

**Air Arabia PJSC  
and its subsidiaries**

Condensed Consolidated Interim  
Financial Information  
For the period ended March 31, 2020

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**  
**For the period ended March 31, 2020**

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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, 2020, 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.



**GRANT THORNTON**

**Osama El Bakry**  
**Registration No. 935**  
**Dubai, United Arab Emirates**  
**May 14, 2020**



**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of financial position**  
**As at March 31, 2020**

	Notes	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	6,748,494	6,866,167
Right-of-use assets		483,853	368,777
Advance for new aircraft		360,281	360,281
Investment properties		124,970	124,970
Net investment in lease		42,747	46,284
Intangible assets		1,316,233	1,312,472
Deferred charges		34,062	31,561
Investments measured at fair value through other comprehensive income	5	6,884	11,082
Investments in associates and joint ventures		69,710	77,593
		<u>9,187,234</u>	<u>9,199,187</u>
<b>Current assets</b>			
Inventories		24,140	23,496
Trade and other receivables		710,169	602,820
Net investment in lease		14,033	13,957
Other investments	6	168,374	168,374
Bank balances and cash	7	3,072,187	2,806,452
		<u>3,988,903</u>	<u>3,615,099</u>
<b>TOTAL ASSETS</b>		<u><b>13,176,137</b></u>	<u><b>12,814,286</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,666,700	4,666,700
Statutory reserve		577,475	577,475
General reserve		16,473	94,543
Other reserves		(1,137,950)	(122,753)
Retained earnings		70,585	341,933
<b>Total equity</b>		<u><b>4,193,283</b></u>	<u><b>5,557,898</b></u>
<b>Non-current liabilities</b>			
Provision for staff termination benefits		152,755	145,129
Trade and other payables		2,005,393	1,061,323
Finance lease liabilities	8	3,175,487	3,164,538
		<u>5,333,635</u>	<u>4,370,990</u>
<b>Current liabilities</b>			
Deferred income		235,891	351,525
Trade and other payables		2,552,866	1,653,721
Short term bank borrowings		349,915	352,216
Finance lease liabilities	8	510,547	527,936
		<u>3,649,219</u>	<u>2,885,398</u>
<b>Total liabilities</b>		<u><b>8,982,854</b></u>	<u><b>7,256,388</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>13,176,137</b></u>	<u><b>12,814,286</b></u>

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on May 14, 2020 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.

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of profit or loss**  
**For the period ended March 31, 2020**

	Note	Three-month period ended March 31, 2020 (Unaudited) AED '000	Three-month period ended March 31, 2019 (Unaudited) AED '000
Revenue		901,374	1,029,333
Direct costs		(769,285)	(820,400)
<b>GROSS PROFIT</b>		<b>132,089</b>	208,933
Administrative and general expenses		(55,564)	(56,835)
Selling and marketing expenses		(17,166)	(23,103)
Finance income		31,030	18,104
Finance costs		(30,930)	(30,072)
Share of loss on investments in associates and joint ventures		(2,883)	(7,030)
Other income, net		14,009	17,907
<b>PROFIT FOR THE PERIOD</b>		<b>70,585</b>	127,904
<i>Profit for the period attributable to:</i>			
Owners of the Company		70,585	119,241
Non-controlling interests		-	8,663
		<b>70,585</b>	127,904
<b>Basic and diluted earnings per share (AED)</b>	10	<b>0.01</b>	0.03

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

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of comprehensive income**  
**For the period ended March 31, 2020**

	<b>Three-month period ended March 31, 2020 (Unaudited) AED '000</b>	<b>Three-month period ended March 31, 2019 (Unaudited) AED '000</b>
<b>Profit for the period</b>	<b>70,585</b>	<b>127,904</b>
<b>Other comprehensive income:</b>		
<i>Items that will never be subsequently reclassified to profit or loss:</i>		
Change in fair value of investments measured at fair value through other comprehensive income	<b>(4,198)</b>	(457)
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Cash flow hedge		
Effective portion of changes in fair value	<b>(1,010,999)</b>	276,928
<b>Total other comprehensive (loss)/income for the period</b>	<b>(1,015,197)</b>	276,471
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</b>	<b>(944,612)</b>	404,375
<b>Total comprehensive (loss)/ income for the period attributable to:</b>		
Owners of the Company	<b>(944,612)</b>	395,712
Non-controlling interests	-	8,663
	<b>(944,612)</b>	404,375

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

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of changes in equity**  
**For the period ended March 31, 2020**

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Other reserves		Retained earnings AED '000	Total AED '000
				Cumulative change in FVOCI AED '000	Cash flow hedge reserve AED '000		
As at January 1, 2020 (audited)	4,666,700	577,475	94,543	5,421	(128,174)	341,933	5,557,898
Profit for the period	-	-	-	-	-	70,585	70,585
Other comprehensive loss for the period	-	-	-	(4,198)	(1,010,999)	-	(1,015,197)
<b>Total comprehensive loss for the period</b>	-	-	-	(4,198)	(1,010,999)	70,585	(944,612)
Transfer from reserve*	-	-	(78,070)	-	-	78,070	-
<b>Transactions with owners, recorded directly in equity</b>							
Dividends declared (Note 15)	-	-	-	-	-	(420,003)	(420,003)
<b>As at March 31, 2020 (unaudited)</b>	<b>4,666,700</b>	<b>577,475</b>	<b>16,473</b>	<b>1,223</b>	<b>(1,139,173)</b>	<b>70,585</b>	<b>4,193,283</b>

\* During the period ended March 31, 2020 and on the General Assembly dated March 10, 2020, the Board of Directors proposed, and the Shareholders resolved to transfer an amount of AED'000 78,070 from the general reserve balance to retained earnings.

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

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of changes in equity (continued)**  
**For the period ended March 31, 2020**

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Other reserves		Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non-controlling interests AED '000	Total AED '000
				Cumulative change in FVOCI AED '000	Cash flow hedge reserve 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	-	-	-	-	-	(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.



**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Condensed consolidated statement of cash flows**  
**For the period ended March 31, 2020**

	<b>Three-month period ended March 31, 2020 (Unaudited) AED '000</b>	<b>Three-month period ended March 31, 2019 (Unaudited) AED '000</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	70,585	127,904
<i>Adjustments to reconcile profit to net cash flows:</i>		
Depreciation and amortisation	144,404	131,559
Provision for staff termination benefits	11,030	1,610
Allowance for expected credit loss	172	-
Share of loss on investments in associates and joint ventures	2,883	7,030
Finance income	(31,030)	(18,104)
Finance cost	30,930	30,072
<i>Operating cash flows before changes in working capital</i>	<u>228,974</u>	<u>280,071</u>
<i>Changes in working capital</i>		
Trade and other receivables	(103,406)	(150,022)
Inventories	(644)	(3,338)
Trade and other payables	437,718	36,653
Deferred income	(115,634)	73,866
<b>Cash from operations</b>	<u>447,008</u>	<u>237,230</u>
Staff terminal benefits paid	(3,404)	(1,553)
<b>Net cash flow from operating activities</b>	<u>443,604</u>	<u>235,677</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(10,973)	(13,472)
Dividend received from joint ventures	5,000	-
Payment for aircraft lease deposits	(4,114)	-
Proceeds from net investment in lease	3,460	3,795
(Increase)/decrease in deferred charges	(4,209)	973
Acquisition of investments at fair value through other comprehensive income	-	(5,113)
Acquisition of intangible assets	(4,460)	(481)
Change in fixed and margin deposits	(101,960)	(50,555)
Finance income received	31,030	18,104
Other investments made	-	(240)
<b>Net cash flow used in investing activities</b>	<u>(86,226)</u>	<u>(46,989)</u>
<b>FINANCING ACTIVITIES</b>		
Payments of finance lease liabilities	(160,372)	(150,453)
Bank borrowings obtained during the period	(2,301)	1,204
Finance cost paid	(30,930)	(30,072)
<b>Net cash flow used in financing activities</b>	<u>(193,603)</u>	<u>(179,321)</u>
<b>Net change in cash and cash equivalents</b>	<u>163,775</u>	<u>9,367</u>
Cash and cash equivalents at the beginning of the period	<u>212,524</u>	<u>271,419</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>376,299</u>	<u>280,786</u>
Cash and cash equivalents comprise of:		
Bank balances and cash	3,072,187	1,705,208
Fixed deposits with maturity over 3 months	(2,695,888)	(1,424,422)
	<u>376,299</u>	<u>280,786</u>

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

# Air Arabia PJSC and its subsidiaries

## Condensed Consolidated Interim Financial Information

### Notes to the condensed consolidated interim financial information

#### For the period ended March 31, 2020

#### 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, 2020 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		Country of operation and ownership	Principal activities
	2020	2019		
<b><i>Subsidiaries</i></b>				
Arabian Management Investment FZE	100%	100%	United Arab Emirates	Business consultancy services.
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.
COZMO Travel LLC and its Subsidiaries*	100%	100%	United Arab Emirates	Travel and tours, tourism and cargo services.
<i>Subsidiaries of COZMO Travel LLC (sub-subsidiaries)</i>				
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.
Ibyta Travels L.L.C	100%	-	United Arab Emirates	Travel and tours, tourism services.

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**1 Legal status and principal activities (continued)**

Name	Legal/ beneficial ownership interest		Country of operation and ownership	Principal activities
	2020	2019		
<i>Joint ventures</i>				
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.
Alpha Aviation Academy UAE LLC	51%	51%	United Arab Emirates	Aviation training services.
Air Arabia - Egypt Company S.A.E.	40%	40%	Egypt	International commercial air transportation.
<i>Associates</i>				
Air Arabia Maroc, S.A.	40%	40%	Morocco	International commercial air transportation.
Air Arabia Jordan LLC	49%	49%	Jordan	International commercial air transportation.
Tune Protection Commercial Brokerage LLC**	51%	51%	United Arab Emirates	Commercial brokers.

\* The Group holds 100% (directly and indirectly) of the equity of COZMO Travel LLC, a limited liability Company incorporated in the United Arab Emirates.

\*\* In 2019, the Group has lost control over Tune Protection Commercial Brokerage LLC, a former subsidiary as a result of losing majority of the investee's voting rights. However, the Group retains a significant influence in this investment and accordingly, the Group changed the method of accounting for this investment in Tune Protection Commercial Brokerage LLC from consolidation to equity method measured as per IAS 28 'Investments in Associates and Joint Ventures' and recognised at July 1, 2019 as investment in associates.

**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, 2019.

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, 2019.

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.

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

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

**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.

**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) 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, 2019.

**e) Impact of COVID-19 and current economic scenario**

The coronavirus ("COVID-19") has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. On March 11, 2020, the World Health Organisation ("WHO") officially declared COVID-19 a global pandemic. Based on GCAA directive suspension of all inbound and outbound flights to UAE except cargo flights and evacuation flights, effective from March 24, 2020 was done, as a preventive measure to contain the spread of COVID-19. Further, the oil prices have witnessed unprecedented volatility. The economic fallout of COVID-19 crisis is expected to be significant and is rapidly evolving at the present time.

***Business continuity planning***

The Group is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the business disruption resulted from COVID-19 outbreak in order to boost the liquidity and sustain the business. Depending on the easing of lockdowns and travel restrictions around the world, the Group is planning for a gradual return to service in as the situation allows, at the earliest and serve its passengers.

The Group will adapt its operating procedures to ensure its passengers and its people are properly protected in this new environment and in line with any new requirements in the industry.

***COVID-19 impact on measurement of ECL***

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at March 31, 2020. IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The situation is fast evolving and accordingly any downside scenarios will be reassessed if adverse conditions continue.

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

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

**e) Impact of COVID-19 and current economic scenario (continued)**

*COVID-19 impact on measurement of ECL (continued)*

The Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures as at reporting date. Taking into consideration that, majority of Group's receivables are from sales agents which are secured mainly by bank guarantees and deposits.

*Liquidity risk and management actions*

The Group has adopted a proactive approach in order to ensure its liquidity to be able to sustain the business and to meet the fixed costs during this period.

From March 26, 2020 the aircrafts have been completely grounded and with limited operation in April 2020 for repatriation flight and cargo-only flights. The Group has taken measures to minimize liquidity risks, through a combination of salary cuts and through a mechanism for staff based on any unpaid leave, deferred non-essential costs and capital expenditure, and have received waivers/discounts on some of existing airport charges along with other obligations.

As at the reporting date, the Group has a sound liquidity position with AED 3,072 million available funds. Air Arabia has requested deferral of Principal and Interest on all existing aircraft loans spread across various banks. Further, UAE Central Bank announced a Targeted Economic Support Scheme ("TESS") facility on March 15, 2020 and under the directives, any organization that is directly affected by COVID 19 situation and is non- government entity qualifies for deferment and interest waiver. The Group has evaluated its liquidity and funding position and, accordingly, approached their local banks to cover under this scheme, and provide the Group with maximum deferment and interest holiday.

**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, 2019.

**4 Property and equipment**

During the period ended March 31, 2020, the Group acquired various property and equipment amounting to AED 10.97 million (the period ended March 31, 2019: AED 13.47 million).

Depreciation charge on property and equipment for the period ended March 31, 2020 amounted to AED 142 million (the period ended March 31, 2019: AED 131.56 million).

**5 Investments measured at fair value through other comprehensive income**

	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Quoted	<u>6,884</u>	<u>11,082</u>
In UAE	<u>6,884</u>	<u>11,082</u>

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**5 Investments measured at fair value through other comprehensive income (continued)**

Movements during the period/year were as follow:

	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Opening balance	11,082	10,191
Change in fair value	(4,198)	891
	6,884	11,082

The market rate as at March 31, 2020 is considered for the calculation of the fair value of the investments that are quoted on the stock exchange market.

**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, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
<i>Bank balances:</i>		
Fixed deposits*	2,695,888	2,593,928
Current accounts	365,246	168,117
Call deposits	8,056	38,972
	3,069,190	2,801,017
Cash in hand	2,997	5,435
Bank balances and cash	3,072,187	2,806,452

\*These deposits carry interest rates ranging from 3% - 4.5% (2019: 3% - 4.5%) per annum.

**8 Finance lease liabilities**

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

	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
As at January 1,	3,692,474	3,721,329
Adjustment as at January 1, 2019 (upon adoption of IFRS 16)	-	85,692
Lease liabilities for the period/year	153,932	499,523
Payments made during the period/year	(160,372)	(614,070)
	3,686,034	3,692,474

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**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**8 Finance lease liabilities (continued)**

	Current		Non-current	
	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000	March 31, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Lease liabilities	<b>510,547</b>	527,936	<b>3,175,487</b>	3,164,538

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, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
<b>Amount due from related parties</b>		
<i>Included in trade and other receivables</i>		
Receivable from associates and joint ventures, net of allowance for expected credit losses	54,450	100,885
Other related parties	89,606	15,095
	<b>144,056</b>	115,980

**Amount due to related parties**

	March 31, 2020 (Unaudited) AED '000	March 31, 2019 (Unaudited) AED '000
<i>Included in trade and other payables</i>		
Payable to a joint venture	5,432	3,927
Other related parties	154,110	24,224
	<b>159,542</b>	28,151

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, 2020 (Unaudited) AED '000	March 31, 2019 (Unaudited) AED '000
Profit attributable to the owners of the Company	<b>70,585</b>	119,241
Weighted average number of shares (in '000)	<b>4,666,700</b>	4,666,700
Basic and diluted earnings per share (AED)	<b>0.01</b>	0.03

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**11 Operating lease commitments**

**11.1 The Group is a lessor:**

As at March 31, 2020, the Group has leased out 12 aircrafts (as at December 31, 2019: 12) under non-cancellable operating lease agreements to the related parties.

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

	<b>March 31, 2020 (Unaudited) AED '000</b>	December 31, 2019 (Audited) AED '000
Within one year	161,377	126,150
Between 2 and 5 years	455,851	291,876
Above 5 years	2,013	-
	<u>619,241</u>	<u>418,026</u>

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

	<b>March 31, 2020 (Unaudited) AED '000</b>	December 31, 2019 (Audited) AED '000
Net book value	<u>1,144,094</u>	<u>1,170,113</u>
Accumulated depreciation	<u>817,050</u>	<u>791,032</u>
Depreciation charge for the period/year	<u>26,018</u>	<u>104,647</u>

**12 Contingent liabilities**

	<b>March 31, 2020 (Unaudited) AED '000</b>	December 31, 2019 (Audited) AED '000
Letters of guarantee	90,145	91,724
Letters of credit	<u>91,795</u>	<u>-</u>

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

**13 Capital commitments**

	<b>March 31, 2020 (Unaudited) AED'000</b>	December 31, 2019 (Audited) AED'000
<i>Authorised and contracted:</i> Aircraft fleet	<u>23,815,664</u>	<u>23,815,664</u>



**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**14 Segment information**

The following table presents revenue and profit information for the Group's operating segments for the period ended March 31, 2020 and March 31, 2019, respectively:

<b>Three-month period ended March 31, 2020 (unaudited)</b>	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
<b>Revenue</b>				
External sales	848,317	53,057	-	901,374
Inter-segment sales	-	1,559	(1,559)	-
Total revenue	<u>848,317</u>	<u>54,616</u>	<u>(1,559)</u>	<u>901,374</u>
<b>Result</b>				
Segment result	62,926	10,542	-	73,468
Share of loss of investments in associates and joint ventures				<u>(2,883)</u>
<b>Profit for the period</b>				<u><b>70,585</b></u>
<b>Other information</b>				
Additions to property and equipment and deferred charges	9,481	7,371	-	16,852
Depreciation and amortisation	<u>(142,748)</u>	<u>(3,328)</u>	-	<u>(146,076)</u>
<b>Three-month period ended March 31, 2019 (unaudited)</b>				
	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
<b>Revenue</b>				
External sales	962,529	66,804	-	1,029,333
Inter-segment sales	-	1,224	(1,224)	-
Total revenue	<u>962,529</u>	<u>68,028</u>	<u>(1,224)</u>	<u>1,029,333</u>
<b>Result</b>				
Segment result	126,271	8,663	-	134,934
Share of loss of investments in associates and joint ventures				<u>(7,030)</u>
<b>Profit for the period</b>				<u><b>127,904</b></u>
<b>Other information</b>				
Additions to property and equipment and deferred charges	9,319	4,153	-	13,472
Depreciation and amortisation	<u>129,536</u>	<u>2,023</u>	-	<u>131,559</u>

**Air Arabia PJSC and its subsidiaries**  
**Condensed Consolidated Interim Financial Information**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the period ended March 31, 2020**

**14 Segment information (continued)**

The following table presents assets and liabilities information for the Group's operating segments as at March 31, 2020 and March 31, 2019, respectively:

	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
<b>March 31, 2020 (unaudited)</b>				
<b>Assets</b>				
Segment assets	<u>10,085,504</u>	<u>528,166</u>	<u>(465,572)</u>	<u>10,148,098</u>
Unallocated assets				<u>3,028,039</u>
Total assets				<u><u>13,176,137</u></u>

**Liabilities**

Segment liabilities	<u>8,645,884</u>	<u>382,539</u>	<u>(465,572)</u>	<u>8,562,851</u>
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	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
March 31, 2019 (unaudited)				
<b>Assets</b>				
Segment assets	<u>9,449,615</u>	<u>392,151</u>	<u>(71,004)</u>	<u>9,770,762</u>
Unallocated assets				<u>1,819,730</u>
Total assets				<u><u>11,590,492</u></u>
<b>Liabilities</b>				
Segment liabilities	<u>6,480,879</u>	<u>192,876</u>	<u>(71,004)</u>	<u>6,602,751</u>

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, 2019. 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 10, 2020, Board of Directors proposed, and the shareholders approved a cash dividend of AED'000 420,003 at AED 0.09 fils per share for the year ended December 31, 2019 (AED Nil fils for the year ended December 31, 2018).