Air Arabia PJSC
and its subsidiaries

Condensed consolidated interim financial information
30 September 2018

Air Arabia PJSC and its subsidiaries

Condensed consolidated interim financial information
30 September 2018

Contents ***Page***

KPMG

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 were engaged to review the accompanying 30 September 2018 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 September 2018;
- the condensed consolidated income statement for the three month and nine month periods ended 30 September 2018;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2018;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2018;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2018; 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

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". However, because of the matters described in the *Basis for Disclaimer of Conclusion* below, we are unable to express a review conclusion.

Basis for Disclaimer of Conclusion

As described in note 9 (c) to the accompanying 30 September 2018 condensed consolidated interim financial information, the Other investments include amounts placed as short term investments with two entities (the "Abraaj Entities") in the Abraaj Group (defined here as Abraaj Holdings Limited and its subsidiaries) and an entity related to it ('the Entity') amounting to AED 551 million and AED 184 million respectively, carried at amortised cost (together 'the short term investments'). In addition, as described in notes 9(a) and 9(b), the Group has an investment in preference shares in an entity in the Abraaj Group amounting to AED 367 million carried at amortised cost ('the preference shares') and an investment in an infrastructure and capital growth fund ("the capital growth fund") amounting to AED 226 million managed by the Abraaj Group carried at fair value, equating to the investment cost and the unrealised gain.

On 18 June 2018 the Abraaj Entities filed for voluntary liquidation and, consequently, they are under the management of court-appointed joint provisional liquidators ("joint provisional liquidators"). The joint provisional liquidators issued their first provisional reports to creditors in July 2018 which indicated that there are insufficient assets in the Abraaj Entities to fully honour their respective financial obligations. No further reports have been received from the joint provisional liquidators till date. One of the short term investments for AED 275 million matured on 26 June 2018, however, it has not been repaid to the Group as of the date of this report.

The Group has not recognised any provisions against the short term investments on the basis that the events are still unfolding and the Group has collateral to the extent that the Abraaj Entities and the Entity are unable to repay these investments to the Group in accordance with their maturity profile. The Group has not recognised any provisions against the investment in preference shares as the events are unfolding and it has collateral against this investment from the Abraaj Entities. The Group has not recognised any periodic changes in the carrying value of its investment in the capital growth fund as it has not received a statement from the joint provisional liquidators on its fair value as at 30 September 2018.

With respect to the short term investments and the investment in preference shares, given that the joint provisional liquidators' assessment of the state of the financial affairs of the Abraaj Entities is not yet finalised, that there is a lack of information available on the current state of the financial affairs of the Entity and that the value of the Group's collateral associated with these investments remains to be quantified, we are unable to determine what adjustments might be necessary to these investments presented in the accompanying 30 September 2018 condensed consolidated interim financial information. With respect to the investment in the capital growth fund we are unable to determine if any fair value adjustments would be required in the accompanying 30 September 2018 condensed consolidated interim financial information.

KPMG

Disclaimer of Conclusion

Because of the significance of the matters described in the *Basis for Disclaimer of Conclusion* paragraphs above, we are unable to express a conclusion on the accompanying 30 September 2018 condensed consolidated interim financial information.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Sharjah, United Arab Emirates

Date: 13 NOV 2018

Air Arabia PJSC and its subsidiaries

Condensed consolidated statement of financial position

as at 30 September 2018

	Note	30 September 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Assets			
Non-current assets			
Property and equipment	*8*	**7,527,722**	7,367,980
Advances for new aircraft		**-**	172,739
Investment properties		**124,970**	124,970
Intangible assets		**1,300,680**	1,299,050
Aircraft lease deposits		**20,680**	-
Deferred charges		**25,109**	28,013
Investments	*9 (a) & (b)*	**604,796**	691,904
Equity accounted investments		**87,466**	88,230
Total non-current assets		**9,691,423**	9,772,886
Current assets			
Inventories		**18,507**	17,048
Trade and other receivables		**1,099,983**	598,569
Other investments	*9 (c)*	**902,970**	527,500
Bank balances and cash	*10*	**1,629,988**	2,047,582
Total current assets		**3,651,448**	3,190,699
Total assets		**13,342,871**	12,963,585
Liabilities and equity			
Non-current liabilities			
Provision for staff terminal benefits		**125,182**	111,256
Trade and other payables		**781,366**	1,094,266
Non-current portion of finance lease liabilities	*11*	**3,371,980**	3,457,967
Total non-current liabilities		**4,278,528**	4,663,489
Current liabilities			
Deferred income		**209,612**	238,177
Trade and other payables		**1,556,707**	1,472,068
Short term bank borrowings		**20,961**	63,384
Current portion of finance lease liabilities	*11*	**464,999**	423,803
Total current liabilities		**2,252,279**	2,197,432
Total liabilities		**6,530,807**	6,860,921
Capital and reserves			
Share capital		**4,666,700**	4,666,700
Statutory reserve		**482,932**	482,932
Other reserves		**962,968**	293,844
Retained earnings		**636,245**	592,727
Equity attributable to owners of the Company		**6,748,845**	6,036,203
Non-controlling interests		**63,219**	66,461
Total equity		**6,812,064**	6,102,664
Total liabilities and equity		**13,342,871**	12,963,585

The accompanying notes on pages 9 to 19 are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 13 NOV 2018

Chairman Chief Executive Officer Director Finance

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 to 3.

Air Arabia PJSC and its subsidiaries

Condensed consolidated income statement (unaudited)

for the nine month period ended 30 September 2018

	Note	**Three month period ended 30 September 2018 AED'000**	Three month period ended 30 September 2017 AED'000	**Nine month period ended 30 September 2018 AED'000**	Nine month period ended 30 September 2017 AED'000
Revenue		**1,282,220**	1,163,836	**3,097,767**	2,880,435
Direct costs		**(892,498)**	(785,229)	**(2,372,548)**	(2,164,978)
		----------	----------	------------	-----------
Gross profit		**389,722**	378,607	**725,219**	715,457
General and administrative expenses		**(42,543)**	(66,869)	**(128,847)**	(158,226)
Selling and marketing expenses		**(21,913)**	(17,869)	**(58,996)**	(54,601)
Finance income		**17,305**	61,035	**80,869**	123,921
Finance costs		**(32,740)**	(30,498)	**(93,335)**	(87,806)
Share of profit on equity accounted investments		**31,057**	37,238	**32,755**	31,956
Other (expenses) / income (net)		**(40,701)**	14,162	**(27,943)**	66,066
		----------	----------	----------	----------
Profit for the period		**300,187**	375,806	**529,722**	636,767
		======	======	======	======
Profit attributable to:					
Owners of the Company		**287,193**	364,501	**508,464**	612,331
Non-controlling interests		**12,994**	11,305	**21,258**	24,436
		----------	----------	----------	----------
		300,187	375,806	**529,722**	636,767
		======	======	======	======
Basic earnings per share (AED)	*12*	**0.06**	0.08	**0.11**	0.13
		===	===	===	===

The accompanying notes on pages 9 to 19 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 to 3.

Air Arabia PJSC and its subsidiaries

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

for the nine month period ended 30 September 2018

	Three month period ended 30 September 2018 AED'000	Three month period ended 30 September 2017 AED'000	**Nine month period ended 30 September 2018 AED'000**	Nine month period ended 30 September 2017 AED'000
Profit for the period	**300,187**	375,806	**529,722**	636,767
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")	**332**	2,362	**(77,832)**	(1,871)
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedge				
Effective portion of change in fair value	**229,516**	198,744	**748,680**	52,734
Total other comprehensive income	**229,848**	201,106	**670,848**	50,863
Total comprehensive income for the period	**530,035**	576,912	**1,200,570**	687,630
Total comprehensive income attributable to:				
Owners of the Company	**517,041**	565,607	**1,179,312**	663,194
Non-controlling interests	**12,994**	11,305	**21,258**	24,436
	530,035	576,912	**1,200,570**	687,630

The accompanying notes on pages 9 to 19 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 to 3.

Air Arabia PJSC and its subsidiaries

Condensed consolidated statement of changes in equity
for the three month period ended 30 September 2018

	Share capital AED'000	Statutory reserve AED'000	Other reserves: 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 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	-	-	-	-	-	612,331	612,331	24,436	636,767
Other comprehensive (loss) / income	-	-	-	(1,871)	52,734	-	50,863	-	50,863
Total comprehensive (loss) / income for the period	-	-	-	(1,871)	52,734	612,331	663,194	24,436	687,630
Transactions with owners, recorded directly in equity									
Dividend (refer note 18)	-	-	-	-	-	(326,669)	(326,669)	(9,800)	(336,469)
Balance at 30 September 2017 (unaudited)	4,666,700	419,869	363,092	63,652	(434,297)	700,553	5,779,569	59,206	5,838,775
Balance at 1 January 2018 (audited)	4,666,700	482,932	426,155	60,351	(192,662)	592,727	6,036,203	66,461	6,102,664
Comprehensive (loss) / income for the period									
Profit for the period	-	-	-	-	-	508,464	508,464	21,258	529,722
Other comprehensive (loss) / income	-	-	-	(77,832)	748,680	-	670,848	-	670,848
Total comprehensive (loss) / income for the period	-	-	-	(77,832)	748,680	508,464	1,179,312	21,258	1,200,570
Transfers to retained earnings on disposal of equity investment measured at fair value through other comprehensive income	-	-	-	(1,724)	-	1,724	-	-	-
Transactions with owners, recorded directly in equity									
Dividend (refer note 18)	-	-	-	-	-	(466,670)	(466,670)	(24,500)	(491,170)
Balance at 30 September 2018 (unaudited)	**4,666,700**	**482,932**	**426,155**	**(19,205)**	**556,018**	**636,245**	**6,748,845**	**63,219**	**6,812,064**

The accompanying notes on pages 9 to 19 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 nine month period ended 30 September 2018

		Nine month period ended 30 September 2018 AED '000	Nine month period ended 30 September 2017 AED '000
Operating activities			
Profit for the period		**529,722**	636,767
Adjustments for:			
Depreciation and amortisation		**393,867**	361,719
Provision for staff terminal benefits		**19,228**	17,314
Ineffective portion of cash flow hedge		**(36,535)**	(47,713)
Share of profit on equity accounted investments		**(32,755)**	(31,956)
Finance income		**(80,869)**	(123,921)
Finance costs		**93,335**	87,806
		----------	----------
Operating cash flows before working capital changes		**885,993**	900,016
Changes in:			
- Trade and other receivables		**(89,902)**	(1,758)
- Inventories		**(1,459)**	(2,192)
- Trade and other payables		**132,099**	184,122
- Deferred income		**(28,565)**	(15,927)
- Staff terminal benefits paid		**(5,302)**	(5,767)
		----------	-----------
Net cash from operating activities		**892,864**	1,058,494
		======	=======
Investing activities			
Acquisition of property and equipment		**(87,537)**	(59,624)
Payments in relation to advances for new aircraft		**-**	(89,926)
Payments for deferred charges		**-**	(1,615)
Acquisition of intangible assets		**(1,630)**	(979)
Dividend received from joint ventures and associates		**33,519**	13,500
Payments in relation aircraft lease deposits		**(20,680)**	-
Proceeds from disposal of investments measured at fair value through other comprehensive income		**9,276**	-
Change in fixed and margin deposits		**375,262**	87,342
Finance income received		**94,213**	106,271
Other investments made		**(375,470)**	(91,830)
		----------	---------
Net cash from / (used in) investing activities		**26,953**	(36,861)
		----------	---------
Financing activities			
Dividend paid to non-controlling interests		**(24,500)**	(9,800)
Dividend paid to owners of the Company		**(466,670)**	(326,669)
Payments of finance lease liabilities		**(335,221)**	(313,322)
Bank borrowings obtained during the period		**176,804**	-
Bank borrowings repaid during the period		**(219,227)**	(255,979)
Finance costs paid		**(93,335)**	(87,806)
		----------	----------
Net cash used in financing activities		**(962,149)**	(993,576)
		----------	----------
Net (decrease) / increase in cash and cash equivalents		**(42,332)**	28,057
Cash and cash equivalents at the beginning of the period		**270,148**	172,229
		----------	----------
Cash and cash equivalents at the end of the period		**227,816**	200,286
		======	======
The details of cash and cash equivalents is as under:			
Bank balances and cash	*10*	**1,629,988**	1,759,594
Fixed deposits with maturity over 3 months		**(1,400,966)**	(1,558,096)
Margin deposits with maturity over 3 months		**(1,206)**	(1,212)
		----------	----------
		227,816	200,286
		======	======

The accompanying notes on pages 9 to 19 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 to 3.

1. Reporting entity

Air Arabia PJSC ("the Company") was incorporated on 19 September, 2007 as a Public Joint Stock Company. 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 nine month period ended 30 September 2018 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	**2018**	2017		
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 UAE LLC	**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%**	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 2018	2017	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.

2. Basis of preparation

2.1 Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with 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 consolidated financial statements of the Group as at and for the year ended 31 December 2017.

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

Except as described below in note 4, 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 2017.

4. Change in significant accounting policy

IFRS 15 Revenue from contracts with customers

The Group has adopted IFRS 15 from 1 January 2018 and has taken an exemption not to restate comparative information for prior periods with respect to revenue recognition requirements.

The Group's management has assessed the application of IFRS 15 to the Group's revenue streams and concluded that it has not resulted in any significant changes to the timing and amount of revenue recognition from 1 January 2018 onwards.

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.

Rendering of services

The Group is mainly involved in airline operations and related services as well as hotel operations. Passenger revenue and related services revenue is recognised at the time of departure of flight, income from room hire is recognised on a pro-rata basis over the period of occupancy.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different periods.

5. 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 2018; however, the Group has not applied following new standards, amendments to standards and interpretations in preparing this condensed consolidated interim financial information:

IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 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.

The above standard is currently being assessed by the management of the Group to determine any material impact on the Group's consolidated financial statements.

6. 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 2017.

7. 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 2017. However the credit risk associated with the Group's investments in a related party has deteriorated during the period ended 30 September 2018 due to particular events with Abraaj Group. Refer note 12.

8. Property and equipment

Additions, disposals and depreciation (unaudited)

During the nine month period ended 30 September 2018, the Group acquired property and equipment amounting to AED 551 million *(nine month period ended 30 September 2017: AED 544 million).*

Depreciation charge on property and equipment for the current period amounted to AED 391 million *(nine month period ended 30 September 2017: AED 359 million).*

9. Investments

Non-current assets - investments	*Note*	**30 September 2018 (unaudited) AED '000**	31 December 2017 (audited) AED '000
Investments measured at fair value through other comprehensive income ("FVOCI")	*9(a)*	**237,481**	324,589
Investment measured at amortised cost	*9(b)*	**367,315**	367,315
		----------	----------
		604,796	691,904
		======	======

9a. Investments measured at fair value through other comprehensive income ("FVOCI")

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Quoted	**11,710**	10,804
Unquoted	**225,771**	313,785
	----------	----------
	237,481	324,589
	======	======

9. Investments

9a. Investments measured at fair value through other comprehensive income ("FVOCI")

Movement during the period is as follows:

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Opening balance	**324,589**	329,761
Disposal of investment during the period	**(9,276)**	-
Change in fair value	**(77,832)**	(5,172)
	----------	----------
	237,481	324,589
	======	======

The unquoted investment comprises an investment in an infrastructure and capital growth fund, managed by the Abraaj Group (refer note 12).

For the quoted investments the market rate as at 30 September 2018 is considered for the calculation of the fair value of the investments that are quoted on the stock exchange.

9b. Investment measured at amortised cost

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Unquoted	**367,315**	367,315
	======	======

This represents an investment in the preference shares in an entity, formed to invest in one the funds being managed by the Abraaj Group. This investment is collateralized against certain investments of Abraaj Group (refer note 12).

9c. Other investments

These include amounts placed into short term investments with two entities in the Abraaj Group amounting to AED 551 million *(31 December 2017: AED 275 million)*, and an entity related to it amounting to AED 184 million *(31 December 2017: AED 184 million)*, in order to maximize returns. The Group is entitled to interest on these investments at 10.25% *(2017: 10.25%)*. These investments are collateralized to the extent that the Abraaj Group and the entity related to it are unable to repay these investments to the Group in accordance with their maturity profile. Other investments are measured at amortised cost. Also refer note 12.

10. Bank balances and cash

	30 September 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Bank balances:		
Fixed deposits*	**1,400,966**	1,776,222
Current accounts	**197,480**	244,198
Call deposits	**23,670**	21,561
Margin deposits*	**1,206**	1,212
	------------	------------
Total bank balances	**1,623,322**	2,043,193
Cash in hand	**6,666**	4,389
	------------	------------
Total bank balances and cash	**1,629,988**	2,047,582
	=======	=======

* These carry interest rates ranging from 3% - 4.5% *(2017: 2.2% - 4.5%)* per annum.

11. 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.

12. Related party transactions and balances

The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard No. 24. The transactions with related parties are entered into at rates agreed with such related parties.

The following significant transactions were carried out with related parties during the period:

	30 September 2018 (unaudited) AED'000	30 September 2017 (unaudited) AED'000
Management fees charged to associates	**12,360**	10,333
Lease income from associates and joint venture	**93,398**	84,762
	=====	=====

Due from related parties

	30 September 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Included in trade and other receivables		
Receivable from associates and joint ventures (net of provision)	**111,851**	57,262
	======	=====

12. Related party transactions and balances (continued)

	30 September 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Due to related parties		
Included in trade and other payables		
Payable to a joint venture	**3,713**	27,479
Other related parties	**33,112**	45,108
	--------	--------
	36,825	72,587
	=====	=====

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

The Abraaj Group and entities related to it were related parties by virtue of a director of the Air Arabia Group being the Chief Executive Officer of Abraaj Group during the periods presented. However, this director resigned as a director of the Air Arabia Group in July 2018, at which point the Abraaj Group and entities related to it ceased to be related parties to the Air Arabia Group. As per note 9 the total carrying value of investments with Abraaj Group and entities related to it totaled AED 1,328 million as at 30 September 2018 *(31 December 2017: AED 1,140 million)* and there is accrued income on these investments of AED 32.5 million *(31 December 2017: AED 48.5 million)* included in trade and other receivables.

13. Basic earnings per share

	Three month period ended 30 September 2018 (unaudited)	Three month period ended 30 September 2017 (unaudited)	**Nine month period ended 30 September 2018 (unaudited)**	Nine month period ended 30 September 2017 (unaudited)
Profit attributable to the owners of the Company (in AED "000")	**287,193**	364,501	**508,464**	612,331
	======	======	**======**	======
Number of shares (in "000")	**4,666,700**	4,666,700	**4,666,700**	4,666,700
	=======	=======	**=======**	=======
Basic earnings per share (in AED)	**0.06**	0.08	**0.11**	0.13
	===	===	**===**	===

14. Operating lease commitments

14.1 Where the Group is a lessee:

	30 September 2018 (unaudited) AED '000	30 September 2017 (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	**11,384**	11,384
	=====	=====

The lease commitments for aircraft were as follows:

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Within one year	**15,178**	15,178
Between 2 and 5 years	**60,713**	60,713
Above 5 years	**7,328**	18,712
	--------	--------
	83,219	94,603
	=====	=====

14.2 Where the Group is a lessor:

The Group has leased out 10 *(2017: 11)* aircraft under non-cancellable operating lease agreements to related parties (associates and joint venture entities) and 2 aircraft *(2017: 2)* 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 date but not recognised as receivables, are as follows:

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Within one year	**153,252**	156,603
Between two and five years	**338,244**	436,076
Above 5 years	**6,764**	18,107
	----------	----------
	498,260	610,786
	======	======

14. Operating lease commitments (continued)

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

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Net book value	**1,189,983**	1,336,694
	=======	=======
Accumulated depreciation	**612,740**	624,679
	======	======
Depreciation charge for the period / year	**71,947**	104,659
	=====	======

15. Contingent liabilities

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Letters of credit	**73,400**	-
Letters of guarantee	**96,601**	103,760
	=====	======

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

16. Capital commitments

The Group has entered into the following capital commitments:

	30 September 2018 (unaudited) AED '000	31 December 2017 (audited) AED '000
Authorised and contracted:		
Aircraft fleet	**-**	825,168
	======	======

17. Segment information

Primary reporting format – business segments

Nine month period ended 30 September 2018 (unaudited)	Airline AED '000	Other Segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	**2,920,520**	**177,247**	**-**	**3,097,767**
Inter-segment sales	**-**	**11,109**	**(11,109)**	**-**
Total revenue	**2,920,520**	**188,356**	**(11,109)**	**3,097,767**
Result				
Segment result	**435,996**	**60,971**	**-**	**496,967**
Share of profit on equity accounted investments				**32,755**
Profit for the period				**529,722**
Other information				
Additions to property and equipment and deferred charges	**532,034**	**18,671**	**-**	**550,705**
Depreciation and amortization	**384,120**	**9,747**	**-**	**393,867**
30 September 2018 (unaudited)				
Assets				
Segment assets	**10,580,970**	**447,107**	**(170,534)**	**10,857,543**
Unallocated assets				**2,485,328**
Total assets				**13,342,871**
Liabilities				
Segment liabilities	**6,473,011**	**228,330**	**(170,534)**	**6,530,807**

17. Segment information (continued)

Primary reporting format – business segments (continued)

Nine month period ended 30 September 2017 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	2,706,680	173,755	-	2,880,435
Inter-segment sales	-	10,215	(10,215)	-
Total revenue	2,706,680	183,970	(10,215)	2,880,435
Result				
Segment result	537,970	66,841	-	604,811
Share of profit on equity accounted investments				31,956
Profit for the period				636,767
Other information				
Additions to property and equipment, investment property and deferred charges	534,650	11,365	-	546,015
Depreciation and amortization	355,651	6,068	-	361,719
30 September 2017 (unaudited)				
Assets				
Segment assets	10,163,033	386,929	(160,373)	10,389,589
Unallocated assets				2,291,381
Total assets				12,680,970
Liabilities				
Segment liabilities	6,812,480	190,148	(160,373)	6,842,255

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 2017. 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.

18. Dividend

At the Annual General Meeting held on 13 March 2018 the shareholders approved a cash dividend of AED 466,670,000 at AED 10 fils per share for the year ended 31 December 2017 *(AED 7 fils per share for the year ended 31 December 2016).*