ASL AVIATION HOLDINGS

ASL AVIATION HOLDINGS

FINANCIAL STATEMENTS

2017

ASL AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY

Directors' report and financial statements
Year ended 31 December 2017

Registered number: 361394

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DIRECTORS & OTHER INFORMATION

Directors

L. Criel (Belgian)
H. Flynn
H. Millar
K. Ottevaere (Belgian)
A. Saverys (Belgian)
L. Saverys (Belgian)
E. Verkest (Belgian)

Secretary

N. O'Connor

Registered office

No 3 Malahide Road
Swords
Co. Dublin

Auditor

KPMG
Chartered Accountants
1 Stokes Place
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Dublin 2

Bankers

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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 2017.

Principal activities, business review and future developments

ASL Aviation Holdings Designated Activity Company ("ASL", "the Company" 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
- Other aviation related services

The Group produced an improved set of trading results for the 2017 financial year given the continued challenging trading conditions experienced across the industry sector. The Group's strategic alignment and focus on core activities continued during the year, and the Group disposed of three subsidiaries involved in aviation support activities. The Group recorded a profit for the year of €15.3m *(2016: €4.2m)*.

Revenue increased by 30% to €957.8m, reflecting the full year impact of ASL Airlines Belgium which was acquired on 4 May 2016.

The industry continues to be extremely cost sensitive. 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 strategy remains managing and consolidating the airlines division of the business. The focus remains on acquiring aircraft with a view to operating them within the Group and associate airlines. The Group expenditure on fleet acquisitions was €55.4m. The aircraft will be used internally in the airline division.

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.

During the year the Group disposed of fleet assets with a net book value €38.8m and the Group continued its focus on modernising the existing fleet and improving aircraft utilisations.

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.

The Group is reviewing the impact of International Financial Reporting Standard 16 *Leases* (IFRS 16) on the operations of the Group and the financial reporting requirements of this standard.

Results and dividends

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

Principal risks and uncertainties

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

Companies which own and lease aircraft are exposed to changes in the underlying fair values of the aircraft and associated lease rates. While aircraft values have been impacted by the current 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 or capital contributions.

During the year the Group repaid its shareholder loans (€39.2m).

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. 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 26 to the financial statements.

Directors and secretary and their interests

On 10 May 2017, Mr. A. Saverys and Mr. L. Saverys were appointed as directors of the Company. On the same date Mr. B. Timmermans resigned as a director of the Company.

The directors and secretary who held office at 31 December 2017 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	L. Criel	2 May 2018
Director	*Director*	

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;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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	L. Criel
Director	*Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASL AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY

1 Report on the audit of the financial statements

Opinion

We have audited the Group and Company financial statements ("financial statements") of ASL Aviation Holdings Designated Activity Company for the year ended 31 December 2017, which comprise the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 1. 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.

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 2017 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017;
- 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 and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented together with the financial statements. The other information comprises the information included in the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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 Group were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

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. We have nothing to report in this regard.

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

The purpose of our audit work and to whom we owe our responsibilities

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 2 May 2018

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

PRIMARY STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017

	Note	2017	2016
		€'000	€'000
Continuing operations			
Revenue	2	957,789	738,304
Cost of goods and services		(751,067)	(550,755)
Depreciation and amortisation	5	(50,446)	(48,267)
Employee benefits expense	6	(154,410)	(124,962)
Other operating income	3	24,593	8,887
Other operating expenses	3	(281)	(2,365)
Impairment costs	4	(1,935)	(5,225)
Operating profit		24,243	15,617
Finance income	7	972	820
Finance costs	7	(6,966)	(8,274)
Net finance costs		(5,994)	(7,454)
Share of profit/(loss) of equity-accounted investees, net of tax	12, 13	3,137	(247)
Profit before tax		21,386	7,916
Tax expense	8	(6,108)	(3,735)
Profit for the year		15,278	4,181
Profit attributable to:			
Owners of the Company		16,040	5,169
Non-controlling interest		(762)	(988)
Profit for the year		15,278	4,181

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	2017	2016
	€'000	€'000
Profit for the year	**15,278**	4,181
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Defined benefit scheme actuarial (losses)/gains	**(166)**	183
Related tax charge	**(69)**	(29)
	(235)	154
Items that are or may be reclassified subsequently to profit or loss		
Cashflow hedges – effective portion of changes in fair value	**176**	290
Net changes in fair value of cash flow hedges reclassified to profit or loss	**(425)**	1,440
Foreign currency translation differences on retranslation of foreign operations	**(25,257)**	7,204
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	**256**	(345)
	(25,250)	8,589
Other comprehensive (loss)/income, net of tax	**(25,485)**	8,743
Total comprehensive (loss)/income for the year	**(10,207)**	12,924
Attributable to:		
Owners of the Company	**(9,320)**	13,925
Non-controlling interest	**(887)**	(1,001)
Total comprehensive (loss)/income for the year	**(10,207)**	12,924

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	2017	Reclassified (Notes 9, 16) 2016
		€'000	€'000
Assets			
Non-current assets			
Property, plant and equipment	9	**263,219**	325,679
Intangible assets	15	**51,124**	55,553
Deferred tax assets	24	**2,991**	1,891
Trade and other receivables	18	**2,052**	4,606
Investment in associate	12	**2,704**	-
Investments in joint ventures	13	**3,548**	3,691
Other investment	14	**75**	75
Total non-current assets		**325,713**	391,495
Current assets			
Inventories	16	**10,507**	21,283
Trade and other receivables	18	**173,779**	141,286
Current tax assets	17	**992**	2,081
Cash at bank	19	**48,628**	68,765
Restricted cash	19	**15,034**	14,013
Total current assets		**248,940**	247,428
Total assets		**574,653**	638,923

	Note	2017	2016
		€'000	€'000
Equity			
Share capital	20	-	-
Share premium		7,006	7,006
Capital contribution		31,931	31,931
Currency translation reserve		10,592	35,468
Cash flow hedge reserve		579	828
Retained earnings		163,972	148,167
Total equity attributable to equity holders of the company		214,080	223,400
Non-controlling interest		(2,635)	(1,748)
Total equity		211,445	221,652
Liabilities			
Non-current liabilities			
Loans and borrowings	21	76,857	143,126
Employee benefits	22	12,180	11,523
Provisions	23	11,709	13,327
Deferred tax liabilities	24	33,782	36,344
Trade and other payables	25	13,701	12,278
Total non-current liabilities		148,229	216,598
Current liabilities			
Loans and borrowings	21	55,327	46,731
Current tax liabilities	17	4,652	2,055
Trade and other payables	25	150,741	149,798
Provisions	23	4,259	2,089
Total current liabilities		214,979	200,673
Total liabilities		363,208	417,271
Total equity and liabilities		574,653	638,923

On behalf of the Board

H. Flynn
Director

L. Criel
Director

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	2017	2016
		€'000	€'000
Assets			
Non-current assets			
Property, plant and equipment	9	5,432	7,164
Intangible assets	15	430	153
Investments in subsidiaries	10	130,902	135,937
Trade and other receivables	18	734	-
Total non-current assets		137,498	143,254
Current assets			
Inventories	16	465	54
Loans to and receivables from subsidiaries	27	165,057	108,957
Trade and other receivables	18	6,696	7,739
Cash at bank	19	4,021	9,889
Current tax asset	17	29	-
Total current assets		176,268	126,639
Total assets		313,766	269,893

	Note	2017	2016
		€'000	€'000
Equity			
Share capital	20	-	-
Share premium		7,006	7,006
Capital contribution		31,931	31,931
Retained earnings		29,150	36,676
Total equity		68,087	75,613
Liabilities			
Non-current liabilities			
Loans and borrowings	21	25,389	73,917
Deferred tax liability	24	251	375
Total non-current liabilities		25,640	74,292
Current liabilities			
Loans and borrowings	21	23,179	16,185
Loans from and amounts due to subsidiaries	27	192,699	98,872
Trade and other payables	25	4,161	4,703
Current tax liability	17	-	228
Total current liabilities		220,039	119,988
Total liabilities		245,679	194,280
Total equity and liabilities		313,766	269,893

On behalf of the Board

H. Flynn
Director

L. Criel
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

Attributable to equity holders of the Company

	Share capital	Share premium	Capital contribution	Currency translation reserve
	€'000	€'000	€'000	€'000
Balance at 1 January 2016	-	7,006	31,931	28,596
Total comprehensive income for year				
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	6,872
Total comprehensive income	-	-	-	6,872
Other changes in equity during the year				
Minority interests arising from business combinations	-	-	-	-
Total change in equity for the year	-	**-**	**-**	**6,872**
Balance at 31 December 2016	**-**	**7,006**	**31,931**	**35,468**
Balance at 1 January 2017	-	7,006	31,931	35,468
Total comprehensive loss for year				
Profit for the year	-	-	-	-
Other comprehensive loss	-	-	-	(24,876)
Total comprehensive loss	-	-	-	(24,876)
Balance at 31 December 2017	**-**	**7,006**	**31,931**	**10,592**

	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000
	(902)	142,844	209,475	(24)	209,451
	-	5,169	5,169	(988)	4,181
	1,730	154	8,756	(13)	8,743
	1,730	5,323	13,925	(1,001)	12,924
	-	-	-	(723)	(723)
	1,730	**5,323**	**13,925**	**(1,724)**	**12,201**
	828	**148,167**	**223,400**	**(1,748)**	**221,652**
	828	148,167	223,400	(1,748)	221,652
	-	16,040	16,040	(762)	15,278
	(249)	(235)	(25,360)	(125)	(25,485)
	(249)	15,805	(9,320)	(887)	(10,207)
	579	**163,972**	**214,080**	**(2,635)**	**211,445**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital €'000	Share premium €'000	Capital contribution €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2016	-	7,006	31,931	21,883	60,820
Total comprehensive income for year					
Profit for the year	-	-	-	14,793	14,793
Balance at 31 December 2016	-	7,006	31,931	36,676	75,613
Balance at 1 January 2017	-	7,006	31,931	36,676	75,613
Total comprehensive loss for the year					
Loss for the year	-	-	-	(7,526)	(7,526)
Balance at 31 December 2017	**-**	**7,006**	**31,931**	**29,150**	**68,087**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	2017	2016
	€'000	€'000
Operating activities		
Profit for the year	15,278	4,181
Adjustments for:		
Depreciation of property, plant and equipment	45,875	45,180
Amortisation of intangible assets	4,571	3,087
Profit on disposals of property, plant and equipment	(17,528)	(2,647)
Profit on disposals of subsidiaries	(783)	-
Loss on disposal of subsidiary	25	-
Impairment of assets	1,935	5,225
Share of (profit)/loss of equity accounted investees, net of tax	(3,137)	247
Net finance costs	5,994	7,454
Tax expense	6,108	3,735
Operating cash inflows before movements in working capital	58,338	66,462
Movement in inventories	10,515	(3,452)
Movement in assets held for sale	-	524
Movement in trade and other receivables	(31,623)	40,458
Movement in trade and other payables	2,079	(16,589)
Movement in provisions and employee benefits	1,043	(629)
Foreign exchange translation	(2,814)	(2,721)
Taxes paid	(3,784)	(717)
Net cash from operating activities	33,754	83,336
Cash flows from investing activities		
Acquisition of subsidiary undertakings, net of cash acquired	-	(35,450)
Disposal of subsidiary, net of cash disposed	2,690	-
Proceeds on disposal of property, plant and equipment	56,490	9,204
Purchases of property, plant and equipment	(56,646)	(38,776)
Purchases of intangible assets	(2,371)	(1,400)
Interest income received	972	820
Divident received from joint venture	345	333
Net cash from/(used in) investing activities	1,480	(65,269)
Cash flows from financing activities		
New bank loans received	29,374	53,566
Repayment of bank loans	(30,952)	(40,401)
Interest paid	(6,925)	(7,797)
Repayment of other loans	(39,213)	(4,889)
Net cash (used in)/from financing activities	(47,716)	479
Net (decrease)/increase in cash and cash equivalents	(12,482)	18,546
Cash and cash equivalents at the beginning of the year	77,777	57,979
Effect of exchange rate fluctuations on cash held	(6,636)	1,252
Cash and cash equivalents at end of the year (Note 19)	58,659	77,777

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	2017	2016
	€'000	€'000
Operating activities		
(Loss)/profit for the year	(7,526)	14,793
Adjustments for:		
Depreciation of property, plant and equipment	518	842
Amortisation of software	24	-
Profit on disposal of aircraft	(2,060)	(1,657)
Profit on disposal of investment in subsidiary	(1,170)	-
Loss on disposal of investment in subsidiary	1,561	-
Net finance expense	3,077	1,513
Tax (credit)/charge	(203)	642
Dividend income	865	(13,514)
Impairment of investment in subsidiaries	4,780	-
Operating cash (outflows)/inflows before movements in working capital	(134)	2,619
Movement in inventories	(411)	5
Movement in trade and other receivables	309	(3,301)
Movement in trade and other payables	(542)	186
Foreign exchange translation	(4,217)	(4,884)
Taxes refunded/(paid)	178	(36)
Net cash used in operating activities	(4,817)	(5,411)
Cash flows from investing activities		
Proceeds on disposal of aircraft	5,381	5,260
Proceeds on disposal of investment in subsidiary	1,270	-
Purchases of property, plant and equipment	(2,107)	(693)
Interest and similar income received	930	1,543
Dividends received from subsidiary undertakings	865	13,514
Purchase of software	(301)	(153)
Net cash from investing activities	6,038	19,471
Cash flows from financing activities		
New bank loans received	6,762	51,597
Repayment of bank borrowings	(5,284)	(13,168)
Loans advanced and repayments to subsidiary undertakings	(85,016)	(102,577)
Loans and repayments received from subsidiary undertakings	119,667	59,587
Interest paid	(4,007)	(3,056)
Repayment of other loans	(39,213)	(4,889)
Net cash used in financing activities	(7,091)	(12,506)
Net (decrease)/increase in cash and cash equivalents	(5,870)	1,554
Cash and cash equivalents at the beginning of the year	4,888	3,334
Cash and cash equivalents at end of the year (Note 19)	(982)	4,888

NOTES

forming part of the consolidated financial statements

1 ACCOUNTING POLICIES

Reporting entity

ASL Aviation Holdings Designated Activity Company 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 2017 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 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.

The following standards and interpretations were effective for the Group for the first time from 1 January 2017. These standards have no material effect on the consolidated results of the Group.

- Amendments to IAS 7 *Statement of Cash Flows*
- Amendments to IAS 12 *Income Taxes*
- *Annual Improvements to IFRS Standards 2014-2016 Cycle*

A number of new standards, amendments to standards and interpretations are effective for early adoption for financial periods beginning on various dates after 1 January 2018, 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, 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 other standards have been endorsed by the EU, are available for early adoption and are effective from 1 January 2018. The Group has not adopted these standards early. 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 (September 2015).
- IFRS 9 *Financial Instruments* (July 2014).
- Amendments to IFRS 2 *Classification and Measurements of Share-based Payment Transactions*
- Amendments to IAS 40 *Transfers of Investment Property*

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

- IFRS 17 *Insurance Contracts* (IASB effective date 1 January 2021)
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (IASB effective date 1 January 2018)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (IASB effective date 1 January 2019)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (IASB effective date 1 January 2019)
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (IASB effective date 1 January 2019)
- *Annual Improvements to IFRS Standards 2015-2017 Cycle* (IASB effective date 1 January 2019)
- *Amendments to IAS 19 Plan Amendment, Curtailment or Settlement* (IASB effective date 1 January 2019)

(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 26.

(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.

NOTE 1

(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.

(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

Trademarks and other intangible assets (acquired air operator certificates) are currently considered to have indefinite useful lives.

(g) Aircraft fleet, property, plant and equipment

(i) Owned assets

Aircraft fleet 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.

Aircraft, spare engines and rotable spares are classified as aircraft fleet assets in 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.

(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.

(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 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.

NOTE

1

(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.

(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 when paid.

(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.

(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.

NOTE 1

(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.

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.

(x) Government grants

The Group has received government grants for certain non-capital expenditure.

Unconditional government grants are recognised in the income statement as other operating income when the grant becomes receivable.

Other government grants are initially recognised as deferred income at fair value if there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in the income statement as the conditions are met.

2 REVENUE

	2017	2016
	€'000	€'000
Group		
Aircraft charter and other related services	911,062	682,981
Aircraft leasing	27,922	39,827
Aircraft spares trading	18,805	15,496
	957,789	738,304

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

	2017	2016
	€'000	€'000
Group		
Other operating income		
Profit on disposal of subsidiaries (note 10)	783	-
Insurance proceeds and other compensation from third parties for aircraft accident	-	1,783
Profit on disposals of property, plant and equipment	17,528	2,647
Profit on disposals of assets held for sale	-	289
Government grant income	5,673	3,098
Realisation of foreign currency translation gains on liquidation of subsidiaries	-	345
Other income	609	725
	24,593	8,887

Government grant income relates to grants received in Belgium in respect of employment costs for work completed outside of local social working hours.

	2017	2016
	€'000	€'000
Other operating expenses		
Acquisition related costs (note 10)	-	768
Loss on disposal of subsidiary (note 10)	25	-
Other expenses	-	28
Restructuring costs	-	1,569
Realisation of foreign currency translation losses on disposal of subsidiaries (note 10)	256	-
	281	2,365

4 IMPAIRMENT COSTS

	2017	2016
	€'000	€'000
Group		
Impairment of Quikjet goodwill (note 15)	-	4,065
Impairment of inventories	-	600
Impairment of property, plant and equipment (note 9)	1,761	560
Impairment of intangible asset (note 15)	174	-
	1,935	5,225

5 STATUTORY AND OTHER INFORMATION

Profit before tax is stated after charging:	2017	2016
	€'000	€'000
Group		
Depreciation of property, plant and equipment	45,875	45,180
Amortisation of intangible assets	4,571	3,087
Rentals payable under operating leases		
- Land and buildings	3,757	3,534
- Aircraft	87,936	80,233
Net foreign exchange loss	2,352	1,018
Auditor's remuneration		
- Audit of group and company accounts	210	210
- Other assurance services	22	27
- Tax advisory services	177	135
- Other non-audit services	13	50
	422	422

Auditor's remuneration for the audit of the Company accounts was €30,000 *(2016: €30,000)*.

6 EMPLOYEE BENEFITS AND NUMBERS

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

	2017	2016
Directors and senior management	60	62
Crew, administration and engineering	1,401	1,328
	1,461	1,390

The increase in average employee numbers primarily reflects the effect of the TNT Group (acquired May 2016) for the full year.

The aggregate payroll costs of these persons were as follows:

	2017	2016
	€'000	€'000
Group		
Wages and salaries	112,090	93,636
Social insurance costs	30,336	24,485
Pension costs	11,984	6,841
	154,410	124,962

Directors' remuneration

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

	2017	2016
	€'000	€'000
Emoluments	602	595
Pension contributions – defined contribution scheme	188	116
	790	711

7 FINANCE INCOME AND FINANCE COSTS

	2017	2016
	€'000	€'000
Group		
Finance income		
Interest income	972	820
	972	820
Finance costs		
Interest on bank borrowings	6,072	6,483
Interest on shareholder loans	813	783
Guarantee fees	40	531
Loss on fair value of derivatives through profit or loss	41	477
	6,966	8,274

8 TAX EXPENSE

	2017	2016
	€'000	€'000
Group		
Recognised in profit or loss (a)	6,108	3,735
Recognised in other comprehensive income (b)	69	29
	6,177	3,764
(a) Amounts recognised in profit or loss		
Current tax expense		
Corporation tax – Ireland – current year	3,003	(66)
Corporation tax – foreign – current year	4,027	4,402
Adjustment for prior periods	452	(371)
	7,482	3,965
Deferred tax credit		
Change in tax base of assets	(1,374)	(230)
	6,108	3,735

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

	2017	2016
	€'000	€'000
Profit for the year	15,278	4,181
Tax expense	6,108	3,735
Profit before tax	21,386	7,916
Expected tax, computed by applying the Irish tax rate 12.5% *(2016: 12.5%)*	2,673	990
Effect of different tax rates of subsidiaries operating in foreign jurisdictions	2,147	2,509
Non-deductible expenses	836	607
Adjustment for prior periods	452	(371)
Tax expense	6,108	3,735
(b) Amounts recognised in other comprehensive income		
Deferred tax charge related to defined benefit plan actuarial (losses)/gains	69	29

9 PROPERTY, PLANT AND EQUIPMENT GROUP

Group	Aircraft fleet (Reclassified)	Equipment & machinery	Buildings	Total (Reclassified)
	€'000	€'000	€'000	€'000
Cost or deemed cost				
Balance at 1 January 2016	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)
Reclassification of rotable aircraft parts	12,729	-	-	12,729
Foreign exchange movements	12,186	37	-	12,223
Balance at 31 December 2016	475,173	20,159	9,284	504,616
Additions	55,414	1,043	189	56,646
Disposals	(100,700)	(10,704)	(349)	(111,753)
Foreign exchange movements	(53,169)	(450)	-	(53,619)
Balance at 31 December 2017	**376,718**	**10,048**	**9,124**	**395,890**
Depreciation				
Balance at 1 January 2016	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
Reclassification of rotable aircraft parts	4,427	-	-	4,427
Foreign exchange movements	5,529	5	-	5,534
Balance at 31 December 2016	165,595	11,163	2,179	178,937
Charge for the year	43,279	1,914	682	45,875
Disposals	(61,910)	(5,878)	(343)	(68,131)
Impairment	1,761	-	-	1,761
Foreign exchange movements	(25,588)	(183)	-	(25,771)
Balance at 31 December 2017	**123,137**	**7,016**	**2,518**	**132,671**
Net book value				
At 31 December 2017	**253,581**	**3,032**	**6,606**	**263,219**
At 31 December 2016	309,578	8,996	7,105	325,679

NOTE
9

During the year the Group reclassified rotable aircraft parts from inventory to property, plant and equipment. This resulted in an adjustment to reclassify assets with a carrying value of €8,302,000 from inventory to property, plant and equipment at 31 December 2016 (see Note 16).

During the year the Group recorded an impairment charge of €1,761,000 against rotable aircraft parts.

At 31 December 2017, aircraft with a net book value of €164.7 million *(2016: €195.6 million)* were mortgaged to lenders as security for bank loans (see Note 21).

Aircraft with a net book value of €93.7 million at 31 December 2017 *(2016: €91.6 million)* were leased to third parties under operating leases.

During 2016 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. The asset was disposed in 2017 as part of the Farnair Training GmbH disposal (see note 10).

Company	Aircraft fleet	Equipment & machinery	Total
	€'000	**€'000**	**€'000**
Cost or deemed cost			
At 1 January 2016	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
Additions in year	2,023	84	2,107
Disposals in year	(12,622)	(41)	(12,663)
At 31 December 2017	**12,915**	**793**	**13,708**
Accumulated depreciation			
At 1 January 2016	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
Charge for year	366	152	518
Disposals	(9,315)	(27)	(9,342)
At 31 December 2017	**7,758**	**518**	**8,276**
Net book value			
At 31 December 2017	**5,157**	**275**	**5,432**
At 31 December 2016	6,807	357	7,164

10 INVESTMENTS IN SUBSIDIARIES COMPANY

Company	Shares in subsidiaries
	€'000
Cost	
At 1 January 2016 and 1 January 2017	136,713
Disposals	(1,031)
At 31 December 2017	**135,682**
Provision for impairment	
At 1 January 2016, 31 December 2016	776
Impairment in the year	4,780
Elimination of provision on disposal	(776)
At 31 December 2017	**4,780**
Net book value	
At 31 December 2017	**130,902**
At 31 December 2016	135,937

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
ASL Airlines Belgium 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%
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.	Spain	Air transport services	*100%
FARNAIR Holding SA	Switzerland	Investments in companies	100%
ASL Airlines (Switzerland) AG	Switzerland	Air transport services	*100%

* Indirect shareholdings

NOTE
10

Subsidiary undertakings	Country of incorporation	Nature of business	Shareholding
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%

* Indirect shareholdings

During the year the Company recorded an impairment charge of €4,780,000 against its investment in ACL Aircraft Trading Limited, as it was no longer deemed fully recoverable.

During the year the Company disposed of the following 100% owned subsidiaries;

- ACLAS Technics Limited
- FARNAIR Handling AG

During the year, the Group subsidiary ASL Airlines (Switzerland) AG disposed of its direct subsidiary FARNAIR Training Gmbh.

Upon disposal, the Group recycled foreign currency translation losses of €256,000 to the income statement from the foreign currency translation reserve.

Upon disposal of ACLAS Technics Limited the Company eliminated a provision for impairment of €776,000.

(a) Disposal of ACLAS Technics

On 18 August 2017, the Group sold a UK subsidiary, ACLAS Technics Limited. The disposal was part of management's strategic decision to focus on the core leasing and airline activities of the Group.

In the period from 1 January 2017 to date of disposal, that company contributed revenue of €1.4m *(2016: €2.0m)* and a loss after tax of €0.1m *(2016: profit after tax €0.3m)* to the results of the Group.

Identifiable assets and liabilities disposed

	€'000
Property, plant and equipment	545
Inventories	261
Trade and other receivables	429
Cash at bank	171
Trade and other payables	(181)
Current tax liability	(11)
Deferred tax liability	(54)
	1,160
Goodwill	196
Carrying value of net assets disposed	1,356
Total consideration	1,331
Loss on disposal of subsidiary	(25)

(b) Disposal of Farnair Handling

On 23 November 2017, the Group sold a Hungarian subsidiary, Farnair Handling AG.

In the period from 1 January 2017 to date of disposal that company contributed revenue of €2.0m *(2016: €2.2m)* and a profit after tax of €0.2m *(2016: 0.3m)*.

Identifiable assets and liabilities disposed	€'000
Intangible assets	5
Property, plant and equipment	193
Trade and other receivables	539
Deferred tax liability	(1)
Trade and other payables	(203)
Carrying value of net assets disposed	533
Total consideration	1,270
Profit on disposal of subsidiary	737

(c) Disposal of Farnair Training

On 15 February 2017, the Group sold its Austrian subsidiary Farnair Training GmbH.

In the period from 1 January 2017 to date of disposal, the company contributed revenue of €0.2m *(2016: €1.1m)* and profit after tax of €Nil *(2016: loss after tax €0.4m).*

Identifiable assets and liabilities disposed	€'000
Intangible assets	262
Property, plant and equipment (net of impairment in 2016 of €0.6m (note 9))	3,362
Trade and other receivables	155
Cash at bank	123
Trade and other payables	(90)
Loans and borrowings	(2,144)
Carrying value of net assets disposed	1,668
Total consideration	1,714
Profit on disposal of subsidiary	46

11 BUSINESS COMBINATIONS

There were no business combinations by the Group during 2017. Business combinations in the prior year were as follows:

(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.

In the period of 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 were 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.

(b) Business combination – Acquisition of Quikjet

On 1 January 2016 the Group acquired control of Quikjet Cargo Airlines PVC Limited ("Quikjet"). 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**

The Group 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 from acquisition to 31 December 2016, Quikjet contributed revenue of €4.2 million and a loss of €1.4 million (before goodwill impairment) to the Group's results.

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 €2.7m *(2016: €Nil)* and the Group's share of net assets of the associate at 31 December 2017 was €2.9m *(2016: €Nil)*. Separately, at 31 December 2017, the Group had loans of €0.4 million (non-current) *(2016: €4.2 million)* and other receivables (current) of €11.3 million *(2016: €8.7 million)* due from Safair Operations and a loan and other payables totalling €11.2m *(2016: €Nil)* due to Safair Operations (see Note 27).

Summary financial information for the associate is as follows:	**2017**	2016
	€'000	€'000
Current assets	**42,268**	31,707
Non-current assets	**15,749**	10,153
Total assets	**58,017**	41,860
Current liabilities	**(34,047)**	(35,754)
Non-current liabilities	**(13,154)**	(10,565)
Total liabilities	**(47,201)**	(46,319)
Net assets/(liabilities)	**10,816**	(4,459)
Group share of net assets/(liabilities)	**2,704**	-
Income	**160,845**	115,637
Expenses	**(146,320)**	(115,039)
Profit	**14,525**	598
Group's share of profit	**2,868**	-

The Group has recognised its share of profits of the associate based on cumulative profits less losses to date.

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 instead became a fully consolidated subsidiary from that date.

The percentage shareholding held by the Group on 31 December 2017 in K-Mile was 45% *(2016: 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 and 31 December 2017 was 50%.

In June 2016 and September 2017 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 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**
Investment as at 31 December 2016	875	-	2,816	3,691
Share of profit/(loss) in the year	(221)	-	490	269
Dividend by joint venture	-	-	(345)	(345)
Foreign currency translation movement	(67)	-	-	(67)
Investment as at 31 December 2017	**587**	**-**	**2,961**	**3,548**

NOTE 13

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	2017 €'000	2016 €'000
Non-current assets	**2,253**	2,713
Current assets	**5,146**	3,114
Current liabilities	**(7,599)**	(5,646)
Net (liabilities)/assets (100%)	**(200)**	181
Percentage ownership interest	**45%**	45%
Group's share of net (liabilities)/assets	**(90)**	81
Goodwill	**677**	794
Carrying amount of interest in joint venture	**587**	875
Income	**23,851**	17,948
Expenses	**(24,341)**	(18,635)
Loss	**(490)**	(687)
Group's share of loss	**(221)**	(309)

X-AIR SERVICES LIMITED	2017 €'000	2016 €'000
Non-current assets	**486**	588
Current assets	**11,951**	12,589
Current liabilities	**(6,515)**	(7,545)
Net assets (100%)	**5,922**	5,632
Percentage ownership interest	**50%**	50%
Group's share of net assets	**2,961**	2,816
Goodwill	**-**	-
Carrying amount of interest in joint venture	**2,961**	2,816
Income	**29,275**	14,792
Expenses	**(28,295)**	(14,668)
Profit	**980**	124
Group's share of profit	**490**	62

14 OTHER INVESTMENT

	2017	2016
	€'000	€'000
Other investment	75	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.

15 INTANGIBLE ASSETS

Group	Goodwill €'000	Customer contracts €'000	Software €'000	Trademarks €'000	Other intangible assets €'000	Total €'000
Cost or deemed cost						
At 1 January 2016	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
Additions	-	-	2,283	88	-	2,371
Disposals	(196)	-	(738)	(4)	-	(938)
Impairment	-	-	-	-	(174)	(174)
Foreign exchange movement	(1,490)	-	(40)	(87)	-	(1,617)
At 31 December 2017	**23,827**	**25,401**	**7,164**	**673**	**3,592**	**60,657**
Amortisation						
At 1 January 2016	-	-	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
Amortisation in year	-	3,629	942	-	-	4,571
Disposals	-	-	(471)	(4)	-	(475)
Foreign exchange movement	-	-	(25)	-	-	(25)
At 31 December 2017	**-**	**5,746**	**3,787**	**-**	**-**	**9,533**
Net book value						
At 31 December 2017	**23,827**	**19,655**	**3,377**	**673**	**3,592**	**51,124**
At 31 December 2016	25,513	23,284	2,318	672	3,766	55,553

	Software	Total
	€'000	€'000
Company		
Cost or deemed cost		
At 1 January 2016	-	-
Additions	153	153
At 31 December 2016	153	153
Additions	301	301
At 31 December 2017	**454**	**454**
Amortisation		
At 1 January 2016 and 31 December 2016	-	-
Amortisation during the year	24	24
At 31 December 2017	**24**	**24**
Net book value		
At 31 December 2017	**430**	**430**
At 31 December 2016	**153**	**153**

The Company commenced amortisation of fully implemented software during the year.

The Company has capitalised €207,000 relating to new Enterprise Resource Planning (ERP) Software which is not yet available for use. The Company has not yet commenced amortisation of this software as it is still under development.

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 are assessed for evidence of impairment at each year end.

The directors reviewed the carrying value of the Quikjet CGU (cash-generating unit) during 2016 and determined that the goodwill recognised on the Quikjet acquisition was no longer recoverable and fully impaired this goodwill at 31 December 2016. An impairment charge of €4.1 million was recorded in the 2016 income statement (note 4).

16 INVENTORIES

	Group		Company	
		Reclassified		
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Consumables	**10,507**	21,283	**465**	54

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 €330,000 *(2016: €360,000)*. On 9 April 2017, the Group disposed of the entire inventory held by its spares trading subsidiary ACLAS Global Limited, (€13.3m), to a third party and exited the spares trading business. The Group has not reinvested the proceeds in additional inventory as at 31 December 2017.

During the year the Group reclassified rotable aircraft parts from inventory to property, plant and equipment. This resulted in an adjustment to reclassify assets with a carrying value of €8,302,000 from inventory to property, plant and equipment at 31 December 2016 (see note 9).

17 CURRENT TAX ASSETS AND LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Current tax assets	**992**	2,081	**29**	-
Current tax liabilities	**(4,652)**	(2,055)	**-**	(228)

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

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Amounts due from associate *(Note 27)*	**11,711**	12,870	**34**	-
Amounts due from joint venture *(Note 27)*	**4,534**	2,876	**862**	790
Trade receivables	**92,136**	82,587	**22**	1,144
Prepayments and accrued income	**10,225**	12,290	**3,361**	2,928
Derivatives	**683**	1,241	**-**	-
VAT receivable	**6,576**	3,419	**93**	73
Other debtors	**49,966**	30,609	**3,058**	2,804
	175,831	145,892	**7,430**	7,739
Non-current	**2,052**	4,606	**734**	-
Current	**173,779**	141,286	**6,696**	7,739
	175,831	145,892	**7,430**	7,739

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Cash at bank	**48,628**	68,765	**4,021**	9,889
Restricted cash	**15,034**	14,013	**-**	-
	63,662	82,778	**4,021**	9,889
Bank overdraft (Note 22)	**(5,003)**	(5,001)	**(5,003)**	(5,001)
Cash and cash equivalents per cash flow statement	**58,659**	77,777	**(982)**	4,888

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 SHARE CAPITAL

	2017	2016
	€'000	€'000
Group		
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	**-**	-

21 INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Current	**55,327**	46,731	**215,878**	115,057
Non-current	**76,857**	143,126	**25,389**	73,917
	132,184	189,857	**241,267**	188,974
Non-current liabilities				
Bank loans	**76,857**	99,828	**25,389**	30,619
Other loans	**-**	43,298	**-**	43,298
	76,857	143,126	**25,389**	73,917
Current liabilities				
Bank overdraft	**5,003**	5,001	**5,003**	5,001
Current portion of bank loans	**50,324**	41,730	**18,176**	11,184
Loans and borrowings	**55,327**	46,731	**23,179**	16,185
Loans from subsidiary undertakings (Note 27)	**-**	-	**192,699**	98,872
Total	**55,327**	46,731	**215,878**	115,057

(i) Bank loans (excluding overdraft)

Secured bank loans	**127,181**	141,558	**43,565**	41,803
Less current portion	**(50,324)**	(41,730)	**(18,176)**	(11,184)
Non-current portion	**76,857**	99,828	**25,389**	30,619

The bank loans are secured over aircraft assets with a net book value of €164.7 million *(2016: €195.6 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 2017 were US$87.1 million - equivalent to €72.6 million *(2016: US$102.8 million - equivalent to €97.5 million)*.

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 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 €13.0 million repayable on demand, the Group drew down €6.8 million in the current year (2016: draw down €6.2 million).

During 2017 the Group agreed new financing for capital expenditure and aircraft conversions. The loan is subject to a fixed rate and repayable over a 5 year term from date of drawdown. The Group can drawdown on the facility as expenditure is incurred and has drawn down €13.0 million as at 31 December 2017.

During 2017 the Group entered into a factoring arrangement with a finance company. The Group had factoring debt of €8.2 million as at 31 December 2017, which is secured against certain trade receivables of the Group.

NOTE 21

(ii) Other loans

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Shareholder loans: CMB/3P (Note 27) Current portion	**-**	-	**-**	-
Non-current portion	**-**	43,298	**-**	43,298

During the year, the Group repaid the shareholder loans, which were denominated in US$, in full.

(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 2017					
Bank overdraft	**5,003**	**5,003**	**-**	**-**	**-**
Bank loans	**127,181**	**50,324**	**32,010**	**42,743**	**2,104**
Total	**132,184**	**55,327**	**32,010**	**42,743**	**2,104**
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

Company	Total	Less than 1 year	1-2 years	2-5 years	+5 years
	€'000	€'000	€'000	€'000	€'000
As at 31 December 2017					
Bank overdraft	**5,003**	**5,003**	**-**	**-**	**-**
Bank loans	**43,565**	**18,176**	**5,452**	**17,833**	**2,104**
Total	**48,568**	**23,179**	**5,452**	**17,833**	**2,104**
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

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

(iv) Undrawn borrowing facilities

At 31 December 2017 the Group has an undrawn overdraft facility of €Nil *(2016: €Nil).*

(v) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities			
	Bank overdraft	Bank loans	Other loans	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2017	**5,001**	**141,558**	**43,298**	**189,857**
Changes from financing cash flows				
Proceeds from loans and borrowings	-	29,374	-	29,374
Repayment of borrowings	-	(30,952)	(39,213)	(70,165)
Interest paid	-	(6,112)	(813)	(6,925)
Total changes from financing cash flows	**-**	**(7,690)**	**(40,026)**	**(47,716)**
The effect of changes in foreign exchange rates		**(12,799)**	**(4,085)**	**(16,884)**
Other changes				
Change in bank overdraft	2	-	-	2
Interest and guarantee fees charged	-	6,112	813	6,925
Total other changes	**2**	**6,112**	**813**	**6,927**
Balance at 31 December 2017	**5,003**	**127,181**	**-**	**132,184**

22 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	2017	2016
	€'000	€'000
Unfunded scheme – liability	**6,957**	7,167
Funded schemes – net liability	**5,223**	4,356
	12,180	11,523

(a) Unfunded defined benefit scheme	2017	2016
	€'000	€'000
The amounts recognised in the statement of financial position were as follows:		
Present value of unfunded obligations	**6,957**	7,167
Unrecognised actuarial gains/(losses)	**-**	-
Unrecognised past service cost	**-**	-
Net liability	**6,957**	7,167
Amounts in the statement of financial position:		
Liabilities	**6,957**	7,167
Net liability	**6,957**	7,167
Movements in the net liability recognised in the statement of financial position		
Net liability at beginning of year	**7,167**	8,056
Expense/(credit) recognised in the income statement	**53**	(953)
(Gain)/loss recognised in other comprehensive income	**(263)**	64
Net liability at 31 December 2017	**6,957**	7,167
The amounts recognised in profit or loss are as follows:		
Current service costs	**189**	412
Interest on obligation	**100**	162
Past service credit	**(236)**	(989)
Reimbursement to employer	**-**	(538)
Total expense/(income) – included in 'Employee benefits expense'	**53**	(953)
The amounts recognised in other comprehensive income are as follows:		
Actuarial (gain)/loss recognised in year	**(263)**	64
Principal actuarial assumptions at 31 December		
Discount rate	**1.30%**	1.30%
Future salary increases (including inflation)	**0% + salary scale**	0% + salary scale
Future pension increases	**0%**	0%
Inflation	**1.7%**	1.0%

(b) Funded defined benefit schemes

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

	2017	2016
	€'000	€'000
Pension obligations	(26,567)	(28,160)
Pension plan assets	21,344	23,804
Net liability	(5,223)	(4,356)

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:

	2017	2016
	€'000	€'000
Current service cost	(823)	(780)
Interest expense	(101)	(142)
Interest income on plan assets	88	121
Administration costs	(59)	(80)
Curtailment	-	287
Periodic pension costs	(895)	(594)

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

	2017	2016
	€'000	€'000
Actual return on plan assets	(450)	1,005

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

	2017	2016
	€'000	€'000
Present value of funded obligations at beginning of year	(17,863)	(16,762)
Current service cost	(823)	(780)
Employee contributions	(448)	(564)
Interest cost	(101)	(142)
Benefits paid	1,641	882
Actuarial loss on benefit obligation	(310)	(619)
Curtailment	-	287
Translation effects	1,472	(165)
Present value of funded obligation at year end	(16,432)	(17,863)

NOTE 22

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

	2017	2016
	€'000	€'000
Fair value of plan assets at beginning of year	15,622	14,257
Employer contributions	488	610
Employee contributions	448	564
Interest income on plan assets	88	121
Actuarial (loss)/gain on plan assets	(538)	884
Benefits paid	(1,641)	(882)
Administration costs	(59)	(80)
Translation effects	(1,226)	148
Fair value of plan assets at year end	13,182	15,622

Pension plan assets are comprised as follows:

	2017	2016
Cash and cash equivalents	0.0%	4.4%
Bonds	0.6%	38.3%
Shares	0.1%	3.3%
Property investment	0.2%	11.6%
Managed funds	99.1%	42.4%
Total	100%	100%

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	0.7%	0.6%
Future salary increase	0.5%	0.5%
Future pension increase	0.0%	0.0%

Statutory employer's contributions for the year 2018 are estimated at €0.5 million.

(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:

	2017	2016
	€'000	€'000
Current service cost	(1,029)	(686)
Interest expense	(191)	(128)
Interest income on plan assets	147	123
Periodic pension costs	(1,073)	(691)

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

	2017	2016
	€'000	€'000
Actual return on plan assets	(772)	(130)

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

	2017	2016
	€'000	€'000
Present value of funded obligations at beginning of year	(10,297)	-
Liability acquired through business combination	-	(9,747)
Current service cost	(1,029)	(686)
Interest cost	(191)	(128)
Benefits paid	44	29
Actuarial gain on benefit obligation	1,338	235
Present value of funded obligation at year end	(10,135)	(10,297)

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

	2017	2016
	€'000	€'000
Fair value of plan assets at beginning of year	8,182	-
Assets acquired through business combination	-	7,786
Employer contributions	796	555
Interest income on plan assets	147	123
Actuarial loss on plan assets	(919)	(253)
Benefits paid	(44)	(29)
Fair value of plan assets at year end	8,162	8,182

Pension plan assets are comprised as follows:

	2017	2016
Bonds	100%	81.8%
Shares	-	1.0%
Property investment	-	17.2%
Total	100%	100%

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	1.95%	1.8%
Future salary increase	0.5%	0.5%
Future pension increase	0.5%	0.0%

Statutory employer's contributions for the year 2018 are estimated at €0.8 million.

23 PROVISIONS

	2017	2016
	€'000	€'000
Group		
Non-current portion	11,709	13,327
Current portion	4,259	2,089
	15,968	15,416
Aircraft maintenance	13,263	12,856
Claims and other	2,705	2,560
	15,968	15,416
Movements during the year		
Aircraft maintenance		
At beginning of year	12,856	4,502
Acquisition of subsidiary	-	8,424
Additional provisions in the year	3,239	1,199
Utilisations and releases in the year	(2,832)	(1,269)
At end of the year	13,263	12,856
Claims and other		
At beginning of year	2,560	1,831
Acquisition of subsidiary	-	472
Additional provisions in the year	444	822
Utilisations and releases in the year	(272)	(570)
Disposal of subsidiary	(26)	-
Translation	(1)	5
At end of the year	2,705	2,560
Total provisions	15,968	15,416

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

24 DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Deferred tax assets	**2,991**	1,891	**-**	-
Deferred tax liabilities	**(33,782)**	(36,344)	**(251)**	(375)
Net	**(30,791)**	(34,453)	**(251)**	(375)

Deferred tax assets and liabilities are attributable to the following:

	2017			2016		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	€'000	**€'000**	**€'000**	€'000	€'000	€'000
Group						
Property, plant and equipment	**373**	**(33,178)**	**(32,805)**	1,463	(36,770)	(35,307)
Employee benefits	**181**	**(604)**	**(423)**	-	426	426
Unused tax losses	**2,437**	**-**	**2,437**	428	-	428
	2,991	**(33,782)**	**(30,791)**	1,891	(36,344)	(34,453)
Company						
Property, plant and equipment	**-**	**(251)**	**(251)**	-	(576)	(576)
Unused tax losses	**-**	**-**	**-**	-	201	201
	-	**(251)**	**(251)**	-	(375)	(375)

Movement in temporary differences during the year

	Balance at 1 January 2017	Recognised in total comprehensive income	Foreign exchange movement	Acquisition of subsidiaries	Balance at 31 December 2017
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Group					
Property, plant and equipment	**(35,307)**	**145**	**2,357**	**-**	**(32,805)**
Employee benefits	**426**	**(849)**	**-**	**-**	**(423)**
Unused tax losses	**428**	**2,009**	**-**	**-**	**2,437**
	(34,453)	**1,305**	**2,357**	**-**	**(30,791)**

Balance at 1 January 2016	Recognised in total comprehensive income	Foreign exchange movement	Acquisition of subsidiaries	Balance at 31 December 2016

NOTE 24

	€'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)

The deferred tax credit recognised in total comprehensive income of €1,305,000 *(2016: credit of €201,000)* includes a credit of €1,374,000 *(2016: credit of €230,000)* to profit or loss, and a charge of €69,000 *(2016: charge of* €29,000*)* in other comprehensive income (see Note 8).

	Balance at 1 January 2017	**Recognised in income statement**	**Balance at 31 December 2017**
	€'000	**€'000**	**€'000**
Company			
Property, plant and equipment	**(576)**	**325**	**(251)**
Unused tax losses	**201**	**(201)**	**-**
	(375)	**124**	**(251)**

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)

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

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Amounts due to associate (Note 27)	**11,170**	17	**41**	-
Amounts due to joint venture (Note 27)	**5,421**	3,815	**-**	-
Trade payables	**80,205**	92,384	**1,028**	2,969
VAT payable	**959**	1,762	**-**	-
Accruals and other payables	**43,311**	37,217	**2,309**	1,697
Deferred income	**6,426**	5,782	**607**	-
Advance deposits received	**16,761**	21,027	**176**	37
Derivatives	**189**	39	**-**	-
Deferred government grants	**-**	33	**-**	-
	164,442	162,076	**4,161**	4,703
Current	**150,741**	149,798	**4,161**	4,703
Non-current	**13,701**	12,278	**-**	-
	164,442	162,076	**4,161**	4,703

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.

26 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:

	2017	2016
	€'000	€'000
Not past due	**55,895**	74,169
Past due 0-30 days	**32,293**	5,229
Past due 31-365 days	**3,425**	2,655
Past due > 1 year	**523**	534
	92,136	82,587

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 €0.3 million *(2016: €0.4 million)*.

The Group has credit risk in relation to amounts receivable from Safair Operations Pty Ltd, its 25% associate company, further details of which are given in Note 27.

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	**Other loans**	**Trade and other payables**	**Total**	Bank loans and overdraft	Other loans	Trade and other payables*	Total
	2017	**2017**	**2017**	**2017**	2016	2016	2016	2016
	€'000	**€'000**	**€'000**	**€'000**	€'000	€'000	€'000	€'000
Group								
Less than one year	**60,316**	**-**	**150,741**	**211,057**	51,444	-	149,765	201,209
Between 1 and 5 years	**82,746**	**-**	**13,701**	**96,447**	99,482	43,857	12,278	155,617
More than 5 years	**2,304**	**-**	**-**	**2,304**	8,664	-	-	8,664
	145,366	**-**	**164,442**	**309,808**	159,590	43,857	162,043	365,490

*Excludes deferred government grants.

Interest rate risk

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

	2017	2016
	€'000	€'000
Fixed rate instruments	**19,472**	4,606
Variable rate instruments	**112,712**	185,251
	132,184	189,857

The Group has entered into interest rate swaps on €39.7 million of variable rate loans at 31 December 2017 *(2016: €56.5m)*.

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.

2017		2016	
+ 50 basis points	**- 50 basis points**	+ 50 basis points	- 50 basis points
€'000	**€'000**	€'000	€'000
(770)	**770**	(947)	947

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. 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 2018 estimated US dollar needs, mainly related to leasing and planned maintenance expenses, which amounts to US$15.5 million or €12.9 million *(2017: US$11.0 million or €10.4 million)*.

ASL Airlines (Ireland) Limited, has hedged a proportion of its 2018 estimated US dollar and GBP needs, mainly related to leasing and planned maintenance expenses, which amounts to US$12.0 million or €10.0 million and GBP£1.8 million or €2.0 million *(2017: 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. A 10% strengthening of the Euro against the US dollar at 31 December would have increased/(decreased) the equity and profit by:

	2017	2016
	€'000	€'000
Equity	**(12,676)**	(9,071)
Profit	**(3,097)**	1,748

A 10% weakening of the Euro against the US dollar at 31 December 2017 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.

NOTE 26

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.

Fair values versus carrying amounts

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

	Carried at fair value 2017	Assets at amortised cost 2017	Liabilities at amortised cost 2017	Carrying amount 2017	Fair value Level 1 2017	Fair value Level 2 2017	Fair value Level 3 2017
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Derivatives – forward exchange contracts	(189)	-	-	(189)		(189)	
Derivatives – interest rate swaps	683	-	-	683		683	
Loans and receivables	-	175,148	-	175,148			
Cash and cash equivalents	-	63,662	-	63,662			
Bank overdraft	-	-	(5,003)	(5,003)			
Secured bank loans – fixed rate	-	-	(19,472)	(19,472)		(21,889)	
Secured bank loans – variable rate			(107,709)	(107,709)			
Trade and other payables (excluding derivatives)			(164,253)	(164,253)			
	494	238,810	(296,437)	(57,133)			

Fair values versus carrying amounts

	Carried at fair value 2016	Assets at amortised cost 2016	Liabilities at amortised cost 2016	Carrying amount 2016	Fair value Level 1 2016	Fair value Level 2 2016	Fair value 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)			

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.

NOTE 26

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:

	At 31 December 2017				At 31 December 2016			
	Carrying amount	Expected amount	1 year or less	2 to 5 years	Carrying amount	Expected amount	1 year or less	2 to 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Forward exchange contracts:								
Assets	-	-	-	-	425	425	425	-
Liabilities	(189)	(189)	(189)	-	-	-	-	-
	(189)	(189)	(189)	-	425	425	425	-
Interest rate swaps:								
Assets	683	683	-	683	816	816	-	816
Liabilities	-	-	-	-	(39)	(39)	-	(39)
	683	683	-	683	777	777	-	777

27 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.

During the year the Group repaid the shareholders loans in full. The Group provides some financial management services to 3P.

	Balance owing at end of year		Income/(charge) for year	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
3P				
Loan	**-**	21,216		
Management fees			**7**	9
Interest paid			**(399)**	(383)
CMB				
Loan	**-**	22,082		
Interest paid			**(414)**	(400)
	-	43,298		

(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:

	2017	2016
	€'000	€'000
Total remuneration – directors	**790**	711

NOTE 27

(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)	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Loans and interest	**10,714**	4,153	**535**	390
Other receivables and income	**997**	8,717	**15,541**	12,650
Expenditure recharges	**(902)**	(17)	**-**	-
Loans payable	**(10,268)**	-	**(134)**	-
	541	12,853	**15,942**	13,040

Loan receivables

The loans relate to normal trading activities and bear interest at commercial rates. Loans in South African Rand equivalent to €10.7 million are repayable in full on demand and are classified within current assets. The loans balance at 31 December 2016 (€4.2 million) was repayable in full in 2023 and classified in non-current assets. Following a revision of loan terms in 2017, these loans are now due on demand.

Loan payable

The loan relates to streamlining of Group and associate loan balances with a view to future Group structure planning and bears interest at commercial rates. Loans in South African Rand equivalent to €10.3 million are repayable in full on demand and are classified within current liabilities.

Other

These relate to trading transactions in the normal course of business, principally from leasing of aircraft on commercial terms and at market rates, and recharges of expenditure.

The directors have reviewed the carrying value of amounts receivable from the associated undertaking at 31 December 2017 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	**Income/(charge) in the year ended 31 December**	Receivable/ (payable) at end of year	Income/(charge) for period since became joint venture
	2017	**2017**	2016	2016
	€'000	**€'000**	€'000	€'000
X-Air Services S.A.	**(5,421)**	**(25,423)**	(3,815)	(8,900)
K-Mile Air Company Ltd	**4,534**	**6,118**	2,876	4,293
	(887)	**(19,305)**	(939)	(4,607)

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

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 2017	Payable balance at 31 December 2017	Receivable balance at 31 December 2017
		€'000	€'000	€'000
Subsidiaries				
ACL Aircraft Trading Ltd	Management fee	43		29
	Interest receivable	25		
	Commission	(15)	14	
	Loan payable		1,957	
Air Contractors (UK) Ltd	Management fee	40		4
	Interest payable/loan	(241)	7,879	
ACLAS Global Ltd	Interest receivable	105		1
ACLAS Technics Ltd	Interest receivable	61		
	Management fee	12		
ASL Aircraft Investment DAC	Management fee	267		8,628
	Loan payable		10,337	
ASL Airlines Belgium SA	Lease income	1,557		6,087
	Management fee	703		703
	Lease expense	(2,247)	1,080	
	Interest payable/loan	(515)	41,563	
ASL Airlines (France) SA	Lease income	1,857		856
	Management fee	865		
	Interest payable/loan	(238)	41,794	
	Expense recharge		934	220
ASL Airlines (Hungary) Kft	Lease income	3,900		3,161
	Management fee	39		
ASL Airlines (Ireland) Ltd	Interest receivable	415		75,762
	Lease income	8,402		10,636
	Management fee	757		
	Expense recharge	(230)	409	
ASL Airlines Spain SA	Loan payable		1,500	
	Expense recharge			32
ASL Airlines (Switzerland) AG	Interest receivable	38		4,071
	Lease income	60		
	Management fee	661		694
	Expense recharge		178	
ASL CAMO Ltd	Loan receivable			109
	Other receivables			1,331

NOTE 27

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2017	Payable balance at 31 December 2017	Receivable balance at 31 December 2017
		€'000	€'000	€'000
Subsidiaries				
ASL Aircraft Investment (No. 2) Ltd	Lease income	213		
	Management fee	128		
	Loan payable		2,364	
	Expense recharge		135	
	Other receivables			1,084
ASL Aircraft Investment (No. 3) Ltd	Loan payable		11,494	
	Expense recharge		417	
	Loan receivable			1,958
	Other receivables			29,892
OFSB Ltd	Lease expense	(740)	554	13
Quikjet Cargo Airline Pvt Ltd	Lease income	1,196		3,488
	Management fee	103		
	Other receivable			710
Safair Aviation (Ireland) DAC	Interest receivable	194		
	Management fee	24		2
	Loan payable		26,109	
	Expense recharge		319	
Safair Holdings (Pty) Limited	Interest receivable	13		15,486
Safair Lease Finance (Pty) DAC	Management fee	332		1
	Expense recharge		1,001	
Safair Lease Finance (Ireland) DAC	Management fee	27		2
	Loan payable		24,013	
Safair Lease Finance 72 DAC	Management fee	160		97
	Loan payable		18,648	
			192,699	165,057

In the ordinary course of business the Company has entered into guarantees for certain loans and leases entered into by subsidiary companies.

Name of related party	Nature of transaction	Expenditure in the year ended 31 December 2017	Payable balance at 31 December 2017
		€'000	€'000
Shareholders			
CMB	Interest payable/ Shareholder loan	414	-
3P	Interest payable/ Shareholder loan	399	-
			-

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Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2016	Payable balance at 31 December 2016	Receivable balance at 31 December 2016
		€'000	€'000	€'000
Subsidiaries				
Farnair Handling SA	Management fee	67		67
ASL Aircraft Investment (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	

Name of related party	Nature of transaction	Income/ (expenditure) in the year ended 31 December 2016	Payable balance at 31 December 2016	Receivable balance at 31 December 2016
		€'000	€'000	€'000
Subsidiaries				
ASL Airlines Spain SA	Management fee	37		37
ASL CAMO Ltd	Loan			659
Quikjet Cargo Airlines Pvt. Limited	Lease income	1,871		2,436
	Management fee	132		
	Operating expenses	(274)		
ASL Aircraft Investment (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	Payable balance at 31 December 2016
		€'000	€'000
Shareholders			
CMB	Interest payable/ Shareholder loan	400	22,082
3P	Interest payable/ Shareholder loan	383	21,216
			43,298

28 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	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Less than one year	**76,403**	63,484	**14,223**	9,877
Between 1 and 5 years	**192,739**	97,859	**28,707**	26,829
More than 5 years	**13,948**	18,191	**2,997**	3,269
	283,090	179,534	**45,927**	39,975

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	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Less than one year	**26,952**	37,098	**15,813**	11,941
Between 1 and 5 years	**33,218**	53,017	**30,307**	31,730
More than 5 years	**2,097**	3,440	**2,997**	3,269
	62,267	93,555	**49,117**	46,940

29 OTHER COMMITMENTS

	Group		Company	
	2017	2016	**2017**	2016
	€'000	€'000	**€'000**	€'000
Capital commitments	**29,104**	9,032	**-**	-

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

30 MAJOR EXCHANGE RATES

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

	Closing rate		Average rate	
	31 December 2017	31 December 2016	**31 December 2017**	31 December 2016
US Dollar	**1.1993**	1.0541	**1.1249**	1.1061
British Pound	**0.8872**	0.8562	**0.8731**	0.8125
South African Rand	**14.8054**	14.457	**15.0344**	16.3369
Swiss Franc	**1.1702**	1.0739	**1.1083**	1.0917
Hungarian Forint	**310.33**	309.83	**309.27**	312.43

31 SUBSEQUENT EVENTS

On 5 February 2018, the Group announced plans to wind down ASL Airlines Spain SA.

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

32 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 loss of €7,526,000 for the year ended 31 December 2017 *(2016: profit of €14,793,000)*.

33 APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved these financial statements on 2 May 2018.

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