ASL AVIATION HOLDINGS
FINANCIAL STATEMENTS
2016

ASL AVIATION HOLDINGS

Directors' report and financial statements

Year ended 31 December 2016

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
Registered number	361394

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2016.

On 24 October 2016, the Company changed its name from ASL Aviation Group Limited to ASL Aviation Group Designated Activity Company.

On 14 March 2017, the Company changed its name from ASL Aviation Group Designated Activity Company to ASL Aviation Holdings Designated Activity Company.

Principal activities, business review and future developments

ASL Aviation Holdings Designated Activity Company *(formerly 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 2016 financial year given the continued challenging trading conditions experienced across the industry sector. While there was a 52% decrease in profitability before tax during the year, this was following a number of one-off adjusting items in the period totaling €7.6m (relating to impairment costs of €5.2m, acquisition costs of €0.8m and other restructuring costs of €1.6m). On a normalised basis, the decrease in profitability was 5%. During the year the Group achieved significant restructuring and cost rationalisation which will benefit future periods.

During the year the Group completed the acquisition of TNT Airways S.A. and Pan Air Lineas Aereas S.A. ("TNT Group") for consideration of €53.5 million. As part of this acquisition the Group acquired airline operations in Belgium and Spain. The directors are satisfied with the integration of the TNT Group into the wider ASL group and with the performance to date.

The industry continues to be extremely cost sensitive which has coincided with little volume growth. While volume appears to be showing some positive signs in the short term, the pricing pressures are expected to continue which will continue to negatively impact margin and the viability of certain operations. We as a Group continue to strive to be as cost competitive as possible however it is the continued reliability and quality of our service which distinguishes us from our competition.

The Group's leasing portfolio is now almost entirely internally airline focused. This has seen a shift in recent years as the Group strategy shifted towards managing and consolidating the airlines division of the business. The focus remains on acquiring aircraft with view to operating them within the Group and associate airlines.

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.

The "platform for growth" strategy continues as the consolidation of our operations across our European network is implemented. The global growth opportunities continue to be developed across the other non-European airlines with particular focus on the ASEAN and South African regions. While continuing to expand and develop other investment opportunities, the Group will remain focused on cost rationalisation and ensuring that the most efficient structure remains in place to exceed the expectations of our customers profitably.

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.

Directors' report (continued)

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. The Group is exposed to movements in the Swiss Franc through its subsidiary ASL Airlines Switzerland. 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 27 to the financial statements.

Directors and secretary and their interests

The directors and secretary who held office at 31 December 2016 had no interests in the shares of the Company or group companies.

Directors' compliance statement

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and tax laws ("relevant obligations"). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies that are in their opinion appropriate with regard to such compliance;
- appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- a review has been conducted, during the financial year, of those arrangements and structures.

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.

Audit information

The directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Audit Committee

The Group has established an Audit Committee with responsibilities for oversight of the:

- financial reporting process;
- audit process; and
- systems and internal controls.

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

10 May 2017

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 Holdings Designated Activity Company

We have audited the Group and Company financial statements ("financial statements") of ASL Aviation Holdings Designated Activity Company for the year ended 31 December 2016 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. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

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 2016 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 2016;
- 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 & 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.

Independent auditor's report (continued)

to the members of ASL Aviation Holdings Designated Activity Company

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

10 May 2017

Consolidated income statement
for the year ended 31 December 2016

	Note	**2016**	2015
		€'000	€'000
Continuing operations			
Revenue	*2*	**738,304**	377,329
Cost of goods and services		**(550,755)**	(236,292)
Depreciation and amortisation	*5*	**(48,267)**	(41,708)
Employee benefits expense	*6*	**(124,962)**	(87,143)
Other operating income	*3*	**8,887**	12,866
Other operating expenses	*3*	**(2,365)**	(450)
Impairment costs	*4*	**(5,225)**	-
Results from operating activities		**15,617**	24,602
Finance income	*7*	**820**	734
Finance costs	*7*	**(8,274)**	(6,825)
Net finance costs		**(7,454)**	(6,091)
Share of loss of equity-accounted investees, net of tax	*12, 13*	**(247)**	(2,183)
Profit before tax		**7,916**	16,328
Tax expense	*8*	**(3,735)**	(3,703)
Profit for the year		**4,181**	12,625
Profit attributable to:			
Owners of the Company		**5,169**	12,529
Non-controlling interest		**(988)**	96
Profit for the year		**4,181**	12,625

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2016

	2016	2015
	€'000	€'000
Profit for the year	**4,181**	12,625
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit scheme actuarial gains/(losses)	**183**	(697)
Related tax (charge)/credit	**(29)**	160
	154	(537)
Items that are or may be reclassified subsequently to profit or loss		
Cashflow hedges – effective portion of changes in fair value	**290**	(902)
Net changes in fair value of cash flow hedges reclassified to profit or loss	**1,440**	(584)
Foreign currency translation differences on retranslation of foreign operations	**7,204**	20,444
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	**(345)**	-
	8,589	18,958
Other comprehensive income, net of tax	**8,743**	18,421
Total comprehensive income for the year	**12,924**	31,046
Attributable to:		
Owners of the Company	**13,925**	30,645
Non-controlling interest	**(1,001)**	401
Total comprehensive income for the year	**12,924**	31,046

Consolidated statement of financial position
as at 31 December 2016

	Note	**2016**	2015
		€'000	€'000
Assets			
Non-current assets			
Property, plant and equipment	*9*	**317,377**	307,813
Intangible assets	*15*	**55,553**	26,031
Deferred tax assets	*25*	**1,891**	677
Trade and other receivables	*18*	**4,606**	3,764
Investment in associate	*12*	**-**	-
Investments in joint ventures	*13*	**3,691**	3,342
Other investment	*14*	**75**	-
Total non-current assets		**383,193**	341,627
Current assets			
Inventories	*16*	**29,585**	26,583
Trade and other receivables	*18*	**141,286**	90,542
Current tax assets	*17*	**2,081**	491
Cash at bank	*19*	**68,765**	48,556
Restricted cash	*19*	**14,013**	9,423
Assets classified as held for sale	*20*	**-**	524
Total current assets		**255,730**	176,119
Total assets		**638,923**	517,746
Equity			
Share capital	*21*	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Currency translation reserve		**35,468**	28,596
Cash flow hedge reserve		**828**	(902)
Retained earnings		**148,167**	142,844
Total equity attributable to equity holders of the company		**223,400**	209,475
Non-controlling interest		**(1,748)**	(24)
Total equity		**221,652**	209,451

Consolidated statement of financial position (continued)

	Note	**2016**	Reclassified (Note 26) 2015
		€'000	€'000
Liabilities			
Non-current liabilities			
Loans and borrowings	*22*	**143,126**	141,550
Employee benefits	*23*	**11,523**	10,561
Provisions	*24*	**13,327**	4,852
Deferred tax liabilities	*25*	**36,344**	34,900
Trade and other payables	*26*	**12,278**	13,792
Total non-current liabilities		**216,598**	205,655
Current liabilities			
Loans and borrowings	*22*	**46,731**	35,807
Current tax liabilities	*17*	**2,055**	1,012
Trade and other payables	*26*	**149,798**	64,340
Provisions	*24*	**2,089**	1,481
Total current liabilities		**200,673**	102,640
Total liabilities		**417,271**	308,295
Total equity and liabilities		**638,923**	517,746

On behalf of the Board

H. Flynn
Director

L. Criel
Director

Company statement of financial position
as at 31 December 2016

	Note	2016 €'000	2015 €'000
Assets			
Non-current assets			
Property, plant and equipment	9	**7,164**	10,916
Intangible assets	15	**153**	-
Investments in subsidiaries	10	**135,937**	135,937
Trade and other receivables	18	**-**	186
Total non-current assets		**143,254**	147,039
Current assets			
Inventories	16	**54**	59
Loans to and receivables from subsidiaries	28	**108,957**	64,212
Trade and other receivables	18	**7,739**	4,252
Cash at bank	19	**9,889**	3,334
Current tax asset	17	**-**	378
Total current assets		**126,639**	72,235
Total assets		**269,893**	219,274
Equity			
Share capital	21	**-**	-
Share premium		**7,006**	7,006
Capital contribution		**31,931**	31,931
Retained earnings		**36,676**	21,883
Total equity		**75,613**	60,820
Liabilities			
Non-current liabilities			
Loans and borrowings	22	**73,917**	49,381
Deferred tax liability	25	**375**	375
Total non-current liabilities		**74,292**	49,756
Current liabilities			
Loans and borrowings	22	**16,185**	5,699
Amounts due to subsidiaries	28	**98,872**	98,482
Trade and other payables	26	**4,703**	4,517
Current tax liability	17	**228**	-
Total current liabilities		**119,988**	108,698
Total liabilities		**194,280**	158,454
Total equity and liabilities		**269,893**	219,274

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 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**
Balance at 1 January 2016	-	7,006	31,931	28,596	(902)	142,844	209,475	(24)	209,451
Total comprehensive income for year									
Profit for the year	-	-	-	-	-	5,169	5,169	(988)	4,181
Other comprehensive income	-	-	-	6,872	1,730	154	8,756	(13)	8,743
Total comprehensive income	-	-	-	6,872	1,730	5,323	13,925	(1,001)	12,924
Other changes in equity during the year									
Minority interests arising from business combinations	-	-	-	-	-	-	-	(723)	(723)
Total change in equity for the year	-	-	-	6,872	1,730	5,323	13,925	(1,724)	12,201
Balance at 31 December 2016	**-**	**7,006**	**31,931**	**35,468**	**828**	**148,167**	**223,400**	**(1,748)**	**221,652**

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 2015	-	7,006	31,931	17,595	**56,532**
Total comprehensive income for year					
Profit for the year	-	-	-	4,288	**4,288**
Balance at 31 December 2015	-	7,006	31,931	21,883	**60,820**
Balance at 1 January 2016	-	7,006	31,931	21,883	**60,820**
Total comprehensive income for the year					
Profit for the year	-	-	-	14,793	**14,793**
Balance at 31 December 2016	**-**	**7,006**	**31,931**	**36,676**	**75,613**

Consolidated statement of cash flows
for the year ended 31 December 2016

	2016	2015
	€'000	€'000
Operating activities		
Profit for the year	**4,181**	12,625
Adjustments for:		
Depreciation of property, plant and equipment	**45,180**	41,106
Amortisation of intangible assets	**3,087**	602
Profit on disposal of property, plant and equipment	**(2,647)**	(4,281)
Insurance proceeds and other compensation for impairment	**-**	(6)
Impairment of assets	**5,225**	107
Net finance costs	**7,454**	6,091
Tax expense	**3,735**	3,703
Operating cash inflows before movements in working capital	**66,215**	59,947
Movement in inventories	**(3,452)**	(4,398)
Movement in assets held for sale	**524**	(417)
Movement in trade and other receivables	**40,458**	(26,859)
Movement in trade and other payables	**(16,589)**	13,394
Movement in provisions and employee benefits	**(629)**	582
Foreign exchange translation	**(2,474)**	(6,189)
Taxes paid	**(717)**	(262)
Net cash from operating activities	**83,336**	35,798
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	**(35,450)**	-
Proceeds on disposal of property, plant and equipment	**9,204**	11,009
Purchases of property, plant and equipment	**(38,776)**	(38,902)
Purchases of intangible assets	**(1,400)**	(285)
Interest income received	**820**	734
Dividend received from joint venture	**333**	-
Net cash used in investing activities	**(65,269)**	(27,444)
Cash flows from financing activities		
New bank loans received	**53,566**	108,185
Repayment of bank loans	**(40,401)**	(109,650)
Interest paid	**(7,797)**	(5,690)
Dividends paid to non-controlling interest shareholders	**-**	(11,177)
Repayment of other loans	**(4,889)**	-
Net cash from/(used in) financing activities	**479**	(18,332)
Net increase/(decrease) in cash and cash equivalents	**18,546**	(9,978)
Cash and cash equivalents at the beginning of the year	**57,979**	62,960
Effect of exchange rate fluctuations on cash held	**1,252**	4,997
Cash and cash equivalents at end of the year (Note 19)	**77,777**	57,979

Company statement of cash flows
for the year ended 31 December 2016

	2016 €'000	2015 €'000
Operating activities		
Profit for the year	**14,793**	4,288
Adjustments for:		
Depreciation of property, plant and equipment	**842**	1,014
Profit on disposal of aircraft	**(1,657)**	(2,839)
Net finance expense	**1,513**	324
Tax charge	**642**	94
Dividend income	**(13,514)**	(11,177)
Impairment of investment in subsidiaries	**-**	4,511
Operating cash inflows/(outflows) before movements in working capital	**2,619**	(3,785)
Movement in inventories	**5**	-
Movement in assets held for sale	**-**	107
Movement in trade and other receivables	**(3,301)**	(3,256)
Movement in trade and other payables	**186**	(1,022)
Foreign exchange translation	**(4,884)**	(2,224)
Taxes (paid)/refunded	**(36)**	80
Net cash used in operating activities	**(5,411)**	(10,100)
Cash flows from investing activities		
Proceeds on disposal of aircraft	**5,260**	5,650
Purchases of property, plant and equipment	**(693)**	(1,512)
Interest and similar income received	**1,543**	3,319
Dividends received from subsidiary undertakings	**13,514**	6,666
Purchase of software	**(153)**	-
Net cash from investing activities	**19,471**	14,123
Cash flows from financing activities		
New bank loans received	**51,597**	2,232
Repayment of bank borrowings	**(13,168)**	(80,079)
Loans advanced and repayments to subsidiary undertakings	**(102,577)**	(10,703)
Loans and repayments received from subsidiary undertakings	**59,587**	83,794
Interest paid	**(3,056)**	(3,319)
Repayment of other loans	**(4,889)**	-
Net cash used in financing activities	**(12,506)**	(8,075)
Net increase/(decrease) in cash and cash equivalents	**1,554**	(4,052)
Cash and cash equivalents at the beginning of the year	**3,334**	7,386
Cash and cash equivalents at end of the year (Note 19)	**4,888**	3,334

Notes
forming part of the financial statements

1 Accounting policies

Reporting entity

ASL Aviation Holdings Designated Activity Company *(formerly 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 2016 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 (IFRS) 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 IFRS as adopted by the EU, and as applied in accordance with the Companies Act 2014.

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning on various dates after 1 January 2017, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it intends to apply them from their effective dates as determined by their dates of EU endorsement.

IFRS 16 *Leases,* which has an effective date of 1 January 2019 (expected to be endorsed in 2017), will have a significant effect on the Group's financial statements as the Group is a lessee in a number of material aircraft and property leases. Under the new standard, the distinction between operating and finance leases is removed for lessees and almost all leases are reflected in the statement of financial position. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required. The full impact of this standard on the Group's financial position and performance is under review.

The following standards are not yet endorsed by the EU and the potential impact of these standards on the Group is under review:

- Sale or contribution of assets between an investor and its associate or joint venture (September 2014) (Amendments to IFRS 10 and IAS 28). Endorsement postponed indefinitely.
- Recognition of Deferred Tax Assets for Unrealised Losses (January 2016) (Amendments to IAS 12). Expected to be endorsed Q2 2017.
- Disclosure Initiative (January 2016) (Amendments to IAS 7). Endorsement expected Q2 2017.
- Clarifications to revenue from contracts with customers (April 2016) (Clarifications to IFRS 15). Expected to be endorsed Q2 2017.

1 Accounting policies (continued)

- Annual Improvements to IFRS Standards 2014-2016 Cycle (December 2016). Expected to be endorsed Q3 2017.
- Foreign Currency Transactions and Advance Consideration (December 2016) (IFRIC Interpretation 22). Expected to be endorsed Q3 2017.
- Transfers of Investment Property (December 2016) (Amendments to IAS 40). Expected to be endorsed Q3 2017.

The following standards have been endorsed by the EU, are available for early adoption and are effective from 1 January 2018. The Group does not plan to adopt these standards early, and instead intends to apply them from their effective dates as determined by their dates of EU endorsement. The potential impact of these standards on the Group is under review:

- IFRS 15 Revenue from contracts with customers (May 2014) including amendments to IFRS 15 Effective date of FRS 15 (September 2015); and
- IFRS 9 Financial Instruments (July 2014).

(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.

(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 27.

Notes (continued)

1 Accounting policies (continued)

(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.

(v) Joint ventures

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 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.

1 Accounting policies (continued)

(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).

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.

Notes (continued)

1 Accounting policies (continued)

(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 (m)).

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 (m)).

(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:

Customer contracts	7 years
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 (m)) 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.

(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.

1 Accounting policies (continued)

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

(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) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

(i) 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 (m)).

(j) 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.

(k) 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 (m)).

(l) 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.

(m) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy (w)), 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 and intangible assets with indefinite useful lives are 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.

1 Accounting policies (continued)

(m) Impairment (continued)

(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.

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.

(n) 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.

(o) 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.

Notes (continued)

1 Accounting policies (continued)

(p) 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.

(q) 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.

(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.

1 Accounting policies (continued)

(r) 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.

(s) 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 less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(t) 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.

(u) 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.

Notes (continued)

1 Accounting policies (continued)

(u) Leased assets (continued)

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.

(v) 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.

(w) 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.

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

	2016 €'000	2015 €'000
Group		
Aircraft charter and other related services	**682,981**	327,500
Aircraft spares trading	**15,496**	14,947
Aircraft leasing	**39,827**	34,882
	738,304	377,329

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

	2016 €'000	2015 €'000
Group		
Other operating income		
Insurance proceeds and other compensation from third parties for aircraft accident	**1,783**	6
Profit on disposals of property, plant and equipment	**2,647**	4,281
Profit on disposals of assets held for sale	**289**	-
Proceeds from contract settlement with customer	**-**	8,043
Income for management services	**3,098**	-
Realisation of foreign currency translation gains on liquidation of subsidiaries (note 10)	**345**	-
Other income	**725**	536
	8,887	12,866
Other operating expenses		
Acquisition related costs (note 10)	**768**	-
Impairment of aircraft	**-**	107
Other expenses	**28**	343
Restructuring costs	**1,569**	-
	2,365	450

4 Impairment costs

	2016 €'000	2015 €'000
Impairment of Quikjet goodwill (note 15)	**4,065**	-
Impairment of inventories (note 16)	**600**	-
Impairment of property, plant and equipment (note 9)	**560**	-
	5,225	-

Notes (continued)

5 Statutory and other information

Profit before tax is stated after charging:	**2016**	2015
	€'000	€'000
Group		
Depreciation of property, plant and equipment	**45,180**	41,106
Amortisation of intangible assets	**3,087**	602
Rentals payable under operating leases		
- Land and buildings	**3,534**	3,426
- Aircraft	**80,233**	15,501
Net foreign exchange loss/(gain)	**1,018**	(447)
Auditor's remuneration		
- Audit of group and company accounts	**210**	210
- Other assurance services	**63**	20
- Tax advisory services	**45**	45
	318	275

Auditor's remuneration for the audit of the Company accounts was €30,000 *(2015: €30,000).*

6 Employee benefits and numbers

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

	2016	2015
Directors and senior management	**62**	53
Crew, administration and engineering	**1,328**	854
	1,390	907

The increase in average employee numbers primarily reflects the effect of the TNT Group being acquired during the year (note 11).

The aggregate payroll costs of these persons were as follows:

	2016	2015
	€'000	€'000
Group		
Wages and salaries	**93,636**	64,510
Social insurance costs	**24,485**	18,663
Pension costs	**6,841**	3,970
	124,962	87,143

Directors' remuneration

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

	2016	2015
	€'000	€'000
Emoluments	**595**	570
Pension contribution – defined contribution	**116**	113
	711	683

7 Finance income and finance costs

	2016 €'000	2015 €'000
Group		
Finance income		
Interest income	**820**	734
	820	734
Finance costs		
Interest on bank borrowings	**6,483**	4,760
Interest on shareholder loans	**783**	612
Guarantee fees	**531**	318
Loss on fair value of derivatives through profit or loss	**477**	1,135
	8,274	6,825

8 Tax expense

	2016 €'000	2015 €'000
Group		
Recognised in profit or loss (a)	**3,735**	3,703
Recognised in other comprehensive income (b)	**29**	(160)
	3,764	3,543
(a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
Corporation tax – Ireland – current year	**(66)**	(89)
Corporation tax – foreign – current year	**4,402**	267
Adjustment for prior periods	**(371)**	(48)
	3,965	130
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(230)**	3,573
	3,735	3,703

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

	2016 €'000	2015 €'000
Profit for the year	**4,181**	12,625
Tax expense	**3,735**	3,703
Profit before tax	**7,916**	16,328
Expected tax, computed by applying the Irish tax rate 12.5% *(2015: 12.5%)*	**990**	2,041
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	**2,509**	1,384
Non-deductible expenses	**607**	326
Adjustment for prior periods	**(371)**	(48)
Tax expense	**3,735**	3,703
(b) Amounts recognised in other comprehensive income		
Deferred tax charge/(credit) related to defined benefit plan actuarial gains/(losses)	**29**	(160)

Notes (continued)

9 Property, plant and equipment

Group	Aircraft	Equipment and machinery	Buildings	Total
	€'000	€'000	€'000	€'000
Cost or deemed cost				
Balance at 1 January 2015	350,151	15,116	2,462	367,729
Additions	36,225	2,675	2	38,902
Disposals	(16,174)	(632)	-	(16,806)
Foreign exchange movements	43,828	303	-	44,131
Balance at 31 December 2015	414,030	17,462	2,464	433,956
Acquisitions through business combinations	8,704	1,099	6,420	16,223
Additions	36,036	2,340	400	38,776
Disposals	(8,512)	(779)	-	(9,291)
Foreign exchange movements	12,186	37	-	12,223
Balance at 31 December 2016	**462,444**	**20,159**	**9,284**	**491,887**
Depreciation				
Balance at 1 January 2015	69,675	6,442	1,574	77,691
Charge for the year	38,570	2,372	164	41,106
Disposals	(9,532)	(552)	-	(10,084)
Foreign exchange movements	17,239	191	-	17,430
Balance at 31 December 2015	115,952	8,453	1,738	126,143
Charge for the year	42,240	2,499	441	45,180
Disposals	(2,553)	(354)	-	(2,907)
Impairment	-	560	-	560
Foreign exchange movements	5,529	5	-	5,534
Balance at 31 December 2016	**161,168**	**11,163**	**2,179**	**174,510**
Net book value				
At 31 December 2016	**301,276**	**8,996**	**7,105**	**317,377**
At 31 December 2015	298,078	9,009	726	307,813

9 Property, plant and equipment (continued)

At 31 December 2016, aircraft with a net book value of €195.6 million *(2015: €147.3 million)* were mortgaged to lenders as security for bank loans (see Note 22).

Aircraft with a net book value of €91.6 million at 31 December 2016 *(2015: €102.5 million)* were leased to third parties under operating leases.

During the year the Group recorded an impairment charge of €560,000 on an asset held in Farnair Training GmbH, as the directors deemed its previous carrying value was no longer fully recoverable based on an assessment of fair value less costs to sell and value in use.

Company	Aircraft	Equipment and machinery	Total
	€'000	€'000	€'000
Cost or deemed cost			
At 1 January 2015	30,461	504	30,965
Additions in year	1,281	231	1,512
Disposals in year	(4,010)	(109)	(4,119)
At 31 December 2015	27,732	626	28,358
Additions in year	569	124	693
Disposals in year	(4,787)	-	(4,787)
At 31 December 2016	**23,514**	**750**	**24,264**
Accumulated depreciation			
At 1 January 2015	17,488	248	17,736
Charge for year	899	115	1,014
Disposals	(1,230)	(78)	(1,308)
At 31 December 2015	17,157	285	17,442
Charge for year	734	108	842
Disposals	(1,184)	-	(1,184)
At 31 December 2016	**16,707**	**393**	**17,100**
Net book value			
At 31 December 2016	**6,807**	**357**	**7,164**
At 31 December 2015	10,575	341	10,916

Notes (continued)

10 Investments in subsidiaries

	Shares in subsidiaries €'000
Company	
Cost	
At 1 January 2015	141,174
Impairment of investment in subsidiaries	(4,511)
Additions	50
At 31 December 2015 and 31 December 2016	**136,713**
Provision for impairment	
At 1 January 2015, 31 December 2015 and 31 December 2016	**776**
Net book value	
At 31 December 2016	**135,937**
At 31 December 2015	135,937

10 Investments in subsidiaries (continued)

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
FARNAIR Training GmbH	Austria	Aviation related services	*100%
ASL Airlines Belgium S.A. (formerly TNT Airways S.A.)	Belgium	Air transport services	*100%
OFSB Ltd	Bermuda	Aircraft leasing	*100%
ASL Airlines (France) S.A.	France	Air transport services	*100%
S.A.S. Europe Airpost Holdings	France	Aircraft leasing	*100%
ASL Airlines (Hungary) Kft	Hungary	Air transport services	*100%
FARNAIR Handling AG	Hungary	Cargo handling services	100%
Quikjet Cargo Airlines PVC Ltd	India	Aircraft services	72.48%
ASL Airlines (Ireland) Ltd	Ireland	Air transport services	100%
ASL Aircraft Investment DAC	Ireland	Aircraft leasing	100%
ASL Aircraft Investment (No. 2) Ltd	Ireland	Aircraft leasing	100%
ASL Aircraft Investment (No. 3) Ltd	Ireland	Aircraft leasing	100%
ASL CAMO Limited	Ireland	Air transport services	100%
Safair Aviation (Ireland) DAC	Ireland	Aircraft leasing	100%
Safair Lease Finance (Ireland) DAC	Ireland	Aircraft leasing	100%
Safair Lease Finance 72 DAC	Ireland	Aircraft leasing	*100%
Safair Holdings (Pty) Limited	South Africa	Investment in associate company	*100%
Safair Lease Finance (Pty) Ltd	South Africa	Aircraft leasing	*100%
ASL Airlines Spain S.A. (formerly Pan Air Lineas Aereas S.A.)	Spain	Air transport services	*100%
FARNAIR Holding SA	Switzerland	Investments in companies	100%
ASL Airlines (Switzerland) AG	Switzerland	Air transport services	*100%
COBiiAS AG	Switzerland	Aviation related services	*74%
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%

* Indirect shareholdings

ACL Aviation Limited, ACL Leasing Limited and ACL Air Limited each entered a liquidation process in 2015, which was formally completed in April 2016. Upon completion of the liquidation process, the Group released €345,000 to the income statement (note 3) from the foreign currency translation reserve.

Notes (continued)

11 Business combinations

(a) Acquisition of TNT Group

On 4 May 2016, through its subsidiary ASL Airlines (Ireland) Limited, the Group acquired the TNT Group, comprising:

- 100% of TNT Airways S.A. (now ASL Airlines Belgium S.A.) and its 50% interest in its joint venture, X-Air Services S.A.
- 100% of Pan Air Lineas Aereas S.A. (now ASL Airlines Spain S.A.)

See Note 10 for further details of these companies and their activities.

The acquisition of the TNT Group will expand the Group's European footprint which has been identified as an area of growth for the Group. The acquisition of the TNT Group is also expected to provide the Group with increased operator market share. The Group also expects to reduce costs through economies of scale.

In the period since acquisition to 31 December 2016 the TNT Group contributed revenue of €377.1 million and profit of €17.0 million (excluding amortisation of acquisition-related intangibles) to the Group's results. If the acquisition had occurred at 1 January 2016, management estimate it would have contributed revenue of €804.0 million and profit of €21.5 million to the consolidated results of the Group (excluding amortisation of acquisition-related intangibles).

The consideration transferred for the acquisition was €53.5 million.

The Group incurred acquisition related costs of €0.8 million. These costs have been included in 'other operating expenses' (note 3).

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	€'000
Property, plant and equipment	16,168
Intangible assets	29,433
Investment in joint venture	3,087
Other investment	75
Deferred tax assets	176
Trade and other receivables	91,250
Inventories	130
Cash at bank	17,596
Current tax asset	3,995
Employee benefits	(1,961)
Provisions	(8,896)
Trade and other payables	(97,596)
Fair value of identifiable net assets	**53,457**
Total consideration	**53,457**
Satisfied by:	
Cash	**53,457**

No goodwill arose from this acquisition.

11 Business combinations (continued)

(b) Business combination – Acquisition of Quikjet

On 1 January 2016 the Group acquired control of Quikjet Cargo Airlines PVC Limited ("Quikjet"). Quikjet was accounted for as a joint venture as at 31 December 2015 (see note 12). No consideration was payable on this change in control. The Group acquired control of this entity when operations commenced with effect from 1 January 2016.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

		€'000
Property, plant and equipment		55
Trade and other receivables		955
Inventories		20
Cash at bank		422
Loans and borrowings		(2,313)
Trade and other payables		(1,718)
Current tax liabilities		(45)
Fair value of identifiable net liabilities		(2,624)
Share acquired	72.48%	**(1,902)**

Goodwill

Goodwill arising from this acquisition was recognised as follows:

	€'000
Previous carrying value as joint venture (note 13)	2,163
Consideration transferred	-
Fair value of identifiable net liabilities	1,902
Goodwill recognised on acquisition (note 15)	**4,065**

As further detailed in Note 15, the Group have fully impaired the carrying value of the goodwill in Quikjet to €Nil at 31 December 2016 as the Group no longer considered the carrying value to be recoverable. In the period since acquisition, Quikjet contributed revenue of €4.2 million and a loss of €1.4 million (before goodwill impairment) to the Group's results for the year ended 31 December 2016.

Notes (continued)

12 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 profit of Safair Operations for the year was €Nil *(2015: €Nil)* and the Group's share of net assets of the associate at 31 December 2016 was €Nil *(2015: €Nil)*. Separately, the Group had loans of €4.2 million (non-current) *(2015: €3.4 million)* and other receivables (current) of €8.7 million *(2015: €12.7 million)* due from Safair Operations at 31 December 2016 (see Note 28).

Summary financial information for the associate is as follows:	**2016**	2015
	€'000	€'000
Current assets	**31,707**	27,626
Non-current assets	**10,153**	1,583
Total assets	**41,860**	29,209
Current liabilities	**(35,754)**	(25,676)
Non-current liabilities	**(10,565)**	(8,013)
Total liabilities	**(46,319)**	(33,689)
Net liabilities	**(4,459)**	(4,480)
Group share of net assets	**-**	-
Income	**115,637**	87,346
Expenses	**(115,039)**	(92,829)
Profit/(loss)	**598**	(5,483)
Group's share of profit/(loss)	**-**	-

The Group has not recognised any share of the associate's profit for the year as the associate has net liabilities as at 31 December 2016 and 31 December 2015.

13 Investments in joint ventures

As part of the acquisition of the Farnair Group in 2014 the Group acquired interests in two joint venture undertakings; an Indian cargo airline based operator, Quikjet Cargo Airlines Pvt. Ltd. ("Quikjet") and a Thailand based cargo airline operator, K-Mile Air Company Ltd ("K-Mile").

On 1 January 2016, the Group acquired control of Quikjet and it ceased to be a joint venture, and became a fully consolidated subsidiary for the year ended 31 December 2016 (see note 11).

The percentage shareholding held by the Group on 31 December 2016 in K-Mile was 45% *(2015: 45%).*

As part of the acquisition of the TNT Group on 4 May 2016 (note 11), the Group acquired an interest in X-Air Services S.A. ("X-Air"), a Belgian joint venture undertaking. The percentage shareholding held by the Group in X-Air on date of acquisition and as at 31 December 2016 was 50%.

In June 2016 the board of directors of X-Air approved a dividend to shareholders. The dividend paid reduced the carrying value of the joint venture.

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

	K-Mile	**Quikjet**	**X-Air**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Investment as at 31 December 2014	1,242	2,237	-	3,479
Acquisition during the period	-	1,660	-	1,660
Share of loss in the year	(224)	(1,959)	-	(2,183)
Foreign currency translation movement	161	225	-	386
Investment as at 31 December 2015	**1,179**	**2,163**	**-**	**3,342**
Investment as at 31 December 2015	1,179	2,163	-	3,342
Disposal of joint venture which became a subsidiary (note 11)	-	(2,163)	-	(2,163)
Acquisition during the period (note 11)	-	-	3,087	3,087
Share of profit/(loss) in the year	(309)	-	62	(247)
Dividend by joint venture	-	-	(333)	(333)
Foreign currency translation movement	5	-	-	5
Investment as at 31 December 2016	**875**	**-**	**2,816**	**3,691**

Notes (continued)

13 Investments in joint ventures (continued)

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.

K-Mile Air Company Ltd	**2016**	2015
	€'000	€'000
Non-current assets	**2,713**	1,882
Current assets	**3,114**	1,416
Non-current liabilities	**-**	-
Current liabilities	**(5,646)**	(2,453)
Net assets (100%)	**181**	845
Percentage ownership interest	**45%**	45%
Group's share of net assets	**81**	380
Goodwill	**794**	799
Carrying amount of interest in joint venture	**875**	1,179
Income	**17,948**	11,085
Expenses	**(18,635)**	(11,582)
Loss	**(687)**	(497)
Group's share of loss	**(309)**	(224)

Quikjet Cargo Airlines Pvt. Ltd (Joint venture in 2015)	2015
	€'000
Non-current assets	992
Current assets	460
Non-current liabilities	(48)
Current liabilities	(4,029)
Net liabilities (100%)	(2,625)
Percentage ownership interest	72.48%
Group's share of net liabilities	(1,903)
Goodwill	4,066
Carrying amount of interest in joint venture	2,163
Income	10
Expenses	(2,713)
Loss	(2,703)
Group's share of loss	(1,959)

13 Investments in joint ventures (continued)

X-Air Services Limited	2016
	€'000
Non-current assets	588
Current assets	12,589
Non-current liabilities	-
Current liabilities	(7,545)
Net assets (100%)	5,632
Percentage ownership interest	50%
Group's share of net assets	2,816
Goodwill	-
Carrying amount of interest in joint venture	2,816
Income	14,792
Expenses	(14,668)
Profit	124
Group's share of profit	62

14 Other investment

	2016
	€'000
	75

As part of the acquisition of the TNT Group on 4 May 2016 the Group acquired an investment in "Start up Invest S.A.", a Belgian company.

The Group owns 2.5% of the issued share capital and accounts for this investment on a cost basis as it does not have significant influence.

Notes (continued)

15 Intangible assets

	Goodwill	Customer contracts	Software	Trademarks	Other intangible assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Group						
Cost or deemed cost						
At 1 January 2015	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
Acquisition through business combination	4,065	25,401	266	-	3,766	33,498
Additions	-	-	1,400	-	-	1,400
Disposals	(140)	-	(104)	-	-	(244)
Impairment	(4,065)	-	-	-	-	(4,065)
Foreign exchange movement	1,928	-	7	21	-	1,956
At 31 December 2016	**25,513**	**25,401**	**5,659**	**676**	**3,766**	**61,015**
Amortisation						
At 1 January 2015	-	-	1,838	-	-	1,838
Amortisation in year	-	-	602	-	-	602
Foreign exchange movement	-	-	(1)	-	-	(1)
At 31 December 2015	-	-	2,439	-	-	2,439
Amortisation in year	-	2,117	966	4	-	3,087
Disposals	-	-	(71)	-	-	(71)
Foreign exchange movement	-	-	7	-	-	7
At 31 December 2016	**-**	**2,117**	**3,341**	**4**	**-**	**5,462**
Net book value						
At 31 December 2016	**25,513**	**23,284**	**2,318**	**672**	**3,766**	**55,553**
At 31 December 2015	23,725	-	1,651	655	-	26,031

15 Intangible assets (continued)

	Software	Total
	€'000	€'000
Company		
Cost or deemed cost		
At 1 January 2016	-	-
Additions	153	153
At 31 December 2016	**153**	**153**
Amortisation		
At 1 January 2016	-	-
Amortisation during the year	-	-
At 31 December 2016	**-**	**-**
Net book value		
At 31 December 2016	**153**	**153**

The Company has not yet commenced amortisation of software as it is still under development and not yet available for use.

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") representing the ongoing customer relationships the Group has with a major freight and parcel integrator, (ii) FARNAIR Holding SA (including its subsidiaries), ("the Farnair acquisition"), and (iii) Quikjet Cargo Airlines ("Quikjet"). As part of the acquisition of Quikjet (note 11) in 2016 the Group recognised goodwill of €4.1m. There was no goodwill recognised on the 2016 TNT Group acquisition (note 11).

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 12%. 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.

As part of the TNT Group acquisition, the Group recognised intangible assets relating to (i) contract agreements with customers (€25.4 million) and (ii) other intangible assets (€3.8 million) relating to specific Air Operator Certificates. The customer contract intangible asset is being amortised over the contract term (7 years). The other intangible assets are considered to have indefinite useful lives and are not amortised but will be assessed for evidence of impairment at each year end.

The directors have reviewed the carrying value of the Quikjet CGU (cash-generating unit) as at 31 December 2016 and have determined that the goodwill recognised on the Quikjet acquisition is no longer recoverable and have fully impaired this goodwill at 31 December 2016. The impairment charge of €4.1 million has been charged to the income statement (note 4).

Notes (continued)

16 Inventories

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Aircraft parts and consumables	**29,585**	26,583	**54**	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 €4,703,000 *(2015: €4,203,000)*, including a specific €600,000 provision at 31 December 2016 (note 4), relating to a post year end bulk sale of inventories (note 32).

17 Current tax assets and liabilities

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Current tax assets	**2,081**	491	**-**	378
Current tax liabilities	**(2,055)**	(1,012)	**(228)**	-

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

18 Trade and other receivables

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Amounts due from associate *(Note 28)*	**12,870**	16,102	**-**	190
Amounts due from joint venture *(Note 28)*	**2,876**	2,352	**790**	385
Trade receivables	**82,587**	29,285	**1,144**	39
Prepayments and accrued income	**12,290**	11,313	**2,928**	1,778
Derivatives	**1,241**	1,405	**-**	-
VAT receivable	**3,419**	3,298	**73**	71
Other debtors	**30,609**	30,551	**2,804**	1,975
	145,892	94,306	**7,739**	4,438
Non-current	**4,606**	3,764	**-**	186
Current	**141,286**	90,542	**7,739**	4,252
	145,892	94,306	**7,739**	4,438

19 Cash and cash equivalents

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Cash at bank	**68,765**	48,556	**9,889**	3,334
Restricted cash	**14,013**	9,423	**-**	-
Cash and cash equivalents perstatement of financial position	**82,778**	57,979	**9,889**	3,334
Bank overdraft *(Note 22)*	**(5,001)**	-	**(5,001)**	-
Cash and cash equivalents per cash flow statement	**77,777**	57,979	**4,888**	3,334

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.

20 Assets held for sale

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Aircraft held for sale	**-**	524	**-**	-

21 Share capital Group

	2016	2015
	€'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	**-**	-

Notes (continued)

22 Interest-bearing loans and borrowings

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Current	**46,731**	35,807	**115,057**	104,181
Non-current	**143,126**	141,550	**73,917**	49,381
	189,857	177,357	**188,974**	153,562
Non-current liabilities				
Bank loans	**99,828**	94,845	**30,619**	2,676
Other loans	**43,298**	46,705	**43,298**	46,705
	143,126	141,550	**73,917**	49,381
Current liabilities				
Bank overdraft	**5,001**	-	**5,001**	-
Current portion of bank loans	**41,730**	35,807	**11,184**	5,699
Loans and borrowings	**46,731**	35,807	**16,185**	5,699
Loans from subsidiary undertakings (Note 28)	**-**	-	**98,872**	98,482
Total	**46,731**	35,807	**115,057**	104,181
(i) Bank loans (excluding overdraft)				
Secured bank loans	**141,558**	130,652	**41,803**	8,375
Less current portion	**(41,730)**	(35,807)	**(11,184)**	(5,699)
Non-current portion	**99,828**	94,845	**30,619**	2,676

The bank loans are secured over aircraft assets with a net book value of €195.6 million *(2015: €147.3 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 2016 were US$102.8 million - equivalent to €97.5 million *(2015: US$116.4 million - equivalent to €106.9 million)*.

22 Interest-bearing loans and borrowings (continued)

(i) Bank loans (continued)

The Company completed a refinancing on 6 May 2016. The purpose of this refinancing was to consolidate existing loans, and obtain financing for aircraft acquisition. The Company repaid the existing facilities which had a remaining life of 3 years and amounted to €8.4 million. Unamortised and deferred costs in respect of exiting these facilities of €0.3 million were expensed to the income statement. The Company drew down a new facility of US$45.5 million – equivalent to €40.4 million with a 7 year term. The loan is subject to a fixed margin plus Euribor. As part of this facility the Company obtained a working capital loan of €6.2 million repayable on demand.

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
(ii) Other loans				
Shareholder loans: CMB/3P (Note 28) Current portion	**-**	-	**-**	-
Non-current portion	**43,298**	46,705	**43,298**	46,705

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 2016 were US$45.6 million – equivalent to €43.3 million *(2015: US$51.0 million – equivalent to €46.7 million).*

(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 2016					
Bank overdraft	**5,001**	**5,001**	**-**	**-**	**-**
Bank loans	**141,558**	**41,730**	**27,342**	**64,159**	**8,327**
Other loans	**43,298**	**-**	**43,298**	**-**	**-**
Total	**189,857**	**46,731**	**70,640**	**64,159**	**8,327**
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

Notes (continued)

22 Interest-bearing loans and borrowings (continued)

(iii) Maturity profile (continued)

Company	Total	Less than 1 year	1-2 years	2-5 years	+5 years
	€'000	€'000	€'000	€'000	€'000
As at 31 December 2016					
Bank overdraft	**5,001**	**5,001**	**-**	**-**	**-**
Bank loans	**41,803**	**11,184**	**5,218**	**17,074**	**8,327**
Other loans	**43,298**	**-**	**43,298**	**-**	**-**
Total	**90,102**	**16,185**	**48,516**	**17,074**	**8,327**
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	-

The table above excludes loans from subsidiary undertakings which are all current liabilities .

(iv) Undrawn borrowing facilities

At 31 December 2016 the Group has an undrawn overdraft facility of €Nil *(2015: €5 million).*

23 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 funded defined benefit schemes in respect of subsidiary undertakings.

Group	2016	2015
	€'000	€'000
Unfunded scheme – liability	**7,167**	8,056
Funded schemes – net liability	**4,356**	2,505
	11,523	10,561
(a) Unfunded defined benefit scheme		
The amounts recognised in the statement of financial position were as follows:		
Present value of unfunded obligations	**7,167**	8,056
Unrecognised actuarial gains/(losses)	**-**	-
Unrecognised past service cost	**-**	-
Net liability	**7,167**	8,056
Amounts in the statement of financial position:		
Liabilities	**7,167**	8,056
Net liability	**7,167**	8,056
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	**8,056**	7,764
(Credit)/expense recognised in the income statement	**(953)**	176
Loss recognised in other comprehensive income	**64**	116
Net liability at 31 December 2016	**7,167**	8,056

23 Employee benefits (continued)

(a) Unfunded defined benefit scheme (continued)	2016	2015
	€'000	€'000
The amounts recognised in profit or loss are as follows:		
Current service costs	412	131
Interest on obligation	162	161
Curtailment	-	(116)
Past service credit	(989)	-
Reimbursement to employer	(538)	-
Total (income)/expense – included in 'Employee benefits expense'	(953)	176
The amounts recognised in other comprehensive income are as follows:		
Actuarial loss recognised in year	64	116
Principal actuarial assumptions at 31 December		
Discount rate	1.30%	2.09%
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 schemes

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

	2016	2015
	€'000	€'000
Pension obligation	(28,160)	(16,762)
Pension plan assets	23,804	14,257
Net liability	(4,356)	(2,505)

Notes (continued)

23 Employee benefits (continued)

(b) Funded defined benefit schemes (continued)

The Group operates two funded defined benefit schemes. They are separately administered schemes as follows:

(i) ASL Airlines Switzerland

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

	2016	2015
	€'000	€'000
Current service cost	**(780)**	(862)
Interest expense	**(142)**	(182)
Interest income on plan assets	**121**	161
Administration costs	**(80)**	(159)
Curtailment	**287**	289
Periodic pension costs	**(594)**	(753)

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

	2016	2015
	€'000	€'000
Actual return on plan assets	**1,005**	68

The following changes were recorded in defined benefit liabilities for this scheme:

	2016	2015
	€'000	€'000
Present value of funded obligations at beginning of year	**(16,762)**	(13,733)
Current service cost	**(780)**	(862)
Employee contributions	**(564)**	(628)
Interest cost	**(142)**	(182)
Benefits paid	**882**	341
Actuarial loss on benefit obligation	**(619)**	(488)
Curtailment	**287**	289
Translation effects	**(165)**	(1,499)
Present value of funded obligation at year end	**(17,863)**	(16,762)

23 Employee benefits (continued)

(b) Funded defined benefit schemes (continued)

(i) ASL Airlines Switzerland (continued)

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

	2016	2015
	€'000	€'000
Fair value of plan assets at beginning of year	**14,257**	12,081
Employer contributions	**610**	653
Employee contributions	**564**	628
Interest income on plan assets	**121**	161
Actuarial gain/(loss) on plan assets	**884**	(93)
Benefits paid	**(882)**	(341)
Administration costs	**(80)**	(159)
Translation effects	**148**	1,327
Fair value of plan assets at year end	**15,622**	14,257

Pension plan assets are comprised as follows:

	2016	2015
Cash and cash equivalents	**4.4%**	17.8%
Bonds	**38.3%**	55.6%
Shares	**3.3%**	1.8%
Property investment	**11.6%**	13.6%
Managed funds	**42.4%**	11.2%
Total	**100%**	100%

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	**0.6%**	0.85%
Future salary increase	**0.5%**	0.5%
Future pension increase	**0.0%**	0.0%

Statutory employer's contributions for the year 2017 are estimated at €0.7 million.

Notes (continued)

23 Employee benefits (continued)

(b) Funded defined benefit schemes (continued)

(ii) ASL Airlines Belgium

As part of the acquisition of the TNT Group on 4 May 2016 (note 11), the Group acquired a funded defined benefit scheme. The following amounts pertaining to this defined benefit plan were recognised in the income statement:

	2016 €'000
Current service cost	(686)
Interest expense	(128)
Interest income on plan assets	123
Periodic pension costs	**(691)**

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

	2016 €'000
Actual return on plan assets	**(130)**

The following changes were recorded in defined benefit liabilities for this scheme:

	2016 €'000
Present value of funded obligations at beginning of year	-
Liability acquired through business combination	(9,747)
Current service cost	(686)
Interest cost	(128)
Benefits paid	29
Actuarial gain on benefit obligation	235
Present value of funded obligation at year end	**(10,297)**

23 Employee benefits (continued)

(b) Funded defined benefit schemes (continued)

(ii) ASL Airlines Belgium (continued)

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

	2016 €'000
Fair value of plan assets at beginning of year	-
Assets acquired through business combination	7,786
Employer contributions	555
Interest income on plan assets	123
Actuarial loss on plan assets	(253)
Benefits paid	(29)
Fair value of plan assets at year end	**8,182**

Pension plan assets are comprised as follows:

	2016
Bonds	81.8%
Shares	1.0%
Property investment	17.2%
Total	**100%**

The principal actuarial assumptions used were as follows:

	2016
Discount rate	1.8%
Future salary increase	0.5%
Future pension increase	0.0%

Statutory employer's contributions for the year 2017 are estimated at €0.9 million.

Notes (continued)

24 Provisions

	2016	2015
	€'000	€'000
Group		
Non-current portion	**13,327**	4,852
Current portion	**2,089**	1,481
	15,416	6,333
Aircraft maintenance	**12,856**	4,502
Claims and other	**2,560**	1,831
	15,416	6,333
Movements during the year		
Aircraft maintenance		
At beginning of year	**4,502**	5,531
Acquisition of subsidiary	**8,424**	-
Additional provisions in the year	**1,199**	1,643
Utilisations and releases in the year	**(1,269)**	(2,672)
At end of the year	**12,856**	4,502
Claims and other		
At beginning of year	**1,831**	1,832
Acquisition of subsidiary	**472**	-
Additional provisions in the year	**822**	300
Utilisations and releases in the year	**(570)**	(346)
Translation	**5**	45
At end of the year	**2,560**	1,831
Total provisions	**15,416**	6,333

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

25 Deferred tax assets and liabilities

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Deferred tax assets	**1,891**	677	**-**	-
Deferred tax liabilities	**(36,344)**	(34,900)	**(375)**	(375)
Net	**(34,453)**	(34,223)	**(375)**	(375)

Deferred tax assets and liabilities are attributable to the following:

	2016			2015		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Group						
Property, plant and equipment	**1,463**	**(36,770)**	**(35,307)**	47	(35,303)	(35,256)
Derivative financial instruments	**-**	**-**	**-**	-	18	18
Employee benefits	**-**	**426**	**426**	-	385	385
Unused tax losses	**428**	**-**	**428**	630	-	630
	1,891	**(36,344)**	**(34,453)**	677	(34,900)	34,223
Company						
Property, plant and equipment	**-**	**(576)**	**(576)**	-	(576)	(576)
Unused tax losses	**-**	**201**	**201**	-	201	201
	-	**(375)**	**(375)**	-	(375)	(375)

Notes (continued)

25 Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

Group	**Balance at 1 January 2016**	**Recognised in total comprehensive income**	**Foreign exchange movement**	**Acquisition of subsidiaries**	**Balance at 31 December 2016**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Property, plant and equipment	**(35,256)**	**380**	**(607)**	**176**	**(35,307)**
Derivative financial instruments	**18**	**(18)**	**-**	**-**	**-**
Employee benefits	**385**	**41**	**-**	**-**	**426**
Unused tax losses	**630**	**(202)**	**-**	**-**	**428**
	(34,223)	**201**	**(607)**	**176**	**(34,453)**

	Balance at 1 January 2015	Recognised in total comprehensive income	Foreign exchange movement	Acquisition of subsidiaries	Balance at 31 December 2015
	€'000	€'000	€'000	€'000	€'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)

The deferred tax credit recognised in total comprehensive income of €201,000 *(2015: charge of €3,413,000)* includes a credit of €230,000 *(2015: charge of €3,573,000)* to profit or loss, and a charge of €29,000 *(2015: credit of €160,000)* in other comprehensive income (see Note 8).

Company	**Balance at 1 January 2016**	**Recognised in income statement**	**Balance at 31 December 2016**
	€'000	**€'000**	**€'000**
Property, plant and equipment	**(576)**	-	**(576)**
Unused tax losses	**201**	-	**201**
	(375)	-	**(375)**

25 Deferred tax assets and liabilities (continued)

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

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

26 Trade and other payables

	Group		Company	
	2016	Reclassified 2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Amounts due to associate (Note 28)	**17**	91	**-**	5
Amounts due to joint venture (Note 28)	**3,815**	-	**-**	-
Trade payables	**92,384**	18,868	**2,969**	95
VAT payable	**1,762**	1,205	**-**	-
Accruals and other payables	**37,217**	30,029	**1,697**	2,320
Deferred income	**5,782**	5,094	**-**	-
Advance deposits received	**21,027**	20,329	**37**	2,097
Derivatives	**39**	1,527	**-**	-
Deferred government grants	**33**	989	**-**	-
	162,076	78,132	**4,703**	4,517
Current	**149,798**	64,340	**4,703**	4,517
Non-current	**12,278**	13,792	**-**	-
	162,076	78,132	**4,703**	4,517

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.

During the year the Group performed a review of the classification of advance deposits received between current and non-current liabilities based on the estimated timing of the relevant obligations. This also resulted in a reclassification, for consistency purposes, of €12,803,000 from current to non-current liabilities for the 2015 comparatives compared to the classification originally presented in the 2015 financial statements.

Notes (continued)

27 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 ongoing 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 2016 €'000	31 December 2015 €'000
Not past due	**74,169**	21,455
Past due 0-30 days	**5,229**	3,741
Past due 31-365 days	**2,655**	3,674
Past due >1 year	**534**	415
	82,587	29,285

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 €0.4 million *(2015: €0.9 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 28.

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 and overdraft 2016 €'000	**Other loans 2016 €'000**	**Trade and other payables* 2016 €'000**	**Total 2016 €'000**	Bank loans 2015 €'000	Other loans 2015 €'000	Trade and other payables* 2015 €'000	Total 2015 €'000
Group								
Less than one year	**51,444**	**-**	**149,765**	**201,209**	39,243	-	64,340	103,583
Between 1 and 5 years	**99,482**	**43,857**	**12,278**	**155,617**	82,454	47,308	12,803	142,565
More than 5 years	**8,664**	**-**	**-**	**8,664**	19,157	-	-	19,157
	159,590	**43,857**	**162,043**	**365,490**	140,854	47,308	77,143	265,305

*Excludes deferred government grants.

27 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:

	2016	2015
	€'000	€'000
Fixed rate instruments	**4,606**	10,977
Variable rate instruments	**185,251**	166,380
	189,857	177,357

The Group has entered into interest rate swaps on €56.5 million of variable rate loans at 31 December 2016 *(2015: €65.7m).*

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.

	2016		2015	
	+ 50 basis points	**- 50 basis points**	+ 50 basis points	- 50 basis points
	€'000	**€'000**	€'000	€'000
	(947)	**947**	(680)	680

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 2014, the Group is 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 2017 estimated US dollar needs, mainly related to leasing and planned maintenance expenses, which amounts to US$11.0 million or €10.4 million.

ASL Airlines (Ireland) Limited, has hedged a proportion of its 2017 estimated US dollar and GBP needs, mainly related to leasing and planned maintenance expenses, which amounts to US$2.5 million or €2.4 million and GBP£1.25 million or €1.5 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.

Notes (continued)

27 Financial instruments – market and other risks (continued)

Currency risk (continued)

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

	31 December 2016	31 December 2015
	€'000	€'000
Equity	**(9,071)**	4,439
Profit	**1,748**	10,383

A 10% weakening of the Euro against the US dollar at 31 December 2016 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.

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 Company completed a refinancing in May 2016 further details of which are set out in note 22 (i).

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.

					Fair value		
	Carried at fair value 2016	**Assets at amortised cost 2016**	**Liabilities at amortised cost 2016**	**Carrying amount 2016**	**Level 1 2016**	**Level 2 2016**	**Level 3 2016**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Derivatives –forward exchange contracts	**425**	**-**	**-**	**425**		**425**	
Derivatives – interest rate swaps	**816**	**-**	**-**	**816**		**816**	
Derivatives – interest rate swaps	**(39)**	**-**	**-**	**(39)**		**(39)**	
Loans and receivables	**-**	**144,651**	**-**	**144,651**			
Cash and cash equivalents	**-**	**82,778**	**-**	**82,778**			
Bank overdraft	**-**	**-**	**(5,001)**	**(5,001)**			
Secured bank loans – fixed rate	**-**	**-**	**(4,606)**	**(4,606)**		**(4,688)**	
Secured bank loans – variable rate	**-**	**-**	**(136,952)**	**(136,952)**			
Shareholder loans – variable rate	**-**	**-**	**(43,298)**	**(43,298)**			
Trade and other payables (excluding deferred government grants and derivatives)	**-**	**-**	**(162,004)**	**(162,004)**			
	1,202	**227,429**	**(351,861)**	**(123,230)**			

27 Financial instruments – market and other risks (continued)

Fair values versus carrying amounts

	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 – forward exchange contracts	853	-	-	853		853	
Derivatives – forward exchange contracts	(1,440)	-	-	(1,440)		(1,440)	
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)			

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:

	2016				2015			
	Carrying amount €'000	Expected amount €'000	1 year or less €'000	2 to 5 years €'000	Carrying amount €'000	Expected amount €'000	1 year or less €'000	2 to 5 years €'000
Forward exchange contracts:								
Assets	**425**	**425**	**425**	**-**	853	853	853	-
Liabilities	**-**	**-**	**-**	**-**	(1,440)	(1,440)	(1,440)	-
	425	**425**	**425**	**-**	(587)	(587)	(587)	-
Interest rate swaps:								
Assets	**816**	**816**	**-**	**816**	552	552	-	552
Liabilities	**(39)**	**(39)**	**-**	**(39)**	(87)	(87)	-	(87)
	777	**777**	**-**	**777**	465	465	-	465

Notes (continued)

28 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 Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
3P				
Loan	**21,216**	22,885		
Management fees			**9**	9
Interest paid			**(383)**	(299)
CMB				
Loan	**22,082**	23,820		
Guarantee fees paid			**-**	(158)
Interest paid			**(400)**	(313)
	43,298	**46,705**		

(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:

	2016	2015
	€'000	€'000
Total remuneration – directors	**711**	683

28 Related parties (continued)

Group (continued)

(c) Transactions with associate undertaking

Safair Operations (Pty) Limited (see Note 12) is an associate. The Group had related party transactions with this associate as summarised below:

	Receivable/(payable) at end of year		Income/(charge)	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Loans and interest	**4,153**	3,423	**390**	424
Other receivables and income	**8,717**	12,679	**12,650**	12,059
Other payables	**(17)**	(91)	**-**	(183)
	12,853	16,011	**13,040**	12,300

Loans

The loans relate to normal trading activities and bear interest at commercial rates. Loans in South African Rand equivalent to €4.2 million *(2015: €3.4 million)* are repayable in full in 2023 and are classified within non-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.

The directors have reviewed the carrying value of amounts receivable from the associated undertaking at 31 December 2016 and expect that these amounts will be fully recoverable.

(d) Transactions with joint ventures

The Group had related party transactions with its joint venture undertakings (see note 13) as follows:

	Receivable/ (payable) balance at 31 December 2016	**Income/ (charge) in the year ended 31 December 2016**	Receivable/ (payable) at end of year 2015	Income/ (charge) for period since became joint venture 2015
	€'000	**€'000**	€'000	€'000
X-Air Services S.A.	**(3,815)**	**(8,900)**	-	-
Quikjet Cargo Airlines Pvt. Ltd	**-**	**-**	1,358	434
K-Mile Air Company Ltd	**2,876**	**4,293**	994	2,220
	(939)	**(4,607)**	2,352	2,654

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on normal commercial terms and maintenance services provided. On 1 January 2016 the Group acquired full control of Quikjet Cargo Airlines Pvt Limited (see Note 11), and that company ceased to be a joint venture on that date.

Notes (continued)

28 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 2016 €'000	Payable balance at 31 December 2016 €'000	Receivable balance at 31 December 2016 €'000
Subsidiaries				
Farnair Handling SA	Management fee	67		67
ASL Aircraft Investments (No.2) Ltd	Management fee	97		756
ASL Airlines (Ireland) Ltd	Management fee	879		
	Lease income	3,589		69,528
	Interest receivable/Loan	442		814
	Expense recharge	(230)	141	
Air Contractors (UK) Ltd	Management fee	37		109
	Interest payable/Loan	(253)	8,106	
ACL Aircraft Trading Ltd	Management fee	38		
	Commission	(142)		
	Interest receivable/Loan	49		2,986
ACLAS Global Ltd	Management fee	336		
	Interest receivable/Loan	321		5,665
	Operating expenses	-	128	
ACLAS Technics Ltd	Management fee	25		
	Interest receivable/Loan	117		2,627
	Operating expenses	-		333
ASL Airlines (France) SA	Management fee	865		
	Lease income	1,915		
	Interest payable/Loan	(163)	41,509	
	Operating expense		367	
ASL Airlines (Switzerland) AG	Management fee	693		
	Operating expenses	(195)	460	22
Farnair Training SA	Management fee	69		69
Safair Aviation (Ireland) DAC	Interest receivable/Loan	504		12,558
	Management fee	22		
ASL Aircraft Investment DAC	Interest receivable/Loan		6,699	
	Management fee	235		228
Safair Lease Finance 72 DAC	Management fee/Loan	149	21,434	208
Safair Lease Finance (Ireland) DAC	Management fee/Loan	25	7,441	12
Safair Lease Finance (Pty) DAC	Management fee	332		352
ASL Airlines (Hungary) Kft	Lease income/	5,100		3,204
	Management fee	30		
ASL Airlines Belgium SA	Management fee/	3,745		3,745
	Interest receivable/Loan	22		
	Interest payable/Loan	(91)	12,008	
	Lease expense	(446)		355
	Other	(90)	579	

28 Related parties (continued)

Company (continued)

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2016 €'000	Payable balance at 31 December 2016 €'000	Receivable balance at 31 December 2016 €'000
ASL Airlines Spain SA	Management fee	37		37
ASL CAMO Ltd	Operating expense			659
Quikjet Cargo Airlines Pvt. Limited	Lease income	1,871		2,436
	Management fee	132		
	Operating expenses	(274)		
ASL Aircraft Investments (No 3) Ltd	Operating expense			2,187
			98,872	108,957

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2016 €'000	Payable balance at 31 December 2016 €'000
Shareholders			
CMB	Interest payable/ Guarantee fees/ Shareholder loan	400	22,082
3P	Interest payable/ Shareholder loan	383	21,216
			43,298

Notes (continued)

28 Related parties (continued)

Company (continued)

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**

28 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

29 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	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Less than one year	**63,484**	31,567	**9,877**	7,137
Between 1 and 5 years	**97,859**	75,160	**26,829**	22,638
More than 5 years	**18,191**	17,221	**3,269**	992
	179,534	123,948	**39,975**	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	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Less than one year	**37,098**	20,893	**11,941**	1,323
Between 1 and 5 years	**53,017**	42,667	**31,730**	6,283
More than 5 years	**3,440**	-	**3,269**	-
	93,555	63,560	**46,940**	7,606

Notes (continued)

30 Other commitments

	Group		Company	
	2016	2015	**2016**	2015
	€'000	€'000	**€'000**	€'000
Capital commitments	**9,032**	-	**-**	-

Capital commitments principally relate to aircraft acquisitions which have been agreed before year end and software development expenditure.

31 Major exchange rates

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

	Closing rate		Average rate	
	31 December 2016	31 December 2015	**31 December 2016**	31 December 2015
US Dollar	**1.0541**	1.0887	**1.1061**	1.115
British Pound	**0.8562**	0.734	**0.8125**	0.7279
South African Rand	**14.457**	16.953	**16.3369**	14.0374
Swiss Franc	**1.0739**	1.0835	**1.0917**	1.0745
Hungarian Forint	**309.83**	315.98	**312.43**	309.55

32 Subsequent events

As part of a strategic realignment of the Group, its subsidiary Farnair Training GmbH was disposed on 28 February 2017.

In April 2017, the Group agreed a bulk sale of inventory in its spares trading operating segment amounting to €11.2 million (US$12.0 million). The Group have exited this business as a result of this sale.

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

33 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 €14,793,000 for the year ended 31 December 2016 *(2015:profit of €4,288,000).*

34 Approval of financial statements

The board of directors approved these financial statements on 10 May 2017.

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