint one or more proxies (none of whom need to be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Duly completed forms of proxy must be received at the office of the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa, or PO Box 61051, Marshalltown, 2107, South Africa, by no later than 48 hours (excluding Saturdays, Sundays and public holidays) before the time appointed for the holding of the annual general meeting, being Friday, 4 June 2010 at 12:00.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.
9. Where there are joint holders of shares:
   - any one holder may sign this form of proxy; and
   - the vote of the senior joint holder (seniority determined by the order of the names as recorded in the company's register of members) by proxy or in person will be accepted to the exclusion of the vote(s) of the other joint shareowner(s).

ADMINISTRATION

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Registration number 2003/020975/07
Website www.1time.co.za

1TIME CHARTERS (PROPRIETARY) LIMITED
Registration number 1999/013639/07

SAFAIR TECHNICAL (PROPRIETARY) LIMITED
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