# Air Arabia PJSC
# and its subsidiaries

## Condensed consolidated interim financial information
*30 June 2017*

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated interim financial information
*30 June 2017*

***Contents*** ***Page***

KPMG Lower Gulf Limited
2002, Al Batha Tower
P.O. Box 28653
Buhaira Corniche, Sharjah, UAE
Tel. +971 (6) 517 0700, Fax +971 (6) 572 3773

# Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Air Arabia PJSC

## Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial information of Air Arabia PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated income statement for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2017; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 07 AUG 2017

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated statement of financial position

*as at 30 June 2017*

| | Note | 30 June 2017 (unaudited) AED'000 | 31 December 2016 (audited) AED'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property and equipment | 7 | **7,227,756** | 7,108,134 |
| Advances for new aircraft | | **254,417** | 299,269 |
| Investment properties | | **124,970** | 124,970 |
| Intangible assets | | **1,298,341** | 1,297,775 |
| Deferred charges | | **29,684** | 30,268 |
| Investments | 8 | **692,843** | 697,076 |
| Equity accounted investments | | **56,242** | 73,024 |
| **Total non-current assets** | | **9,684,253** | 9,630,516 |
| **Current assets** | | | |
| Inventories | | **18,256** | 16,324 |
| Trade and other receivables | | **555,031** | 587,852 |
| Other investments | 8.1 | **1,179,076** | 459,129 |
| Bank balances and cash | 9 | **1,046,169** | 1,818,879 |
| **Total current assets** | | **2,798,532** | 2,882,184 |
| **Total assets** | | **12,482,785** | 12,512,700 |
| **Liabilities and equity** | | | |
| **Non-current liabilities** | | | |
| Provision for staff terminal benefits | | **103,804** | 95,869 |
| Trade and other payables | | **1,265,078** | 1,126,264 |
| Non-current portion of finance lease liabilities | 10 | **3,474,876** | 3,479,689 |
| **Total non-current liabilities** | | **4,843,758** | 4,701,822 |
| **Current liabilities** | | | |
| Deferred income | | **369,302** | 232,981 |
| Trade and other payables | | **1,407,084** | 1,427,627 |
| Short term bank borrowings | | **192,067** | 264,470 |
| Current portion of finance lease liabilities | 10 | **408,711** | 398,186 |
| **Total current liabilities** | | **2,377,164** | 2,323,264 |
| **Total liabilities** | | **7,220,922** | 7,025,086 |
| **Capital and reserves** | | | |
| Share capital | | **4,666,700** | 4,666,700 |
| Statutory reserve | | **419,869** | 419,869 |
| Other reserves | | **(208,659)** | (58,416) |
| Retained earnings | | **336,052** | 414,891 |
| Equity attributable to owners of the Company | | **5,213,962** | 5,443,044 |
| Non-controlling interests | | **47,901** | 44,570 |
| **Total equity** | | **5,261,863** | 5,487,614 |
| **Total liabilities and equity** | | **12,482,785** | 12,512,700 |

The accompanying notes on pages 8 to 16 are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 07 AUG 2017

Chairman Chief Executive Officer Director Finance

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated income statement (unaudited)

*for the six month period ended 30 June 2017*

| | *Note* | **Three month period ended 30 June 2017 AED'000** | Three month period ended 30 June 2016 AED'000 | **Six month period ended 30 June 2017 AED'000** | Six month period ended 30 June 2016 AED'000 |
|---|---|---|---|---|---|
| **Revenue** | | **906,204** | 893,774 | **1,716,599** | 1,839,530 |
| Direct costs | | **(706,707)** | (731,369) | **(1,379,749)** | (1,480,074) |
| **Gross profit** | | **199,497** | 162,405 | **336,850** | 359,456 |
| General and administrative expenses | | **(43,918)** | (45,752) | **(91,357)** | (95,377) |
| Selling and marketing expenses | | **(17,869)** | (13,724) | **(36,732)** | (30,961) |
| Finance income | | **29,735** | 18,630 | **62,886** | 40,147 |
| Finance costs | | **(29,019)** | (20,873) | **(57,308)** | (41,487) |
| Share of loss on equity accounted investments | | **(1,523)** | (4,065) | **(5,282)** | (5,245) |
| Other income (net) | | **21,569** | 34,438 | **51,904** | 18,829 |
| **Profit for the period** | | **158,472** | 131,059 | **260,961** | 245,362 |
| ***Profit attributable to:*** | | | | | |
| Owners of the Company | | **150,731** | 126,415 | **247,830** | 237,515 |
| Non-controlling interests | | **7,741** | 4,644 | **13,131** | 7,847 |
| | | **158,472** | 131,059 | **260,961** | 245,362 |
| **Basic earnings per share (AED)** | *12* | **0.03** | 0.03 | **0.05** | 0.05 |

The accompanying notes on pages 8 to 16 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

*for the six month period ended 30 June 2017*

| | **Three month period ended 30 June 2017** | Three month period ended 30 June 2016 | **Six month period ended 30 June 2017** | Six month period ended 30 June 2016 |
|---|---|---|---|---|
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| **Profit for the period** | **158,472** | 131,059 | **260,961** | 245,362 |
| **Other comprehensive income:** | | | | |
| *Items that will never be subsequently transferred to profit or loss:* | | | | |
| Fair value movement of investments measured at fair value through other comprehensive income ("FVOCI") | **(3,717)** | (14,519) | **(4,233)** | (28,998) |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | |
| *Cash flow hedge* | | | | |
| Effective portion of change in fair value | **(80,625)** | 164,704 | **(146,010)** | 175,110 |
| *Total other comprehensive (loss) / income* | **(84,342)** | 150,185 | **(150,243)** | 146,112 |
| **Total comprehensive income for the period** | **74,130** | 281,244 | **110,718** | 391,474 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | **66,389** | 276,600 | **97,587** | 383,627 |
| Non-controlling interests | **7,741** | 4,644 | **13,131** | 7,847 |
| | **74,130** | 281,244 | **110,718** | 391,474 |

The accompanying notes on pages 8 to 16 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated statement of changes in equity

*for the six month period ended 30 June 2017*

| | Share capital AED'000 | Statutory reserve AED'000 | General reserve AED'000 | Other reserves: Cumulative change in FVOCI AED'000 | Other reserves: Cash flow hedge reserve AED'000 | Retained earnings AED'000 | Attributable to owners of the Company AED'000 | Non-controlling interests AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2016 (audited) | 4,666,700 | 370,827 | 314,050 | 32,845 | (865,163) | 442,555 | 4,961,814 | 36,025 | 4,997,839 |
| **Comprehensive (loss) / income for the period** | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 237,515 | 237,515 | 7,847 | 245,362 |
| Other comprehensive (loss) / income | - | - | - | (28,998) | 175,110 | - | 146,112 | - | 146,112 |
| **Total comprehensive (loss) / income for the period** | - | - | - | (28,998) | 175,110 | 237,515 | 383,627 | 7,847 | 391,474 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| Dividend (refer note 17) | - | - | - | - | - | (420,003) | (420,003) | (9,800) | (429,803) |
| Balance at 30 June 2016 (unaudited) | 4,666,700 | 370,827 | 314,050 | 3,847 | (690,053) | 260,067 | 4,925,438 | 34,072 | 4,959,510 |
| Balance at 1 January 2017 (audited) | 4,666,700 | 419,869 | 363,092 | 65,523 | (487,031) | 414,891 | 5,443,044 | 44,570 | 5,487,614 |
| **Comprehensive (loss) / income for the period** | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 247,830 | 247,830 | 13,131 | 260,961 |
| Other comprehensive loss | - | - | - | (4,233) | (146,010) | - | (150,243) | - | (150,243) |
| **Total comprehensive (loss) / income for the period** | - | - | - | (4,233) | (146,010) | 247,830 | 97,587 | 13,131 | 110,718 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| Dividend (refer note 17) | - | - | - | - | - | (326,669) | (326,669) | (9,800) | (336,469) |
| **Balance at 30 June 2017 (unaudited)** | **4,666,700** | **419,869** | **363,092** | **61,290** | **(633,041)** | **336,052** | **5,213,962** | **47,901** | **5,261,863** |

The accompanying notes on pages 8 to 16 are an integral part of this condensed consolidated interim financial information.

# Air Arabia PJSC and its subsidiaries

## Condensed consolidated statement of cash flows (unaudited)

*for the six month period ended 30 June 2017*

| | Note | **Six month period ended 30 June 2017 AED '000** | Six month period ended 30 June 2016 AED '000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the period | | **260,961** | 245,362 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 7 | **237,800** | 209,110 |
| Provision for staff terminal benefits | | **11,663** | 11,846 |
| Ineffective portion of cash flow hedge | | **(47,713)** | 32,962 |
| Share of loss on equity accounted investments | | **5,282** | 5,245 |
| Interest income from bank deposits | | **(62,886)** | (40,147) |
| *Operating cash flows before working capital changes* | | **405,107** | 464,378 |
| *Changes in:* | | | |
| - Trade and other receivables | | **32,821** | (17,243) |
| - Inventories | | **(1,932)** | 558 |
| - Trade and other payables | | **19,974** | 89,951 |
| - Deferred income | | **136,321** | 106,798 |
| - Staff terminal benefits paid | | **(3,728)** | (3,309) |
| **Net cash from operating activities** | | **588,563** | 641,133 |
| **Investing activities** | | | |
| Acquisition of property and equipment | | **(20,740)** | (42,529) |
| Payments in relation to advances for new aircraft | | **(76,454)** | (113,745) |
| Payments for deferred charges | | **(1,342)** | - |
| Acquisition of intangible assets | | **(566)** | (756) |
| Dividend received from joint ventures | | **11,500** | 3,000 |
| Change in fixed and margin deposits | | **939,071** | 717,024 |
| Interest income from bank deposits | | **62,886** | 40,147 |
| Other investments made | | **(719,947)** | (716,274) |
| **Net cash from / (used in) investing activities** | | **194,408** | (113,133) |
| **Financing activities** | | | |
| Dividend paid to non-controlling interests | | **(9,800)** | (9,800) |
| Dividend paid to owners of the Company | | **(326,669)** | (420,003) |
| Payments of finance lease liabilities | | **(207,738)** | (175,747) |
| Change in bank borrowings-net | | **(72,403)** | 117,542 |
| **Net cash used in financing activities** | | **(616,610)** | (488,008) |
| **Net increase in cash and cash equivalents** | | **166,361** | 39,992 |
| Cash and cash equivalents at the beginning of the period | | **172,229** | 230,805 |
| **Cash and cash equivalents at the end of the period** | | **338,590** | 270,797 |

**The details of cash and cash equivalents is as under:**

| | Note | | |
|---|---|---|---|
| Bank balances and cash | 9 | **1,046,169** | 921,527 |
| Fixed deposits with maturity over 3 months | | **(706,383)** | (648,895) |
| Margin deposits with maturity over 3 months | | **(1,196)** | (1,835) |
| | | **338,590** | 270,797 |

The accompanying notes on pages 8 to 16 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

### 1. Reporting entity

Air Arabia PJSC ("the Company") was incorporated on 19 September, 2007 as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984 (as amended). The Company operates in the United Arab Emirates under a trade license issued by the Economic Development Department of the Government of Sharjah and Air Operator's Certificate Number AC 2 issued by the General Civil Aviation Authority, United Arab Emirates.

The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates. The registered office address is P.O. Box 132, Sharjah, United Arab Emirates.

The condensed consolidated interim financial information as at and for the six month period ended 30 June 2017 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and joint ventures.

The licensed activities of the Group are international commercial air transportation, aircraft trading, aircraft rental, aircraft spare parts trading, travel and tourist agencies, hotels, hotel apartment rentals, airline companies' representative office, passengers transport, cargo services, air cargo agents, documents transfer services, aviation training and aircraft repairs and maintenance.

The extent of the Group's ownership in its various subsidiaries, joint ventures and associates and their principal activities are as follows:

| Name | Legal ownership Interest | | Country of incorporation | Principal activities |
|---|---|---|---|---|
| ***Subsidiaries*** | 2017 | 2016 | | |
| COZMO Travel LLC and its subsidiaries | **51%** | 51% | United Arab Emirates | Travel and tours, tourism and cargo services. |
| *Subsidiaries of COZMO Travel LLC:* | | | | |
| *COZMO Travel WLL* | **100%** | 100% | Qatar | Travel and tours, tourism and cargo services. |
| *COZMO Travel Limited Company* | **100%** | 100% | Kingdom of Saudi Arabia | Travel and tours, tourism and cargo services. |
| *COZMO Travel LLC* | **100%** | 100% | Kuwait | Travel and tours, tourism and cargo services. |
| *COZMO Travel LLC* | **100%** | 100% | Bahrain | Travel and tours, tourism and cargo services. |
| *COZMO Travel World* | **100%** | 100% | United Arab Emirates | Travel agent. |
| *COZMO Travel (Private) Limited* | **100%** | 100% | India | Travel and tours, tourism and cargo services. |
| *COZMO Travel World (Private) Limited* | **100%** | 100% | India | Travel and tours, tourism and cargo services. |
| *Al Sayara Limousine Passengers Transport Per Person Company Owner COZMO Travel LLC** | **100%** | - | United Arab Emirates | Passengers transport services by rented cars, buses and limousine. |
| Tune Protection Commercial Brokerage LLC | **51%** | 51% | United Arab Emirates | Commercial brokers. |
| Information System Associates FZC | **100%** | 100% | United Arab Emirates | IT services to aviation industry. |
| Action Hospitality | **100%** | 100% | United Arab Emirates | Hospitality services, tourism, managing and operating restaurants and hotels. |

## 1. Reporting entity (continued)

| Name | Legal ownership interest 2017 | 2016 | Country of incorporation | Principal activities |
|---|---|---|---|---|
| ***Joint ventures*** | | | | |
| Alpha Flight Services UAE LLC | **51%** | 51% | United Arab Emirates | Flight and retail catering and ancillary services to the Air Arabia PJSC. |
| Sharjah Aviation Services LLC | **50%** | 50% | United Arab Emirates | Aircraft handling, passenger and cargo services at the Sharjah International Airport. |
| Air Arabia – Egypt Company S.A.E. | **50%** | 50% | Egypt | International commercial air transportation. |
| ***Associates*** | | | | |
| Air Arabia Maroc, S.A. | **40%** | 40% | Morocco | International commercial air transportation. |
| Air Arabia Jordan LLC | **49%** | 49% | Jordan | International commercial air transportation. |

*incorporated during the current period

## 2. Basis of preparation

### 2.1 Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2016.

### 2.2 Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except for derivative financial instruments and Investments measured at fair value through other comprehensive income ("FVOCI"), which are measured at their fair values.

### 2.3 Functional and presentation currency

The condensed consolidated interim financial information is presented in United Arab Emirates Dirham ("AED"), which is the Group's functional currency.

## 3. Significant accounting policies

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

## 4. New standards, amendments to standards and interpretations issued but not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017; however, the Group has not applied following new standards, amendments to standards and interpretations in preparing this condensed consolidated interim financial information:

- *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

## 4. New standards, amendments to standards and interpretations issued but not adopted (continued)

- *IFRS 16 Leases*

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto the lessee's statement of financial position, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted provided IFRS 15 Revenue from Contract with Customers is also early applied by the Group.

The above standards, amendments to standards and interpretations are currently being assessed by the management of the Group to determine any material impact on the Group's financial statements.

## 5. Accounting estimates and judgments

The preparation of condensed consolidated interim financial information in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

## 6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

## 7. Property and equipment

***Additions, disposals and depreciation (unaudited)***

During the six month period ended 30 June 2017, the Group acquired property and equipment amounting to AED 355.4 million *(six month period ended 30 June 2016: AED 417.9 million).*

Depreciation charge on property and equipment for the current period amounted to AED 235.9 million *(six month period ended 30 June 2016: AED 207.5 million).*

## 8. Investments

| Non-current assets - investments | Note | **30 June 2017 (unaudited) AED '000** | 31 December 2016 (audited) AED '000 |
|---|---|---|---|
| Investments measured at fair value through other comprehensive income ("FVOCI") | *8(a)* | **325,528** | 329,761 |
| Investment measured at amortised cost | *8(b)* | **367,315** | 367,315 |
| | | **692,843** | 697,076 |

## 8. Investments (continued)

### 8a. Investments measured at fair value through other comprehensive income ("FVOCI")

| | **30 June 2017 (unaudited) AED '000** | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Quoted | **10,038** | 10,259 |
| Unquoted (refer note 11) | **315,490** | 319,502 |
| | **325,528** | 329,761 |
| In UAE | **325,528** | 329,761 |

*Movement during the period is as follows:*

| | **30 June 2017 (unaudited) AED '000** | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Opening balance | **329,761** | 297,083 |
| Change in fair value | **(4,233)** | 32,678 |
| | **325,528** | 329,761 |

The market rate as at 30 June 2017, is considered for the calculation of the fair value of the investments that are quoted on the stock exchange.

### 8b. Investment measured at amortised cost

| | **30 June 2017 (unaudited) AED '000** | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Unquoted (refer note 11) | **367,315** | 367,135 |
| Outside UAE | **367,315** | 367,135 |

### 8.1 Current assets - Other investments

These comprise amounts placed into short – term investments in order to maximise returns, measured at amortised cost.

### 9. Bank balances and cash

| | **30 June 2017 (unaudited) AED'000** | 31 December 2016 (audited) AED'000 |
|---|---|---|
| Bank balances: | | |
| Fixed deposits* | **706,383** | 1,644,850 |
| Current accounts | **269,251** | 155,754 |
| Call deposits | **63,333** | 13,312 |
| Margin deposits* | **1,196** | 1,800 |
| Total bank balances | **1,040,163** | 1,815,716 |
| Cash in hand | **6,006** | 3,163 |
| Total bank balances and cash | **1,046,169** | 1,818,879 |

* These carry interest rates ranging from 2% - 4.5% *(2016: 1.2% - 3.8%)* per annum.

### 10. Finance lease liabilities

The Group has entered into a leasing arrangement with the leasing companies to finance the purchase of the aircraft. The terms of the leases are 12 years.

The lease agreements are subject to certain financial and operational covenants including compliance with various regulations, restrictions on unapproved subleasing, insurance coverage and maintenance of total debt to equity ratio.

### 11. Balances with related parties

| | **30 June 2017 (unaudited) AED'000** | 31 December 2016 (audited) AED'000 |
|---|---|---|
| **Due from related parties** | | |
| *Included in trade and other receivables* | | |
| Receivable from associate and joint ventures (net of provision) | **39,166** | 50,094 |

| | **30 June 2017 (unaudited) AED'000** | 31 December 2016 (audited) AED'000 |
|---|---|---|
| **Due to related parties** | | |
| *Included in trade and other payables* | | |
| Payable to a joint venture | **3,721** | 903 |
| Other related parties | **4,144** | 46,169 |
| | **7,865** | 47,072 |

Amount due from/(to) related parties are unsecured, bear no interest and have no fixed repayment terms. The management considers these to be current assets/current liabilities as appropriate.

The Group also invests cash balances with a related party in order to maximise returns. The investments disclosed in note 8 include such balances.

## 12. Basic earnings per share

| | 30 June 2017 (unaudited) AED '000 | 30 June 2016 (unaudited) AED '000 |
|---|---|---|
| Profit attributable to the owners of the Company (in AED '000) | **247,830** | 237,515 |
| Number of shares (in '000) | **4,666,700** | 4,666,700 |
| Basic earnings per share (AED) | **0.05** | 0.05 |

## 13. Operating lease commitments

*13.1 Where the Group is a lessee:*

| | 30 June 2017 (unaudited) AED '000 | 30 June 2016 (unaudited) AED '000 |
|---|---|---|
| Minimum lease payment under operating leases (excluding variable lease rental on the basis of flying hours) recognised in consolidated income statement for the period | **7,589** | 13,457 |

*The lease commitments for aircraft were as follows:*

| | 30 June 2017 (unaudited) AED '000 | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Within one year | **15,178** | 15,178 |
| Between 2 and 5 years | **60,713** | 60,713 |
| Above 5 years | **25,761** | 33,350 |
| | **101,652** | 109,241 |

*13.2 Where the Group is a lessor:*

The Group has leased out 9 *(2016: 7)* aircraft under non-cancellable operating lease agreements to the related parties and 2 aircraft (2016: nil) to a third party.

*Minimum lease payments:*

The leases have varying terms and renewal rights. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting dates but not recognised as receivables, are as follows:

## 13. Operating lease commitments (continued)

*13.2 Where the Group is a lessor (continued):*

| | 30 June 2017 (unaudited) AED '000 | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Within one year | **124,982** | 66,748 |
| Between two and five years | **309,200** | 69,885 |
| Above 5 years | **25,668** | 33,230 |
| | **459,850** | 169,863 |

The carrying amount of the leased aircraft owned by the Group under operating leases at the reporting date are as follows:

| | 30 June 2017 (unaudited) AED '000 | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Net book value | **1,113,850** | 635,090 |
| Accumulated depreciation | **513,497** | 333,620 |
| Depreciation charge for the period/year | **43,048** | 51,690 |

## 14. Contingent liabilities

| | 30 June 2017 (unaudited) AED '000 | 31 December 2016 (audited) AED '000 |
|---|---|---|
| Letters of credit | **113,460** | 191,006 |
| Letters of guarantee | **105,824** | 106,887 |

Letters of credit mainly comprise letters of credit issued to lessors of aircraft in lieu of placing deposits against leased aircraft.

## 15. Capital commitments

The Group has entered into the following capital commitments:

| | 30 June 2017 (unaudited) AED '000 | 31 December 2016 (audited) AED '000 |
|---|---|---|
| *Authorised and contracted:* | | |
| Aircraft fleet | **1,398,582** | 1,994,562 |

## 16. Segment information

Primary reporting format – business segments

| **Six month period ended 30 June 2017 (unaudited)** | Airline AED '000 | Other Segments AED '000 | Eliminations AED '000 | Total AED '000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| External sales | **1,605,141** | **111,458** | **-** | **1,716,599** |
| Inter-segment sales | **-** | **(7,129)** | **7,129** | **-** |
| Total revenue | **1,605,141** | **104,329** | **7,129** | **1,716,599** |
| **Result** | | | | |
| Segment result | **225,811** | **40,432** | | **266,243** |
| Share of loss on equity-accounted investments | | | | **(5,282)** |
| **Profit for the period** | | | | **260,961** |
| **Other information** | | | | |
| Additions to property and equipment, investment property and deferred charges | **346,251** | **10,588** | | **356,839** |
| Depreciation and amortization | **232,909** | **4,891** | | **237,800** |
| **30 June 2017 (unaudited)** | | | | |
| **Assets** | | | | |
| Segment assets | **10,267,414** | **358,383** | **(212,511)** | **10,413,286** |
| Unallocated assets | | | | **2,069,499** |
| Total assets | | | | **12,482,785** |
| **Liabilities** | | | | |
| Segment liabilities | **7,243,863** | **189,570** | **(212,511)** | **7,220,922** |

## 16. Segment information (continued)

Primary reporting format – business segments (continued)

| **Six month period ended 30 June 2016 (unaudited)** | Airline AED '000 | Other segments AED '000 | Eliminations AED '000 | Total AED '000 |
|---|---|---|---|---|
| **Revenue** | | | | |
| External sales | 1,738,564 | 100,966 | - | 1,839,530 |
| Inter-segment sales | - | 3,616 | (3,616) | - |
| Total revenue | 1,738,564 | 104,582 | (3,616) | 1,839,530 |
| **Result** | | | | |
| Segment result | 208,228 | 42,379 | | 250,607 |
| Share of loss on equity accounted investments | | | | (5,245) |
| **Profit for the period** | | | | 245,362 |
| **Other information** | | | | |
| Additions to property and equipment, investment property and deferred charges | 415,925 | 2,065 | - | 417,990 |
| Depreciation and amortisation | 205,872 | 3,238 | - | 209,110 |
| **30 June 2015 (unaudited)** | | | | |
| **Assets** | | | | |
| Segment assets | 9,577,750 | 293,268 | (182,239) | 9,688,779 |
| Unallocated assets | | | | 1,924,480 |
| Total assets | | | | 11,613,259 |
| **Liabilities** | | | | |
| Segment liabilities | 6,720,273 | 162,342 | (228,866) | 6,653,749 |

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements as at and for the year ended 31 December 2016. Segment result represents the profit earned by each segment without considering share of profit/(loss) on equity accounted investments. Segment assets do not include fixed deposits, investments, investment properties and investment in subsidiaries, joint ventures and associate. Goodwill and intangible assets have been allocated to the Airline segment.

## 17. Dividend

At the Annual General Meeting held on 5 March 2017, the shareholders approved a cash dividend of AED 326,669,000 at AED 7 fils per share for the year ended 31 December 2016 *(AED 9 fils per share for the year ended 31 December 2015)*.