Air Arabia PJSC
and its subsidiaries

Condensed Consolidated Interim Financial Information For the period ended March 31, 2019

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For the period ended March 31, 2019

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Report on review of the condensed consolidated interim financial information
To the Shareholders of Air Arabia PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Air Arabia PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2019, and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2018 were audited by another auditor whose report dated February 13, 2019 expressed an unmodified opinion on those consolidated financial statements. Furthermore, the condensed consolidated interim financial information of the Group for the period ended March 31, 2018 was reviewed by another auditor whose review report dated May 9, 2018 expressed an unmodified conclusion on that condensed consolidated interim financial information.

Grant Thornton

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May 5, 2019

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Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Condensed consolidated statement of financial position
As at March 31, 2019

	Notes	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
ASSETS			
Non-current assets			
Property and equipment	4	7,294,271	7,402,785
Investment properties		124,970	124,970
Intangible assets		1,301,416	1,300,934
Net investment in lease		56,491	-
Deferred charges		23,161	24,135
Investments	5	14,847	10,191
Investments in associates and joint ventures		81,583	88,613
		8,896,739	8,951,628
Current assets			
Inventories		23,967	20,628
Trade and other receivables		781,960	631,938
Net investment in lease		14,012	-
Other investments	6	168,606	168,366
Bank balances and cash	7	1,705,208	1,645,014
		2,693,753	2,465,946
TOTAL ASSETS		11,590,492	11,417,574
EQUITY AND LIABILITIES			
Equity			
Share capital		4,666,700	4,666,700
Statutory reserve		482,932	482,932
General reserve		-	426,155
Other reserves		(53,272)	(329,743)
Accumulated losses		(189,549)	(732,713)
Equity attributable to owners of the Company		4,906,811	4,513,331
Non-controlling interests		80,930	72,267
Total equity		4,987,741	4,585,598
Non-current liabilities			
Employees' end of services benefits		129,801	129,744
Trade and other payables		929,946	1,255,311
Finance lease liabilities	8	3,209,771	3,260,328
		4,269,518	4,645,383
Current liabilities			
Deferred income		338,830	264,963
Trade and other payables		1,494,625	1,439,565
Short term bank borrowings		22,268	21,064
Finance lease liabilities	8	477,510	461,001
		2,333,233	2,186,593
Total liabilities		6,602,751	6,831,976
TOTAL EQUITY AND LIABILITIES		11,590,492	11,417,574

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 5 May 2019 and were signed on their behalf by:

Chairman	*Chief Executive Officer*	*Director of Finance*

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of profit or loss
For the period ended March 31, 2019

	Note	Three-month period ended March 31, 2019 (Unaudited) AED '000	Three-month period ended March 31, 2018 (Unaudited) AED '000
Revenue		**1,029,333**	877,288
Direct costs		**(820,400)**	(724,143)
GROSS PROFIT		**208,933**	153,145
Administrative and general expenses		**(56,835)**	(38,559)
Selling and marketing expenses		**(23,103)**	(19,143)
Finance income		**18,104**	40,004
Finance costs		**(30,072)**	(29,559)
Share of (loss)/profit on investments in associates and joint ventures		**(7,030)**	1,593
Other income, net		**17,907**	2,429
PROFIT FOR THE PERIOD		**127,904**	109,910
Profit for the period attributable to:			
Owners of the Company		**119,241**	101,646
Non-controlling interests		**8,663**	8,264
		127,904	109,910
Basic and diluted earnings per share (AED)	10	**0.03**	0.02

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income
For the period ended March 31, 2019

	Three-month period ended March 31, 2019 (Unaudited) AED '000	Three-month period ended March 31, 2018 (Unaudited) AED '000
Profit for the period	**127,904**	109,910
Other comprehensive income:		
Items that will never be subsequently reclassified to profit or loss:		
Change in fair value of investments measured at fair value through other comprehensive income	**(457)**	(78,530)
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedge		
Effective portion of changes in fair value	**276,928**	112,086
Total other comprehensive income for the period	**276,471**	33,556
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**404,375**	143,466
Total comprehensive income for the period attributable to:		
Owners of the Company	**395,712**	135,202
Non-controlling interests	**8,663**	8,264
	404,375	143,466

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
For the period ended March 31, 2019

				Other reserves					
	Share Capital AED '000	Statutory reserve AED '000	General reserve AED '000	Cumulative change in FVOCI AED '000	Cash flow hedge reserve AED '000	Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non-controlling Interests AED '000	Total AED '000
As at January 1, 2019 (audited)	4,666,700	482,932	426,155	4,530	(334,273)	(732,713)	4,513,331	72,267	4,585,598
Adjustment on initial application of IFRS 16 (Note 2 [d])	-	-	-	-	-	(2,232)	(2,232)	-	(2,232)
Adjusted balance as at January 1, 2019	4,666,700	482,932	426,155	4,530	(334,273)	(734,945)	4,511,099	72,267	4,583,366
Profit for the period	-	-	-	-	-	119,241	119,241	8,663	127,904
Other comprehensive income for the period	-	-	-	(457)	276,928	-	276,471	-	276,471
Total comprehensive income for the period	-	-	-	(457)	276,928	119,241	395,712	8,663	404,375
Absorption of accumulated losses through general reserve*	-	-	(426,155)	-	-	426,155	-	-	-
As at March 31, 2019 (unaudited)	**4,666,700**	**482,932**	**-**	**4,073**	**(57,345)**	**(189,549)**	**4,906,811**	**80,930**	**4,987,741**

* During the period ended March 31, 2019 and on the General Assembly dated March 17, 2019, the Board of Directors proposed, and the Shareholders resolved to utilise the general reserve balance of AED'000 426,155 to absorb a portion of the accumulated losses.

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity (continued)
For the period ended March 31, 2019

	Share capital	Statutory reserve	General reserve	Other reserves: Cumulative change in FVOCI	Other reserves: Cash flow hedge reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
As at January 1, 2018 (audited)	4,666,700	482,932	426,155	60,351	(192,662)	592,727	6,036,203	66,461	6,102,664
Profit for the period	-	-	-	-	-	101,646	101,646	8,264	109,910
Other comprehensive income for the period	-	-	-	(78,530)	112,086	-	33,556	-	33,556
Transfer to retained earnings on disposal of investment measured at fair value through other comprehensive income	-	-	-	(1,724)	-	1,724	-	-	-
Total comprehensive income for the period	-	-	-	(80,254)	112,086	103,370	135,502	8,264	143,466
Transactions with owners									
Dividend (Note 15)	-	-	-	-	-	(466,670)	(466,670)	(24,500)	(491,170)
As at March 31, 2018 (unaudited)	4,666,700	482,932	426,155	(19,903)	(80,576)	229,427	5,704,735	50,225	5,754,960

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the period ended March 31, 2019

	Three-month period ended March 31, 2019 (Unaudited) AED '000	Three-month period ended March 31, 2018 (Unaudited) AED '000
OPERATING ACTIVITIES		
Profit for the period	**127,904**	109,910
Adjustments to reconcile profit to net cash flows:		
Depreciation and amortisation	**131,559**	127,161
Provision for employees' end of services benefits	**1,610**	7,633
Ineffective portion of cash flow hedge	**-**	(3,327)
Share of loss/(profit) on investments in associates and joint ventures	**7,030**	(1,593)
Finance income	**(18,104)**	(40,004)
Operating cash flows before changes in working capital	**249,999**	199,780
Changes in working capital		
Trade and other receivables	**(150,022)**	10,954
Inventories	**(3,338)**	(66)
Trade and other payables	**36,653**	(46,958)
Deferred income	**73,866**	29,373
Cash from operations	**207,158**	193,083
Employees' end of services benefits paid	**(1,553)**	(2,345)
Net cash flow from operating activities	**205,605**	190,738
INVESTING ACTIVITIES		
Acquisition of property and equipment	**(13,472)**	(9,743)
Dividend received from joint ventures	**-**	9,113
Proceeds from disposal of investments at fair value through other comprehensive income	**-**	9,275
Proceeds from net investment in lease	**3,795**	-
Decrease in deferred charges	**973**	-
Acquisition of investments at fair value through other comprehensive income	**(5,113)**	-
Acquisition of intangible assets	**(481)**	(253)
Change in fixed and margin deposits	**(50,555)**	276,216
Finance income received	**18,104**	40,004
Other investments made	**(240)**	(275,470)
Net cash flow (used in)/from investing activities	**(46,989)**	49,142
FINANCING ACTIVITES		
Dividends paid to non-controlling interests	**-**	(24,500)
Payments of finance lease liabilities	**(150,453)**	(109,875)
Bank borrowings obtained during the period	**1,204**	-
Bank borrowings repaid during the period	**-**	(51,304)
Net cash flow used in financing activities	**(149,249)**	(185,679)
Net change in cash and cash equivalents	**9,367**	54,201
Cash and cash equivalents at the beginning of the period	**271,419**	270,148
Cash and cash equivalents at the end of the period	**280,786**	324,349

Cash and cash equivalents comprise of:

Bank balances and cash	**1,705,208**	1,825,568
Fixed deposits with maturity over 3 months	**(1,424,422)**	(1,500,011)
Margin deposits with warranty over 3 months	**-**	(1,208)
	280,786	324,349

The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial information.

1 Legal status and principal activities

Air Arabia PJSC ("the Company") was incorporated on June 19, 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 for the period ended March 31, 2019 includes the financial performance and position of 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, commercial brokerage, 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 details of the Group's ownership in its various subsidiaries, joint ventures and associates and their principal activities are as follow:

Name	Legal/ beneficial ownership interest 2019	2018	Country of operation and ownership	Principal activities
Subsidiaries				
COZMO Travel LLC and its Subsidiaries	**51%**	51%	United Arab Emirates	Travel and tours, tourism and cargo services.
Subsidiaries of COZMO Travel LLC (sub-subsidiaries)				
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%**	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 Legal status and principal activities (continued)

Name	Legal/ beneficial ownership interest 2019	2018	Country of operation and ownership	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.	**40%**	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 and summary of significant accounting policies

a) Basis of preparation

The condensed consolidated interim financial information of the Group 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 the International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2018.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of this condensed consolidated interim financial information are same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2018, except for the changes arising from the adoption of IFRS 16: Leases effective from January 1, 2019 [refer to Note 2(d)].

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.

b) 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. All values are rounded to the nearest thousands ('000) except where noted otherwise.

2 Basis of preparation and summary of significant accounting policies (continued)

c) Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Company and entities controlled by the Company. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

d) New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16: Leases, effective from January 1, 2019 as explained below:

IFRS 16 Leases

IFRS 16 supersedes 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". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group has recorded right-of-use assets representing the right to use the underlying assets under property and equipment, net investment in lease representing the net present value of receivables from intermediate lease, and the corresponding lease liabilities to make lease payments under other liabilities.

The change in accounting policy affected the following items in the condensed consolidated statement of financial position on January 1, 2019:

- Right-of-use assets – Increase in net carrying value by AED 9.57 million
- Net investments in lease – Increase by AED 73.89 million;
- Finance lease liabilities – Increase by AED 85.69 million, and
- Accumulated losses – Increase by AED 2.23 million.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rates range from 2.26 % to 5 % as applicable as at January 1, 2019. Lease costs for the period ended March 31, 2019 relating to right-of-use assets amounted to AED 0.21 million and are included under depreciation expenses.

2 Basis of preparation and summary of significant accounting policies (continued)

d) New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

The accounting policies of the Group upon adoption of IFRS 16 are as follow:

I. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The carrying value of right-of-use assets are recognised under property and equipment in the condensed consolidated statement of financial position.

II. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and is recognised under other liabilities in the condensed consolidated statement of financial position.

III. Net investments in leases

Leases in which the Group transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments under the lease agreement, including guaranteed residual value and unamortized initial direct cost which are included in the financial statements as "Net investments in leases".

IV. Interest income on net investments in leases

The Group follows the finance lease method in accounting for recognition of finance lease. The total unearned interest income, i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and then amortized over the term of the lease, to produce a systematic return on net investments in leases.

V. The Group as an intermediate lessor

The Group acts as an intermediate lessor in a transaction for which an underlying asset is re-leased by the Group ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and Group remains in effect.

2 Basis of preparation and summary of significant accounting policies (continued)

d) Newx standards, interpretations, and amendments adopted by the Group (continued)

IFRS 16 Leases (continued)

V. The Group as an intermediate lessor (continued)

The Group classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for by recognizing the lease payments as an expense on a straight-line basis over the term of the lease, the sublease must be classified as an operating lease
- Otherwise, the sublease must be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the economic useful life of the underlying asset (such as the item of property and equipment that is the subject of the lease).

e) Significant accounting estimates and judgments

The preparation of the 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 judgements 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 December 31, 2018.

3 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 December 31, 2018.

4 Property and equipment

During the period ended March 31, 2019, the Group acquired various property and equipment amounting to AED 13.47 million (the period ended March 31, 2018: AED 9.74 million). In addition, the Group recognised net carrying amount of right-of-use assets amounting to AED 9.57 million as a result of the adoption of IFRS 16 (Note 2 [d]).

Depreciation charge on property and equipment for the period ended March 31, 2019 amounted to AED 131.56 million (the period ended March 31, 2018: AED 126.19 million).

5 Investments

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Investments measured at fair value through other comprehensive income (Note 5.1)	**14,847**	10,191
Investment measured at amortised cost (Note 5.2)	**-**	367,315
Impairment loss	**-**	(367,315)
	14,847	10,191

5 Investments (continued)

5.1 Investments measured at fair value through other comprehensive income

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Quoted	**14,847**	10,191
In UAE	**14,847**	10,191

Movements during the period were as follow:

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Opening balance	**10,191**	324,589
Purchase of investments during the period/year	**5,113**	-
Disposal of investment during the period/year	**-**	(9,276)
Change in fair value	**(457)**	(305,122)
	14,847	10,191

The market rate as at March 31, 2019 is considered for the calculation of the fair value of the investments that are quoted on the stock exchange market.

5.2 Investment measured at amortised cost

This represents an investment in the preference shares in an equity, formed to invest in one of the funds being managed by Abraaj Group. This investment has been fully impaired during the year ended December 31, 2018.

6 Other investments at amortised cost

These comprise the amounts placed into short-term investments in order to maximize returns. Other investments are measured at amortised cost.

7 Bank balances and cash

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Bank balances:		
Fixed deposits*	**1,424,422**	1,372,389
Current accounts	**134,315**	238,014
Call deposits*	**139,073**	28,666
Margin deposits*	**-**	1,206
	1,697,810	1,640,275
Cash in hand	**7,398**	4,739
Bank balances and cash	**1,705,208**	1,645,014

*These deposits carry interest rates ranging from 0.75% - 5.5% (2018: 3% - 4.5%) per annum.

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2019

8 Finance lease liabilities

The Group has entered into leasing agreements with the leasing companies to finance the purchase of aircrafts and hangar. The term of the leases are 8 -15 years for aircrafts and hangar.

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
As at January 1,	3,721,329	3,881,770
Adjustment as at January 1, 2019 (upon adoption of IFRS 16)	85,692	-
Lease liabilities for the period/year	30,481	417,285
Payments made during the period/year	(150,221)	(577,726)
	3,687,281	3,721,329

	Current		Non-current	
	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Lease liabilities	477,510	461,001	3,209,771	3,260,328

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.

9 Related parties

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Amount due from related parties		
Included in trade and other receivables		
Receivable from associates and joint ventures (net of provision)	122,267	67,886
Amount due to related parties		
Included in trade and other payables		
Payable to a joint venture	3,643	3,875
Other related parties	52,960	21,345
	56,603	25,220

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 respectively.

10 Basic and diluted earnings per share

	March 31, 2019 (Unaudited) AED '000	March 31, 2018 (Unaudited) AED '000
Profit attributable to the owners of the Company	**119,241**	101,646
Weighted average number of shares (in '000)	**4,666,700**	4,666,700
Basic and diluted earnings per share (AED)	**0.03**	0.02

11 Operating lease commitments

11.1 The Group is a lessee:

	March 31, 2019 (Unaudited) AED '000	March 31, 2018 (Unaudited) AED '000
Minimum lease payments under operating leases (excluding variable lease rental on the basis of flying hours) recognised in condensed consolidated interim statement of profit or loss for the period	-	3,795

The lease commitments for aircraft are as follow:

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Within one year	-	15,178
Between 2 and 5 years	-	60,713
Above 5 years	-	2,994
	-	78,885

11 Operating lease commitments (continued)

11.2 The Group is a lessor:

As at March 31, 2019, the Group has leased out 12 aircrafts (as at December 31, 2018: 12) under non-cancellable operating lease agreements to the related parties.

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 shown below:

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Within one year	**145,632**	148,201
Between 2 and 5 years	**290,975**	329,487
Above 5 years	**-**	2,983
	436,607	480,671

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

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Net book value	**1,262,182**	1,138,016
Accumulated depreciation	**700,669**	647,090
Depreciation charge for the period/year	**25,825**	95,253

12 Contingent liabilities

	March 31, 2019 (Unaudited) AED '000	December 31, 2018 (Audited) AED '000
Letters of guarantee	**91,154**	94,149
Letters of credit	**-**	73,400

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

13 Capital commitments

The Group has not entered into capital commitments as at March 31, 2019 and December 31, 2018.

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2019

14 Segment information

The following table presents revenue and profit information for the Group's operating segments for the period ended March 31, 2019 and March 31, 2018, respectively:

Three-month period ended March 31, 2019 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	**962,529**	**66,804**	**-**	**1,029,333**
Inter-segment sales	**-**	**1,224**	**(1,224)**	**-**
Total revenue	**962,529**	**68,028**	**(1,224)**	**1,029,333**
Result				
Segment result	**126,271**	**8,663**	**-**	**134,934**
Share of loss of investments in associates and joint ventures				**(7,030)**
Profit for the period				**127,904**
Other information				
Additions to property and equipment and deferred charges	**9,319**	**4,153**	**-**	**13,472**
Depreciation and amortisation	**129,536**	**2,023**	**-**	**131,559**

Three-month period ended March 31, 2018 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	813,777	63,511	-	877,288
Inter-segment sales	-	3,789	(3,789)	-
Total revenue	813,777	67,300	(3,789)	877,288
Result				
Segment result	82,952	25,365	-	108,317
Share of profit of investments in associates and joint ventures				1,593
Profit for the period				109,910
Other information				
Additions to property and equipment and deferred charges	8,084	1,660	-	9,744
Depreciation and amortisation	123,977	3,184	-	127,161

14 Segment information (continued)

The following table presents assets and liabilities information for the Group's operating segments as at March 31, 2019 and March 31, 2018, respectively:

	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
March 31, 2019 (unaudited)				
Assets				
Segment assets	**9,449,615**	**392,151**	**(71,004)**	**9,770,762**
Unallocated assets				**1,819,730**
Total assets				**11,590,492**
Liabilities				
Segment liabilities	**6,480,879**	**192,876**	**(71,004)**	**6,602,751**

	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
March 31, 2018 (unaudited)				
Assets				
Segment assets	10,082,489	465,360	(240,638)	10,307,211
Unallocated assets				2,486,897
Total assets				12,794,108
Liabilities				
Segment liabilities	6,996,854	282,932	(240,638)	7,039,148

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 December 31, 2018. 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.

15 Dividends

At the Annual General Meeting held on March 17, 2019, Board of Directors did not propose any dividends for the year ended December 31, 2018. However, the shareholders approved dividends of AED 10 fils per share for the year ended December 31, 2017 on March 13, 2018.