

**Air Arabia PJSC
and its subsidiaries**

Condensed Consolidated Interim
Financial Information
For the period ended June 30, 2020

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information
For the period ended June 30, 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 June 30, 2020, and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six 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.

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GRANT THORNTON

Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

10 AUG 2020



Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Condensed consolidated statement of financial position
As at June 30, 2020

	Notes	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
ASSETS			
Non-current assets			
Property and equipment	4	6,621,669	6,866,167
Right-of-use assets		467,690	368,777
Advance for new aircraft		360,281	360,281
Investment properties		124,970	124,970
Net investment in lease		39,184	46,284
Intangible assets		1,319,554	1,312,472
Deferred charges		32,609	31,561
Investments measured at fair value through other comprehensive income	5	8,504	11,082
Investments in associates and joint ventures		76,412	77,593
		<u>9,050,873</u>	<u>9,199,187</u>
Current assets			
Inventories		26,075	23,496
Trade and other receivables		546,937	602,820
Net investment in lease		14,116	13,957
Other investments	6	50,000	168,374
Bank balances and cash	7	3,075,811	2,806,452
		<u>3,712,939</u>	<u>3,615,099</u>
TOTAL ASSETS		<u>12,763,812</u>	<u>12,814,286</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		4,666,700	4,666,700
Statutory reserve		577,475	577,475
General reserve		16,473	94,543
Other reserves		(993,576)	(122,753)
(Accumulated losses)/retained earnings		(168,511)	341,933
Total equity		<u>4,098,561</u>	<u>5,557,898</u>
Non-current liabilities			
Provision for staff termination benefits		154,952	145,129
Trade and other payables		2,110,890	1,061,323
Bank borrowings		8,078	-
Finance lease liabilities	8	3,311,981	3,164,538
		<u>5,585,901</u>	<u>4,370,990</u>
Current liabilities			
Deferred income		256,895	351,525
Trade and other payables		1,761,346	1,653,721
Short term bank borrowings		700,880	352,216
Finance lease liabilities	8	360,229	527,936
		<u>3,079,350</u>	<u>2,885,398</u>
Total liabilities		<u>8,665,251</u>	<u>7,256,388</u>
TOTAL EQUITY AND LIABILITIES		<u>12,763,812</u>	<u>12,814,286</u>

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 10 AUG 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 June 30, 2020

	Note	Three-month period ended June 30, 2020 (Unaudited) AED '000	Three-month period ended June 30, 2019 (Unaudited) AED '000	Six-month period ended June 30, 2020 (Unaudited) AED '000	Six-month period ended June 30, 2019 (Unaudited) AED '000
Revenue		119,808	1,143,980	1,021,182	2,173,313
Direct costs		(288,126)	(850,837)	(1,057,411)	(1,671,237)
GROSS (LOSS)/PROFIT		(168,318)	293,143	(36,229)	502,076
Administrative and general expenses		(34,325)	(68,404)	(89,889)	(125,239)
Selling and marketing expenses		(5,492)	(21,193)	(22,658)	(44,296)
Finance income		28,582	20,677	59,612	38,781
Finance costs		(33,022)	(31,772)	(63,952)	(61,844)
Share of loss on investments in associates and joint ventures		(29,296)	(150)	(32,179)	(7,180)
Other income, net		2,775	17,505	16,784	35,412
(LOSS)/PROFIT FOR THE PERIOD		(239,096)	209,806	(168,511)	337,710
<i>(Loss)/profit for the period attributable to:</i>					
Owners of the Company		(239,096)	200,562	(168,511)	319,803
Non-controlling interests		-	9,244	-	17,907
		(239,096)	209,806	(168,511)	337,710
Basic and diluted (loss)/earnings per share (AED)	10	(0.05)	0.04	(0.04)	0.07

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

Air Arabia PJSC and its subsidiaries
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Condensed consolidated statement of comprehensive income
For the period ended June 30, 2020

	Three-month period ended June 30, 2020 (Unaudited) AED '000	Three-month period ended June 30, 2019 (Unaudited) AED '000	Six-month period ended June 30, 2020 (Unaudited) AED '000	Six-month period ended June 30, 2019 (Unaudited) AED '000
(Loss)/profit for the period	(239,096)	209,806	(168,511)	337,710
Other comprehensive income:				
<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	1,620	60	(2,578)	(397)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedge				
Effective portion of changes in fair value	142,754	(68,803)	(868,245)	208,125
Total other comprehensive (loss)/income for the period	144,374	(68,743)	(870,823)	207,728
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(94,722)	141,063	(1,039,334)	545,438
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(94,722)	131,819	(1,039,334)	527,531
Non-controlling interests	-	9,244	-	17,907
	(94,722)	141,063	(1,039,334)	545,438

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 June 30, 2020

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Other reserves			Accumulated loss 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	
Loss for the period	-	-	-	-	-	(168,511)	(168,511)	
Other comprehensive loss for the period	-	-	-	(2,578)	(868,245)	-	(870,823)	
Total comprehensive loss for the period	-	-	-	(2,578)	(868,245)	(168,511)	(1,039,334)	
Transfer from reserve*	-	-	(78,070)	-	-	78,070	-	
Transactions with owners, recorded directly in equity	-	-	-	-	-	(420,003)	(420,003)	
Dividends declared (Note 15)	-	-	-	-	-	-	-	
As at June 30, 2020 (unaudited)	4,666,700	577,475	16,473	2,843	(996,419)	(168,511)	4,098,561	

* During the period ended June 30, 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
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Condensed consolidated statement of changes in equity (continued)
For the period ended June 30, 2020

	Other reserves					Attributable to owners of the Company AED '000	Non-controlling interests AED '000	Total AED '000
	Share capital AED '000	Statutory reserve AED '000	General reserve 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)	4,513,331	72,267	4,585,598
Adjustment on initial application of IFRS 16	-	-	-	-	-	(2,232)	-	(2,232)
Adjusted balance as at January 1, 2019	4,666,700	482,932	426,155	4,530	(334,273)	4,511,099	72,267	4,583,366
Profit for the period	-	-	-	-	-	319,803	17,907	337,710
Other comprehensive income for the period	-	-	-	(397)	208,125	207,728	-	207,728
Total comprehensive income for the period	-	-	-	(397)	208,125	527,531	17,907	545,438
Absorption of accumulated losses through general reserve*	-	-	(426,155)	-	-	426,155	-	-
As at June 30, 2019 (unaudited)	4,666,700	482,932	-	4,133	(126,148)	5,038,630	90,174	5,128,804

* During the period ended June 30, 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
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Condensed consolidated statement of cash flows
For the period ended June 30, 2020

	Six-month period ended June 30, 2020 (Unaudited) AED '000	Six-month period ended June 30, 2019 (Unaudited) AED '000
OPERATING ACTIVITIES		
(Loss)/profit for the period	(168,511)	337,710
<i>Adjustments to reconcile profit to net cash flows:</i>		
Depreciation and amortisation	291,628	266,992
Provision for employees' end of services benefits	13,715	10,544
Profit on sale of property and equipment	-	(3,663)
Share of loss/(profit) on investments in associates and joint ventures	32,179	7,180
Finance income	(59,612)	(38,781)
Finance costs	63,952	61,844
<i>Operating cash flows before changes in working capital</i>	<u>173,351</u>	<u>641,826</u>
<i>Changes in working capital</i>		
Trade and other receivables	59,997	(195,133)
Inventories	(2,579)	(6,026)
Trade and other payables	348,960	(54,050)
Deferred income	(94,630)	255,184
Cash from operations	<u>485,099</u>	<u>641,801</u>
Employees' end of services benefits paid	(3,892)	(6,217)
Net cash flow from operating activities	<u>481,207</u>	<u>635,584</u>
INVESTING ACTIVITIES		
Acquisition of property and equipment	(13,351)	(12,574)
Dividend received from joint ventures and associates	5,000	42,112
Payments in relation to aircraft lease deposits	(4,114)	-
Decrease in deferred charges	(3,886)	(2,136)
Acquisition of investment in joint venture	(35,997)	-
Proceeds on disposals of property and equipment	-	61,893
Acquisition of intangible assets	(8,509)	(3,683)
Change in fixed and margin deposits	(102,317)	(448,154)
Finance income received	59,612	38,781
Disposal of other investments	118,374	-
Other investments made	-	(8)
Net cash flow from/(used in) investing activities	<u>14,812</u>	<u>(323,769)</u>
FINANCING ACTIVITIES		
Payments of finance lease liabilities	(201,764)	(304,279)
Net movement in bank borrowings	356,743	1,993
Dividends paid	(420,003)	-
Finance costs paid	(63,952)	(61,844)
Net cash flow used in financing activities	<u>(328,976)</u>	<u>(364,130)</u>
Net change in cash and cash equivalents	<u>167,043</u>	<u>(52,315)</u>
Cash and cash equivalents at the beginning of the period	<u>212,524</u>	<u>271,419</u>
Cash and cash equivalents at the end of the period	<u>379,567</u>	<u>219,104</u>
Cash and cash equivalents comprise of:		
Bank balances and cash	3,075,811	2,155,575
Fixed deposits with maturity over 3 months	(2,696,244)	(1,936,471)
	<u>379,567</u>	<u>219,104</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 June 30, 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 June 30, 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		
Subsidiaries				
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.
COZMO Travel LLC	100%	-	Oman	Travel and tours, tourism services.
Al Maqar for Tourism and Travel	100%	-	Jordan	Travel and tours, tourism services.
Gocozmo Business Support Services L.L.C.	100%	-	Egypt	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 June 30, 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.
Air Arabia Abu Dhabi L.L.C.	49%	-	United Arab Emirates	International commercial air transportation.
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
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Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

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 June 30, 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.

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Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

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 second quarter of 2020 for repatriation flight and cargo-only flights. The Group has taken measures to minimise liquidity risks, through a combination of salary cuts, a mechanism for staff based on any unpaid leave and staff redundancy. The Group have also 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 3,075 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. Out of the total borrowing of the Group, part of bank loan amounting to AED 73 million has been qualified for TESS facility and accordingly interest accrued on this facility shall be settled upon maturity of the loan.

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 June 30, 2020, the Group acquired various property and equipment amounting to AED 13.72 million (the period ended June 30, 2019: AED 12.57 million).

Depreciation charge on property and equipment for the period ended June 30, 2020 amounted to AED 291.63 million (the period ended June 30, 2019: AED 266.99 million).

5 Investments measured at fair value through other comprehensive income

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Quoted	<u>8,504</u>	11,082
In UAE	<u>8,504</u>	11,082

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Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

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

Movements during the period/year were as follow:

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Opening balance	11,082	10,191
Change in fair value	(2,578)	891
	<u>8,504</u>	<u>11,082</u>

The market rate as at June 30, 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

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
<i>Bank balances:</i>		
Fixed deposits*	2,696,244	2,593,928
Current accounts	201,206	168,117
Call deposits	175,375	38,972
	<u>3,072,825</u>	<u>2,801,017</u>
Cash in hand	2,986	5,435
Bank balances and cash	<u>3,075,811</u>	<u>2,806,452</u>

*These deposits carry interest rates ranging from 2.5% - 5.25% (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.

	June 30, 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	181,500	499,523
Payments made during the period/year	(201,764)	(614,070)
	<u>3,672,210</u>	<u>3,692,474</u>

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Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

8 Finance lease liabilities (continued)

	Current		Non-current	
	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Lease liabilities	360,229	527,936	3,311,981	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

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Amount due from related parties		
<i>Included in trade and other receivables</i>		
Receivable from associates and joint ventures, net of allowance for expected credit losses	76,758	100,885
Other related parties	89,523	15,095
	<u>166,281</u>	<u>115,980</u>
Amount due to related parties		
<i>Included in trade and other payables</i>		
Payable to a joint venture	5,384	3,927
Other related parties	150,718	24,224
	<u>156,102</u>	<u>28,151</u>

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

	Three-month period ended June 30, 2020 (Unaudited) AED '000	Three-month period ended June 30, 2019 (Unaudited) AED '000	Six-month period ended June 30, 2020 (Unaudited) AED '000	Six-month period ended June 30, 2019 (Unaudited) AED '000
(Loss)/profit attributable to the owners of the Company	(239,096)	200,562	(168,511)	319,803
Weighted average number of shares (in '000)	4,666,700	4,666,700	4,666,700	4,666,700
Basic and diluted (losses)/earnings per share (AED)	(0.05)	0.04	(0.04)	0.07

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

11 Operating lease commitments

11.1 The Group is a lessor:

As at June 30, 2020, the Group has leased out 15 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:

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Within one year	180,702	126,150
Between 2 and 5 years	494,818	291,876
Above 5 years	18,701	-
	<u>694,221</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:

	June 30, 2020 (Unaudited) AED '000	December 31, 2019 (Audited) AED '000
Net book value	<u>1,300,098</u>	<u>1,170,113</u>
Accumulated depreciation	<u>976,899</u>	<u>791,032</u>
Depreciation charge for the period/year	<u>60,418</u>	<u>104,647</u>

12 Contingent liabilities

The Group have letters of guarantees and credits entered into as part of the normal course of business and in connection with deposits against leased aircrafts amounting to more than AED 300 million as at June 30, 2020 (December 31, 2019: AED 91 million), which at June 30, 2020 are not expected to result in material losses for the Group in the foreseen future and not consider it probable that there will be an outflow of economic resources with regard to these contingent liabilities.

13 Capital commitments

	June 30, 2020 (Unaudited) AED'000	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 June 30, 2020

14 Segment information

The following table presents revenue and profit information for the Group's operating segments for the period ended June 30, 2020 and June 30, 2019, respectively:

Six-month period ended June 30, 2020 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	952,278	68,904	-	1,021,182
Inter-segment sales	-	4,064	(4,064)	-
Total revenue	952,278	72,968	(4,064)	1,021,182
Result				
Segment result	(169,202)	32,870		(136,332)
Share of loss of investments in associates and joint ventures				(32,179)
Loss for the period				(168,511)
Other information				
Additions to property and equipment and deferred charges	9,893	7,344	-	17,237
Depreciation and amortisation	289,234	2,394	-	291,628
Six-month period ended June 30, 2019 (unaudited)				
	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	2,049,174	124,139	-	2,173,313
Inter-segment sales	-	6,117	(6,117)	-
Total revenue	2,049,174	130,256	(6,117)	2,173,313
Result				
Segment result	291,585	53,305	-	344,890
Share of loss of investments in associates and joint ventures				(7,180)
Profit for the period				337,710
Other information				
Additions to property and equipment and deferred charges	12,469	105	-	12,574
Depreciation and amortisation	262,874	4,118	-	266,992

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2020

14 Segment information (continued)

The following table presents assets and liabilities information for the Group's operating segments as at June 30, 2020 and June 30, 2019, respectively:

	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
June 30, 2020 (unaudited)				
Assets				
Segment assets	9,502,961	517,085	(476,278)	9,543,768
Unallocated assets				3,220,044
Total assets				<u>12,763,812</u>
Liabilities				
Segment liabilities	8,763,104	378,425	(476,278)	8,665,251
	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
June 30, 2019 (unaudited)				
Assets				
Segment assets	9,367,457	392,021	(124,760)	9,634,718
Unallocated assets				2,413,698
Total assets				<u>12,048,416</u>
Liabilities				
Segment liabilities	7,015,892	(96,280)	-	6,919,612

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 420 million at AED 0.09 fils per share for the year ended December 31, 2019 (AED Nil fils for the year ended December 31, 2018).