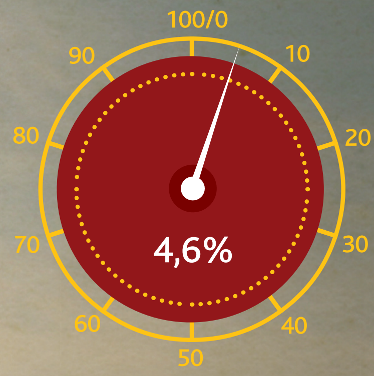
1time holdings Ltd

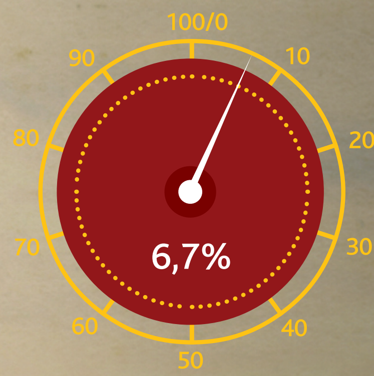
annual report 2010

contents

highlights

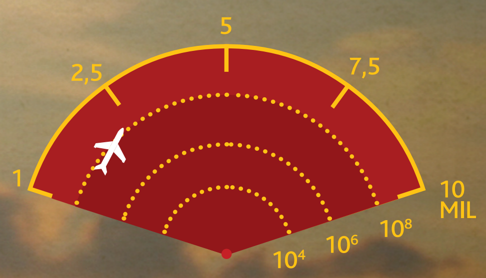


REVENUE GROWTH



PASSENGER GROWTH

HEADLINE EARNINGS



R145 MIL

CASH GENERATED FROM OPERATIONS

five-year review

Figures in Rand '000	Actual 2010	Actual 2009	Actual 2008	Actual 2007	Actual 2006
GROUP INCOME STATEMENT					
Revenue	1 308 245	1 251 061	1 049 554	674 606	496 221
Operating costs	1 286 536	1 157 678	1 046 570	636 583	460 862
Operating profit	21 709	93 383	2 984	38 023	35 359
Net finance costs	32 556	28 261	14 116	2 432	2 630
Net (loss)/profit before tax	(10 847)	65 122	(11 132)	35 591	32 729
Taxation	(253)	(19 030)	1 270	(7 013)	(8 257)
Net profit/(loss) after tax	(11 100)	46 092	(9 862)	28 578	24 472
Non-controlling interest	12 264	(5 224)	–	–	(7 187)
Headline earnings adjustments	45 177	41 766	10 837	1 407	(5 305)
Headline earnings	46 341	82 634	975	29 985	11 980
GROUP STATEMENT OF FINANCIAL POSITION					
Aircraft assets	360 166	353 684	340 614	222 117	84 772
Other fixed assets	119 722	127 080	20 380	15 373	12 115
Current assets	169 167	188 999	127 873	96 113	69 189
	649 055	669 763	488 867	333 603	166 076
Shareholder funds	150 787	165 922	144 620	104 906	38 159
Non-current liabilities	113 983	160 497	124 751	49 109	35 521
Current liabilities	384 285	343 344	219 496	179 588	92 396
	649 055	669 763	488 867	333 603	166 076
SALIENT FEATURES					
Operating margin (%)	1,7	7,5	0,2	5,6	7,1
Earnings per share	0,55	19,46	(4,7)	14,9	13,6
Headline earnings per share	22,07	39,35	0,5	15,7	6,7
Weighted average no of shares	210 000 000	210 000 000	210 000 000	191 260 274	180 000
Available seats	2 350 000	2 223 000	1 960 000	1 650 000	1 252 000
Passengers	1 921 000	1 800 000	1 605 000	1 365 000	1 020 000
Load factor	82	82	82	83	81
Sectors flown	15 852	14 719	13 541	11 720	9 305
Average fuel price per litre	4,5	4,1	6,9	4,2	3,8
Cash	24 085	50 329	6 534	25 890	33 588
Depreciation	54 918	43 167	27 667	13 220	8 065

directorate

Sipho Twala (53)
Chairman
BCom, HDip CO

Glenn Orsmond (48)
Group CEO
BCom, CA(SA)

Tania Matshine (34)
Independent Non-executive Director
BA, MBA, MEcon

Rodney James (50)
CEO 1time airline

Miles Sinclair (50)
Alternate
Non-executive Director
BCom, CA(SA)

Grant Wishart (48)
Non-executive Director
BSc Engineering

Michael Kaminski (39)
Group IT Director
BCom, MCSE

Michael Snyman (29)
Group Financial Director
BCom (Hons), CA(SA)

The airline maintained its status as the fastest growing domestic airline for seven years in a row increasing passenger volumes by 6,7%.

ceo and chairman's report

PERFORMANCE REVIEW

It is once again our pleasure to reflect on the activities of the past year as well as the Group's plans for the future. The Group achieved mixed results for the financial year ended 31 December 2010. The airline performed well with R66,9 million headline earnings (2009: R94,3 million). Safair Technical (Proprietary) Limited ("Safair Technical"), the aircraft maintenance business, however performed poorly with a R22,6 million attributable headline loss.

- Group revenue increased by 4,6% to R1,3 billion supported by higher passenger volumes and higher yields in tough market conditions;
- Safair Technical incurring a R22,6 million headline loss compared to a R8,1 million headline loss in 2009;
- Airport charges for ACSA and ATNS increased by 36% increasing airport charges by R40 million; and
- Average fuel prices increased by 9,7% for the year costing the company an additional R36 million.

Cash flow generated from operations remained strong at R145,0 million and was mostly used to acquire aircraft and reduce debt.

The continued strengthening of the Rand to the US Dollar is reflected in the impairment charge in the income statement which relates to the US Dollar-based aircraft valuations. This has been partly offset by the translation currency gains earned on foreign debt.

1TIME AIRLINE

The airline increased gross revenue by 10,3% from R1 040 million in 2009 to R1 148 million in 2010 despite difficult trading conditions.

The airline maintained its status as the fastest growing domestic airline for seven years in a row increasing passenger volumes by 6,7% from 1 800 000 in 2009 to 1 921 000 in a flat market. Capacity increased by only 5% to increase the average load factor to 82%.

The African growth strategy has proven to be successful with the Zanzibar, Livingstone and Maputo routes all performing well along with the eight domestic destinations currently serviced by 1time.

Revenue growth for 2011 will be focused on growth on current routes, expanding into Africa as and when these rights become available and introducing air services from Lanseria Airport subject to market conditions.

2010 FIFA WORLD CUP

The 2010 FIFA World Cup had no material impact on airline earnings for the period. While demand increased in June and July this was fully offset by abnormally poor demand during May and August. The misconception that prices were going to be exorbitantly high kept the leisure traveler at home whilst most corporates suspended all travel.

We would like to thank the nation for the successful outcome of the FIFA World Cup.

1TIME CHARTERS DIVISION

1time charters performed well during the World Cup offering charter air services to foreign supporters, groups and tour operators. Fleet capacity in the second half was however constrained as the fleet was deployed towards our African growth strategy in the airline.

1TIME HOLIDAYS DIVISION

1time holidays increased revenue from R4,2 million in 2009 to R14,9 million in 2010. Further revenue growth is expected during 2011 particularly as we focus on selling holiday packages to African destinations that are currently serviced by 1time.

OPERATIONS

Currently all the airline pilots are trained at the simulators in Zürich. To reduce costs and improve safety with increased simulator time the airline has invested in a joint venture for a simulator based in South Africa. The simulator will also be rented out to other operators to generate third party income.

In the seven years of operation the airline has carried close to 10 million passengers and operated over 100 000 flights and has had an impecable safety record to date.

During the year the airline performed an emergency evacuation on an aborted take off due to the risk of an engine fire.

We are pleased to announce that despite negative media publicity the CAA investigation concluded that there was no fire and that the blade failure in the engine leading to the aborted take off was not preventable.

AIRCRAFT FLEET

The airline operates a fleet of 12 standardised MD80 aircraft operating over 1 300 flights a month. Our fleet review process included international comparatives and has indicated that the MD80 type aircraft continues to offer the lowest seat kilometre cost in the domestic market combined with a premium carrier service experience.

A longer-term fleet renewal plan is being investigated and the Group is currently in talks with the major aircraft manufacturers.

SAFAIR TECHNICAL

The maintenance facility provides comprehensive maintenance services for the 1time fleet and several other South African and African operators. It also holds the European (EASA), American (FAA) and South African (CAA) maintenance licences.

Management plans and expectations at Safair Technical were not realised during the year.

The R22,6 million headline attributable loss is attributable to a variety of factors:

- Continued strengthening of the Rand severely impacted operating margins as most revenue is charged in US Dollars.
- Once-off costs incurred relating to an employee reduction programme reducing headcount from over 700 at the start of the 2010 financial year to under 500 by year-end.
- Third-party maintenance revenue which was expected during the final quarter of 2010 was only realised in the first quarter of 2011.

Management has implemented various measures to restore profitability for 2011. These include:

- strict staff cost controls and managing headcount to match contracted revenue;
- renegotiating loss-making maintenance contracts; and
- concluding a Letter of Intent ("LOI") with Safair Operations (Proprietary) Limited ("Safair Operations") subsequent to year-end in terms of which debt is significantly reduced to achieve interest and rental costs savings as noted under subsequent events.

NEW HEAD OFFICE

With the remarkable growth the Group has achieved throughout the years, it became imperative for the Group to acquire its own building as the long-term rentals were becoming costly and the lack of available office space due to our growth would soon become a concern. The bond costs are lower than the rental costs resulting in a cost reduction but with an asset that can be leveraged.

BOARD OF DIRECTORS

The Board is pleased to welcome Blacky Komani as a non-executive Director and Busiwe Maqungo as an Executive Director to the 1time Board effective 4 March 2011. Blacky brings a wealth of leadership expertise in the travel and tourism sector while Busiwe fills a key role in achieving human resource development and transformation objectives.

PROSPECTS

For the airline we expect a tough trading environment for 2011. High oil prices will put pressure on yields which will in turn negatively impact overall market volumes. We are confident however that our low cost advantage will enable us to continue offering the lowest prices and best service. Further passenger growth is expected on current routes and new services into Africa.

Market conditions permitting, we anticipate commencing operations from Lanseria during the third quarter of the year.

Cost savings achieved in Safair Technical will be the main driver to achieve a significant improvement in 2011.

The BEE Transaction and Safair Technical restructuring have significantly improved our balance sheet and combined with our low-cost advantage places the Group in a strong position for 2011.

By order of the Board

Glenn Orsmond	Sipho Twala
Chief Executive Officer	Chairman

17 March 2011


40
Torque
%
0
160
180

corporate governance

1time is a company that listed on 14 August 2007 with securities on the Alternative Exchange ("AltX") of JSE Limited ("the JSE") and moved to the main board of the JSE on 5 July 2010. It is a public company incorporated in South Africa under the provisions of the Companies Act, 1973, (No. 61 of 1973), as amended ("the Companies Act").

The Board of Directors of 1time ("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 ("King II") and the Listings Requirements of the JSE ("Listings Requirements"), most elements of which are either formally or informally in place.

The implementation of the Companies Act 2008 provides the legal framework for the third King Report of Corporate Governance for South Africa 2009 ("King III"), which came into effect on 1 March 2010. The Listings Requirements requires all listed companies to comply with King III in respect of the financial year commencing on or after 1 March 2010. Accordingly, 1time has commenced the process of identifying and understanding the gaps within the Group relating to the principles outlined in King III. This gap analysis will reveal the strategy to be adopted in line with the "apply or explain" principle in King III and will be reported in the annual report for the next financial year ending 31 December 2011.

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 Listings Requirements.

While there is commitment to comply with King II, the following non-compliant matters have been identified:

- The Board does not have majority independent non-executive directors.
- Sipho Twala, the Chairman of the Board, also sits on the audit committee. He will step down when additional independent non-executives directors are appointed.
- The remuneration committee is chaired by a non-executive director who also chairs the Board.
- the internal audit function started subsequent to year-end.

The Company is committed to effective corporate governance and continuously strives to ensure that the interests of stakeholders are protected

corporate governance (continued)

BOARD OF DIRECTORS

The Board

The Board is accountable and responsible for the performance of the Group. 1time has a unitary Board structure with several sub-committees of the Board. The Board believes that there is a balance of power and authority amongst directors so that no one director has unfettered powers of decision-making.

The Board is considered appropriately skilled and experienced to meet its responsibilities and perform the functions required by a board.

The Board is accountable to the shareholders and other stakeholders for the performance of the Company. It is responsible for the strategic direction of the Company and the primary objective of the Company, which is to create and build sustainable value to all its stakeholders. This has been achieved by creating goals for management and monitoring the achievement of these goals.

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.

A Board charter is in place which sets out the Board's role and responsibilities as well as the requirements for its composition and meeting requirements. This charter is reviewed annually.

Board composition

The Board comprises five executive directors and five non-executive directors, two are 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 policy on the procedures for the appointment of directors which ensures that all appointments are formal and transparent, and a matter for the Board as a whole. All directors are invited to assist with the identification and nomination of potential candidates.

Non-executive directors have access to all members of management and to the records of the Group, and may, at the Group's expense, seek external professional advice should the need arise.

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, any new directors are subject to re-election by shareholders at the first annual general meeting following their appointment. A brief curriculum vitae of each director is set out on page 65.

Chairman and Group Chief Executive Officer

The role 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 coordinates the implementation of Board policy through the Group Executive Committee.

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 depending on the nature and effect thereof.

Meetings

The Board has 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 is as follows:

	Possible	Attended
Glenn Orsmond	4	4
Grant Wishart	4	4
Michael Kaminski	4	4
Michael Snyman	4	4
Rodney James	4	4
Sipho Twala	4	4
Tania Matshine	4	3

Representatives from Merchantec Capital attend the Board meetings by invitation, as the sponsor to the Company to advise on the Listings Requirements.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises three non-executive directors, one of whom is independent. The Audit Committee meets at least twice a year. The external auditors and sponsors have unrestricted access to attend the committee meetings. The Group Financial Director, Group CEO and Executive Managers of Finance for all subsidiaries attended the meetings by invitation. The committee met twice during the year under review.

The expertise, independence and professionalism of the external auditors was reviewed in the 2010 financial year. SAB&T were deemed to be independent and capable of providing the levels of service expected from the external auditor.

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 he is deemed competent by the Audit Committee. Michael will be vacating this position on 31 May 2011. The Board is currently seeking his replacement and will make an announcement to this effect in due course.

The Audit Committee's updated audit charter was ratified by the Board in this financial year and is continuously being updated for appropriate changes in legislation and requirements.

The committee functions include:

- Approving the audit plan
- Recommending the external auditor's appointment
- Approval of any non-audit services provided by the external auditor
- Reviewing and recommending the approval of the annual budget
- Reviewing and recommending the approval of annual financial statements
- Reviewing the external auditor's reports to management
- Reviewing the internal controls of the Company
- Information technology auditing
- Identifying and assessing the management of key risks in the business.

REMUNERATION COMMITTEE

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

The committee is currently revising the Board and the individual director's remuneration and performance structure. The new structure will be implemented for the 2011 financial year.

The fees payable to executive and non-executive directors will be increased by 5,5% for the 2011 financial year.

EXTERNAL AUDIT

The Group's external auditors provide an independent assessment of the Group's internal control systems and an independent opinion on the annual financial statements.

The board of directors of 1time subscribes to and supports the principles established in the Code of Corporate Practices and Conduct.

corporate governance (continued)

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, No. 55 of 1998 ("the 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 Groups' 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 AND INTERNAL AUDIT

The Board is responsible for ensuring that appropriate systems of internal controls are maintained to ensure that the Group assets are safeguarded and managed, and that losses arising from fraud and/or other illegal acts are minimised. Control systems are continually monitored and improved in accordance with generally accepted best practice.

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.

The internal audit department is a function established at Group level, reporting to the Audit Committee, to assist executive management and the Audit Committee in the effective discharge of their respective responsibilities. This was established after year-end.

GOING CONCERN

The annual financial statements as set out on pages 16 to 59 have been prepared on the going-concern basis since the Board has 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 Board continues 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 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 content of the agenda are relevant to Board decision-making and the outcome of the Board deliberations is communicated throughout the Group. In addition, the Company Secretary is responsible for the timely preparation and circulation of the minutes of the Board meetings to the Board, as well as lodging all the required returns in terms of the Companies Act, 1973, (No. 61 of 1973).

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

Michael Snyman resigned from his position as Company Secretary of the Group with effect from 15 February 2011, and his resignation was duly announced on SENS. Merchantec Capital has been appointed as Company Secretary of the Group, effective 15 February 2011.

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 abovementioned parties may not deal directly or indirectly in 1time's shares. These periods are from 30 June to the publication of the interim results and 31 December until the publication of the year-end results, or any period during which the Company is trading 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.

COMMUNICATION WITH STAKEHOLDERS

1time is committed to a process of continuing dialogue with its investors. The Chairman, CEO and Group Financial Director are available to answer questions from stakeholders, including industry analysts and scheduled interviews are arranged with the media to ensure effective and transparent reporting. 1time is proactive in the distribution of information to relevant parties through the JSE SENS communication system, printed and electronic media releases and the statutory publication of its financial results. The annual general meeting provides an opportunity to communicate directly with shareholders and the Group encourages shareholders to attend and voice their opinion.

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 and in addition to create an environment in which employees can develop to their full potential.

Labour and management relations

1time observes the organisational rights of its unions. The union recognised by 1time 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 roll out 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 programs during the year range from raising awareness for cancer patients through Childhood Cancer Foundation South Africa and Reach for a Dream, as well as various sponsorships for child welfare.

1time airline responded to 94.7 Highveld Stereo's Christmas wish list, which appealed to the community to assist a paraplegic child in realising his dream of visiting Cape Town and seeing the ocean for the first time. 1time airline, 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.

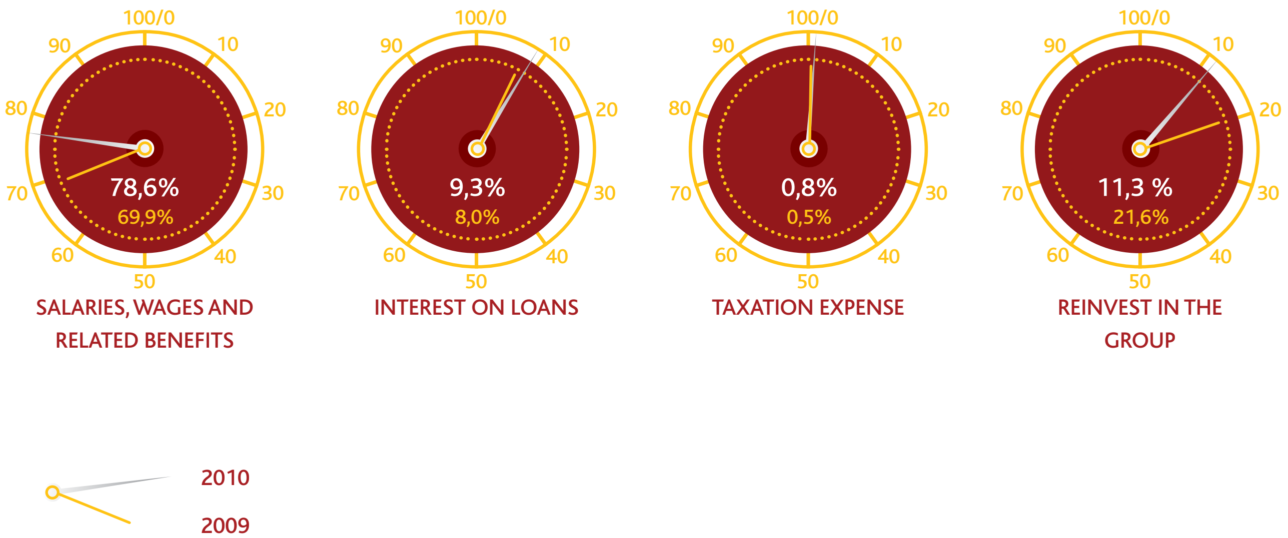
Sustainability

The Group has undergone its first carbon footprint audit and has identified areas where it may be possible to reduce the footprint and possibly even become carbon neutral. Part of this process has been to sell the DC9 type aircraft which emitted high levels of carbon 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 flights booked.

The airline is in the process of implementing a program where its passengers, while booking, can elect to neutralise the carbon footprint of the flights booked.

group value added statement

Figures in Rand '000	2010	%	2009	%
WEALTH CREATED	1 251 061			
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	305 441	78,6%	288 914	69,9%
Providers of capital				
Interest on loans	36 065	9,3%	32 984	8,0%
Government				
Taxation expense	3 265	0,8%	2 120	0,5%
Reinvest in the Group	43 818	11,3%	89 259	21,6%
Depreciation	54 918		43 167	
Retained income	(11 100)		46 092	
	388 589	100%	413 277	100%



financial statements

for the year ended 31 December 2010

directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa, 1973 (Act No 61 of 1973) as amended 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 17.

The annual financial statements set out on pages 16 to 59, which have been prepared on the going-concern basis, were approved by the Board on 17 March 2011 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 ended December 2010, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

Michael Snyman
Company Secretary
02 February 2011

independent auditors' report

TO THE MEMBERS OF 1TIME HOLDINGS LIMITED

We have audited the consolidated and separate annual financial statements of 1time holdings Limited, which comprise the consolidated and seperate statement of financial position as at 31 December 2010, and the consolidated and separate 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 16 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 1973 (Act No 61 of 1973) as amended. 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 consolidated and separate financial position of 1time holdings Limited as at 31 December 2010, and its consolidated and separate 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, 1973 (Act No 61 of 1973) as amended.

SAB&T Chartered Accountants Incorporated

Registered Auditors

Per: Aneel Darmalingam
Centurion

17 March 2011

directors' report

NATURE OF BUSINESS

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

Income is derived from a mix of passenger ticket sales, maintenance, charters and ancillary revenue from on-board catering, accommodation, car rentals, advertising, cargo and from 1time holiday its in-house tour operator.

The airline operates a fleet of 12 MD80 type aircraft and is currently operating eight domestic and three regional routes. It has been named the fastest growing low-cost airline for the past seven years and carried over 1,9 million passengers in 2010.

The maintenance facility provides comprehensive maintenance services for the 1time fleet and several other South African and African operators. It also holds the European (EASA), American (FAA) and South African (CAA) maintenance licences.

Headline earnings of the Group was R46 341 254 (2009: R82 634 227) while the net loss of the Group was R11 100 430 (2009: profit R46 092 080).

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

As announced on SENS on 7 March 2011, the Company concluded a BEE transaction with Oakleaf Investments 59 (Proprietary) Limited ("Oakleaf") (incorporating Mtha Aviation (Proprietary) Limited ("Mtha") and SKMT Sunrise Investment Group (Proprietary) Limited ("Sunrise")) effective 2 March 2011 in terms of which Oakleaf subscribed for 70 million ordinary shares in 1time for cash at 70,16202 cents per share, raising R49,1 million in cash for the Group. The BEE transaction represents a 25% BEE equity stake in 1time. Mtha Aviation is an aviation focused group, headed by Busiwe Maqungo. The capital raised from the BEE transaction will be deployed towards 1time's growth strategies. Our solid BEE credentials place the airline in a good position to acquire rights to further African routes. We are particularly pleased that Sipho Twala, our Chairman and the founding shareholder of 1time, has also participated in the BEE transaction through his directorship at Sunrise.

Safair Technical restructuring

The Company has concluded a Letter of Intent with Safair Operations (owners of 28% of Safair Technical) in terms of which Safair Operations assume responsibility for R51,8 million of Safair Technical's debt in exchange for the cession of certain lease agreements and the sale of assets at book value. The transaction significantly improves gearing in the Group and is earnings enhancing.

AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the Group during the year under review. Altogether 70 million ordinary shares were issued subsequent to year-end in terms of the BEE transaction as detailed in the Subsequent Events paragraph above.

NON-CURRENT ASSETS

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

There was aircraft, property, plant and equipment and intangible assets purchased to the value of R92 676 721.

DIVIDENDS

The Board has adopted a dividend policy of a minimum of eight times cover moving into the 2011 financial year. This has resulted from the successful BEE transaction as detailed in the Subsequent Events paragraph above.

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, resigned effective 31 May 2011
- Rodney James – appointed 10 February 2000
- Sipho Twala*# – appointed 27 December 2006
- Tania Matshine* – appointed 28 March 2008
- Grant Wishart* – appointed 8 July 2009
- Myles Sinclair^ – appointed 6 January 2010
- Blacky Komani* – appointed 4 March 2011
- Busiwe Maqungo* – appointed 4 March 2011

** Non-executive director*
 # Independent director
^ Alternate director

COMPANY SECRETARY

Merchantec Capital

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' INTEREST IN SHARE CAPITAL (NUMBER OF SHARES)

Figures in Rand	Beneficiary direct 2010	Beneficiary indirect 2010	Beneficiary direct 2009	Beneficiary Indirect 2009	% held
Sipho Twala	–	1 608 963	–	1 608 963	0,7
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
Grant Wishart^	18 527 581	10 500 000	18 527 581	10 500 000	13,8
	62 371 857	33 996 536	62 371 857	33 996 536	66,5

DIRECTORS' REMUNERATION

Figures in Rand	Directors' fees	Remuneration	Bonuses	Medical and life assurance	Total
2010					
Non-executive					
Sipho Twala	305 200	–	75 000	–	380 200
Tania Matshine	201 200	–	25 000	–	226 200
Grant Wishart	187 400	–	12 500	–	199 900
Myles Sinclair	22 800	–	–	–	22 800
Executive					
Glenn Orsmond	–	1 860 000	695 119	190 836	2 745 955
Rodney James	–	1 906 850	695 119	240 324	2 842 293
Michael Kaminski	–	1 877 580	695 119	106 663	2 679 362
Michael Snyman	–	984 000	442 800	50 205	1 477 005
2009					
Non-executive					
Sipho Twala	268 500	–	–	–	268 500
Tania Matshine	215 500	–	–	–	215 500
Grant Wishart	76 000	–	–	–	76 000
Executive					
Glenn Orsmond	–	1 704 000	300 000	103 875	2 107 875
Rodney James	–	1 756 740	300 000	132 278	2 189 018
Sven Petersen*	–	1 704 000	–	134 540	1 838 540
Gavin Harrison*	–	1 704 000	–	90 741	1 794 741
Michael Kaminski	–	1 721 580	300 000	83 472	2 105 052
Michael Snyman	–	792 000	1 050 000	20 044	1 862 044

** Resigned 26 January 2010*

Note: The remuneration for the 2009 financial year includes a bonus of R300 000 each for Glenn Orsmond, Michael Kaminski and Rodney James, which was approved after year-end and the finalisation of the 2009 annual financial statements.

statement of financial position
as at 31 December 2010

		GROUP		COMPANY	
Figures in Rand	Notes	2010	2009	2010	2009
ASSETS					
Non-current assets					
Aircraft	3	360 166 011	353 684 432	–	–
Investment property	4	1 000 000	1 000 000	1 000 000	1 000 000
Property, plant and equipment	5	85 719 445	84 296 999	–	–
Goodwill	6	1 794 078	1 794 078	–	–
Intangible assets	7	4 406 264	14 517 997	138 511	258 736
Investments in subsidiaries	8	–	–	19 975 403	20 075 503
Investment in joint venture	9	1 617 357	1 173 307	1 617 357	1 173 307
Deferred tax	10	18 531 984	3 086 092	2 786 324	978 461
		473 235 139	459 552 905	25 517 595	23 486 007
Current assets					
Inventories	11	100 524 703	104 490 263	–	–
Loans to Group companies	12	–	–	43 589 410	32 970 098
Current tax receivable		386 059	352 036	–	–
Trade and other receivables	13	39 752 165	33 828 837	921 748	921 187
Cash and cash equivalents	14	28 504 167	50 328 678	20 737	86 231
		169 167 094	188 999 814	44 531 895	33 977 516
Non-current assets held-for-sale	15	6 653 100	21 209 842	–	–
Total assets		649 055 333	669 762 561	70 049 490	57 463 523
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
Reserves	17	35 377 750	39 412 460	11 150	11 150
Accumulated (loss)/profit		72 686 032	71 521 814	(6 243 322)	(78 224)
		154 819 219	157 689 711	40 523 265	46 688 363
Non-controlling interest		(4 032 031)	8 232 620	–	–
		150 787 188	165 922 331	40 523 265	46 688 363
Liabilities					
Non-current liabilities					
Loans payable	18	11 126 210	58 394 201	–	–
Instalment sale agreements	19	53 632 197	65 690 618	1 614 404	845 171
Deferred tax	10	49 224 679	36 411 483	–	–
		113 983 086	160 496 302	1 614 404	845 171
Current liabilities					
Loans from Group companies	12	–	–	25 328 683	6 258 595
Loans from shareholders	20	2 531 499	5 200 001	–	–
Loans payable	18	39 173 474	3 644 207	–	–
Current tax payable		5 741 728	6 406 405	–	–
Instalment sale agreements	19	58 417 643	73 966 117	2 402 526	3 515 005
Trade and other payables	21	274 001 343	254 127 198	180 612	156 389
Bank overdraft	14	4 419 372	–	–	–
		384 285 059	343 343 928	27 911 821	9 929 989
Total liabilities		498 268 145	503 840 230	29 526 225	10 775 160
Total equity and liabilities		649 055 333	669 762 561	70 049 490	57 463 523

consolidated income statement

for the year ended 31 December 2010

		GROUP		COMPANY	
Figures in Rand	Notes	2010	2009	2010	2009
Gross revenue	22	1 308 244 783	1 251 061 344	–	–
Operating costs		(1 194 177 220)	(1 095 645 708)	(8 198 727)	(1 166 451)
Earnings before disclosable items		114 067 563	155 415 636	(8 198 727)	(1 166 451)
Depreciation		(54 917 991)	(43 167 260)	–	–
Impairment of assets		(49 558 877)	(50 491 031)	–	1 228 860
Negative goodwill		–	19 891 361	–	–
Profit/(loss) on sale of assets		1 049 893	(4 887 298)	–	–
Foreign exchange difference		11 068 500	16 621 929	371 938	–
Operating profit	23	21 709 088	93 383 337	(7 826 789)	62 409
Finance costs	25	(36 065 558)	(32 983 935)	(146 172)	(179 898)
Interest received	24	3 509 229	4 722 355	–	10 293
(Loss)/profit before taxation		(10 847 241)	65 121 757	(7 972 961)	(107 196)
Taxation	26	(253 189)	(19 029 677)	1 807 863	32 407
(Loss)/profit after taxation		(11 100 430)	46 092 080	(6 165 098)	(74 789)
Non-controlling interest		12 264 651	(5 223 757)	–	–
Profit attributable to owners of the parent		1 164 221	40 868 323	(6 165 098)	(74 789)
Number of shares in issue		210 000 000	210 000 000		
Earnings per share (cents)	35	0,55	19,46		
Headline earnings per share (cents)	36	22,07	39,35		

consolidated statement of comprehensive income

for the year ended 31 December 2010

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
(Loss)/profit after taxation	(11 100 430)	46 092 080	(6 165 098)	(74 789)
Other comprehensive income:				
Net loss on aircraft revaluations	(4 034 711)	(27 798 502)	–	–
Total comprehensive (loss)/income	(15 135 141)	18 293 578	(6 165 098)	(74 789)
Total comprehensive (loss)/income attributable to:				
Non-controlling interest	(12 264 651)	5 223 757	–	–
Owners of the parent	(2 870 490)	13 069 821	(6 165 098)	(74 789)
	(15 135 141)	18 293 578	(6 165 098)	(74 789)

statement of changes in equity
for the year ended 31 December 2010

Figures in Rand	Share capital	Share premium	Total share capital
GROUP			
Balance at 1 January 2009	21 000	46 734 437	46 755 437
Changes in equity			
Total comprehensive income for the year	–	–	–
Business combinations	–	–	–
Total changes	–	–	–
Balance at 1 January 2010	21 000	46 734 437	46 755 437
Changes in equity			
Total comprehensive loss for the year	–	–	–
Total changes	–	–	–
Balance at 31 December 2010	21 000	46 734 437	46 755 437
Notes	16	16	16
COMPANY			
Balance at 1 January 2009	21 000	46 734 437	46 755 437
Changes in equity			
Total comprehensive loss for the year	–	–	–
Total changes	–	–	–
Balance at 1 January 2010	21 000	46 734 437	46 755 437
Changes in equity			
Total comprehensive loss for the year	–	–	–
Total changes	–	–	–
Balance at 31 December 2010	21 000	46 734 437	46 755 437
Notes	16	16	16

Revaluation reserve	Accumulated (loss)/profit	Total attributable to equity holders of the Group/Company	Non-controlling interest	Total equity
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)	40 868 324	13 069 822	8 232 620	21 302 442
39 412 460	71 521 814	157 689 711	8 232 620	165 922 331
(4 034 711)	1 164 220	(2 870 491)	(12 264 651)	(15 135 142)
(4 034 711)	1 164 220	(2 870 491)	(12 264 651)	(15 135 142)
35 377 750	72 686 032	154 819 219	(4 032 031)	150 787 188
17				
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
–	(6 165 098)	(6 165 098)	–	(6 165 098)
–	(6 165 098)	(6 165 098)	–	(6 165 098)
11 150	(6 243 322)	40 523 265	–	40 523 265
17				

statement of cash flows

for the year ended 31 December 2010

Figures in Rand	Notes	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Cash flows from operating activities					
Cash receipts from customers		1 281 351 033	1 215 496 872	–	–
Cash paid to suppliers and employees		(1 136 889 669)	(982 717 338)	(8 966 908)	155 391
Cash generated from (used in) operations	28	144 461 364	232 779 534	(8 966 908)	155 391
Investment revenue		3 509 229	4 722 355	50	7 243
Finance costs		(14 180 773)	(13 315 589)	(146 172)	(179 898)
Tax (paid)/received	29	(3 259 314)	18 289	–	(248)
Net cash from operating activities		130 530 506	224 204 589	(9 113 030)	(17 512)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(19 400 092)	(17 598 065)	–	–
Proceeds on sale of property, plant and equipment	5	64 584	3 086 299	–	–
Purchase of intangible assets	7	(3 821 056)	(1 808 411)	–	(364 320)
Business combinations	30	–	4 821 869	–	–
Investment in joint venture		(444 051)	(1 173 307)	(444 051)	(1 173 307)
Proceeds on sale of subsidiary	31	960 307	–	1 384 058	–
Purchase of aircraft	3	(69 455 573)	(126 268 043)	–	–
Proceeds on sale of aircraft	3	–	4 564 280	–	–
Purchase of non-current assets held-for-sale		–	(3 703 062)	–	–
Proceeds from sale of non-current assets held-for-sale	15	(676 279)	6 900 834	–	–
Net cash from investing activities		(92 772 160)	(131 177 606)	940 007	(1 537 627)
Cash flows from financing activities					
Repayment of loans payable		(11 845 908)	(19 770 370)	–	–
Proceeds from shareholders' loans		–	640 833	–	–
Repayment of shareholders' loans		(2 668 502)	(563 332)	–	–
Instalment sale agreements repaid		(49 487 826)	(29 539 679)	(343 246)	(1 471 165)
Loans to Group companies repaid		–	–	8 450 775	3 649 074
Loans advanced to Group companies		–	–	–	(678 836)
Net cash from financing activities		(64 002 236)	(49 232 548)	8 107 529	1 499 073
Total cash movement for the year		(26 243 890)	43 794 435	(65 492)	(56 066)
Cash at the beginning of the year		50 328 677	6 534 243	86 231	142 297
Total cash at end of the year	14	24 084 787	50 328 678	20 737	86 231

segmental report
for the year ended 31 December 2010

Figures in Rand	2010	2009
CONSOLIDATED REVENUE		
Airline		
External revenue	1 147 538 372	1 039 912 340
Intercompany revenue	–	–
Aeronexus		
External revenue	900 000	16 161 736
Intercompany revenue	–	28 887 738
Saftech		
External revenue	150 886 148	185 821 009
Intercompany revenue	113 974 928	103 038 519
Charters		
External revenue	8 920 263	9 166 259
Intercompany revenue	–	400 000
Total revenue	1 422 219 711	1 383 387 601
Eliminations	(113 974 928)	(132 326 257)
Total	1 308 244 783	1 251 061 344
SEGMENT RESULT		
Airline	140 214 113	152 759 868
Charters	1 979 352	(430 876)
Aeronexus	95 192	1 899 078
Saftech	(26 420 441)	2 086 755
Eliminations	(1 800 653)	(899 189)
Total	114 067 563	155 415 636
Finance cost	(36 065 558)	(32 983 935)
Interest received	3 509 229	4 722 355
Taxation	(253 189)	(19 029 677)
Impairment	(49 558 877)	(50 491 031)
Negative goodwill	–	19 891 361
Profit/(loss) on sale of assets	1 049 893	(4 887 298)
Foreign exchange difference	11 068 500	16 621 929
Depreciation	(54 917 991)	(43 167 260)
Total	(11 100 430)	46 092 080
OTHER		
Airline		
Segment assets	569 944 399	538 212 956
Non-current assets held-for-sale	6 988 223	–
Segment liabilities	334 699 179	342 986 189
Capital expenditure	91 997 885	135 755 101
Depreciation	44 209 598	33 354 532
Impairment	22 718 198	45 007 874
Saftech		
Segment assets	181 069 944	219 864 374
Segment liabilities	214 245 420	194 818 067
Capital expenditure	343 713	9 887 343
Depreciation	10 708 393	9 639 971
Impairment	12 424 711	–
Charters		
Segment assets	140 783	8 883 185
Non-current assets held-for-sale	–	21 209 842
Segment liabilities	1 157 706	24 116 359
Capital expenditure	–	3 735 137
Depreciation	–	172 757
Impairment	14 415 968	5 483 157

accounting policies
for the year ended 31 December 2010

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 1973, (Act No. 61 of 1973), as amended. The annual financial statements have been prepared on the historical cost basis as modified by the revaluation of aircraft and investment property 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 subsidiary entities.

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 intragroup 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.

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 in 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.

Investments 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.

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 intercompany balances and transactions, and resulting profits or losses between the Group and jointly controlled entities are eliminated on consolidation.

In respect of its interests in jointly controlled operations, the Group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the company 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.

1.2 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 and loans and receivables

The Group assesses its trade and other receivables and loans and 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 for stock to write stock down to the lower of cost or net realisable value may be made by management. 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 expense 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.

accounting policies (continued)
for the year ended 31 December 2010

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

Property, plant and equipment and aircraft

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 asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Aircraft are 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 and 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 statement of financial position date.

When an item of aircraft is revalued, any accumulated depreciation 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.

Aircraft are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Each part of an item of aircraft with a cost that is significant in relation to the total cost of the item is depreciated separately.

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:

Item	Average useful life
Leasehold properties and improvements	10 years
Ramp equipment	10 years
Plant and machinery	5 – 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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available-for-use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Computer software	3 years
Comprehensive maintenance rate contracts	Indefinite

1.7 Investments in subsidiaries

Company annual financial statements

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

Company annual financial statements

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

In respect of its interests in jointly controlled operations, the Company recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

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

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- 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.

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 reassessed 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 fair value 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, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables measured at amortisation cost.

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

Loans to shareholders

These loans are recognised initially at fair value plus direct transaction costs. These financial assets and liabilities are classified as loans and receivables measured at amortisation 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 receivables are classified as loans and receivables.

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, borrowings and loans payable

Bank overdrafts, loans payable and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings and loans payable is recognised over the term of the borrowings and loans payable 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, 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, 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; 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.

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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 – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

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.

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 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 writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the writedown or loss occurs. The amount of any reversal of any writedown 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 return 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 their 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 impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any revaluation surplus previously recognised on that asset.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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;

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- the expenditures that will be undertaken;
- 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.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.20 Revenue

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;
- 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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

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.

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:

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 *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 acquiree.
- 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 has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

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 has adopted the amendment for the first time in the 2010 annual financial statements.

The impact of the amendment has resulted in the losses of non-controlling share in interest being reflected in the current year as a debit balance of R4 032 031.

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

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

The Group has adopted the amendment for the first time in the 2010 annual financial statements.

The impact of the amendment is not material.

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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 has adopted the amendment for the first time in the 2010 annual financial statements.

The impact of the amendment is not material.

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.

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

The Group has adopted the amendment for the first time in the 2010 annual financial statements.

The impact of the amendment is not material.

IFRIC 17 – Distribution of non-cash assets to owners

The interpretation provides guidance on accounting for non-reciprocal 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 has adopted the interpretation for the first time in the 2010 annual financial statements.

The impact of the interpretation is not material.

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 *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 *Revenue*.

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

The Group has adopted the interpretation for the first time in the 2010 annual financial statements.

The impact of the interpretation is not material.

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 does not permit the recognition of expenditure on unrecognised assets as investing activities;
- IAS 17: *Leases*; the amendment will classify leases of land and buildings as either operating or financing. The rule on the classification of land as operating leases only falls away;
- 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 of an asset;
- 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.

The amendments did not have a material impact on the Company's annual financial statements.

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 January 2011 or later periods. The impact of initial application has not been assessed as ata date of authorisation of the annual financial statements.

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through profit and loss. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 1 January 2013.

The Group expects to adopt the standard for the first time in the 2013 annual financial statements.

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

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship.
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions.

Such information is required in sufficient detail to allow users to understand the effect.

accounting policies (continued)
for the year ended 31 December 2010

The effective date of the amendment is for years beginning on or after 1 January 2011.

The Group expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 applies to debt for equity swaps in circumstances where a debtor and creditor renegotiate the terms of a financial liability such that the debtor extinguishes part or all of the financial liability by issuing equity instruments to the creditor. Where the debt for equity swap is within the scope of IFRIC 19, the issue of equity instruments by the debtor shall be consideration paid to extinguish the liability and shall be measured at the fair value of the equity instrument, unless fair value cannot be determined. If the fair value of the equity instruments cannot be measured reliably, the issue shall be measured at the fair value of the financial liability extinguished. If the issue also relates to a modification of any remaining liability, then the issue shall be allocated to the liability which was extinguished and which remains. The difference between the carrying amount of the liability which was extinguished and the consideration paid shall be recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2010.

The Group expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IFRS 7 Financial Instruments: Disclosures

Amendment clarifies the intensified the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

The effective date of the amendment is for years beginning on or after 1 January 2011.

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

IFRS 3 Business Combination

Amendmends to transition requirements for consideration from a business combination that occurred before the effective date of the revised IFRS. Clarification on the measurement of non controlling interests. Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards.

The effective date of the amendment is for years beginning on or after 1 January 2011.

The Group expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 12 Income Taxes

Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale.

The effective date of the amendment is for years beginning on or after 1 January 2012.

The Group expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

notes to the financial statements
for the year ended 31 December 2010

3. AIRCRAFT

Figures in Rand	2010 Cost/ Valuation	2010 Accumulated depreciation	2010 Carrying value	2009 Cost/ Valuation	2009 Accumulated depreciation	2009 Carrying value
GROUP						
Aircraft	427 082 415	(66 916 404)	360 166 011	392 470 514	(38 786 082)	353 684 432

Reconciliation of aircraft 2010

Figures in Rand	Opening balance	Additions	Gains or losses arising from changes in fair value	Depreciation	Impairment	Total
GROUP 2010						
Aircraft	353 684 432	69 455 573	(4 691 524)	(36 406 654)	(21 875 816)	360 166 011

Reconciliation of aircraft 2009

Figures in Rand	Opening balance	Additions	Disposals	Gains or 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

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Capitalised expenditure				
Aircraft	36 314 014	29 652 361	–	–
Assets subject to instalment sale agreements – Refer to note 19				
Net carrying amount:				
Aircraft	108 016 925	284 923 502	–	–
The carrying value of the revalued assets under the cost model would have been:				
Aircraft	388 311 405	343 684 432	–	–

Revaluations

The effective date of the revaluations was 31 December 2010. 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 is valued 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.

notes to the financial statements (continued)

for the year ended 31 December 2010

4. INVESTMENT PROPERTY

Figures in Rand	2010 Cost/ Valuation	2010 Accumulated depreciation	2010 Carrying value	2009 Cost/ Valuation	2009 Accumulated depreciation	2009 Carrying value
GROUP AND COMPANY						
Investment property	1 000 000	–	1 000 000	1 000 000	–	1 000 000

Reconciliation of investment property	Opening balance	Total
GROUP AND COMPANY		
2010		
Investment property	1 000 000	1 000 000

Reconciliation of investment property	Opening balance	Fair value gains	Total
GROUP AND COMPANY			
2009			
Investment property	996 950	3 050	1 000 000

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Fair value of investment properties	1 000 000	1 000 000	1 000 000	1 000 000
Details of property				
Erf 1017 Clarens, Ext 11, Bloemfontein, Title deed number T30152/2006				
Purchase price: 2006	906 300	906 300	906 300	906 300
Valuation gains	14 200	14 200	14 200	14 200
Additions since purchase or valuation	79 500	79 500	79 500	79 500
	1 000 000	1 000 000	1 000 000	1 000 000

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 2010. Revaluations were performed by an independent valuer, Mr G Page, of Clarens Golf & Trout Estate (A member of Pinnacle Point Group Limited). Clarens Golf & Trout Estate is not connected to the Group and have recent experience in 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

Figures in Rand	2010 Cost/ Valuation	2010 Accumulated depreciation	2010 Carrying value	2009 Cost/ Valuation	2009 Accumulated depreciation	2009 Carrying value
GROUP						
Land	5 531 850	–	5 531 850	–	–	–
Buildings	6 841 138	(34 206)	6 806 932	–	–	–
Leasehold property	62 080 383	(14 542 144)	47 538 239	62 080 383	(6 569 480)	55 510 903
Plant and machinery	7 950 953	(4 007 929)	3 943 024	7 951 804	(2 608 725)	5 343 079
Furniture and fixtures	5 544 898	(1 896 508)	3 648 390	5 478 650	(1 318 702)	4 159 948
Motor vehicles	4 108 259	(2 165 641)	1 942 618	2 519 234	(1 952 880)	566 354
Office equipment	4 737 190	(2 122 460)	2 614 730	1 256 394	(992 505)	263 889
IT equipment	16 317 963	(11 056 571)	5 261 392	15 411 190	(7 039 403)	8 371 787
Leasehold improvements	2 995 248	(2 130 621)	864 627	5 691 784	(2 885 219)	2 806 565
Ramp equipment	8 524 525	(1 262 252)	7 262 273	8 701 831	(1 427 357)	7 274 474
Catering equipment	377 895	(72 525)	305 370	–	–	–
Total	125 010 302	(39 290 857)	85 719 445	109 091 270	(24 794 271)	84 296 999

Reconciliation of property, plant and equipment

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Impairment	Total
GROUP						
2010						
Land	–	5 531 850	–	–	–	5 531 850
Buildings	–	6 841 138	–	(34 206)	–	6 806 932
Leasehold property	55 510 903	–	–	(7 972 664)	–	47 538 239
Plant and machinery	5 343 079	–	(851)	(1 399 204)	–	3 943 024
Furniture and fixtures	4 159 948	94 007	(23 280)	(582 285)	–	3 648 390
Motor vehicles	566 354	1 811 962	(47 114)	(388 584)	–	1 942 618
Office equipment	263 889	3 486 837	(4 651)	(1 131 345)	–	2 614 730
IT equipment	8 371 787	1 050 685	(26 147)	(4 134 933)	–	5 261 392
Leasehold improvements	2 806 565	168 658	–	(1 268 274)	(842 322)	864 627
Ramp equipment	7 274 474	37 060	(30 000)	(19 261)	–	7 262 273
Catering equipment	–	377 895	–	(72 525)	–	305 370
	84 296 999	19 400 092	(132 043)	(17 003 281)	(842 322)	85 719 445

notes to the financial statements (continued)
for the year ended 31 December 2010

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Figures in Rand	Opening balance	Additions	Additions through business combinations	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

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

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Land	5 531 850	–	–	–
Buildings	6 806 932	–	–	–
Leasehold property	47 538 239	53 691 240	–	–
Motor vehicles	529 677	120 150	–	–
	60 406 698	53 811 390	–	–

Details of properties

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	59 245 506	–	–
Depreciation since purchase	(11 707 267)	(5 554 266)	–	–
	47 538 239	53 691 240	–	–
Erf 507 Isando Ext 4 Title deed 18841/2010 was purchased on 23 June 2010 (12 293 metres squared).				
Purchase price land	5 531 850	–	–	–
Purchase price buildings	2 968 150	–	–	–
Capitalised expenditure	3 872 988	–	–	–
Depreciation	(34 206)	–	–	–
	12 338 782	–	–	–

6. GOODWILL

Figures in Rand	2010 Cost	2010 Accumulated impairment	2010 Carrying value	2009 Cost	2009 Accumulated impairment	2009 Carrying value
GROUP						
Goodwill	2 053 366	(259 288)	1 794 078	2 053 366	(259 288)	1 794 078

Reconciliation of goodwill

Figures in Rand	Opening balance	Total
GROUP 2010		
Goodwill	1 794 078	1 794 078

Reconciliation of goodwill

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

The cash-generating units relating to goodwill are the businesses of Glenn's Technical (Proprietary) Limited and 1time airline (Proprietary) Limited.

The total goodwill consists of R1 794 078 attributable to 1time airline (Proprietary) Limited. An amount of R259 288 attributable to Glenn's Technical (Proprietary) Limited has been written off.

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 Glenn's Technical (Proprietary) Limited was less than the carrying value and resulted in an impairment to goodwill of R259 288.

notes to the financial statements (continued)
for the year ended 31 December 2010

7. INTANGIBLE ASSETS

Figures in Rand	2010 Cost/ Valuation	2010 Accumulated amortisation	2010 Carrying value	2009 Cost/ Valuation	2009 Accumulated amortisation	2009 Carrying value
GROUP						
Computer software	8 632 085	(4 225 821)	4 406 264	4 811 029	(2 717 803)	2 093 226
CMR contracts	–	–	–	12 424 771	–	12 424 771
Total	8 632 085	(4 225 821)	4 406 264	17 235 800	(2 717 803)	14 517 997
COMPANY						
Computer software	364 320	(225 809)	138 511	364 320	(105 584)	258 736

Reconciliation of intangible assets

Figures in Rand	Opening balance	Additions	Amortisation	Impairment	Total
GROUP 2010					
Computer software	2 093 226	3 821 056	(1 508 018)	–	4 406 264
CMR contracts	12 424 771	–	–	(12 424 771)	–
	14 517 997	3 821 056	(1 508 018)	(12 424 771)	4 406 264

Reconciliation of intangible assets

Figures in Rand	Opening balance	Additions	Additions through business combinations	Amortisation	Total
GROUP 2009					
Computer software	791 778	1 808 411	37 036	(543 999)	2 093 226
CMR contracts	–	–	12 424 771	–	12 424 771
	791 778	1 808 411	12 461 807	(543 999)	14 517 997

Reconciliation of intangible assets

Figures in Rand	Opening balance	Amortisation	Total
COMPANY 2010			
Computer software	258 736	(120 225)	138 511

Reconciliation of intangible assets

Figures in Rand	Opening balance	Additions	Amortisation	Total
COMPANY 2009				
Computer software	–	364 320	(105 584)	258 736
CMR contracts	–	12 424 771	–	–

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 value-in-use calculation which uses cash flow projections based on a combination of financial budgets, interim results, current results and forecasts approved by directors, covering the terms of maintenance agreements, and a discounted rate of 14,15%. Due to reasonable change in the key assumptions, (cash flows based on a net loss percentage for Safair Technical (Proprietary) Limited) on which the recoverable amount is based, the comprehensive maintenance rate contracts' carrying amount exceeded its recoverable amount which resulted in an impairment of the intangible asset.

8. INVESTMENTS IN SUBSIDIARIES

Figures in Rand	Issued share capital	% voting power 2010	% voting power 2009	Carrying amount 2010	Carrying amount 2009
1time airline (Proprietary) Limited	1 000	100	100	13 505 000	13 505 000
Glenn 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
Safair Technical (Proprietary) Limited trading as Jetworx	1 000	72	72	720	720
				19 975 403	20 075 503

The carrying amounts of subsidiaries are shown net of impairment losses.

Aeronexus Corporate (Proprietary) Limited was sold for R1,38 million on 1 January 2010, 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.

9. INVESTMENT IN JOINT VENTURE

Figures in Rand	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009	Fair value 2010	Fair value 2009
MD82 flight simulator	50	50	1 617 357	1 173 307	1 617 357	1 173 307

The carrying amounts of joint ventures are shown net of impairment losses.

Summary of Group's interest in joint venture

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

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Deferred tax (liability)/asset				
Deferred tax liability	(49 224 679)	(36 411 483)	–	–
Deferred tax asset	18 531 984	3 086 092	2 786 324	978 461
	(30 692 695)	(33 325 391)	2 786 324	978 461
Reconciliation of deferred tax (liability)/asset				
At beginning of the year	(33 325 391)	(21 084 605)	978 461	945 806
Reduction due to rate change	–	–	–	–
(Decrease)/increase in tax losses available for set off against future taxable income	17 814 129	(18 983 675)	1 807 863	32 655
Originating temporary difference on tangible assets	(15 363 302)	(3 139 446)	–	–
Originating temporary differences on provisions	(251 447)	9 533 538	–	–
Originating temporary difference on fair value of debtors and creditors	(81 091)	(110 913)	–	–
Opening deferred tax prior to business combination	–	910 822	–	–
Prepayments	514 407	(451 112)	–	–
	(30 692 695)	(33 325 391)	2 786 324	978 461

notes to the financial statements (continued)

for the year ended 31 December 2010

11. INVENTORIES

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Aircraft spares	96 117 716	92 533 929	–	–
Catering stock	472 565	305 509	–	–
Work in progress	3 934 422	11 650 825	–	–
	100 524 703	104 490 263	–	–

12. LOANS TO/(FROM) GROUP COMPANIES

Subsidiaries

1time airline (Proprietary) Limited	–	–	(25 328 683)	(3 653 088)
Glenn's Technical (Proprietary) Limited	–	–	–	3 097 697
Aeronexus Corporate (Proprietary) Limited	–	–	–	(1 056 408)
1time charters (Proprietary) Limited	–	–	–	(1 549 099)
Safair Technical (Proprietary) Limited trading as Jetworx	–	–	43 589 410	29 872 401
	–	–	18 260 727	26 711 503
Current assets	–	–	43 589 410	32 970 098
Current liabilities	–	–	(25 328 683)	(6 258 595)
	–	–	18 260 727	26 711 503

Credit rating

Low	–	–	43 589 410	32 970 098

These loans are unsecured, interest-free and have no fixed terms of repayment. 1time holdings Limited has deferred its right to claim R43 589 410 or accept payment in respect of the above debt owing by Safair Technical (Proprietary) Limited until such time as the company agree to repay the debt.

Credit quality of loans to Group companies

The credit quality of loans to Group companies are assessed with references to the repayment history of the companies. As the companies have not defaulted on any contractual obligations in prior period as the companies have not been blacklisted, a credit rating of high has been ascribed to the companies, except for Safair Technical (Proprietary) Limited. Safair Technical experienced operating losses and therefore risk of low has been ascribed. The companies maximum exposure to credit risk with regards to the loans to Group companies as detailed above.

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.

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.

13. TRADE AND OTHER RECEIVABLES

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Trade receivables	24 166 270	22 991 905	921 748	921 187
Provision for bad debts	(1 723 504)	(1 765 440)	–	–
Employee costs in advance	183 153	–	–	–
Prepayments	158 013	1 837 175	–	–
Deposits	2 427 180	–	–	–
Value added taxation	–	393 877	–	–
Sundry debtors	14 541 053	10 371 320	–	–
	39 752 165	33 828 837	921 748	921 187

Fair value of trade and other receivables

Carrying value of trade receivables	22 442 766	21 226 465	921 748	921 187

Trade and other receivables past due but not impaired

At 31 December 2010, R8 867 280 (2009: R18 025 088) were past due but not impaired for the Group.
At 31 December 2010, R921 187 were past due but not impaired for the Company.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 254 904	6 419 349	–	–
2 months past due	3 947 343	5 028 679	–	–
3 months past due	1 665 033	6 577 060	921 187	–

Trade and other receivables pledged as security

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

Credit quality of trade and other receivables

The credit quality of trade and other 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 and a provision has been raised accordingly.

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.

notes to the financial statements (continued)
for the year ended 31 December 2010

13. TRADE AND OTHER RECEIVABLES (continued)

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Trade and other receivables impaired				
As of 31 December 2010, trade and other receivables of RNil (2009: R1 931 843) were impaired and R1 723 504 (2009: R1 765 440) was provided for.				
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	(1 765 440)	–	–	–
Provision for bad debts raised during the year	(1 033 820)	(1 765 440)	–	–
Unused amounts reversed	1 075 756	–	–	–
	(1 723 504)	(1 765 440)	–	–

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Cash on hand	448 367	335 286	–	–
Bank balances	28 055 800	49 993 392	20 737	86 231
Bank overdraft	(4 419 372)	–	–	–
	24 084 795	50 328 678	20 737	86 231
Current assets	28 504 167	50 328 678	20 737	86 231
Current liabilities	(4 419 372)	–	–	–
	24 084 795	50 328 678	20 737	86 231

The Group has the following arrangements at the banks:

First National Bank – a Division of FirstRand Bank Limited

Cessions

Unlimited cession and pledge dated 26/10/2009 in favour of trade receivables. FNB 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, Glenn's Technical (Proprietary) Limited, Aeronexus Corporate (Proprietary) Limited and 1time charters (Proprietary) Limited.

Guarantees

- Guarantee: 318292 Air Service Licensing Council for R100 000 (expiry date 31/12/2025);
- Guarantee: 245478 Airports Company South Africa for R25 000 (expiry date 31/12/2025); and
- Guarantee: 244397 ATNS (Proprietary) Limited for R153 000 (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.

Cessions

Unlimited cession and pledge in favour of trade receivables.

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 historical information about counterparty default rates. The Group's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above. The Group only transacts with highly reputable financial institutions.

15. NON-CURRENT ASSETS HELD-FOR-SALE

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Profit and loss				
Impairment on measurement to fair value less cost to sell	(14 415 968)	(5 483 158)	–	–
Assets and liabilities				
Non-current assets held-for-sale				
Property, plant and equipment	6 653 100	21 209 842	–	–

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

The non-current assets are to be sold piecemeal.

16. SHARE CAPITAL

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
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 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Opening balance	39 412 461	67 210 962	11 150	11 150
(Loss)/gain on aircraft revaluations net of taxation	(4 034 711)	(27 798 502)	–	–
	35 377 750	39 412 460	11 150	11 150

18. LOANS PAYABLE

	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Held at amortised cost				
Imperial Holdings Limited	22 473 944	19 453 918	–	–
This loan is unsecured, bears no interest, and is repayable over a period of five years at an instalment of R6 863 900 per annum. During the year, Safair Technical (Proprietary) Limited defaulted on the repayment. Subsequently the terms were renegotiated.				
Safair Operations (Proprietary) Limited	27 825 740	42 584 490	–	–
The loan is unsecured, bears no interest and is repayable as agreed upon.				
	50 299 684	62 038 408	–	–
Non-current liabilities				
At amortised cost	11 126 210	58 394 201	–	–
Current liabilities				
At amortised cost	39 173 474	3 644 207	–	–
	50 299 684	62 038 408	–	–

notes to the financial statements (continued)
for the year ended 31 December 2010

19. INSTALMENT SALE AGREEMENTS

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Minimum payments due				
– within one year	73 835 080	107 144 334	2 402 526	3 587 019
– in second to fifth year inclusive	69 827 357	69 077 787	2 387 485	1 481 008
	143 662 437	176 222 121	4 790 011	5 068 027
Less: Future finance charges	(31 612 597)	(36 565 386)	(773 081)	(707 850)
Present value of minimum payments	112 049 840	139 656 735	4 016 930	4 360 177
Present value of minimum payments due				
– within one year	58 417 643	73 966 117	1 614 404	3 515 005
– in second to fifth year inclusive	53 632 197	65 690 618	2 402 526	845 171
	112 049 840	139 656 735	4 016 930	4 360 176
Non-current liabilities	53 632 197	65 690 618	1 614 404	845 171
Current liabilities	58 417 643	73 966 117	2 402 526	3 515 005
	112 049 840	139 656 735	4 016 930	4 360 176

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

The average term was 36 years and the average effective borrowing rate was between 7,75% and 18% (2009: 7,75% and 18%).

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

Motor vehicles and investment property 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 lendor's charge over the financial assets. Refer 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.

20. LOANS FROM SHAREHOLDERS

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
RL James	(843 833)	(1 266 667)	–	–
MJ Kaminski	(843 833)	(750 000)	–	–
GW Orsmond	(843 833)	(1 266 667)	–	–
GW Harrison	–	(1 266 667)	–	–
SJ Petersen	–	(650 000)	–	–
	(2 531 499)	(5 200 001)	–	–

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.

21. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Trade payables	157 710 302	155 550 421	180 612	
Value added taxation	7 084 748	5 952 088	–	–
Accruals	51 187 980	30 349 782	–	156 389
Unflown ticket liability	57 851 267	61 180 083	–	–
Deposits received	167 046	1 094 824	–	–
	274 001 343	254 127 198	180 612	156 389

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	2010	2009	2010	2009
Sale of goods and rendering of services	1 308 244 783	1 251 061 344	–	–

23. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after accounting for the following:

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Operating lease charges				
Premises				
Contractual amounts	9 849 049	12 415 053	–	–
Equipment				
Contractual amounts	994 525	748 599	–	–
Aircraft				
Contractual amounts	34 085 968	51 577 716	–	–
	44 929 542	64 741 368	–	–
Loss/(profit) on disposal of property, plant and equipment	15 721	(1 796 835)	–	–
Profit on sale of subsidiary	(1 851 191)	–	(1 283 958)	–
Impairment on goodwill	–	259 288	–	–
Impairment on intangible assets	12 424 771	–	–	–
Impairment on property, plant and equipment	842 322	–	–	–
Impairment on aircraft and non-current assets held-for-sale	36 291 784	50 231 744	–	–
(Profit)/loss on exchange differences	(11 068 500)	(16 621 929)	(371 938)	(1 228 860)
(Profit) on disposal of aircraft	–	(3 680 999)	–	–
Loss/(profit) on sale of non-current assets held-for-sale	817 047	(590 536)	–	–
Amortisation on intangible assets	1 508 018	543 999	120 226	105 584
Depreciation on property, plant and equipment	17 003 281	13 975 372	–	–
Depreciation on aircraft	36 406 654	28 647 890	–	–
Employee costs	305 441 310	288 913 711	1 140 837	368 648

notes to the financial statements (continued)

for the year ended 31 December 2010

24. INVESTMENT REVENUE

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Bank	1 469 670	1 896 623	50	7 243
Implicit interest adjustment	2 039 559	2 825 732	–	–
	3 509 229	4 722 355	50	7 243

25. FINANCE COSTS

Non-current borrowings	4 926 814	3 529 085	145 955	179 549
Implicit interest adjustment	6 079 084	5 560 798	–	–
Instalment sale obligation	21 880 931	19 668 346	–	–
Overdraft	2 706 121	1 312 595	217	349
Current borrowings	–	89 040	–	–
South African Revenue Services	336 108	2 183 238	–	–
Shareholders	136 500	640 833	–	–
	36 065 558	32 983 935	146 172	179 898

26. TAXATION

Major components of the tax expense/(income)

Current				
Local income tax current period	3 264 590	2 119 986	–	248
Local income tax recognised in current tax for prior periods	(714 932)	–	–	–
	2 549 658	2 119 986	–	248
Deferred				
Originating and reversing temporary differences	(2 296 469)	16 909 691	(1 807 863)	(32 655)
	253 189	19 029 677	(1 807 863)	(32 407)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(10 847 242)	65 121 758	(7 972 961)	(107 196)
Tax at the applicable tax rate of 28% (2009: 28%)	(3 037 228)	18 234 092	(2 232 429)	–
Non-taxable income	(1 767 966)	(6 041 544)	–	1 988
Tax losses	(6 381 061)	2 494 341	424 566	(34 395)
Timing difference	–	4 342 788	–	–
Non-deductable expenses	11 439 444	–	–	–
	253 189	19 029 677	(1 807 863)	(32 407)

27. AUDITORS' REMUNERATION

Fees	713 068	273 859	–	–

28. CASH GENERATED FROM (USED IN) OPERATIONS

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
(Loss)/profit before taxation	(10 847 241)	65 121 757	(7 972 961)	(107 196)
Adjustments for:				
Depreciation and amortisation	54 917 991	43 167 260	120 226	105 584
(Profit)/loss on sale of assets	(1 866 912)	5 477 834	(1 283 958)	–
Loss/(profit) on sale of non-current assets held-for-sale	817 075	(1 037 731)	–	–
Negative goodwill	–	(19 891 361)	–	–
Investment revenue	(3 509 229)	(4 722 355)	(50)	(7 243)
Finance costs	36 065 558	32 983 935	146 172	179 898
Fair value adjustments	–	(3 050)	–	(3 050)
Impairment loss	49 558 877	50 491 031	–	–
Investment in subsidiary	–	(720)	–	(720)
Changes in working capital:				
Inventories	3 965 560	(44 306 080)	–	–
Trade and other receivables	(7 864 724)	14 224 276	(561)	248
Trade and other payables	23 224 409	91 274 738	24 224	(12 130)
	144 461 364	232 779 534	(8 966 908)	155 391

29. TAX (PAID)/REFUNDED

	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Balance at beginning of the year	(6 054 369)	(3 916 094)	–	–
Current tax for the year recognised in profit or loss	(2 549 658)	(2 119 986)	–	(248)
Adjustment in respect of businesses sold and acquired during the year	(10 956)	–	–	–
Balance at end of the year	5 355 669	6 054 369	–	–
	(3 259 314)	18 289	–	(248)

notes to the financial statements (continued)

for the year ended 31 December 2010

30. BUSINESS COMBINATIONS

Figures in Rand	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Aggregated business combinations				
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				
Fair value of assets acquired and liabilities assumed				
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)	–	–

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.

A bargain purchase of R19 891 316 arising from the acquisition represents the fair value of net asset of the Company acquired less the purchase price.

Non controlling interest

Non-controlling interest is measured at the non controlling interests proportionate share of the acquiree's identifiable net assets.

31. SALE OF SUBSIDIARY

	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Sale of non-equity accounted businesses				
Carrying value of assets sold				
Property, plant and equipment	(83 180)	–	–	–
Deferred tax assets/liabilities	(320 587)	–	–	–
Trade and other receivables	(1 938 040)	–	–	–
Trade and other payables	3 094 333	–	–	–
Tax assets/liabilities	(10 956)	–	–	–
Borrowings	(106 623)	–	–	–
Cash	(423 751)	–	–	–
Loans to Group companies	255 937	–	–	–
Investment in subsdiary	–	–	(100 100)	–
Total net assets sold	467 133	–	(100 100)	–
Profit on disposal	(1 851 191)	–	(1 283 958)	–
	(1 384 058)	–	(1 384 058)	–
Consideration received				
Consideration received	1 384 058	–	1 384 058	–
Net cash outflow on acquisition				
Loan repaid	1 384 058	–	1 384 058	–
Cash sold	(423 751)	–	–	–
	960 307	–	1 384 058	–

32. COMMITMENTS

Operating leases – as lessee (expense)

	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Minimum lease payments				
– due within one year	–	4 040 400	–	–
– in second to fifth year inclusive	–	–	–	–
	–	4 040 400	–	–

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 707 942,90. 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 and the utilisation of wear and tear allowance on aircraft purchased.

notes to the financial statements (continued)

for the year ended 31 December 2010

34. RELATED PARTIES

		GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
Relationships					
Subsidiaries	Refer to note 8				
Joint ventures	Refer to note 9				
Members of key management	RL James				
	MJ Kaminski				
	GW Orsmond				
	M Snyman				
	GL Wishart				
	M Sinclair				
	SW Twala				
	T Matshine				
Related party balances					
Loan accounts owing (to) by related parties					
1time airline (Proprietary) Limited		–	–	(25 328 683)	(3 653 058)
Glenn's Technical (Proprietary) Limited		–	–	–	3 097 697
Aeronexus Corporate (Proprietary) Limited		–	–	–	(1 056 408)
1time charters (Proprietary) Limited		–	–	–	(1 549 099)
Safair Technical (Proprietary) Limited trading as Jetworx		–	–	43 589 410	29 872 401
Related party transactions					
Interest paid to (received from) shareholders					
Shareholders		136 500	640 833	–	–

No material transactions have occurred between the holding company and subsidiaries.

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 R1 164 221 (2009: R40 868 323) and 210 000 000 weighted average ordinary shares in issue

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Profit attributable to ordinary shareholders	1 164 221	40 868 323	–	–
Earnings attributable to ordinary shareholders	1 164 221	40 868 323	–	–
EPS (Cents)	0,55	19,46	–	–

36. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share is based on headline earnings of R46 341 254 (2009: R81 634 226) and 210 000 000 weighted average ordinary shares in issue

	GROUP		COMPANY	
Figures in Rand	2010	2009	2010	2009
Profit attributable to ordinary shareholders	1 164 221	40 868 323	–	–
Impairment of assets	46 079 941	50 491 031	–	–
(Profit)/loss on sale of assets	(902 308)	4 887 298	–	–
Negative goodwill	–	(13 612 425)	–	–
Headline earnings attributable to ordinary shareholders	46 341 254	82 634 226	–	–
HEPS (Cents)	22,07	39,35	–	–

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.

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 2010	Less than one year	Between one and five years
GROUP		
Bank overdraft	4 419 372	–
Instalment sale agreements	(58 417 643)	(53 632 197)
Trade and other payables	(209 065 328)	–
Loan payable	(39 173 474)	(11 126 210)
Shareholders' loan	(2 531 499)	–
At 31 December 2009		
Instalment sale agreements	(73 966 117)	(65 690 618)
Trade and other payables	(186 995 027)	–
Loan payable	(3 644 207)	(58 394 201)
Shareholders' loan	(5 200 001)	–
COMPANY		
At 31 December 2010		
Instalment sale agreements	(2 402 526)	(1 614 404)
Loans from Group companies	(25 328 683)	–
Trade and other payables	(180 612)	–
At 31 December 2009		
Instalment sale agreements	(3 515 005)	(845 171)
Loans from Group companies	(6 258 595)	–
Trade and other payables	(156 389)	–

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.

notes to the financial statements (continued)

for the year ended 31 December 2010

37. RISK MANAGEMENT (continued)

	GROUP		COMPANY	
	2010	2009	2010	2009
Financial instrument				
Trade and other receivables	39 410 999	31 597 785	921 748	921 748
Cash and cash equivalents	28 055 800	49 993 392	20 737	86 231
Foreign exchange risk				
Foreign currency exposure at the end of the reporting period				
Current assets				
Trade and other receivables (USD)	7 786 654	1 126 879	–	–
Cash and cash equivalents (USD)	78 813	277 831	–	–
Liabilities				
Instalment sale agreements (USD)	14 417 928	11 800 587	–	–
Instalment sale agreements (AUD)	4 128 000	3 794 986	–	–
Trade and other payables (USD)	4 782 179	3 476 582	–	–
Exchange rates used for conversion of foreign items were:				
United States Dollar	6,51	7,41	–	–
Australian Dollar	6,61	6,77	–	–

Foreign currency sensitivity

The US and Australian Dollar is the primary currency 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 managements' forecasts of the expected foreign currency impact on the income statement.

The 2009 figure represents management's forecasted foreign currency impact on the income statement for the 2010 financial year and the 2010 figure represents management's forecasted foreign currency impact on the income statement for the 2011 financial year.

Management is of the opinion that the Rand will weaken against the United States and Australian Dollar by 10% for 2011 and has strengthened by 12% to the US Dollar with minimal change for the Australian Dollar in 2010.

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.

37. RISK MANAGEMENT (continued)

	GROUP		COMPANY	
	2010	2009	2010	2009
Profit/(loss) if the Rand weakens by 10%				
Instalment sale agreements	(1 854 593)	(1 559 557)	–	–
Trade and other receivables	(778 665)	(112 687)	–	–
Trade and other payables	–	(347 658)	–	–
Cash and cash equivalents	(7 881)	(27 783)	–	–
Profit/(loss) if the Rand strengthens by 10%				
Instalment sale agreements	1 854 593	1 559 557	–	–
Trade and other receivables	778 665	112 687	–	–
Trade and other payables	–	347 658	–	–
Cash and cash equivalents	7 881	27 783	–	–

Market risk

The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

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.

There was significant price risk with global oil prices peaking at US$100 per barrel. Ticket prices were raised to counter the oil price increase and hedging was considered but it was management's view that the oil price increase was a spike and not a long-term issue.

analysis of ordinary shareholders

as at 31 December 2010

	Number of ordinary shareholders	% of total shareholdings	Number of ordinary shares	% of shares in issue
Size of holdings				
1 – 1 000 shares	286	16,57	163 800	0,08
1 001 – 10 000 shares	889	51,51	4 039 363	1,92
10 001 – 100 000 shares	468	27,11	15 554 447	7,41
100 001 – 1 000 000 shares	63	3,65	16 596 833	7,90
1 000 001 shares and over	20	1,16	173 645 557	82,69
Total	1 726	100,00	210 000 000	100,00
Distribution of shareholders				
Assurance companies	3	0,17	1 812 253	0,86
Close corporations	29	1,68	1 791 736	0,85
Collective investment schemes	9	0,52	20 711 093	9,86
Custodians	1	0,06	61 600	0,03
Foundations and charitable funds	3	0,17	19 284	0,01
Hedge funds	3	0,17	2 451 880	1,17
Investment partnerships	15	0,87	878 248	0,42
Private companies	35	2,03	34 263 208	16,32
Retail shareholders	1 533	88,82	107 836 682	51,35
Retirement benefit funds	6	0,35	2 813 743	1,34
Trusts	88	5,10	37 354 273	17,79
Unclaimed scrip	1	0,06	6 000	–
Total	1 726	100,00	210 000 000	100,00
Public /non-public shareholders				
Non-public shareholders	7	0,41	67 340 812	32,07
Holders holding more than 10% (Excluding directors holdings)				
Directors	7	0,41	67 340 812	32,07
Direct beneficial	5	0,29	43 990 533	20,95
Indirect beneficial	2	0,12	23 350 279	11,12
Public shareholders	1 719	99,59	142 659 188	67,93
	1 726	100,00	210 000 000	100,00

	Number of ordinary shares	% of shares in issue
Beneficial shareholders holding more than 5% of issued share capital		
Glenn Orsmond	21 922 138	10,44
Rodney James	21 922 138	10,44
Mkjh Trust	21 741 316	10,35
Sven Jabbour Petersen	20 511 647	9,77
Gavin Wade Harrison	20 499 156	9,76
Avstar Aviation (Proprietary) Limited	18 384 686	8,75
Wishy Family Trust	10 500 000	5,00
Total	135 481 081	64,51
Top five fund managers		
Kagiso Asset Management	21 218 552	10,10
Stanlib Asset Management	3 329 707	1,59
iCapital	2 451 880	1,17
Rezco Collective Investments	701 709	0,33
Clucas Gray Investment Management	315 000	0,15
Total	28 016 848	13,34
Total number of shareholders		1 726
Total number of shares in issue		210 000 000
Share price performance		
Opening price 4 January 2010		R1,05
Closing price 31 December 2010		R0,88
High for the period (2 August 2010)		R1,55
Low for the period (6, 7 and 8 Dec 2010)		R0,79
Number of shares in issue		210 000 000
Volume traded during period		46 740 378
Ratio of volume traded to shares issued (%)		22,26

notice of annual general meeting

1TIME HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1999/017536/06)
Share code: 1TM ISIN: ZAE000102026
("1time" or "the Company" or "the Group")

NOTICE OF ANNUAL GENERAL MEETING

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the annual general meeting of shareholders of the Company will be held at Garden Court, OR Tambo International Airport, 2 Hulley Road, corner Andre Greyvenstein Road, Isando, at 12:00 on Friday, 10 June 2011 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 31 December 2010, including the directors' report and the report of the auditors therein.
2. To re-elect, Sipho Twala who, in terms of Article 21.1 of the Company's Articles of Association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect, Grant Wishart who, in terms of Article 21.1 of the Company's Articles of Association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
4. To re-elect, Myles Sinclair who, in terms of Article 21.1 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
5. To elect, Busiwe Maqungo as a director of the Company with effect 4 March 2011.
6. To elect, Blacky Komani as a director of the Company with effect 4 March 2011.

An abbreviated curriculum vitae in respect of each director offering him/herself for re-election appears on page 65 of the annual report to which this notice is attached.

7. To confirm the reappointment of SAB&T Chartered Accountants Incorporated as independent auditors of the Company with Aneel Darmalingam, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.
8. To ratify the directors' remuneration for the year ended 31 December 2010 as reflected in the Directors Report on page 18 to the annual financial statements.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

ORDINARY RESOLUTION NUMBER 1

Control of authorised but unissued ordinary shares

9. "Resolved by way of a general authority that the authorised but unissued ordinary shares in the capital of 1time holdings Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act No 61 of 1973), as amended, the Articles of Association of the Company and the Listings Requirements of JSE Limited, as amended from time to time."

ORDINARY RESOLUTION NUMBER 2

Approval to issue ordinary shares, and to sell treasury shares, for cash

10. "Resolved that the directors of 1time holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:
    - allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
    - sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act No 61 of 1973), as amended, the Articles of Association of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirements currently provide, inter alia, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be

the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;

- this general authority will be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

Under the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

ORDINARY RESOLUTION NUMBER 3

Signature of documents

11. "Resolved that each director of 1time holdings Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office, in the case of special resolutions."

SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

12. "Resolved, by way of a general approval that 1time holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the Articles of Association of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

    The JSE Listings Requirements currently provide, *inter alia*, that:

    - the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
    - this general authority shall only be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
    - in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
    - the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
    - the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
    - an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
    - at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf.

12.1 Reason for and effect of special resolution number 1

The reason for and effect of this special resolution number 1 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and

notice of annual general meeting (continued)

market conditions) in their opinion warrant it.

13. Other disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

– directors and management – page 3;
– major shareholders of 1Time Holdings Limited – page 61;
– directors' interests in securities – page 19;
– share capital of the Company – page 49.

13.1 Material change

There have been no material changes in the affairs or financial position of 1time and its subsidiaries since 1time's financial year-end and the date of this notice. Other than those mentioned in the Directors Report under Subsequent Events.

13.2 Directors' responsibility statement

The directors, whose names are given on page 3 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

13.3 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

– the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
– the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
– the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
– the working capital available to the Company and its subsidiaries will be sufficient for the group's requirements.

The Company may not enter the market to proceed with the repurchase until its Sponsor, Merchantec Capital, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

14. Other business

To transact such other business as may be transacted at the annual general meeting of the Company.

Voting and proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

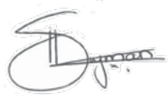
The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

By order of the Board



Michael Snyman
Company Secretary

02 February 2011
Johannesburg

cvs of directors up for re-election

MYLES SINCLAIR
CA(SA)

After completing his studies at Witwatersrand and qualifying as a CA(SA) in 1990 Myles held senior positions at Deloitte and Touche, ICS Barlows and Diagnol computers. After gaining experience in mining, construction and baking he started his own business offering consulting services to Avstar Aviation and it's related companies. This has been primarily on the financial and strategic planning side of the business which ranges from Aircraft leasing of Boeing 737's to Charter of smaller planes to a flight school as well as a small maintenance department.

SIPHO TWALA
BCom, H. Dip Co

After completing his studies with a BCom (UBS), H. Dip Co, he served his articles with Deloitte and Touche in 1985, and has held senior positions at Shell Oil, Nestle, Otis elevator and African Bank. Sipho is currently an Executive Director of Safomar Aviation and has over 20 years experience in the financial environment where he was exposed to different industries such as Oil, FMCG, Micro Lending and Mining. He is on the Board of Directors with 1time Airline (Pty) Limited (non-executive, Chairman and Chairman of the remuneration committee) as well as Blue Financial Services Limited (non-executive Chairman).

GRANT LOGAN WISHART
BSc Engineering, Mining

Grant spent nine years with the Trans natal Coal group with his most recent position being acting General Manager of Eikeboom Colliery. During May 1991 he left in order to establish his own business interests. He was involved in developing Polmaise Colliery coal mine which commenced production during August 1994. During 2003 Avstar was established. Initially operations encompassed a flight school and charter (up to 10 seater aircraft). During 2006 operation were expanded to include 737-200 aircraft. Avstar also have a controlling interest in an aircraft maintenance organization, which is based at Virginia Airport in Natal. During December 2006 Avstar Acquired a strategic interest in 1time airline.

notes

form of proxy

1TIME HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1999/017536/06)
Share code: 1TM ISIN: ZAE000102026
("1time" or "the Company" or "the Group")

For use only by ordinary shareholders who:
- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the annual general meeting of ordinary shareholders of the Company to be held at Garden Court, OR Tambo International Airport, 2 Hulley Road, corner Andre Greyvenstein Road, Isando, at 12:00 on Friday, 10 June 2011 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We (BLOCK LETTERS please) ....

of (address) ....

Telephone work ( ) .... Telephone home ( ) ....

being the holder/custodian of .... ordinary shares in the Company, hereby appoint (see note):

1. .... or failing him/her,
2. .... or failing him/her,
3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

	Number of ordinary shares		
	For	Against	Abstain
1. To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 31 December 2010			
2. To approve the re-election as director of Sipho Twala who retires by rotation			
3. To approve the re-election as director of Grant Wishart who retires by rotation			
To approve the re-election as director of Myles Sinclair who retires by rotation			
To approve the election as director of Busiwe Maqungo who retires by rotation			
To approve the election as director Blacky Komani who retires by rotation			
4. To confirm the reappointment SAB&T Chartered Accountants Incorporated as auditors of the Company together with Aneel Darmalingam for the ensuing financial year			
5. To ratify the directors remuneration for the financial year ended 31 December 2010			
6. Ordinary resolution number 1			
Control of authorised but unissued ordinary shares			
7. Ordinary resolution number 2			
Approval to issue ordinary shares, and to sell treasury shares, for cash			
8. Ordinary resolution number 3			
Signature of documents			
9. Special resolution number 1			
General approval to acquire shares			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at .... on 2011

Signature ....

Assisted by (if applicable) ....

notes

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the subregister in electronic form in "own name".

2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow.

4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this 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 shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty eight hours before the commencement of the annual general meeting.

6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

7. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

8. A shareholder's authorisation to the proxy including the Chairperson of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.

9. 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 hereof.

10. Documentary evidence establishing the authority of a person signing the 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 Chairperson of the annual general meeting.

11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.

12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

13. Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:

    Hand deliveries to:
    Computershare Investor Services (Proprietary) Limited

    Ground Floor
    70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services (Proprietary) Limited

    PO Box 61051
    Marshalltown, 2107

    to be received by no later than 12:00 on Friday, 10 June 2011 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

administration

1TIME HOLDINGS LIMITED
Registration number: 1999/017536/06
Website: www.1timeholdings.co.za
16 Quality Road, Isando
PO Box 7110
Bonaero Park
1622
Telephone: +27 11 086 8100
Facsimile: 0866 492 712

1TIME AIRLINE (PROPRIETARY) LIMITED
Registration number: 2003/020975/07
Website: www.1time.co.za

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

SAFAIR TECHNICAL (PROPRIETARY) LIMITED
Trading as Jetworx
Registration number: 2008/015181/07

TRANSFER SECRETARIES
Computershare Investor Services (Proprietary) Limited
PO Box 61051
Marshalltown
2107
Gauteng

DESIGNATED ADVISOR
Merchantec Capital
PO Box 41480
Craighall
2024
Gauteng

HKLM

1time holdings Ltd

www.1timeholdings.co.za