

Audited Financial Statements

General Information

Country of incorporation and domicile	South Africa
Type of trust	Service Trust
Trustees	Prof. KS Naidoo RP de Wet AG Marshall JA de Martin RSS Msengana SM Gulube KL Mboyi
Business address	General Aviation Area Cape Town International Airport 7525
Postal address	PO Box 93 Cape Town International Airport 7525
Bankers	ABSA Bank Limited
Auditors	Grant Thornton Chartered Accountants (S.A.) Registered Auditors South African member of Grant Thornton International
Trust registration number	T3404/94

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The reports and statements set out below comprise the annual financial statements presented to the trustees:

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Report of the Independent Auditors

To the trustees of The SA Red Cross Air Mercy Service Trust



The combined annual financial statements have been compiled from the audited financial statements and annexures of The SA Red Cross Air Mercy Service Trust, The Pilatus Trust and Beekay 147 Investments (Proprietary) Limited, which collectively form The SA Red Cross Air Mercy Service Consolidated.

We have audited the accompanying consolidated

financial statements of The SA Red Cross Air Mercy Service Trust, which comprise the trustees' report, the statement of financial position as at 28 February 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 62.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards. 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 the trustees, 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.

Basis for Qualified Opinion

In respect of The SA Red Cross Air Mercy Service Trust, in common with similar organisations, it was not feasible for the trust to institute adequate accounting controls over cash collections from donations and other voluntary income prior to initial entry of collections in the accounting records. Accordingly it was impracticable for us to extend our examination beyond receipts actually recorded.

In respect of The SA Red Cross Air Mercy Service Trust, as referred to in note 8 of the financial statements, the entity has made material provisions for repairs which will be required on capital assets in the future. In accordance with the International Accounting Standard on Provisions, IAS 37, a provision may not be recognised on future repairs on capital assets.

Opinion

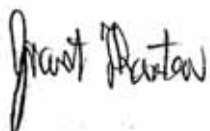
In respect of the entities referred to above, in our opinion, except for the effect on the annual financial statements of the matters referred to in the preceeding paragraphs, the consolidated annual financial statements present fairly, in all

material respects, the financial position of the trust as of 28 February 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Supplementary Information

Without qualifying our opinion, we draw your attention to the fact that the supplementary information set out on pages 63 to 64 does not form part of the annual financial statements and is

presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



Grant Thornton
Chartered Accountants (S.A)
Registered Auditors

Per: D Smith
Chartered Accountant (S.A)
Registered Auditor

14 May 2010, Cape Town



Trustees Responsibilities & Approval

The trustees are required 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 trust 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 trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees 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 trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring

all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 trustees have reviewed the trust's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the board are primarily responsible for the financial affairs of the trust, they are supported by the trust's external auditors.

The external auditors are responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on pages 46 to 47.

The annual financial statements set out on pages 49 to 62, which have been prepared on the going concern basis, were approved by the board of trustees on 14 May 2010 and were signed on its behalf by:



Trustee

Cape Town, 14 May 2010



Trustee

Trustees Report

The trustees submit their report for the year ended 28 February 2010

1. Review of activities

Main business and operations

The SA Red Cross Air Mercy Service Trust operates an air ambulance service, for no financial gain, for the benefit of all ill and injured people. The SA Red Cross Air Mercy Service Trust also provides medical and humanitarian services directed at preservation of life and the alleviation of human suffering, particularly within the rural areas of South Africa.

The operating results and state of affairs of the trustees are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment.

2. Going concern

The consolidated 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.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year.

4. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name	Nationality	Changes
Prof. KS Naidoo	South African	
RP de Wet	South African	
AG Marshall	South African	
JA de Martin	South African	
RSS Msengana	South African	
SM Gulube	South African	
BLE Khan	South African	Resigned 21 January 2010
KL Mboyi	South African	

5. Auditors

Grant Thornton will continue in office for the next financial period.

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	316,074,541	266,980,770
		316,074,541	266,980,770
Current Assets			
Inventories	4	2,990,835	2,527,018
Trade and other receivables	5	21,531,290	23,244,626
Cash and cash equivalents	6	4,098,712	11,027,146
		28,620,837	36,798,790
Total Assets		344,695,378	303,779,560
Equity and Liabilities			
Equity			
Trust capital		15,386,605	15,386,605
Accumulated surplus		28,837,154	26,081,487
		44,223,758	41,468,092
Liabilities			
Non-Current Liabilities			
Other financial liabilities	7	200,637,645	192,911,073
Provisions	8	34,632,021	25,990,940
		235,269,666	218,902,013
Current Liabilities			
Other financial liabilities	7	55,942,046	37,231,147
Trade and other payables	9	9,259,907	6,178,308
		65,201,954	43,409,455
Total Liabilities		300,471,620	262,311,468
Total Equity and Liabilities		344,695,378	303,779,560



Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Revenue	11	124,648,839	105,090,064
Other income		767,161	588,102
Operating expenses		(100,714,647)	(84,207,525)
Operating surplus	12	24,701,352	21,470,641
Investment revenue	13	478,837	373,226
Finance costs	14	(22,424,523)	(21,996,336)
Surplus (loss) for the year		2,755,667	(152,469)
Other comprehensive surplus		-	-
Total comprehensive surplus (loss)		2,755,667	(152,469)

Statement of Changes in Equity

Figures in Rand	Trust capital	Accumulated surplus	Total equity
Balance at 1 March 2008	15,386,605	26,233,956	41,620,561
Changes in equity			
Total comprehensive loss for the year	-	(152,469)	(152,469)
Total changes	-	(152,469)	(152,469)
Balance at 1 March 2009	15,386,605	26,081,487	41,468,092
Changes in equity			
Total comprehensive surplus for the year	-	2,755,667	2,755,667
Total changes	-	2,755,667	2,755,667
Balance at 28 February 2010	15,386,605	28,837,154	44,223,759

Statement of Cash Flows

Cash flows from operating activities			
Cash generated from operations	17	61,981,908	29,809,103
Interest income		478,837	373,226
Finance costs		(22,424,523)	(21,996,336)
Net cash from operating activities		40,036,222	8,185,993
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(74,239,038)	(99,236,319)
Sale of property, plant and equipment		836,911	-
Sale of financial assets		-	3,448,218
Net cash from investing activities		(73,402,127)	(95,788,101)
Cash flows from financing activities			
Proceeds from other financial liabilities		26,437,471	91,828,470
Net cash from financing activities		26,437,471	91,828,470
Total cash movement for the year		(6,928,434)	4,226,362
Cash at the beginning of the year		11,027,146	6,800,784
Total cash at end of the year	6	4,098,712	11,027,146

Accounting Policies

I. Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost basis, 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 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated financial statements. Significant judgements include:

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Useful lives and residual values of property, plant and equipment

The estimated useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy note in the annual financial statements. These rates and the residual values of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmark accounting treatments in the industry.

Impairment testing

The trust reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions.

1.2 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 trust; 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.

Accounting Policies

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
Aircrafts	5 years
Computer equipment	3 years
Furniture and fixtures	10 years
Hangar and communication equipment	8 years
Leasehold property	5 - 15 years
Medical equipment	5 years
Motor vehicles	5 - 8 years
Office equipment	5 years

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition and measurement

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

The trust 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.

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. 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.

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.

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 and subsequently recorded at fair value.

Accounting Policies

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

1.5 Impairment of assets

The trust 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 trust estimates the recoverable amount of the asset.

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.

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.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 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.

Accounting Policies

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.

1.7 Provisions and contingencies

A provision for future maintenance is recognised, since the trust has an obligation to overhaul their fixed wing aircraft after a predetermined number of flying hours. The amount of the provision is calculated based on the current cost of the overhaul and the portion of the hours flown to date. The provision is utilised against any engine overhaul costs incurred.

A provision for major components is recognised on rotor wing aircraft based on a fixed amount per hour flown. This amount is determined by management based on past experience and current estimates of costs to repair the aircraft. The provision is utilised against any rotor wing maintenance expenditure incurred.

1.8 Revenue

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 trust;
- 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.

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.

Donations are recognised, in profit or loss, when the trust's right to receive payment has been established.

1.9 Turnover

Turnover comprises revenue from air ambulance and clinic services delivered, and excludes value added taxation.

1.10 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, 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.

Accounting Policies

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 consolidated 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 Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.12 Statements and interpretations not yet effective

The company has not applied the following IFRS and International Financial Reporting Interpretations Committee (IFRIC), interpretations that have been issued but not yet effective.

IFRS 9 - Financial Instruments (Effective 1 January 2013). This standard will be applied to the financial statements when it becomes effective. The impact is not reasonably known or estimable.

IAS 24 - Related Party Disclosures (Effective 1 January 2011). This standard will be applied to the financial statements when it becomes effective. The impact is not reasonably known or estimable.

Certain other new standards and interpretations have been issued, but are not expected to have a material impact on the company's financial statements.

1.13 Adoption of new and revised standards

The following standards and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are:

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

IAS 1 - Presentation of Financial Statements.

IAS 16 - Property, Plant and Equipment.

IFRIC 17- Distribution of Non-cash Assets to Owners.

The adoption of these interpretations has not led to any changes in accounting policies.

Notes to the Consolidated Financial Statements

Figures in Rand 2010 2009

2. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	9,853,106	(1,219,290)	8,633,816	9,926,241	(5,144,536)	4,781,705
Aircraft	341,518,780	(44,073,750)	297,445,030	276,415,176	(22,536,186)	253,878,990
Furniture and fixtures	697,473	(8,125)	689,348	338,318	(102,055)	236,263
Motor vehicles	1,213,771	(89,911)	1,123,860	1,268,632	(153,861)	1,114,771
Office equipment	153,838	(15,311)	138,527	310,080	(200,965)	109,115
Computer equipment	543,600	(160,503)	383,097	520,709	(335,227)	185,482
Medical equipment	6,392,683	(587,743)	5,804,940	9,045,354	(3,901,939)	5,143,415
Hangar & communication equipment	1,998,933	(143,010)	1,855,923	2,094,867	(563,838)	1,531,029
Total	362,372,184	(46,297,643)	316,074,541	299,919,377	(32,938,607)	266,980,770

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Leasehold property	4,781,705	5,385,772	-	10,630	(1,544,291)	8,633,816
Aircraft	253,878,990	65,103,603	-	-	(21,537,563)	297,445,030
Furniture and fixtures	236,263	498,899	-	-	(45,814)	689,348
Motor vehicles	1,114,771	99,000	-	-	(89,911)	1,123,860
Office equipment	109,115	72,126	(7,254)	(4,232)	(31,228)	138,527
Computer equipment	185,482	358,625	(928)	3,025	(163,107)	383,097
Medical equipment	5,143,415	1,954,310	(540,264)	-	(752,521)	5,804,940
Hangar & communication equipment	1,531,029	766,703	(216,934)	(9,423)	(215,452)	1,855,923
	266,980,770	74,239,038	(765,380)	-	(24,379,887)	316,074,541

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	236,263	21,749	(31,741)	236,263
Computer equipment	185,482	206,818	(120,351)	185,482
Leasehold property	4,781,705	5,577,194	(1,500,776)	4,781,705
Motor vehicles	1,114,771	1,015,195	(71,859)	1,114,771
Office equipment	109,115	53,836	(30,443)	109,115
Aircraft	253,878,990	165,079,417	(7,137,301)	253,878,990
Medical equipment	5,143,415	4,627,210	(835,703)	5,143,415
Hangar and communication equipment	1,531,029	874,429	(207,729)	1,531,029
	177,680,354	99,236,319	(9,935,903)	266,980,770

Assets held as security under instalment sales agreements (Net carrying amount)

Aircrafts	297,445,030	297,445,030
	297,445,030	297,445,030

3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2010

	Loans and receivables	Total
Cash and cash equivalents	4,098,712	4,098,712
Trade and other receivables	21,531,290	21,531,290
	25,630,002	25,630,002

2009

	Loans and receivables	Total
Cash and cash equivalents	11,027,146	11,027,146
Trade and other receivables	23,244,626	23,244,626
	34,271,772	34,271,772

Notes to the Consolidated Financial Statements

Figures in Rand	2010	2009
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4. Inventories

Fuel	76,140	57,009
Spare parts	2,851,105	2,386,504
Uniforms	63,590	83,505
	2,990,835	2,527,018

5. Trade and other receivables

Trade receivables	19,614,495	15,711,594
Prepayments	945,822	3,225,654
Deposits	660,100	4,305,600
VAT	-	1,778
Other receivables	310,873	-
	21,531,290	23,244,626

The carrying amount of trade and other receivables approximates its fair value.

Trade and other receivables impaired

As of 28 February 2010, trade and other receivables of R526 977 (2009: R180 985) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	180,985	30,000
Provision for impairment	345,992	150,985
	526,977	180,985

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	25,449	21,359
Bank balances	4,073,263	11,005,787
	4,098,712	11,027,146

7. Other financial liabilities

Held at amortised cost

Instalment sales agreement

The instalment sales agreements are secured over aircrafts with a net book value of R297 445 030 (2009: R253 878 990).

	256,579,691	230,142,220
The liabilities bear interest from 1-2% below the prime bank overdraft rate (2009: 1-2% below the prime bank overdraft rate) and are repayable in monthly instalments of approximately R6 374 475 (2009: R5 286 294) inclusive of finance charges.		
	256,579,691	230,142,220

Non-current liabilities

At amortised cost

200,637,645	192,911,073
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Current liabilities

At amortised cost

55,942,046	37,231,147
256,579,691	230,142,220

Notes to the Consolidated Financial Statements

Figures in Rand	2010	2009
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8. Provisions

Reconciliation of provisions - 2010

	Opening balance	Additions	Utilised during the year	Total
Provision for Major Component	12,918,129	5,904,203	-	18,822,332
Provision for Engine Overhaul	13,072,811	4,577,824	(1,840,946)	15,809,689
	25,990,940	9,817,243	(1,840,946)	34,632,021

Reconciliation of provisions - 2009

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Major components	6,999,058	11,869,537	(3,619,009)	(2,331,457)	12,918,129
Engine overhaul	9,153,874	2,036,112	1,882,825	-	13,072,811
	16,152,932	13,905,649	(1,736,184)	(2,331,457)	25,990,940

The engine overhaul and major component provisions are raised to offset expenses which will be incurred in future to repair or replace the aircrafts engines.

9. Trade and other payables

Trade payables	3,663,414	2,368,587
VAT	923,492	777,464
Accrued leave pay	2,282,169	2,038,874
Accrual for subvention fees	200,000	100,000
Accrued expenses	198,449	409,717
Accrued payroll	542,383	483,666
Amounts received in advance	1,450,000	-
	9,259,907	6,178,308

The carrying amounts of trade and other payables approximates its fair value.

10. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2010

	Financial liabilities at amortised cost	Total
Other financial liabilities	256,579,691	256,579,691
Trade and other payables	9,259,907	9,259,908
	265,839,599	265,839,599

2009

	Financial liabilities at amortised cost	Total
Other financial liabilities	230,142,219	230,142,219
Trade and other payables	6,178,308	6,178,308
	236,320,527	236,320,527

11. Revenue

Services rendered	121,308,290	103,103,350
Donations received	3,340,549	1,986,714
	124,648,839	105,090,064

Notes to the Consolidated Financial Statements

Figures in Rand	2010	2009
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12. Operating profit

Operating surplus for the year is stated after accounting for the following:

Profit on sale of property, plant and equipment	71,531	-
Loss (profit) on exchange differences	6,481	(3,628)
Depreciation on property, plant and equipment	24,379,886	9,935,903
Employee costs	28,775,758	22,573,983
	478,837	373,226

13. Investment revenue

Interest revenue

Bank	478,837	373,226
	478,837	373,226

14. Finance costs

Bank	-	92,184
Instalment sale agreements	22,424,523	21,904,152
	22,424,523	21,996,336

15. Taxation

No provision has been made for 2010. The trust is currently in an assessed loss position.

16. Auditors' remuneration

Fees	89,136	105,500
Tax and secretarial services	23,950	36,850
Expenses	-	25,219
	113,086	167,569

17. Cash generated from operations

Surplus before taxation	2,755,667	(152,469)
Adjustments for:		
Depreciation and amortisation	24,379,886	9,935,903
Profit on sale of property, plant and equipment	(71,531)	-
Loss (profit) on foreign exchange	6,481	(3,628)
Interest received	(478,837)	(373,226)
Finance costs	22,424,523	21,996,336
Movements in provisions	8,641,081	9,838,008
Changes in working capital:		
Inventories	(463,817)	(1,620,646)
Trade and other receivables	1,706,855	(8,994,677)
Trade and other payables	3,081,600	(816,498)
	61,981,908	29,809,103

Notes to the Consolidated Financial Statements

Figures in Rand	2010	2009
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18. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	53,505,684	-
Not yet contracted for and authorised by directors	-	76,621,595

This committed expenditure relates to the future purchase of aircrafts to be financed in terms of a instalment sales agreements.

19. Related parties

Relationships

Entities	Excelebrate (Proprietary) Limited
Members of key management	John Stone (CEO) Dr Phillip Erasmus (COO)

Related party transactions

Consulting fees paid to related parties		
Excelebrate (Proprietary) Limited	1,413,501	1,187,992

20. Comparative figures

The Air Ambulance Service Trust and The SA Red Cross Air Mercy Service Trust was consolidated in the current year. This resulted in adjustments to the prior year comparative figures.

21. Risk management

Liquidity risk

The trust's risk to liquidity is a result of the funds available to cover future commitments. The trust manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the trust's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 6 months	Within 12 months	Between 1 and 5 years	Over 5 years
At 28 February 2010				
Trade and other payables	9,259,907	-	-	-
Other financial liabilities	27,971,023	27,971,023	200,569,373	-
At 28 February 2009				
Trade and other payables	6,178,308	-	-	-
Other financial liabilities	18,615,574	18,615,574	192,911,073	-

Interest rate risk

As the trust has no significant interest-bearing assets, the trust's income and operating cash flows are substantially independent of changes in market interest rates.

The trust finances its operations through a mixture of retained earnings, financing arrangements for certain items of property plant and equipment and long-term bank borrowings. Instalment sales agreements bear an average interest of 9% (2009: 12.5%) per annum.

Notes to the Consolidated Financial Statements

Figures in Rand	2010	2009
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At 28 February 2010, if interest rates on borrowings had been 3.5% (2009: 2%) higher/lower with all other variables held constant, post-tax profit for the year would have been R8 980 289 (2009: R3 629 362) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Cash and cash equivalents - ABSA Bank Limited	4,063,684	10,414,644
Cash and cash equivalents - Investec Private Bank Limited	9,580	8,882
Foreign exchange risk		

The trust does not hedge foreign exchange fluctuations.

At 28 February 2010, if the currency had strengthened/weakened by 16%, 17%, 24% and 19% respectively (Being the movement in the respective exchange rates during the year) against the Euro, Swiss Frank, US dollar and British pound respectively with all other variables held constant, post-tax profit for the year would have been R4 671 higher/lower (2009: 9%, 17% and 30% and 39% respectively against the Euro, Swiss Frank, US dollar and Japanese yen with all other variables held constant, post-tax profit for the year would have been R6 175 higher/lower), mainly as a result of foreign exchange gains/losses on the translation of the Euro, Swiss Frank, US dollar and British pound respectively denominated cash and cash equivalent

The following items are uncovered:

Foreign currency exposure at the end of the reporting period

Current assets

Cash and cash equivalents, USD 2 164 (2009: USD 1 873)	16,364	18,701
Cash and cash equivalents, EURO 190 (2009: EURO 190)	1,957	2,418
Cash and cash equivalents, CHF 67 (2009: CHF 68)	469	578
Cash and cash equivalents, JPY Nil, (2009: JPY 4 401)	-	449
Cash and cash equivalents, GBP 140	1,600	-

Exchange rates used for conversion of foreign items were:

USD	7.78	9.98
GBP	11.85	-
CHF	7.25	8.55
EURO	10.74	12.72
JPY	-	0.10

Detailed Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Revenue			
Services rendered		121,308,290	103,103,350
Donations received		3,340,549	1,986,714
	11	124,648,839	105,090,064
Other income			
Pledges received		619,381	522,773
Discount received		41,249	61,701
Interest received	13	478,837	373,226
Recoveries		35,000	-
Profit on exchange differences		-	3,628
Gains on disposal of assets		71,531	-
		1,245,998	961,328
Expenses (Refer to page 64)		(100,714,647)	(84,207,525)
Operating surplus	12	25,180,190	21,843,867
Finance costs	14	(22,424,523)	(21,996,336)
Surplus (loss) for the year		2,755,667	(152,469)



Operating Expenses

Figures in Rand	Note(s)	2010	2009
Operating expenses			
Ambulance fee		(48,357)	(100,795)
Auditors remuneration	16	(113,086)	(167,569)
Bad debts		-	(298,566)
Bank charges		(80,243)	(53,219)
Cancellation fees		(1,250,000)	-
Cleaning		(28,115)	(17,147)
Computer expenses		(365,811)	(340,155)
Consulting fees		(1,413,501)	(1,407,777)
Consumables		(152,611)	(250,563)
Depreciation, amortisation and impairments		(24,379,886)	(9,935,903)
Employee costs		(28,775,758)	(22,573,983)
Fuel		(8,473,839)	(12,637,702)
General expenses		(79,665)	(121,021)
Hire		(839,613)	(833,388)
Insurance		(8,179,803)	(6,002,060)
Landing and navigation fees		(212,376)	(107,672)
Laundry and dry-cleaning		(9,445)	(10,245)
Legal expenses		(572,204)	(133,507)
Licence fee		(217,629)	(129,869)
Loss on exchange differences		(6,481)	-
Maintenance provisions		(10,482,027)	(16,004,804)
Motor vehicle expenses		(284,672)	(243,695)
Movement in doubtful debt allowance		(345,992)	(150,985)
Printing and stationery		(556,887)	(493,054)
Promotions		(80,540)	(105,752)
Repairs and maintenance		(10,543,066)	(8,194,063)
Staff welfare		(158,095)	(169,508)
Subscriptions		(239,121)	(236,622)
Subvention fees		(100,000)	(100,000)
Telemarketing		(4,599)	(854,311)
Telephone and fax		(678,923)	(607,520)
Training		(165,025)	(84,393)
Travel - local		(1,550,196)	(1,570,289)
Travel - overseas		(107,771)	(73,368)
Uniforms		(61,666)	(107,155)
Utilities		(157,644)	(90,865)
		(100,714,647)	(84,207,525)