

**Air Arabia PJSC
and its subsidiaries**

Condensed Consolidated Interim
Financial Information
For the period ended September 30, 2023

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information
For the period ended September 30, 2023

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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 September 30, 2023, and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine month period then ended.

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

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13 NOV 2023

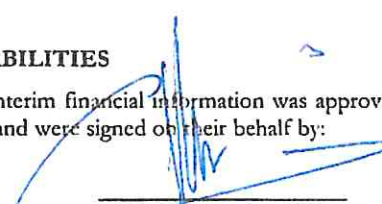
Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

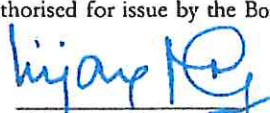
Condensed consolidated statement of financial position
As at September 30, 2023

		September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
	Notes		
ASSETS			
Non-current assets			
Property and equipment	4	5,076,944	5,402,630
Right-of-use assets		559,654	645,020
Advance for new aircraft		886,886	585,135
Investment properties		149,000	149,000
Net investment in lease		63,754	91,484
Intangible assets		1,341,425	1,338,315
Deferred charges		20,257	24,628
Investments measured at fair value through other comprehensive income	5	79,875	43,166
Investments in associates and joint ventures		220,566	156,200
Trade and other receivables		199,162	369,637
		8,597,523	8,805,215
Current assets			
Inventories		46,885	32,747
Trade and other receivables		1,213,079	862,850
Bank balances and cash	6	4,929,298	4,736,251
		6,189,262	5,631,848
TOTAL ASSETS		14,786,785	14,437,063
EQUITY AND LIABILITIES			
Equity			
Share capital		4,666,700	4,666,700
Statutory reserve		750,668	750,668
General reserve		189,666	189,666
Other reserves		191,103	379,773
Retained earnings		1,630,617	1,008,308
Total equity attributable to the owners of the Company		7,428,754	6,995,115
Non-controlling interest		953	520
Total equity		7,429,707	6,995,635
Non-current liabilities			
Provision for staff termination benefits		201,490	170,015
Trade and other payables		1,408,636	1,407,366
Finance lease liabilities	7	1,691,577	2,126,498
Bank borrowings		22,958	30,604
		3,324,661	3,734,483
Current liabilities			
Deferred income		543,341	513,670
Trade and other payables		2,814,315	2,462,169
Bank borrowings		107,340	108,881
Finance lease liabilities	7	567,421	622,225
		4,032,417	3,706,945
Total liabilities		7,357,078	7,441,428
TOTAL EQUITY AND LIABILITIES		14,786,785	14,437,063

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 13 NOV 2023 and were signed on their behalf by:


Chairman


Chief Executive Officer


Director of Finance

The accompanying notes from 1 to 16 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 September 30, 2023

		Three-month period ended September 30, 2023 (Unaudited) AED '000	Three-month period ended September 30, 2022 (Unaudited) AED '000	Nine-month period ended September 30, 2023 (Unaudited) AED '000	Nine-month period ended September 30, 2022 (Unaudited) AED '000
	Note				
Revenue		1,629,796	1,606,121	4,454,652	3,848,546
Direct costs		(1,182,868)	(1,186,055)	(3,151,424)	(2,845,852)
GROSS PROFIT		446,928	420,066	1,303,228	1,002,694
Administrative and general expenses		(61,011)	(63,660)	(194,507)	(174,603)
Selling and marketing expenses		(23,293)	(16,618)	(62,560)	(46,716)
Finance income		60,146	24,459	147,676	56,034
Finance costs		(25,542)	(28,627)	(77,716)	(84,711)
Share of profit on investments in associates and joint ventures		92,827	53,682	118,153	44,735
Other income, net		31,713	26,411	88,473	69,198
PROFIT FOR THE PERIOD		521,768	415,713	1,322,747	866,631
<i>Profit for the period attributable to:</i>					
Owners of the Company		521,558	415,713	1,322,314	866,631
Non-controlling interest		210	-	433	-
		521,768	415,713	1,322,747	866,631
Basic and diluted earnings per share (AED)	9	0.11	0.09	0.28	0.18

The accompanying notes from 1 to 16 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 September 30, 2023

	Three-month period ended September 30, 2023 (Unaudited) AED '000	Three-month period ended September 30, 2022 (Unaudited) AED '000	Nine-month period ended September 30, 2023 (Unaudited) AED '000	Nine-month period ended September 30, 2022 (Unaudited) AED '000
Profit for the period	521,768	415,713	1,322,747	866,631
Other comprehensive (loss)/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	416	(1,365)	731	(5,165)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedge Effective portion of changes in fair value	(13,943)	(48,924)	(189,401)	275,879
Total other comprehensive (loss)/income for the period	(13,527)	(50,289)	(188,670)	270,714
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	508,241	365,424	1,134,077	1,137,345
<i>Total comprehensive income for the period attributable to:</i>				
Owners of the Company	508,031	365,424	1,133,644	1,137,345
Non-controlling interest	210	-	433	-
	508,241	365,424	1,134,077	1,137,345

The accompanying notes from 1 to 16 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 September 30, 2023

	Other reserves					Total attributable to the Owners of the Company AED '000	Non- controlling interest 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	Retained earnings AED '000		
As at January 1, 2023 (audited)	4,666,700	750,668	189,666	6,433	373,340	1,008,308	520	6,995,635
Profit for the period	-	-	-	-	-	1,322,314	433	1,322,747
Other comprehensive income for the period	-	-	-	731	(189,401)	-	-	(188,670)
Total comprehensive income for the period	-	-	-	731	(189,401)	1,322,314	433	1,134,077
<i>Transactions with owners</i>								
Dividends declared (Note 14)	-	-	-	-	-	(700,005)	-	(700,005)
As at September 30, 2023 (unaudited)	4,666,700	750,668	189,666	7,164	183,939	1,630,617	953	7,429,707

The accompanying notes from 1 to 16 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 September 30, 2023

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Other reserves			Retained earnings AED '000	Total attributable to the Owners of the Company AED '000	Non-controlling interest AED '000	Total AED '000
				Cumulative change in FVOCI AED '000	Cash flow hedge reserve AED '000					
As at January 1, 2022 (audited)	4,666,700	639,834	78,832	11,669	273,072		404,859	6,074,966	-	6,074,966
Profit for the period	-	-	-	-	-		866,631	866,631	-	866,631
Other comprehensive income for the period	-	-	-	(5,165)	275,879		-	270,714	-	270,714
Total comprehensive income for the period	-	-	-	(5,165)	275,879		866,631	1,137,345	-	1,137,345
<i>Transactions with owners</i>										
Dividends declared (Note 14)	-	-	-	-	-		(396,669)	(396,669)	-	(396,669)
As at September 30, 2022 (unaudited)	4,666,700	639,834	78,832	6,504	548,951		874,821	6,815,642	-	6,815,642

The accompanying notes from 1 to 16 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 September 30, 2023

	Nine-month period ended September 30, 2023 (Unaudited) AED '000	Nine-month period ended September 30, 2022 (Unaudited) AED '000
OPERATING ACTIVITIES		
Profit for the period	1,322,747	866,631
<i>Adjustments to reconcile profit to net cash flows:</i>		
Depreciation and amortisation	479,165	469,831
Provision for employees' end of services benefits	46,756	26,922
Share of profit on investments in associates and joint ventures	(118,153)	(44,735)
Gain on disposal of investment in joint venture	-	(9,839)
Dividend from investment at fair value through other comprehensive income	(304)	(540)
Finance income	(147,676)	(56,034)
Finance costs	77,716	84,711
<i>Operating cash flows before changes in working capital</i>	1,660,251	1,336,947
<i>Changes in working capital</i>		
Trade and other receivables	(379,903)	(500,818)
Inventories	(14,138)	(5,637)
Trade and other payables	378,231	997,337
Deferred income	29,671	40,985
Cash from operations	1,674,112	1,868,814
Employees' end of services benefits paid	(15,282)	(4,144)
Net cash flow from operating activities	1,658,830	1,864,670
INVESTING ACTIVITIES		
Acquisition of property and equipment	(60,976)	(57,298)
Payments in relation to advances for new aircrafts-net	(301,751)	(224,854)
Dividend received from joint ventures and associates	60,479	70,311
Dividend received from investment measured at fair value through other comprehensive income	304	540
Payment for investment in a joint venture	(6,693)	(18,620)
Proceeds from net investment in lease	36,431	10,922
Acquisition of investments at fair value through other comprehensive income	(12,932)	-
Acquisition of intangible assets	(5,876)	(7,238)
Change in fixed and margin deposits	(840,032)	(1,091,218)
Finance income received	101,864	56,034
Net cash flow used in investing activities	(1,029,182)	(1,261,421)
FINANCING ACTIVITIES		
Payments of finance lease liabilities	(489,725)	(551,469)
Net movement in bank borrowings	(9,185)	83,434
Dividends paid	(700,005)	(396,669)
Finance costs paid	(77,716)	(74,731)
Net cash flow used in financing activities	(1,276,631)	(939,435)
Net change in cash and cash equivalents	(646,983)	(336,186)
Cash and cash equivalents at the beginning of the period	1,050,185	1,148,765
Cash and cash equivalents at the end of the period	403,202	812,579
Cash and cash equivalents comprise of:		
Bank balances and cash	4,929,298	4,633,038
Fixed deposits with maturity over 3 months	(4,526,096)	(3,820,459)
	403,202	812,579

The accompanying notes from 1 to 16 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 September 30, 2023

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 September 30, 2023 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
	2023	2022		
Subsidiaries				
International Business Company (FZE)	100%	100%	United Arab Emirates	Dealing in International Business and shares
Air Arabia Holidays L.L.C	100%	100%	United Arab Emirates	Tour operations
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 – Sole proprietorship (b)	100%	100%	United Arab Emirates	Travel and tours, tourism and cargo services.
Impact Aviation Services Limited (c)	100%	100%	Ireland	Management of lease contracts
Subsidiaries of International Business Company (FZE) (sub-subsidiaries)				
Olgana Real Estate Development L.L.C (d)	100%	100%	United Arab Emirates	Real estate development
T3 Aviation Academy L.L.C (e)	100%	100%	United Arab Emirates	Aviation training services
Joint ventures				
Alpha Flight Services UAE L.L.C	51%	51%	United Arab Emirates	Flight and retail catering and ancillary services to the Air Arabia PJSC.
Sharjah Aviation Services L.L.C	50%	50%	United Arab Emirates	Aircraft handling, passenger and cargo services at the Sharjah International Airport.
Cozmo Travel (CJSC) (“Cozmo Armenia”) (f)	75%	75%	Armenia	Travels and tours, tourism and cargo services
Air Arabia Abu Dhabi L.L.C.	49%	49%	United Arab Emirates	International commercial air transportation.
Air Arabia - Egypt Company S.A.E.	40%	40%	Egypt	International commercial air transportation.
Fly Jinnah Services (Private) Limited	45%	45%	Pakistan	International commercial air transportation.
Armenian National Airlines (CJSC) (“Fly Arna”)	49%	49%	Armenia	International commercial air transportation.

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended September 30, 2023

1 Legal status and principal activities (continued)

Name	Legal/ beneficial ownership interest		Country of operation and ownership	Principal activities
	2023	2022		
<i>Associates</i>				
Air Arabia Maroc, S.A	44.13%	44.13%	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.

- a) During the year ended December 31, 2022, the Group had fully liquidated Arabian Management Investment FZE.
- b) During the year ended December 31, 2022, the Group had changed the name of COZMO Travel LLC to be "COZMO Travel LLC – Sole proprietorship".
COZMO Travel LLC – Sole proprietorship controls subsidiaries in Qatar, Kingdom of Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, India, Oman, Jordan and Egypt.
- c) Impact Aviation Services Limited was incorporated on April 19, 2022. However, it started the operations on September 1, 2022.
- d) During the year ended December 31, 2022, the Group incorporated a fully owned subsidiary named "Olgana Real Estate Development L.L.C" through its wholly owned subsidiary, International Business Company (FZE), to manage and develop the investment properties of the Group.
- e) During the year ended December 31, 2022, the Group had obtained full control over T3 Aviation Academy LLC (formerly known as Alpha Aviation Academy UAE LLC - a former joint venture of the Group), as a result of acquiring the remaining 49% shareholding of T3 Aviation Academy LLC (Note 16).
- f) During the year ended December 31, 2022, the Group entered into a joint venture agreement through its wholly owned subsidiary, COZMO Travel LLC – Sole proprietorship, with one of its joint ventures, Armenian National Airlines (CJSC) ("Fly Arna") to provide travels and tours, tourism and cargo services in Armenia under the name of Cozmo Travel (CJSC) ("Cozmo Armenia").

During the year ended December 31, 2022, the Group entered into a joint venture agreement, through its wholly owned subsidiary, International Business Company (FZE) ("IBC") with DAL Group, one of Sudan's leading privately owned conglomerates to operate low-cost carriers from Sudan, under the name of Air Arabia DAL LLC ("Air Arabia Sudan"). As at September 30, 2023 and up to the date of approving this condensed consolidated interim financial information, the incorporation and related legal formalities of the joint venture is still in process.

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 audited consolidated financial statements of the Group for the year ended December 31, 2022.

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, 2022.

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended September 30, 2023

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

a) Basis of preparation (continued)

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.

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, 2022.

2.1 New or revised Standards or Interpretations

Accounting pronouncements which have become effective from January 1, 2023 and have therefore been adopted are as follows:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice statement 2); and
- Definition of Accounting Estimate (Amendments to IAS 8).

These amendments do not have a significant impact on the condensed consolidated financial information.

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, 2022.

4 Property and equipment

During the period ended September 30, 2023, the Group acquired various property and equipment amounting to AED 61 million (period ended September 30, 2022: AED 57.3 million).

Depreciation charge on property and equipment for the period ended September 30, 2023 amounted to AED 387 million (period ended September 30, 2022: AED 390 million).

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended September 30, 2023

5 Investments measured at fair value through other comprehensive income

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Quoted investments in equity instruments in UAE	10,373	10,321
Unquoted investments in debt instruments in UAE	19,160	14,562
Unquoted investments in debt instruments outside UAE	50,342	18,283
	<u>79,875</u>	<u>43,166</u>

Movement in quoted investments in equity instruments during the period/year were as follow:

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Opening balance	10,321	15,556
Change in fair value	52	(5,235)
	<u>10,373</u>	<u>10,321</u>

The market rates as at September 30, 2023 and December 31, 2022 are considered for the calculation of the fair value of the investments that are quoted on the stock exchange market.

Movement in unquoted investments in debt instruments during the period/year were as follow:

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Opening balance	32,845	-
Additions during the period/year	35,978	32,845
Change in fair value	679	-
	<u>69,502</u>	<u>32,845</u>

The fair values of these debt instruments were determined using market interest rates of similar debt instruments as at September 30, 2023 and December 31, 2022.

6 Bank balances and cash

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
<i>Bank balances:</i>		
Fixed deposits*	4,526,096	3,686,064
Current accounts	314,206	825,852
Call deposits	76,989	212,680
	<u>4,917,291</u>	<u>4,724,596</u>
Cash in hand	12,007	11,655
Bank balances and cash	<u>4,929,298</u>	<u>4,736,251</u>

*Deposits carry average interest rates of 5.43% (2022: 3.62%) per annum.

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Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended September 30, 2023

7 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.

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
As at January 1,	2,748,723	3,236,607
Additions to lease liabilities for the period/year	-	252,158
Payments made during the period/year	(489,725)	(740,042)
	<u>2,258,998</u>	<u>2,748,723</u>

	Current		Non-current	
	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Lease liabilities	<u>567,421</u>	<u>622,225</u>	<u>1,691,577</u>	<u>2,126,498</u>

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.

8 Related parties

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (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	55,496	75,726
Other related parties	<u>190,011</u>	<u>70,662</u>
	<u>245,507</u>	<u>146,388</u>
Amount due to related parties		
<i>Included in trade and other payables</i>		
Payable to joint ventures	109,831	68,698
Other related parties	<u>70,616</u>	<u>44,033</u>
	<u>180,447</u>	<u>112,731</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.

Air Arabia PJSC and its subsidiaries
Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information (continued)
For the period ended September 30, 2023

9 Basic and diluted earnings per share

	Three-month period ended September 30, 2023 (Unaudited) AED '000	Three-month period ended September 30, 2022 (Unaudited) AED '000	Nine-month period ended September 30, 2023 (Unaudited) AED '000	Nine-month period ended September 30, 2022 (Unaudited) AED '000
Profit attributable to the owners of the Company	521,558	415,713	1,322,314	866,631
Weighted average number of shares (in '000)	4,666,700	4,666,700	4,666,700	4,666,700
Basic and diluted earnings per share (AED)	0.11	0.09	0.28	0.18

10 Operating lease commitments

10.1 The Group is a lessor:

As at September 30, 2023, the Group has leased out 23 aircrafts (as at December 31, 2022: 23) 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:

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Within one year	215,387	249,001
Between 2 and 5 years	401,786	557,720
	617,173	806,721

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

	September 30, 2023 (Unaudited) AED '000	December 31, 2022 (Audited) AED '000
Net book value	1,295,346	1,370,323
Accumulated depreciation	1,702,844	1,611,780
Depreciation charge for the period/year	108,453	158,641

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11 Contingent liabilities

The Group have letters of guarantees and credits entered into as part of the normal course of business amounting to AED 48 million as at September 30, 2023 (December 31, 2022: AED 41 million), which at September 30, 2023 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.

12 Capital commitments

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
<i>Authorised and contracted:</i>		
Aircraft fleet	<u>22,928,778</u>	<u>23,230,529</u>

13 Segment information

The following table presents revenue and profit information for the Group's operating segments for the period ended September 30, 2023 and September 30, 2022, respectively:

Nine-month period ended September 30, 2023 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	4,219,990	234,662	-	4,454,652
Inter-segment sales	-	45,596	(45,596)	-
Total revenue	<u>4,219,990</u>	<u>280,258</u>	<u>(45,596)</u>	<u>4,454,652</u>
Result				
Segment result	1,130,003	74,591	-	1,204,594
Share of profit of investments in associates and joint ventures				<u>118,153</u>
Profit for the period				<u>1,322,747</u>
Other information				
Additions to property and equipment and deferred charges	36,941	24,036	-	60,976
Depreciation and amortisation	<u>464,289</u>	<u>14,876</u>	<u>-</u>	<u>479,165</u>

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13 Segment information (continued)

Nine-month period ended September 30, 2022 (unaudited)	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
Revenue				
External sales	3,658,000	190,546	-	3,848,546
Inter-segment sales	-	48,071	(48,071)	-
Total revenue	<u>3,658,000</u>	<u>238,617</u>	<u>(48,071)</u>	<u>3,848,546</u>
Result				
Segment result	774,182	47,714	-	821,896
Share of profit of investments in associates and joint ventures				<u>44,735</u>
Profit for the period				<u>866,631</u>
Other information				
Additions to property and equipment and deferred charges	9,433	47,865	-	57,298
Depreciation and amortisation	<u>455,807</u>	<u>14,024</u>	<u>-</u>	<u>469,831</u>

The following table presents assets and liabilities information for the Group's operating segments as at September 30, 2023 and December 31, 2022, respectively:

	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
September 30, 2023 (unaudited)				
Assets				
Segment assets	<u>9,274,257</u>	<u>1,225,875</u>	<u>(784,013)</u>	<u>9,716,119</u>
Unallocated assets				<u>5,070,666</u>
Total assets				<u>14,786,785</u>
Liabilities				
Segment liabilities	<u>7,772,697</u>	<u>368,394</u>	<u>(784,013)</u>	<u>7,357,078</u>
	Airline AED '000	Other segments AED '000	Eliminations AED '000	Total AED '000
December 31, 2022 (audited)				
Assets				
Segment assets	<u>9,871,184</u>	<u>1,224,059</u>	<u>(861,396)</u>	<u>10,233,847</u>
Unallocated assets				<u>4,203,216</u>
Total assets				<u>14,437,063</u>
Liabilities				
Segment liabilities	<u>7,705,924</u>	<u>596,900</u>	<u>(861,396)</u>	<u>7,441,428</u>

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13 Segment information (continued)

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 4 to the consolidated financial statements as at and for the year ended December 31, 2022. 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.

14 Dividends

At the Annual General Meeting held on March 13, 2023, Board of Directors proposed, and the shareholders approved a cash dividend of AED'000 700,005 at 15 fils per share for the year ended December 31, 2022 (2022: AED'000 396,669 at AED 8.5 fils per share for the year ended December 31, 2021).

15 Corporate Income Tax

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Business (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministries Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing January 1, 2024. Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the nine-month period ended September 30, 2023. The Group will continue to assess the impact of deferred taxes on its condensed consolidated interim financial information.

16 Business combinations

Acquisition of remaining 49% ownership interest in T3 Aviation Academy UAE LLC

In 2022, the Group acquired further 49% ownership interest in T3 Aviation Academy UAE LLC ("T3") (formerly Alpha Aviation Academy UAE LLC - a former joint venture of the Group) for a total consideration of AED 11 million approximately, thereby increasing its total ownership interest to 100% after this transaction. The details of the acquisition are as follows:

	December 31, 2022 AED'000
Consideration for acquisition of 49% ownership interest	11,025
Fair value of pre-existing interest in the Subsidiary (51%)	11,475
	<u>22,500</u>
Fair value of net assets	22,500
Goodwill arising on acquisition	<u>-</u>

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16 Business combinations (continued)

Acquisition of remaining 49% ownership interest in T3 Aviation Academy UAE LLC (continued)

As a result of the above transaction, the Group has derecognized its investment in T3 as a joint venture and has recognized a gain on derecognition of investment in joint venture as follows:

	December 31, 2022 AED'000
Fair value of pre-existing interest (51%)	11,475
Carrying value of investment in T3 Aviation Academy UAE LLC as joint venture	<u>(1,636)</u>
Gain on derecognition of investment in joint venture	<u>9,839</u>

As at September 30, 2023, the Group has completed the measurement of fair values of assets and liabilities at the date of acquisition and accordingly, adjustments resulting from fair valuation of net assets at the date of acquisition of T3 have been recorded in the condensed consolidated interim financial information.