2015

ASL Aviation Group Limited
Financial Statements

Platform for Growth

ASL AVIATION GROUP

Directors' report and financial statements

Contents

Directors and other information

Directors	L. Criel (Belgian) H. Flynn H. Millar K. Ottevaere (Belgian) B. Timmermans (Belgian) E. Verkest (Belgian)
Secretary	N. O'Connor
Registered office	No 3 Malahide Road Swords Co. Dublin
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Bankers	Bank of Ireland The Mall Malahide Co. Dublin Lloyds TSB Bank plc 43 Irongate Derby DE1 3FT United Kingdom
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Principal activities, business review and future developments

ASL Aviation Group Limited ("ASL" and / or "the Group") is a joint venture undertaking between Compagnie Maritime Belge NV ("CMB") and 3P Air Freighters Limited ("3P").

The principal activities of the Group during the year were as follows:

- Provision of air cargo transport services to the integrator and postal markets
- Provision of air passenger transport services
- Aircraft leasing
- Aircraft spares trading
- Other aviation related services

The ASL Aviation Group produced a reasonable set of trading results for the 2015 financial year given the challenging trading conditions experienced across the industry sector. The consolidated net profit reduced by 26% to €12.6 million in 2015.

A number of factors continue to impact the industry including the macro economic climate across a number of the regions in which the Group is currently active. Pricing pressures continue to impact the trading performance as all stakeholders continue to be extremely cost orientated. This however does not in any way detract from the Group's focus on ensuring a safe, reliable service for our customers. Both our reliability in completing flights and punctuality aspects of leaving on time are critically examined as we target a 100% success rate. The growth of the passenger airline activity in recent years continues across the Group airlines and associated airlines. This also continues to diversify the Group's revenue streams and complements our cargo integrator and postal activities.

The Group's leasing portfolio dynamic has evolved in recent years as its primary focus is to service the Group airlines and associated airlines. To the extent that the Group is an aircraft lessor to a number of external parties, the Group is exposed to credit and default risk but actively manages the portfolio and continues to target proven reliable external lessees. The Group continued to trade aircraft during the year at a profit.

The Group periodically reviews the carrying value of the fleet and compares it to the market value to ensure that there is no material impairment. The Group actively trades in aircraft and is well placed to take advantage of opportunities when they arise particularly if the fleet profile no longer fits with customer's needs and the Group's objectives.

Looking forward, the strategic focus of the Group is to build on the "platform for growth" initiative which has proven a focus point for driving efficiencies across the Group. This will continue the drive towards increasing efficiency in the delivery of our services and leveraging the experience, scale and global reach of the Group. It will also further solidify the strong foundation already in place to facilitate further expansion through acquisition and organic growth. The Group continues to actively seek strategic investment opportunities across the aviation industry and a number of opportunities are being evaluated.

Results and dividends

The results for the year have been presented on page 9 and in the related notes. The directors do not recommend payment of a dividend.

Principal risks and uncertainties

Financial risk is managed within the framework set out by the Board of Directors and includes regular assessments and monitoring of risks within the Group. The Group has outsourced its internal audit function to an audit firm which performs periodic risk evaluations and reviews as and when directed by the Audit Committee.

Companies which own and lease aircraft are exposed to changes in the underlying fair values of the aircraft and associated lease rates. While aircraft values have been impacted by the current downturn in the economic cycle, the directors remain confident that the carrying values are appropriate.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

Credit risk

The Group has a concentration of credit risk in the postal and integrator markets which are its primary customers. The large majority of these customers are multi-national or state managed companies and the directors consider our exposure to be minimal.

The Group also has a concentration of credit risk in relation to amounts receivable from Safair Operations, its 25% associate company.

The Group performs credit evaluations on an ongoing basis for individual counterparties.

The Group carefully considers all significant new customers before extending credit and implements reduced credit terms such as weekly payments wherever possible.

Cash is only deposited with financial institutions which have a strong credit rating.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group prepares cash forecasts and monitors liquidity levels to ensure that it maintains sufficient working capital balances to support the regular operations of the Group in the short term. In the long term substantial cash requirements for business expansion are financed from external borrowings, shareholder loans or capital contributions.

The directors are very careful to ensure that capital commitments are funded prior to entering into a binding commitment or that access to funding for capital commitments is reasonably assured.

Interest rate risk

The Group is exposed to interest rate risk through its borrowings and deposits. A proportion of the Group's borrowings have fixed interest rates and the Group also uses interest rate swaps in order to mitigate some of this risk.

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity. Furthermore, the spares trading activities conducted from the United Kingdom has income and expenses in US dollars, GBP and Euro. Due to the Group's acquisition of the Farnair Group in December 2014, the Group is now also exposed to movements in the Swiss Franc. The holding company has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

Certain companies within the Group use derivative financial instruments to hedge exposure to exchange rates. In Group companies, where derivative financial instruments are not used to hedge exposure to foreign currency, the policy followed is to manage levels of inflows and outflows in each currency to reduce the overall exposure to movements in currency translation rates.

Further disclosures in relation to these principal risks and uncertainties are given in Note 24 to the financial statements.

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2015 had no interests in the shares of the company or group companies.

Paul-Marie Chavanne retired as a director on 16 March 2015.

Howard Millar was appointed as a director on 7 August 2015.

Political donations

During the year, the Group and Company made no donations which are disclosable in accordance with the Electoral Act, 1997.

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the company are maintained at its offices at No 3 Malahide Road, Swords, Co. Dublin.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

H. Flynn Director	**L. Criel** Director

3 May 2016

Statement of directors’ responsibilities in respect of the directors’ report and the financial statements

The directors are responsible for preparing the directors’ report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group’s profit or loss for that year. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU, and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors’ report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

H. Flynn
Director

L. Criel
Director

Independent auditor's report
to the members of ASL Aviation Group Limited

We have audited the Group and Company financial statements ("financial statements") of ASL Aviation Group Limited for the year ended 31 December 2015 which comprise the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its profit for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

2. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the directors' report is consistent with the financial statements.

3. We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company’s members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Sean O’Keefe
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen’s Green
Dublin 2

3 May 2016

Consolidated income statement
for the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Continuing operations			
Revenue	*2*	**377,329**	331,672
Cost of goods and services		**(236,292)**	(218,140)
Depreciation and amortisation	*4*	**(41,708)**	(32,770)
Employee benefits expense	*5*	**(87,143)**	(63,221)
Other operating income	*3*	**12,866**	10,197
Other operating expenses	*3*	**(450)**	(3,991)
Results from operating activities		**24,602**	23,747
Finance income	*6*	**734**	2,853
Finance costs	*6*	**(6,825)**	(4,617)
Net finance costs		**(6,091)**	(1,764)
Share of loss of equity-accounted investees, net of tax	*10,11*	**(2,183)**	(5)
Profit before tax	*4*	**16,328**	21,978
Tax expense	*7*	**(3,703)**	(4,840)
Profit for the year		**12,625**	17,138
Profit attributable to:			
Owners of the Company		**12,529**	15,525
Non-controlling interest		**96**	1,613
Profit for the year		**12,625**	17,138

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	2015 €'000	2014 €'000
Profit for the year	**12,625**	17,138
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit scheme actuarial losses	**(697)**	(420)
Related tax credit	**160**	106
	(537)	(314)
Items that are or may be reclassified subsequently to profit or loss		
Cashflow hedges – effective portion of changes in fair value	**(902)**	584
Net changes in fair value of cash flow hedges reclassified to profit or loss	**(584)**	-
Foreign currency translation differences on retranslation of foreign operations	**20,444**	16,187
	18,958	16,771
Other comprehensive income, net of tax	**18,421**	16,457
Total comprehensive income for the year	**31,046**	33,595
Attributable to:		
Owners of the Company	**30,645**	31,150
Non-controlling interest	**401**	2,445
Total comprehensive income for the year	**31,046**	33,595

Consolidated statement of financial position
as at 31 December 2015

	Note	2015 €'000	2014 €'000
Assets			
Property, plant and equipment	*8*	**307,813**	290,038
Intangible assets	*12*	**26,031**	26,292
Deferred tax assets	*22*	**677**	672
Trade and other receivables	*15*	**3,764**	3,005
Investment in associate	*10*	**-**	18
Investments in joint ventures	*11*	**3,342**	3,479
Total non-current assets		**341,627**	323,504
Inventories	*13*	**26,583**	22,185
Trade and other receivables	*15*	**90,542**	64,793
Current tax assets	*14*	**491**	284
Cash at bank	*16*	**48,556**	55,820
Restricted cash	*16*	**9,423**	7,140
Assets classified as held for sale	*17*	**524**	107
Total current assets		**176,119**	150,329
Total assets		**517,746**	473,833
Equity			
Share capital	*18*	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Currency translation reserve		**28,596**	8,457
Cash flow hedge reserve		**(902)**	584
Retained earnings		**142,844**	130,852
Total equity attributable to equity holders of the company		**209,475**	178,830
Non-controlling interest		**(24)**	10,752
Total equity		**209,451**	189,582
Liabilities			
Loans and borrowings	*19*	**141,550**	130,509
Employee benefits	*20*	**10,561**	9,416
Provisions	*21*	**4,852**	5,927
Deferred tax liabilities	*22*	**34,900**	29,439
Trade and other payables	*23*	**989**	1,138
Total non-current liabilities		**192,852**	176,429
Loans and borrowings	*19*	**35,807**	39,118
Current tax liabilities	*14*	**1,012**	3,668
Trade and other payables	*23*	**77,143**	63,600
Provisions	*21*	**1,481**	1,436
Total current liabilities		**115,443**	107,822
Total liabilities		**308,295**	284,251
Total equity and liabilities		**517,746**	473,833

On behalf of the Board

H. Flynn
Director

L. Criel
Director

Company statement of financial position
as at 31 December 2015

	Note	2015 €'000	2014 €'000
Assets			
Property, plant and equipment	*8*	**10,916**	13,229
Investments in subsidiaries	*9*	**135,937**	140,398
Trade and other receivables	*15*	**186**	352
Total non-current assets		**147,039**	153,979
Inventories	*13*	**59**	59
Assets held for sale	*17*	**-**	107
Loans to and receivables from subsidiaries	*25*	**64,212**	93,451
Trade and other receivables	*15*	**4,252**	830
Cash at bank	*16*	**3,334**	5,631
Restricted cash	*16*	**-**	1,755
Current tax asset	*14*	**378**	234
Total current assets		**72,235**	102,067
Total assets		**219,274**	256,046
Equity			
Share capital	*18*	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Retained earnings		**21,883**	17,595
Total equity		**60,820**	56,532
Liabilities			
Loans and borrowings	*19*	**49,381**	112,135
Deferred tax liabilities	*22*	**375**	217
Total non-current liabilities		**49,756**	112,352
Loans and borrowings	*19*	**5,699**	14,685
Amounts due to subsidiaries	*25*	**98,482**	66,938
Trade and other payables	*23*	**4,517**	5,539
Total current liabilities		**108,698**	87,162
Total liabilities		**158,454**	199,514
Total equity and liabilities		**219,274**	256,046

On behalf of the Board

H. Flynn
Director

L. Criel
Director

Consolidated statement of changes in equity

	Attributable to equity holders of the Company								
	Share capital €'000	Share premium €'000	Capital contribution €'000	Currency translation reserve €'000	Cash flow hedge reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2014	-	7,006	31,931	(6,898)	-	115,641	**147,680**	8,307	**155,987**
Total comprehensive income for year									
Profit for the year	-	-	-	-	-	15,525	**15,525**	1,613	**17,138**
Other comprehensive income	-	-	-	15,355	584	(314)	**15,625**	832	**16,457**
Total change in equity for the year	-	-	-	15,355	584	15,211	**31,150**	2,445	**33,595**
Balance at 31 December 2014	**-**	**7,006**	**31,931**	**8,457**	**584**	**130,852**	**178,830**	**10,752**	**189,582**
Balance at 1 January 2015	-	7,006	31,931	8,457	584	130,852	**178,830**	10,752	**189,582**
Total comprehensive income for year									
Profit for the year	-	-	-	-	-	12,529	**12,529**	96	**12,625**
Other comprehensive income	-	-	-	20,139	(1,486)	(537)	**18,116**	305	**18,421**
Total comprehensive income	-	-	-	20,139	(1,486)	11,992	**30,645**	401	**31,046**
Transactions with owners									
Dividends to non-controlling interest shareholders	-	-	-	-	-	-	**-**	(11,177)	**(11,177)**
Total change in equity for the year	-	-	-	20,139	(1,486)	11,992	**30,645**	(10,776)	**19,869**
Balance at 31 December 2015	**-**	**7,006**	**31,931**	**28,596**	**(902)**	**142,844**	**209,475**	**(24)**	**209,451**

Company statement of changes in equity

	Share capital €'000	Share premium €'000	Capital contribution €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2014	-	7,006	31,931	20,027	**58,966**
Total comprehensive income for year					
Loss for the year	-	-	-	(2,434)	**(2,434)**
Balance at 31 December 2014	-	7,006	31,931	17,595	**56,532**
Balance at 1 January 2015	-	7,006	31,931	17,595	**56,532**
Total comprehensive income for the year					
Profit for the year	-	-	-	4,288	**4,288**
Balance at 31 December 2015	**-**	**7,006**	**31,931**	**21,883**	**60,820**

Consolidated statement of cash flows
for the year ended 31 December 2015

	2015	2014
	€'000	€'000
Operating activities		
Profit for the year	**12,625**	17,138
Adjustments for:		
Depreciation of property, plant and equipment	**41,106**	32,275
Amortisation of intangible assets	**602**	495
Profit on disposal of property, plant and equipment	**(4,281)**	(4,150)
Insurance proceeds and other compensation for impairment	**(6)**	(5,640)
Impairment of aircraft	**107**	3,991
Net finance costs	**6,091**	1,764
Tax expense	**3,703**	4,840
Operating cash inflows before movements in working capital	**59,947**	50,713
Movement in inventories	**(4,398)**	(3,471)
Movement in assets held for sale	**(417)**	172
Movement in trade and other receivables	**(26,859)**	658
Movement in trade and other payables	**13,394**	934
Movement in provisions and employee benefits	**582**	22
Foreign exchange translation	**(6,189)**	(177)
Taxes paid	**(262)**	(470)
Net cash from operating activities	**35,798**	48,381
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	**-**	(63,730)
Proceeds on disposal of property, plant and equipment (including insurance compensation)	**11,009**	29,179
Purchases of property, plant and equipment	**(38,902)**	(14,771)
Purchases of intangible assets	**(285)**	(1,258)
Interest income received	**734**	656
Net cash used in investing activities	**(27,444)**	(49,924)
Cash flows from financing activities		
New bank loans received	**108,185**	47,093
Repayment of bank loans	**(109,650)**	(33,324)
Interest paid	**(5,690)**	(4,617)
Dividends paid to non-controlling interest shareholders	**(11,177)**	-
Net cash (used in)/from financing activities	**(18,332)**	9,152
Net increase/(decrease) in cash and cash equivalents	**(9,978)**	7,609
Cash and cash equivalents at the beginning of the year	**62,960**	50,775
Effect of exchange rate fluctuations on cash held	**4,997**	4,576
Cash and cash equivalents at end of the year	**57,979**	62,960

Company statement of cash flows
for the year ended 31 December 2015

	2015 €'000	2014 €'000
Operating activities		
Profit/(loss) for the year	**4,288**	(2,434)
Adjustments for:		
Depreciation of property, plant and equipment	**1,014**	1,979
Profit on disposal of aircraft	**(2,839)**	(1,586)
Net finance (income)/expense	**324**	(328)
Tax charge/(credit)	**94**	(553)
Dividend income	**(11,177)**	-
Impairment of investment in subsidiaries	**4,511**	-
Operating cash outflows before movements in working capital	**(3,785)**	(2,922)
Movement in inventories	**-**	519
Movement in assets held for sale	**107**	172
Movement in trade and other receivables	**(3,256)**	(213)
Movement in trade and other payables	**(1,022)**	1,888
Foreign exchange translation	**(2,224)**	(6,586)
Taxes paid	**80**	-
Net cash used in operating activities	**(10,100)**	(7,142)
Cash flows from investing activities		
Proceeds on disposal of aircraft	**5,650**	3,886
Purchases of property, plant and equipment	**(1,512)**	(204)
Interest and similar income received	**3,319**	3,519
Dividends received from subsidiary undertakings	**6,666**	-
Acquisition of subsidiary undertakings	**-**	(67,612)
Net cash from/(used in) investing activities	**14,123**	(60,411)
Cash flows from financing activities		
New bank loans received	**2,232**	47,093
Repayment of bank borrowings	**(80,079)**	(5,466)
Loans advanced and repayments to subsidiary undertakings	**(10,703)**	(4,650)
Loans and repayments received from subsidiary undertakings	**83,794**	25,176
Interest paid	**(3,319)**	(3,563)
Net cash (used in)/from financing activities	**(8,075)**	58,590
Net decrease in cash and cash equivalents	**(4,052)**	(8,963)
Cash and cash equivalents at the beginning of the year	**7,386**	16,349
Cash and cash equivalents at end of the year	**3,334**	7,386

Notes
forming part of the financial statements

1 Accounting policies

Reporting entity

ASL Aviation Group Limited is a company domiciled in Ireland. The address of the Company's registered office is No 3, Malahide Road, Swords, Co. Dublin. The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its associate and joint venture undertakings. The Group is primarily involved in the provision of air cargo transport services, the provision of air passenger transport services, aircraft leasing, aircraft spares and other aviation related services.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The individual financial statements of the company have been prepared in accordance with IFRSs as adopted by the EU, and as applied in accordance with the Companies Act 2014.

The standards and interpretations that were required to be applied for the first time in the year ended 31 December 2015 are set out below and had no significant impact on the Group's results for the period or financial position.

- Annual improvements to IFRSs 2011 – 2013 cycle. EU Effective date: 1 July 2014.

Standards that are not yet required to be applied, but can be early adopted are set out below. The potential impact of these standards on the financial statements is under review.

- IAS 19: Defined benefit plans: Employee contributions. EU Effective date: 1 February 2015.
- Annual improvements to IFRSs 2010 – 2012 cycle: EU Effective date: 1 February 2015.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). EU Effective date: 1 January 2016.
- Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38). EU Effective date: 1 January 2016.
- Equity method in separate financial statements (Amendments to IAS 27). EU Effective date: 1 January 2016.
- Annual improvements to IFRS 2012-2014 cycle. EU Effective date: 1 January 2016.
- Disclosure initiative (Amendments to IAS 1). EU Effective date: 1 January 2016.

(a) Basis of preparation

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which have been recorded at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1 Accounting policies (continued)

(b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Note 24.

(c) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method and are recognised initially at cost which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, from the date that significant influence commences until the date significant influence ceases. The Group does not continue to recognise its share of losses of associates when the interest in the associate has been reduced to zero.

1 Accounting policies (continued)

(c) Basis of consolidation (continued)

(v) Joint venture

A joint venture is an arrangement where the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method. Interests in joint ventures are initially recognised at cost, which includes transaction costs (or at fair value where acquired as a result of a business combination). Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, until the date of which joint control ceases. The Group does not continue to recognise its share of losses of joint ventures when the interest in the joint venture has been reduced to zero.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees (associates and joint ventures) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, only to the extent that there is no evidence of impairment.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at rates approximating the exchange rates at the dates of the transactions.

Foreign currency differences arising on the translation of foreign operations are recognised directly in equity, in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to profit or loss.

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised immediately in profit or loss, except where the derivative is designated as a cash flow hedging instrument and hedge accounting is applied.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

1 Accounting policies (continued)

(e) Derivative financial instruments (continued)

Cash flow hedges and hedge accounting

When a derivative is designated as a cashflow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(f) Intangible assets

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is recognised as an asset and initially at its cost. After initial recognition goodwill is remeasured at cost less any accumulated impairment losses (see accounting policy (l)).

If the net fair value of the acquired net assets exceeds the cost of the acquisition, the excess is recognised immediately in profit or loss after a reassessment of the identifiable assets, liabilities and contingent liabilities.

(ii) Other intangible assets

Other intangible assets that are acquired are stated at cost less accumulated amortisation and impairment losses (see accounting policy (l)).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its cost can be measured reliably. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset as from the date they are available for use. The estimated maximum useful life is as follows:

Software	3-5 years

(g) Aircraft, property, plant and equipment

(i) Owned assets

Aircraft and other items of property, plant and equipment are stated at cost or fair value at the date of acquisition (when acquired as part of a business combination) less accumulated depreciation (see below) and impairment losses (see accounting policy (l)) if any. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of aircraft or of another item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the aircraft or the item of property, plant and equipment and are recognised net.

1 Accounting policies (continued)

(g) Aircraft, property, plant and equipment (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenditure is recognised in the income statement as an expense as incurred.

(iii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of aircraft and other items of property, plant and equipment. Land is not depreciated.

Aircraft operated within the Group	These are depreciated on a component basis. The components are aircraft specific but typically include the airframe, engines, landing gear and major overhaul and inspection modules. Engines, landing gear and major overhaul and inspection items are depreciated over the period of the maintenance interval, to estimated residual core value, which does not exceed 8 years. Airframes are depreciated over a period from 4 to 30 years depending on the age of the aircraft at acquisition.

The estimated maximum useful lives of other assets are as follows:

Aircraft leased to third parties	Between 5 and 10 years to estimated residual values of between $1 million and $20 million or their equivalent.
Aircraft improvements	These are depreciated over the duration of the underlying aircraft lease.
Engines	Engines typically comprise the engine core and the life limited parts. Engine cores are depreciated over the remaining life of the engine between 3 and 10 years. Where the lessee is obliged to restore life limited components to their original condition, through lease return conditions or through contributing appropriate maintenance reserves, the life limited components of engines are not depreciated. Otherwise life limited components are depreciated on the basis of the engine usage.
Significant aircraft spare parts	2-10 years
Equipment and machinery	3-10 years
Motor vehicles	5 years
Buildings	Improvements to leased premises are depreciated over the term of the lease.

The useful lives and residual values are reassessed annually.

Notes (continued)

1 Accounting policies (continued)

(h) Non-derivative financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position. Loans to and receivables from subsidiaries are disclosed separately in the company statement of financial position.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired (see accounting policy (l)).

(i) Inventories

Inventories of spare parts and consumables are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy (l)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group's ability to withdraw funds is restricted.

(l) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy (v)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

For impairment testing of non-financial assets, the assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

1 Accounting policies (continued)

(l) Impairment (continued)

(i) Calculation of recoverable amount (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(ii) Reversals of impairment

An impairment loss in respect of a loan or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss recognised for goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

(n) Share capital

(i) Ordinary share capital

Ordinary share capital is classified as equity.

(ii) Dividends

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders.

Interim dividends are recognised as a liability when paid.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs.

Attributable transaction costs relate to costs directly incurred in the initiation and arrangement of financing agreements. These costs are capitalised and charged to profit or loss over the term of the underlying financing agreement.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

1 Accounting policies (continued)

(p) Employee benefits (continued)

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amount to which the Group has a present obligation to pay as a result of the employee's services provided to the period end. The accruals for employee benefits have been calculated at undiscounted amounts based on current salary rates. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating, when the absence occurs.

(q) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting, where the effect is material, the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

In certain instances the Group may enter into long term aircraft lease contracts. These lease arrangements often create an obligation for the Group to return the aircraft in a specific condition on termination of the lease. In such circumstances the Group makes provision throughout the period of the lease on a systematic basis for the estimated cost of the maintenance and repair of the aircraft and in particular for time and usage limited components. Such costs are charged to the income statement on the basis of the use of the aircraft or the passage of time whichever is applicable. The provisions are reviewed and adjusted on an ongoing basis, taking account of changes in market rates and experience of the aircraft type. Any shortfall or surplus associated with a maintenance event is charged or credited to the income statement at the time of the maintenance event.

(r) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings; and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

(s) Revenue

Revenue from aircraft chartering and related services rendered is recognised in the income statement in proportion to the fair value of services delivered in the period. Advance deposits for charters are deferred until the operation of the charter takes place.

Revenue from the sale of aircraft spares is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risk and rewards vary depending on the individual terms of the contract of sale.

Rental income from the leasing of aircraft under operating leases is recognised in the income statement on a straight-line basis over the term of the lease.

Revenue excludes value added tax.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(t) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognised at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Other leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases and the leased assets are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised as an expense on a straight-line basis or using another systematic approach where this is more representative of the time pattern of the user's benefit. Payments made under operating leases with fixed escalation clauses are recognised in the income statement on a straight-line basis over the term of the lease.

Certain aircraft operating leases require that the lessee undertakes specific inspections and overhauls at minimum periodic intervals to re-certify that the airframe and engines are completely airworthy in accordance with civil aviation requirements. As such required overhauls and inspections are considered to constitute components of the lessor's asset, such payments are considered to be made in exchange for the right of use of the aircraft and are accrued according to the shorter of flying time or minimum periods between such inspections and overhauls.

(u) Finance income and finance costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(v) Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1 Accounting policies (continued)

(v) Tax (continued)

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 Revenue

	2015	2014
	€'000	€'000
Group		
Aircraft charter and other related services	**327,500**	287,077
Aircraft spares trading	**14,947**	17,111
Aircraft leasing	**34,882**	27,484
	377,329	331,672

Revenue has not been presented on a geographical basis as in the opinion of the directors the disclosure of such information would be prejudicial to the interests of the Group.

3 Other operating income/expenses

	2015	2014
	€'000	€'000
Group		
Other operating income		
Insurance proceeds and other compensation from third parties for aircraft impairment	**6**	5,640
Profit on disposals of property, plant and equipment	**4,281**	4,150
Profit on disposals of assets held for sale	**-**	357
Proceeds from contract settlement with customer	**8,043**	-
Other income	**536**	50
	12,866	10,197
Other operating expenses		
Impairment of aircraft	**107**	3,991
Other expenses	**343**	-
	450	3,991

4 Statutory and other information

Profit before tax is stated after charging:	2015	2014
	€'000	€'000
Group		
Depreciation of property, plant and equipment	41,106	32,275
Amortisation of intangible assets	602	495
Rentals payable under operating leases		
- Land and buildings	3,426	3,000
- Aircraft	15,501	16,245
Net foreign exchange gain	(447)	(392)

Auditor's remuneration		
- Audit of group and company accounts	210	210
- Other assurance services	20	20
- Tax advisory services	45	45
	275	275

Auditor's remuneration for the audit of the Company accounts was €30,000 *(2014: €30,000).*

5 Employee benefits and numbers

The average number of persons (including directors) employed by the Group was as follows:

	2015	2014
Directors and senior management	53	36
Crew, administration and engineering	854	609
	907	645

The increase in average employee numbers primarily reflects the effect of the Farnair Group being included for the full year in 2015 but only one month in 2014.

The aggregate payroll costs of these persons were as follows:

	2015	2014
	€'000	€'000
Group		
Wages and salaries	64,510	45,956
Social welfare	18,663	15,224
Pension costs	3,970	2,041
	87,143	63,221

Directors' remuneration

For services to the Group, the aggregate remuneration of directors of the Company, was as follows:

	2015	2014
	€'000	€'000
Emoluments	683	685
	683	685

6 Finance income and finance costs

	2015 €'000	2014 €'000
Group		
Finance income		
Interest income	**734**	656
Gains on fair value of derivatives through profit or loss	**-**	2,197
	734	2,853
Finance costs		
Interest on bank borrowings	**4,760**	3,198
Interest on shareholder loans	**612**	584
Guarantee fees	**318**	835
Loss on fair value of derivatives through profit or loss	**1,135**	-
	6,825	4,617

7 Tax expense

	2015 €'000	2014 €'000
Group		
Recognised in profit or loss (a)	**3,703**	4,840
Recognised in other comprehensive income (b)	**(160)**	(106)
	3,543	4,734
(a) Amounts recognised in profit or loss		
Current tax expense		
Corporation tax – Ireland – current year	**(89)**	2,677
Corporation tax – foreign – current year	**267**	440
Adjustment for prior periods	**(48)**	-
	130	3,117
Deferred tax expense		
Origination and reversal of temporary differences	**3,573**	1,723
Total tax expense	**3,703**	4,840

7 Tax expense (continued)

A reconciliation of the expected tax of the Group and the actual tax charge is as follows:

	2015	2014
	€'000	€'000
Profit for the year	**12,625**	17,138
Tax expense	**3,703**	4,840
Profit before tax	**16,328**	21,978
Expected tax, computed by applying the Irish tax rate 12.5% *(2014: 12.5%)*	**2,041**	2,747
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	**1,384**	1,913
Non-deductible expenses	**326**	180
Adjustment for prior periods	**(48)**	-
Tax expense	**3,703**	4,840
(b) Amounts recognised in other comprehensive income		
Deferred tax credit related to defined benefit plan actuarial losses	**(160)**	(106)

8 Property, plant and equipment

Group	Aircraft €'000	Equipment & machinery €'000	Motor vehicles €'000	Buildings €'000	Total €'000
Cost or deemed cost					
Balance at 1 January 2014	279,285	7,886	883	2,416	290,470
Impairment	(4,534)	-	-	-	(4,534)
Additions	13,611	949	165	46	14,771
Acquisitions through business combinations	64,276	6,130	-	-	70,406
Disposals	(35,053)	(878)	(142)	-	(36,073)
Foreign exchange movements	32,566	102	21	-	32,689
Balance at 31 December 2014	350,151	14,189	927	2,462	367,729
Additions	36,225	2,368	307	2	38,902
Disposals	(16,174)	(290)	(342)	-	(16,806)
Foreign exchange movements	43,828	286	17	-	44,131
Balance at 31 December 2015	**414,030**	**16,553**	**909**	**2,464**	**433,956**
Depreciation					
Balance at 1 January 2014	45,764	4,451	483	1,407	52,105
Charge for the year	30,568	1,382	158	167	32,275
Impairment	(543)	-	-	-	(543)
Disposals	(15,763)	(820)	(101)	-	(16,684)
Foreign exchange movements	9,649	873	16	-	10,538
Balance at 31 December 2014	69,675	5,886	556	1,574	77,691
Charge for the year	38,570	2,204	168	164	41,106
Disposals	(9,532)	(284)	(268)	-	(10,084)
Foreign exchange movements	17,239	177	14	-	17,430
Balance at 31 December 2015	**115,952**	**7,983**	**470**	**1,738**	**126,143**
Net book value					
At 31 December 2015	**298,078**	**8,570**	**439**	**726**	**307,813**
At 31 December 2014	280,476	8,303	371	888	290,038

8 Property, plant and equipment (continued)

At 31 December 2015, aircraft with a net book value of €147.3 million *(2014: €153.2 million)* were mortgaged to lenders as security for bank loans (see Note 19).

Aircraft with a net book value of €102.5 million at 31 December 2015 *(2014: €219.2 million)* are leased to third parties under operating leases.

Company	**Aircraft**	**Office equipment**	**Motor vehicles**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Cost or deemed cost				
At 1 January 2014	33,650	130	264	34,044
Additions in year	62	54	88	204
Disposals in year	(3,251)	-	(32)	(3,283)
At 31 December 2014	30,461	184	320	30,965
Additions in year	1,281	75	156	1,512
Disposals in year	(4,010)	-	(109)	(4,119)
At 31 December 2015	**27,732**	**259**	**367**	**28,358**
Accumulated depreciation				
At 1 January 2014	16,734	72	98	16,904
Charge for year	1,877	42	60	1,979
Disposals	(1,123)	-	(24)	(1,147)
At 31 December 2014	17,488	114	134	17,736
Charge for year	899	42	73	1,014
Disposals	(1,230)	-	(78)	(1,308)
At 31 December 2015	**17,157**	**156**	**129**	**17,442**
Net book value				
At 31 December 2015	**10,575**	**103**	**238**	**10,916**
At 31 December 2014	12,973	70	186	13,229

9 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At 1 January 2014	73,562
Additions	67,612
At 31 December 2014	141,174
Impairment of investment in subsidiaries	(4,511)
Additions	50
At 31 December 2015	**136,713**
Provision for impairment	
At 1 January 2014, 31 December 2014 and 31 December 2015	**776**
Net book value	
At 31 December 2015	**135,937**
At 31 December 2014	140,398

9 Investments in subsidiaries (continued)

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
ASL Airlines (Ireland) Ltd	Ireland	Air transport services	100%
ASL Aircraft Investment Ltd	Ireland	Aircraft leasing	100%
ASL Aircraft Investment (No. 2) Ltd	Ireland	Aircraft leasing	100%
ASL Airlines (France) SA	France	Air transport services	*100%
Air Contractors (UK) Ltd	United Kingdom	Aviation related services	100%
ACL Aircraft Trading Ltd	United Kingdom	Aviation related services	100%
ACLAS Global Ltd	United Kingdom	Aviation related services	*100%
ACLAS Technics Ltd	United Kingdom	Aviation related services	100%
S.A.S. Europe Airpost Holdings	France	Aircraft leasing	*100%
Safair Holdings (Pty) Limited	South Africa	Investment in associate company	*100%
Safair Lease Finance (Pty) Ltd	South Africa	Aircraft leasing	*100%
Safair Aviation (Ireland) Ltd	Ireland	Aircraft leasing	100%
Safair Lease Finance (Ireland) Ltd	Ireland	Aircraft leasing	100%
Safair Lease Finance 72 Ltd	Ireland	Aircraft leasing	*100%
FARNAIR Holding SA	Switzerland	Investments in companies	100%
ASL Airlines (Switzerland) AG	Switzerland	Air transport services	*100%
OFSB Ltd	Bermuda	Aircraft leasing	*100%
COBiiAS AG	Switzerland	Aviation related services	*74%
ASL Airlines (Hungary) Kft	Hungary	Air transport services	*100%
FARNAIR Handling AG	Hungary	Cargo handling services	100%
FARNAIR Training GmbH	Austria	Aviation related services	*100%

** Indirect shareholdings*

FARNAIR Rail GmbH was liquidated in October 2015. FARNAIR Rail – Logistics GmbH & Co KG entered into a liquidation process in October 2015 which is expected to be formally completed in 2016.

ACL Aviation Limited, ACL Leasing Limited and ACL Air Limited each entered a liquidation process in 2015, which was formally completed in April 2016. The Company received dividends of €11,177,000 from these companies prior to 31 December 2015, and recorded an impairment charge of €4,511,000 to reflect the value of its investment in these subsidiaries after these dividends had been paid.

During the year the Company acquired the ordinary share capital of ASL Aircraft Investment (No. 2) Ltd. (formerly Farnair Trading and Leasing Limited) from another group company for €50,000.

On 4 December 2014, the Group acquired the Farnair Group, comprising:

- 100% of FARNAIR Holding SA and indirect interests in its below named subsidiaries;
  ASL Airlines (Switzerland) AG (formerly FARNAIR Switzerland AG (100%))
  OFSB Limited (100%)
  ASL Airlines (Hungary) Kft (formerly FARNAIR Hungary Kft (100%)
  ASL Aircraft Investment (No. 2) Limited (formerly FARNAIR Trading and Leasing Limited (100%))
  FARNAIR Training GmbH (100%)
  COBiiAS AG (74%)
- 100% of FARNAIR Handling Kft
- 100% of FARNAIR Rail GmbH
- 100% of FARNAIR Rail-Logistics GmbH and Co KG

9 Investments in subsidiaries (continued)

The consideration transferred was US$84.4 million (€67.6 million) which included contingent consideration of US$4.5 million (€3.6 million) which was held in escrow pending the outcome of certain future events under the terms of the acquisition agreement. US$4.0m has subsequently transferred to the vendor, with US$0.5m remaining in escrow pending the outcome of certain future events.

In the opinion of the directors the carrying value of the investments in subsidiary undertakings is supported by the fair value of those investments.

10 Investment in associate

Associate undertaking	Country of incorporation	Nature of business	Indirect shareholding
Safair Operations (Pty) Limited	South Africa	Air transport services	25%

The Group's share of loss of Safair Operations for the year was €Nil *(2014: share of loss €3,000)* and the Group's share of net assets of the associate at 31 December 2015 was €Nil *(2014: €18,000)*. Separately, the Group had loans of €3.4 million (non-current) *(2014: €5.8 million)* and other receivables (current) of €12.7 million *(2014: €5.3 million)* due from Safair Operations at 31 December 2015 (see Note 25).

Summary financial information for the associate is as follows:	**2015**	2014
	€'000	€'000
Current assets	**27,626**	24,860
Non-current assets	**1,583**	2,578
Total assets	**29,209**	27,438
Current liabilities	**(25,676)**	(20,006)
Non-current liabilities	**(8,013)**	(7,360)
Total liabilities	**(33,689)**	(27,366)
Net (liabilities)/assets	**(4,480)**	72
Group share of net assets	**-**	18
Income	**87,346**	48,337
Expenses	**(92,829)**	(48,347)
Loss	**(5,483)**	(10)
Group's share of loss	**-**	(3)

11 Investments in joint ventures

As part of the acquisition of the Farnair Group on 4 December 2014 (see Note 9), the Group acquired interests in two joint venture undertakings; an Indian cargo airline based operator, Quikjet Cargo Airlines Pvt. Ltd. ("Quikjet") and a Thai based cargo airline operator, K-Mile Air Company Ltd. The percentage shareholdings held by the Group on 31 December 2015 were 72.48% *(2014: 50.93%)*, with regards to the Indian JV, and 45% with regards to the Thai JV.

Quikjet continued to be in the startup phase during 2015 and control and decisions continued to be made between the Group and other shareholders. Management do not consider they had control during 2015 and continued to account for Quikjet as a joint venture.

Movements in the carrying value of investments in joint ventures during the year are as follows:

	Quikjet Cargo Airlines Pvt. Ltd €'000	**K-Mile Air Company Ltd €'000**	**Total €'000**
Investment as at 31 December 2014	2,237	1,242	**3,479**
Acquisition of shares during the period	1,660	-	**1,660**
Share of loss in the year	(1,959)	(224)	**(2,183)**
Translation effects	225	161	**386**
Investment as at 31 December 2015	**2,163**	**1,179**	**3,342**

The following tables summarise the financial information of individually material joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

Quikjet Cargo Airlines Pvt. Ltd

	Year ended 31 December 2015 €'000	4 December 2014 to 31 December 2014 €'000
Non-current assets	**992**	648
Current assets	**460**	26
Non-current liabilities	**(48)**	(31)
Current liabilities	**(4,029)**	(1,841)
Net liabilities (100%)	**(2,625)**	(1,198)
Percentage ownership interest	**72.48%**	50.93%
Group's share of net liabilities	**(1,903)**	(610)
Goodwill	**4,066**	2,847
Carrying amount of interest in joint venture	**2,163**	2,237
Income	**10**	4
Expenses	**(2,713)**	(57)
Loss	**(2,703)**	(53)
Group's share of loss	**(1,959)**	(27)

11 Investments in joint ventures (continued)

K-Mile Air Company Ltd

	Year ended 31 December 2015 €'000	4 December 2014 to 31 December 2014 €'000
Non-current assets	1,882	1,568
Current assets	1,416	1,710
Non-current liabilities	-	-
Current liabilities	(2,453)	(1,973)
Net assets (100%)	845	1,305
Percentage ownership interest	45%	45%
Group's share of net assets	380	587
Goodwill	799	655
Carrying amount of interest in joint venture	1,179	1,242
Income	11,085	939
Expenses	(11,582)	(884)
(Loss)/profit	(497)	55
Group's share of (loss)/profit	(224)	25

12 Intangible assets

	Goodwill €'000	Software €'000	Trademarks €'000	Total €'000
Group				
Cost or deemed cost				
At 1 January 2014	7,545	2,725	-	10,270
Additions	-	629	629	1,258
Acquisitions through business combinations	16,180	786	-	16,966
Disposals	-	(378)	-	(378)
Foreign exchange movement	-	(2)	16	14
At 31 December 2014	23,725	3,760	645	28,130
Additions	-	285	-	285
Foreign exchange movement	-	45	10	55
At 31 December 2015	**23,725**	**4,090**	**655**	**28,470**
Amortisation				
At 1 January 2014	-	1,722	-	1,722
Amortisation in year	-	495	-	495
Disposals	-	(378)	-	(378)
Foreign exchange movement	-	(1)	-	(1)
At 31 December 2014	**-**	**1,838**	**-**	**1,838**
Amortisation in year	-	602	-	602
Foreign exchange movement	-	(1)	-	(1)
At 31 December 2015	**-**	**2,439**	**-**	**2,439**
Net book value				
At 31 December 2015	**23,725**	**1,651**	**655**	**26,031**
At 31 December 2014	23,725	1,922	645	26,292

Goodwill primarily represents the excess paid over the fair value of the identifiable assets and liabilities of (i) ACL Aviation Trading Limited (including its subsidiary, ACLAS Global Limited) ("the ACLAT/ACLAS acquisition") and (ii) FARNAIR Holding SA (including its subsidiaries), ("the Farnair acquisition").

The goodwill related to the ACLAT/ACLAS acquisition and the Farnair acquisition has been reviewed for impairment on the basis of future cashflows expected to be attributable to their cash-generating units, discounted at an appropriate discount rate for these activities, currently 9%. No impairment has been recognised. There are no reasonably foreseeable circumstances in which a change in the cash flow assumptions underpinning the fair value of the underlying businesses would result in an impairment.

13 Inventories

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Aircraft parts and consumables	**26,583**	22,185	**59**	59

Inventories are stated at the lower of cost and net realisable value. The replacement cost of inventory does not differ materially from its carrying value. The impairment provision in respect of Group inventory amounted to €4,203,000 *(2014: €4,491,000).*

14 Current tax assets and liabilities

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Current tax assets	**491**	284	**378**	234
Current tax liabilities	**(1,012)**	(3,668)	**-**	-

Current tax assets and liabilities represents corporation tax receivable/(payable) in respect of the current year.

15 Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	€'000	**€'000**	**€'000**	**€'000**
Amounts due from associate (Note 25)	**16,102**	11,050	**190**	-
Amounts due from joint venture (Note 25)	**2,352**	-	**385**	-
Trade receivables	**29,285**	29,526	**39**	90
Prepayments and accrued income	**11,313**	8,154	**1,778**	531
Derivatives	**1,405**	2,573	**-**	-
VAT receivable	**3,298**	988	**71**	154
Other debtors	**30,551**	15,507	**1,975**	407
	94,306	67,798	**4,438**	1,182
Non-current	**3,764**	3,005	**186**	352
Current	**90,542**	64,793	**4,252**	830
	94,306	67,798	**4,438**	1,182

16 Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Cash at bank	**48,556**	55,820	**3,334**	5,631
Restricted cash	**9,423**	7,140	**-**	1,755
	57,979	62,960	**3,334**	7,386

Restricted cash includes cash deposits which are held as maintenance contributions for leased aircraft and may be called upon by lessees under contract, and other deposits where the Group's ability to withdraw funds is restricted.

17 Assets held for sale

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Aircraft held for sale	**524**	107	**-**	107

18 Share capital

	2015	2014
Group	**€'000**	€'000
Share capital – Group and Company		
Authorised		
100,000,000 Ordinary shares of €0.01 each	**1,000**	1,000
Allotted, called up and fully paid		
300 Ordinary shares of €0.01 each	**-**	-

19 Interest-bearing loans and borrowings

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Current	**35,807**	39,118	**104,181**	81,623
Non-current	**141,550**	130,509	**49,381**	112,135
	177,357	169,627	**153,562**	193,758
Non-current liabilities				
Bank loans	**94,845**	88,460	**2,676**	70,161
Other loans	**46,705**	42,049	**46,705**	41,974
	141,550	130,509	**49,381**	112,135
Current liabilities				
Current portion of bank loans	**35,807**	39,118	**5,699**	14,685
Loans and borrowings	**35,807**	39,118	**5,699**	14,685
Loans from subsidiary undertakings (Note 25)	**-**	-	**98,482**	66,938
Total	**35,807**	39,118	**104,181**	81,623
(i) Bank loans				
Secured bank loans	**130,652**	127,578	**8,375**	84,846
Less current portion	**(35,807)**	(39,118)	**(5,699)**	(14,685)
Non-current portion	**94,845**	88,460	**2,676**	70,161

The bank loans are secured over aircraft assets with a net book value of €147.3 million *(2014: €153.2 million).* The loans bear interest at rates between 1.62% and 5.53%.

Included in bank loans are foreign currency loans of which the amounts outstanding at 31 December 2015 were US$116.4 million - equivalent to €106.9 million *(2014: US$44.8 million - equivalent to €36.9 million).*

The Group performed a refinancing in October 2015. The Group drew down US$110.0 million at a fixed margin plus LIBOR. The final repayment is in September 2021. The Group used part of the refinancing to repay existing Group debt of US$83.5 million.

	Group		Company	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
(ii) Other loans				
Shareholder loans: CMB/3P (Note 25)				
Current portion	**-**	-	**-**	-
Non-current portion	**46,705**	42,049	**46,705**	41,974

Shareholder loans are unsecured and interest-bearing at LIBOR plus 1%.

Included in other loans are foreign currency loans of which the amounts outstanding at 31 December 2015 were US$51.0 million – equivalent to €46.7 million *(2014: US$51.0 million – equivalent to €42.0 million).*

19 Interest-bearing loans and borrowings (continued)

(iii) Maturity profile

The maturity profile of the borrowings is as follows:

Group	**Total**	**Less than 1 year**	**1-2 years**	**2-5 years**	**+5 years**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
As at 31 December 2015					
Bank loans	**130,652**	**35,807**	**23,642**	**52,486**	**18,717**
Other loans	**46,705**	**-**	**46,705**	**-**	**-**
Total	**177,357**	**35,807**	**70,347**	**52,486**	**18,717**
As at 31 December 2014					
Bank loans	127,578	39,118	38,113	50,347	-
Other loans	42,049	-	42,049	-	-
Total	169,627	39,118	80,162	50,347	-

Company	**Total**	**Less than 1 year**	**1-2 years**	**2-5 years**
	€'000	**€'000**	**€'000**	**€'000**
As at 31 December 2015				
Bank loans	**8,375**	**5,699**	**2,190**	**486**
Other loans	**46,705**	**-**	**46,705**	**-**
Total	**55,080**	**5,699**	**48,895**	**486**
As at 31 December 2014				
Bank loans	84,846	14,685	24,428	45,733
Other loans	41,974	-	41,974	-
Total	126,820	14,685	66,402	45,733

(iv) Undrawn borrowing facilities

At 31 December 2015 the Group has an undrawn overdraft facility of €5 million.

20 Employee benefits

The Group makes contributions to defined contribution schemes that provide pension benefits for employees upon retirement. The Group also operates an unfunded and a separate funded defined benefit scheme in respect of subsidiary undertakings.

Group	**2015**	2014
	€'000	€'000
Unfunded scheme – liability	**8,056**	7,764
Funded scheme – net liability	**2,505**	1,652
	10,561	9,416

(a) Unfunded defined benefit scheme

	2015	2014
	€'000	€'000
The amounts recognised in the statement of financial position were as follows:		
Present value of unfunded obligations	**8,056**	7,764
Unrecognised actuarial gains/(losses)	**-**	-
Unrecognised past service cost	**-**	-
Net liability	**8,056**	7,764
Amounts in the statement of financial position:		
Liabilities	**8,056**	7,764
Net liability	**8,056**	7,764
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	**7,764**	6,999
Expense recognised in the income statement	**176**	620
Loss recognised in other comprehensive income	**116**	145
Net liability at 31 December 2015	**8,056**	7,764
The amounts recognised in profit or loss are as follows:		
Current service costs	**131**	739
Interest on obligation	**161**	265
Curtailment gain	**(116)**	(384)
Total expense – included in 'Employee benefits expense'	**176**	620
The amounts recognised in other comprehensive income are as follows:		
Actuarial loss recognised in year	**116**	145

20 Employee benefits (continued)

(a) Unfunded defined benefit scheme (continued)

	2015	2014
Principal actuarial assumptions at 31 December		
Discount rate	**2.09%**	2.12%
Future salary increases (including inflation)	**0% + salary scale**	0% + salary scale
Future pension increases	**0%**	0%
Inflation	**1.0%**	1.0%

(b) Funded defined benefit scheme

The amount recognised in the statement of financial position is determined as follows:

	2015 €'000	2014 €'000
Pension obligation	**(16,762)**	(13,733)
Pension plan assets	**14,257**	12,081
Net liability	**(2,505)**	(1,652)

The following amounts pertaining to defined benefit plans were recognised in the income statement:

	2015 €'000	2014 €'000
Current service cost	**(862)**	(45)
Interest expense	**(182)**	(24)
Interest income on plan assets	**161**	24
Administration costs	**(159)**	(6)
Periodic pension costs	**(1,042)**	(51)

The following effective return on plan assets was realised by the pension fund:

	2015 €'000	2014 €'000
Actual return on plan assets	**68**	26

20 Employee benefits (continued)

(b) Funded defined benefit scheme (continued)

The following changes were recorded in defined benefit plan liabilities:

	2015 €'000	2014 €'000
Present value of funded obligations at beginning of year	(13,733)	-
Liability acquired through business combination	-	(13,423)
Current service cost	(862)	(45)
Employee contributions	(628)	(58)
Interest cost	(182)	(24)
Benefits paid	341	94
Actuarial loss on benefit obligation	(488)	(277)
Curtailment	289	-
Translation effects	(1,499)	-
Present value of funded obligation at year end	(16,762)	(13,733)

The following changes were recorded in the fair value of plan assets:

	2015 €'000	2014 €'000
Fair value of plan assets at beginning of year	12,081	-
Assets acquired through business combination	-	12,031
Employer contributions	653	66
Employee contributions	628	58
Interest income on plan assets	161	24
Actuarial (loss)/gain on plan assets	(93)	2
Benefits paid	(341)	(94)
Administration costs	(159)	(6)
Translation effects	1,327	-
Fair value of plan assets at year end	14,257	12,081

Pension plan assets are comprised as follows:

	2015	2014
Cash and cash equivalents	17.8%	15.6%
Bonds	55.6%	67.9%
Shares	1.8%	10.8%
Property investment	13.6%	4.8%
Other	11.2%	0.9%
Total	100%	100%

20 Employee benefits (continued)

(b) Funded defined benefit scheme (continued)

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	**0.85%**	1.15%
Future salary increase	**0.50%**	1.00%
Future pension increase	**0.00%**	0.00%

Statutory employer's contributions for the year 2015 are estimated at €0.6 million.

21 Provisions

	2015	2014
	€'000	€'000
Group		
Non-current portion	**4,852**	5,927
Current portion	**1,481**	1,436
	6,333	7,363
Aircraft maintenance	**4,502**	5,531
Claims and other	**1,831**	1,832
	6,333	7,363
Movements during the year		
Aircraft maintenance		
At beginning of year	**5,531**	5,296
Acquisition of subsidiary	**-**	1,108
Additional provisions in the year	**1,643**	1,676
Utilisations and releases in the year	**(2,672)**	(2,549)
At end of the year	**4,502**	5,531
Claims and other		
At beginning of year	**1,832**	1,542
Acquisition of subsidiary	**-**	396
Additional provisions in the year	**300**	176
Utilisations and releases in the year	**(346)**	(282)
Translation	**45**	-
At end of the year	**1,831**	1,832
Total provisions	**6,333**	7,363

Claims relate to certain disputes with former employees that are currently pending.

Notes (continued)

22 Deferred tax assets and liabilities

	Group		Company	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000
Deferred tax assets	**677**	672	**-**	-
Deferred tax liabilities	**(34,900)**	(29,439)	**(375)**	(217)
Net	**(34,223)**	(28,767)	**(375)**	(217)

Deferred tax assets and liabilities are attributable to the following:

	2015			2014		
	Assets €'000	**Liabilities €'000**	**Net €'000**	Assets €'000	Liabilities €'000	Net €'000
Group						
Property, plant and equipment	**47**	**(35,303)**	**(35,256)**	42	(29,808)	(29,766)
Derivative financial instruments	**-**	**18**	**18**	-	22	22
Employee benefits	**-**	**385**	**385**	-	347	347
Unused tax losses	**630**	**-**	**630**	630	-	630
	677	**(34,900)**	**34,223**	672	(29,439)	(28,767)
Company						
Property, plant and equipment	**-**	**(576)**	**(576)**	-	(418)	(418)
Unused tax losses	**201**	**-**	**201**	201	-	201
	201	**(576)**	**(375)**	201	(418)	(217)

Movement in temporary differences during the year

Group	**Balance at 1 January 2015 €'000**	**Recognised in total comprehensive income €'000**	**Foreign exchange movement €'000**	**Acquisition of subsidiaries €'000**	**Balance at 31 December 2015 €'000**
Property, plant and equipment	(29,766)	(3,447)	(2,043)	-	**(35,256)**
Derivative financial instruments	22	(4)	-	-	**18**
Employee benefits	347	38	-	-	**385**
Unused tax losses	630	-	-	-	**630**
	(28,767)	**(3,413)**	**(2,043)**	**-**	**(34,223)**

	Balance at 1 January 2014 €'000	Recognised in total comprehensive income €'000	Foreign exchange movement €'000	Acquisition of subsidiaries €'000	Balance at 31 December 2014 €'000
Property, plant and equipment	(22,176)	(2,353)	(1,095)	(4,142)	(29,766)
Derivative financial instruments	-	22	-	-	22
Employee benefits	-	347	-	-	347
Unused tax losses	255	367	-	8	630
	(21,921)	(1,617)	(1,095)	(4,134)	(28,767)

Deferred tax recognised in total comprehensive income of €3,413,000 *(2014: €1,617,000)* includes a charge of €3,573,000 *(2014: €1,723,000)* against profit or loss, and a credit of €160,000 *(2014: credit of €106,000)* in other comprehensive income (see Note 7).

22 Deferred tax assets and liabilities (continued)

	Balance at 1 January 2015 €'000	Recognised in income statement €'000	Balance at 31 December 2015 €'000
Company			
Property, plant and equipment	**(418)**	**(158)**	**(576)**
Unused tax losses	**201**	**-**	**201**
	(217)	**(158)**	**(375)**

	Balance at 1 January 2014 €'000	Recognised in income statement €'000	Balance at 31 December 2014 €'000
Property, plant and equipment	(395)	(23)	(418)
Unused tax losses	201	-	201
	(194)	(23)	(217)

There are no unrecognised deferred tax assets and liabilities in the Group or Company.

23 Trade and other payables

	Group		Company	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000
Amounts due to associate (Note 25)	**91**	800	**5**	-
Trade payables	**18,868**	16,289	**95**	118
VAT payable	**1,205**	3,103	**-**	-
Accruals and other payables	**30,029**	24,329	**2,320**	1,902
Deferred income	**5,094**	4,886	**-**	-
Advance deposits received	**20,329**	14,089	**2,097**	3,519
Derivatives	**1,527**	104	**-**	-
Deferred government grants	**989**	1,138	**-**	-
	78,132	64,738	**4,517**	5,539
Current	**77,143**	63,600	**4,517**	5,539
Non-current	**989**	1,138	**-**	-
	78,132	64,738	**4,517**	5,539

Advance deposits received relates to amounts received from customers in relation to contributions for aircraft maintenance, less amounts drawn by customers to fund such maintenance expenditure.

24 Financial instruments – market and other risks

In the course of its normal business the Group is exposed to credit, liquidity, interest rate and currency risks.

Credit risk

The Group performs counterparty credit evaluations on an on-going basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The ageing of trade receivables is as follows:

	31 December 2015 €'000	31 December 2014 €'000
Not past due	**21,455**	22,574
Past due 0-30 days	**3,741**	4,317
Past due 31-365 days	**3,674**	2,538
Past due > 1 year	**415**	97
	29,285	29,526

Past due amounts are not impaired when collection is still considered to be likely, for instance if management is confident the outstanding amounts can be recovered.

Trade and other receivables are stated net of provision for impairment of €0.9 million *(2014: €1.4 million).*

The Group has credit risk in relation to amounts receivable from Safair Operations Pty Ltd, its 25% associate company, further details of which are given in Note 25.

Liquidity risk

Liquidity risk is the risk that the Group may not meet its obligations as they fall due. The Group ensures, as far as possible, that it always has sufficient liquidity to meet its obligations when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Bank loans 2015 €'000	**Other loans 2015 €'000**	**Trade and other payables* 2015 €'000**	**Total 2015 €'000**	Bank loans 2014 €'000	Other loans 2014 €'000	Trade and other payables 2014 €'000	Total 2014 €'000
Group								
Less than one year	**39,243**	**-**	**77,143**	**116,386**	40,556	-	63,600	104,156
Between 1 and 5 years	**82,454**	**47,308**	**989**	**130,751**	92,771	42,518	-	135,289
More than 5 years	**19,157**	**-**	**-**	**19,157**	-	-	-	-
	140,854	**47,308**	**78,132**	**266,294**	133,327	42,518	63,600	239,445

**Excludes deferred government grants.*

24 Financial instruments – market and other risks (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing borrowings was:

	2015 €'000	2014 €'000
Fixed rate instruments	10,977	42,140
Variable rate instruments	166,380	127,487
	177,357	169,627

Cashflow sensitivity analysis for variable rate instruments

A 50 basis point movement in the interest rates would have (decreased)/increased equity and profit by the amount shown below. This analysis assumes that all other variables remain constant.

	2015		2014	
	+ 50 basis points €'000	- 50 basis points €'000	+ 50 basis points €'000	- 50 basis points €'000
	(680)	680	(451)	451

Currency risk

The Group is exposed to currency risk since a number of its aircraft related activities are denominated in US dollar which is the base currency worldwide for aircraft leasing, aircraft values and maintenance activity. Due to the Group's acquisition of the Farnair Group in December 2014, the Group is now also exposed to movements in the Swiss Franc. Furthermore, the spares trading activities conducted from the United Kingdom has income and expenses in US dollar, GBP and Euro. The Company has advanced loans to and received loans from subsidiary companies for the purposes of working capital loans, investment and treasury management. These loans are typically denominated in the base currency of the underlying subsidiary.

ASL Airlines (France) SA, has hedged a proportion of its 2016 estimated US dollar needs, mainly related to leasing and planned maintenance expenses, which amounts to US$27.0 million or €23.8 million.

ASL Airlines (Ireland) Limited, has hedged a proportion of its 2016 estimated US dollar and GBP needs, mainly related to leasing and planned maintenance expenses, which amounts to US$12.0 million or €11.3 million and GBP£1.8 million or €2.6 million.

At each reporting date, these contracts are remeasured to fair value with any adjustment recognised in net profit or loss for the year or, where hedge accounting is applied, through the cash flow hedge reserve.

For the remainder, the Group's currency risk is, to a large extent, limited to a translation risk and to an exposure on foreign currency cash holdings.

A 10% strengthening of the Euro against the US dollar at 31 December would have increased/(decreased) the equity and profit by:

	31 December 2015 €'000	31 December 2014 €'000
Equity	4,439	(3,844)
Profit	10,383	5,421

A 10% weakening of the Euro against the US dollar at 31 December 2015 would have had the equal but opposite effect on equity and profit to the amounts shown above, on the basis that all other variables remain constant.

24 Financial instruments – market and other risks (continued)

Capital management

The Group is continuously optimising its capital structure (mix between debt and equity). The main objective is to maximise shareholder value while keeping the desired financial flexibility to execute strategic projects.

The Group performed a refinancing in October 2015. The Group drew down US$110.0 million at a fixed margin plus LIBOR. The final repayment is in September 2021. The Group used part of the refinancing to repay existing Group debt of US$83.5 million.

Fair values versus carrying amounts

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carried at fair value 2015 €'000	Assets at amortised cost 2015 €'000	Liabilities at amortised cost 2015 €'000	Carrying amount 2015 €'000	Fair value Level 1 2015 €'000	Fair value Level 2 2015 €'000	Fair value Level 3 2015 €'000
Derivatives – cash flow hedges	(1,440)	-	-	(1,440)		(1,440)	
Derivatives – other forward exchange contracts	853	-	-	853		853	
Derivatives – interest rate swaps	552	-	-	552		552	
Derivatives – interest rate swaps	(87)	-	-	(87)		(87)	
Loans and receivables	-	92,901	-	92,901			
Cash and cash equivalents	-	57,979	-	57,979			
Secured bank loans – fixed rate	-	-	(10,977)	(10,977)		(10,990)	
Secured bank loans – variable rate	-	-	(119,675)	(119,675)			
Shareholder loans – variable rate	-	-	(46,705)	(46,705)			
Trade and other payables (excluding deferred government grants and derivatives)	-	-	(75,616)	(75,616)			
	(122)	**150,880**	**(252,973)**	**(102,215)**			

24 Financial instruments – market and other risks (continued)

Fair values versus carrying amounts

	Carried at fair value 2014 €'000	Assets at amortised cost 2014 €'000	Liabilities at amortised cost 2014 €'000	Carrying amount 2014 €'000	Fair value Level 1 2014 €'000	Fair value Level 2 2014 €'000	Fair value Level 3 2014 €'000
Derivatives – cash flow hedges	584	-	-	584		584	
Derivatives – other forward exchange contracts	1,989	-	-	1,989		1,989	
Derivatives – interest rate swaps	(104)	-	-	(104)		(104)	
Loans and receivables	-	65,225	-	65,225			
Cash and cash equivalents	-	62,960	-	62,960			
Secured bank loans – fixed rate	-	-	(42,140)	(42,140)		(41,942)	
Secured bank loans – variable rate	-	-	(85,438)	(85,438)			
Shareholder loans – variable rate	-	-	(42,049)	(42,049)			
Trade and other payables (excluding deferred government grants and derivatives)	-	-	(63,496)	(63,496)			
	2,469	**128,185**	**(233,123)**	**(102,469)**			

Estimation of fair values

For fixed rate bank loans the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the reporting date.

The fair values of derivatives are based on information provided by the financial institution with whom the contracts have been arranged.

Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and are expected to affect profit or loss:

	2015			2014		
	Carrying amount €'000	**Expected cash flows €'000**	**1 year or less €'000**	Carrying amount €'000	Expected cash flows €'000	1 year or less
Forward exchange contracts:						
Assets	**-**	**-**	**-**	584	584	584
Liabilities	**(1,440)**	**(1,440)**	**(1,440)**	-	-	-
	(1,440)	**(1,440)**	**(1,440)**	584	584	584

25 Related parties

Identity of related parties

The Group has related party relationships with its major shareholders, directors and its associate and joint venture undertakings. The Company also has related party relationships with its subsidiaries.

Group

(a) Transactions with shareholders

The Company is a joint venture undertaking of Compagnie Maritime Belge NV ("CMB") and 3P Air Freighters Limited ("3P") who own 51% and 49% respectively of the Company's share capital.

Both CMB and 3P provide financing to the Group. CMB also guaranteed some of the obligations of the Group, however this guarantee ceased during 2015. The guarantee was for debt in the amount of €Nil at 31 December 2015 *(2014: €14.0 million)*. The Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
3P				
Loan	**22,885**	20,517		
Management fees			**9**	9
Interest paid			**(299)**	(286)
CMB				
Loan	**23,820**	21,532		
Guarantee fees paid			**(158)**	(357)
Interest paid			**(312)**	(298)
	46,705	42,049		

(b) Transactions with directors and key management personnel

Key management personnel are the directors of the Company. The total amount of remuneration payable to all directors of the Company for their services during the year was as follows:

	2015	2014
	€'000	€'000
Total remuneration – directors	**683**	685

25 Related parties (continued)

Group (continued)

(c) Transactions with associate undertaking

Safair Operations (Pty) Limited (see Note 10) is an associate. The Group had related party transactions with this associate as summarised below:

	Receivable/(payable) at end of year		Income/(charge)	
	2015	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000
Loans and interest	**3,423**	5,775	**424**	510
Other receivables and income	**12,679**	5,275	**12,059**	4,795
Other payables	**(91)**	(800)	**(183)**	-
	16,011	10,250	**12,300**	5,305

Loans

The loans relate to normal trading activities and bear interest at commercial rates. Loans in South African Rand equivalent to €3.4 million *(2014: €2.5 million)* are repayable in full in 2023 and are classified within non-current assets. Loans in US dollars equivalent to €Nil *(2014: €3.3 million)* are repayable on demand and are classified within current assets.

Other

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on commercial terms and at market rates, and the acquisition of certain trademarks based on an independent professional valuation.

The directors have reviewed the carrying value of amounts receivable from the associated undertaking at 31 December 2015 and expect that these amounts will be fully recoverable.

(d) Transactions with joint ventures

Quikjet Cargo Airlines Pvt. Ltd. and K-Mile Air Company Limited are joint ventures of the Group (see Note 11). The Group had related party transactions with these joint ventures as follows:

	Receivable balance at 31 December	**Income in the year ended 31 December**	Receivable/ (payable) at end of year	Income/ (charge) for period since became joint venture
	2015	**2015**	2014	2014
	€'000	**€'000**	€'000	€'000
Quikjet Cargo Airlines Pvt. Ltd	**1,358**	**434**	818	-
K-Mile Air Company Ltd	**994**	**2,220**	586	103
	2,352	**2,654**	1,404	103

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on normal commercial terms.

Notes (continued)

25 Related parties (continued)

Company

Details of transactions with related undertakings are outlined below:

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2015 €'000	Payable balance at 31 December 2015 €'000	Receivable balance at 31 December 2015 €'000
Subsidiaries				
ASL Airlines (Ireland) Ltd	Management fee	234		
	Lease income	2,507		
	Interest receivable/Loan	501		15,617
	Expense recharge	(230)	523	1,897
Air Contractors (UK) Ltd	Management fee	40		13
	Interest payable/Loan	(284)	9,177	
ACL Aircraft Trading Ltd	Management fee	40		
	Commission	(65)		
	Interest receivable/Loan	61		3,575
ACLAS Global Ltd	Management fee	350		58
	Interest receivable/Loan	355		5,527
ACLAS Technics Ltd	Management fee	21		
	Interest receivable/Loan	126		3,746
ASL Airlines (France) SA	Management fee	1,210		1,210
	Lease income	715		
	Interest payable/Loan	(12)	35,188	2,684
ACL Aviation Ltd	Management fee	13		
ACL Air Ltd	Management fee/Loan	7		
ACL Leasing Ltd	Management fee	46		
ASL Airlines (Switzerland) AG	Management fee		59	11
Farnair Holding SA	Management fee		50	
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	811		27,989
	Management fee	24		6
ASL Aircraft Investment Ltd	Interest receivable/Loan	1,466	25,480	
	Management fee	261		23
Safair Lease Finance 72 Ltd	Management fee/Loan	94	20,781	12
Safair Lease Finance (Ireland) Ltd	Management fee/Loan	26	7,224	1
Safair Lease Finance (Pty) Ltd	Management fee	300		300
ASL Airlines (Hungary) Kft	Expense recharge			1,538
OFSB Ltd	Expense recharge			5
			98,482	**64,212**

25 Related parties (continued)

Company (continued)

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2015 €'000	Payable balance at 31 December 2015 €'000
Shareholders			
CMB	Interest payable/Guarantee fees/Shareholder loan	396	23,820
3P	Interest payable/Shareholder loan	227	22,885
			46,705

Name of related party	Nature of transaction	Income/(expenditure) in the year ended 31 December 2014 €'000	Payable balance at 31 December 2014 €'000	Receivable balance at 31 December 2014 €'000
Subsidiaries				
Air Contractors (Ireland) Ltd	Management fee	234		
	Lease income	2,494		
	Interest receivable/Loan	677		19,560
	Expense recharge	(229)	83	64
Air Contractors (UK) Ltd	Management fee	40		
	Interest payable/Loan	(259)	9,106	34
ACL Aircraft Trading Ltd	Management fee	40		
	Commission	(92)		
	Interest receivable/Loan	50		3,860
ACLAS Global Ltd	Management fee	350		
	Spares sales	1,414		
	Spares cost of sales	(1,256)		
	Interest receivable/Loan	350	1	5,836
ACLAS Technics Ltd	Management fee	19		
	Interest receivable/Loan	108		4,083
Europe Air Post SA	Management fee	410		
	Lease income	780		
	Interest payable/Loan	(69)	31,480	2,037
ACL Aviation Ltd	Management fee	34		
	Interest payable/Loan	(68)	3,144	
ACL Air Ltd	Management fee/Loan	18		1
ACL Leasing Ltd	Management fee	119		
	Interest payable/Loan	(81)	7,182	
Safair Aviation (Ireland) Ltd	Interest receivable/Loan	696		24,059
	Management fee	24		
ASL Aircraft Investment Ltd	Interest receivable/Loan	1,585		33,752
Safair Lease Finance 72 Ltd	Management fee/Loan	24	9,452	148
Safair Lease Finance (Ireland) Ltd	Management fee/Loan	24	6,490	17
			66,938	**93,451**

25 Related parties (continued)

Company (continued)

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2014 €'000	Payable balance at 31 December 2014 €'000
Shareholders			
CMB	Interest payable/Guarantee fees/Shareholder loan	508	21,457
3P	Interest payable/Shareholder loan	286	20,517
			41,974

26 Operating leases

As lessee

Operating lease commitments

The future non-cancellable operating lease rentals for aircraft and property that are payable are as follows:

	Group		Company	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000
Less than one year	**31,567**	22,941	**7,137**	-
Between 1 and 5 years	**75,160**	38,035	**22,638**	-
More than 5 years	**17,221**	13,955	**992**	-
	123,948	74,931	**30,767**	-

As lessor

Aircraft leasing rights

The Group leases out certain aircraft under operating leases.

The future minimum operating lease payments that are receivable under non-cancellable leases are as follows:

	Group		Company	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000
Less than one year	**20,893**	35,560	**1,323**	4,024
Between 1 and 5 years	**42,667**	65,392	**6,283**	2,378
	63,560	100,952	**7,606**	6,402

27 Other commitments

At 31 December 2015 and 31 December 2014, the Group had no capital or other commitments.

28 Major exchange rates

The following major exchange rates have been used in preparing the consolidated financial statements:

	Closing rate		Average rate	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
US Dollar	**1.0887**	1.2141	**1.115**	1.3348
British Pound	**0.734**	0.7789	**0.7279**	0.8077
South African Rand	**16.953**	14.0353	**14.0374**	14.3849
Swiss Franc	**1.0835**	1.2024	**1.0745**	1.2018
Hungarian Forint	**315.98**	315.54	**309.55**	306.81

29 Subsequent events

In February 2016, ASL Aviation Group signed an agreement to acquire TNT Airways and Pan Air Lineas Aereas from TNT Express. The acquisition is conditional on the intended acquisition of TNT Express by FedEx.

There were no other events subsequent to the year end that require adjustment to the financial statements or the inclusion of a note thereto.

30 Company result for the year

A separate Company income statement is not presented in these financial statements as the Company has availed of the exemption provided by Section 304 of the Companies Act 2014. The Company recorded a profit of €4,288,000 for the year ended 31 December 2015 *(2014: loss of €2,434,000).*

31 Approval of financial statements

The board of directors approved these financial statements on 3 May 2016.

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