

2016

CELEBRATING 10 YEARS OF HELPING EMIRATES PILOTS
10th



2016 marked API's (formerly LIPS) ten-year anniversary. A special thank you for all the support we have received in the last decade from the members and our continued commitment to making API an even better vehicle to serve membership needs.



The following pages of this Annual Report will give you an insight into our membership details, beneficiaries, accounts and finances, along with a view of what may be expected in the financial markets this calendar year.

2016 saw the continuation of many initiatives such as the building of our new website that not only allows you to view your contribution records but will also provide options to invest in carefully selected API funds at wholesale prices with a wide variety of funds to choose from.

As you know, LIPS was restructured into the API Trust Guernsey (U.K.) which allows a regulated, secure oversight of the mutual benefit fund. Each member will be required to complete Know-Your-Customer (KYC) documents and apply to the Trust as a beneficiary and the new website was commissioned with this functionality in mind. The Admin team, volunteer members and accountants worked tirelessly with the many issues involved in dealing with the website construction while still continuing the daily administration of the Plan.

2016

WELCOME TO THE LIPS/API 2016 ANNUAL REPORT

As Captain Hans "Joe" Pack is taking a full-time role with the Medical team we say goodbye to Mark Nott and thank him for all his great work dealing with ill pilot members and the sadly bereaved.

2017 sees many challenges in the global economy but rest assured your hard-earned contributions are well protected. API is moving from strength to strength, better able to meet your needs so that you may face the future with added confidence. API is your organisation and it is you, the membership, who keep our non-profit mutual benefit fund successful.

If you would like to view the complete 2016 Financial Statement, please contact our Admin team via the website support page. We welcome any suggestions you may have as to how we can further improve our services. Thank you for your continued support keeping API your choice for loss of licence protection.



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EMIRATES PILOTS

Towards protecting you and your loved ones in as many ways as possible as a valued member, your API team is constantly seeking ways to give you extra value every day and to that end provides three important benefits to your membership:



BENEFITS

LOSS OF MEDICAL LICENSE BENEFIT

If you lose your GCAA Class I Medical Certificate and are terminated as a pilot by Emirates Airline and receive their three-year lump sum loss of license payout you may apply to the Trustee to receive AED 25,000 / month (which increases 3% / year to a maximum of AED 35,000 / month) until you reach the age of 65!

LIFE INSURANCE

API contracts with the Oman Insurance Company (OIC) as the provider for our life insurance. API, through OIC, automatically provides \$100,000 USD life insurance in the event the pilot loses his or her life (extendable up to \$500,000) and \$50,000 USD if the spouse / significant other dies. This is a wonderful benefit to have, and should give you peace of mind that your loved ones will be well looked-after.

AVIATION LEGAL INSURANCE

Another way we sought to add value for you over the past year, is in insuring you for legal expenses, should you be involved in an unfortunate aviation-related event while at work. Many pilots have heard tales of Captains and First Officers having legal difficulties (including court action or worse, in certain countries) following an incident, then having to pay expensive legal fees. API protects you as a crew member, subject to certain conditions, for such aviation related legal expenses. As an API member, you can feel more secure knowing you're automatically protected for up to USD 50,000 in legal expenses for: travel for your chosen legal representative to any country, communication costs, legal preparation and attendance at court or regulatory proceedings.

These three protections can keep you and your family covered and all are part of the non-profit mutual benefit fund offered by API that celebrates its 10th year anniversary.

MEMBERSHIP

We have closed out 2016 with a carbon copy of 2015 results. Membership remained constant at 1581 members which is impressive considering the turnover of pilots within Emirates Airline. New joiners are impressed with our product and exceptional pricing within the market and 140 joined the plan.

API has remained locked into bank transfers and standing orders as our only option for membership payment. Yes, we understand this remains a frustration given the modern age we live in, but is an unfortunate hurdle we encounter operating within the region. The API team will continue to investigate other payment gateways in 2017.

Looking ahead, Emirates pilot recruitment continues a path of growth, though we expect to see our numbers remain constant with minimal growth, given the number of pilots who are exiting Emirates Airlines to pursue other career paths. However, if we are successful with alternative payment options coupled with strong marketing tools, we envision our numbers to grow in 2017.

As we remain a fund created by Emirates pilots solely for Emirates pilots we rely on your promotion and support. Thus, our referral program remains intact and we continue to see new members join the flock following the recommendation of other colleagues. Remember, spread the word and lets all help one another.



PERFORMANCE OF THE COMPANY

At the end of 2016 the total assets of the Company were AED 20,524,993 compared with AED 20,021,551 at the end of 2015.

Through strict cost controls and prudent financial oversight the Company achieved overall savings of 12% on operating costs, with the exception of beneficiary claims which reported an increase of approximately 17% over the past year. A decrease in membership, due to pilots seeking other career paths, resulted in a premium yield of AED 7,076,247 against the 2015 reporting period's yield of AED 7,754,816. The decrease in membership premiums and increase in beneficiary claims resulted in a deficit of AED 1,194,167 against a deficit of AED 218,088 in 2015.

FINANCIAL POSITION

The financial position of the Company at the reporting date is healthy and is not exposed to any liquidity problem. At the reporting date, current ratio (current assets versus current liabilities) reports approximately (7:1) (year 2015: 10:1). The Company's net worth at the reporting date amounted to AED 14,132,365 (year 2015: AED 15,326,532).

CASH FLOW

The Company managed its operational funding requirement from the internal resources (operating activities) and reported a surplus in cash flow from operations amounting to AED 642,379.

OTHER MATTERS

During the 2016 period the Company retained the services of a financial investment expert to investigate various investment platforms available that, once the API Trust was online, would allow a low risk option to improve the 2017 financial figures.

RESPONSIBILITY STATEMENT

We, on behalf of the Board of Directors of LIPS Holdings, LTD., declare that the financial statements for the year ending on 31 December, 2016 complied in all material respects with: the requirements of the Jebel Ali Free Zone (JAFZA) – Dubai, United Arab Emirates Offshore Companies Regulations, Memorandum and Articles of Association of the Company and International Financial Reporting Standards. The financial statements state fairly and clearly in all material aspects the true financial position of the Company on 31 December, 2016, the results of its operations, changes in its owners' equity and cash flows for the year that ended on that date.

In our opinion, and to the best of our knowledge and belief, there have been no violations of JAFZA Offshore Companies Regulations or those of the Memorandum and Articles of Association of the Company; there were no material irregularities that affected the financial position of the Company or its results for the year and there were no events subsequent to the date of the balance sheet that may have had material effect on the financial statements attached.

FINANCIAL

REPORT

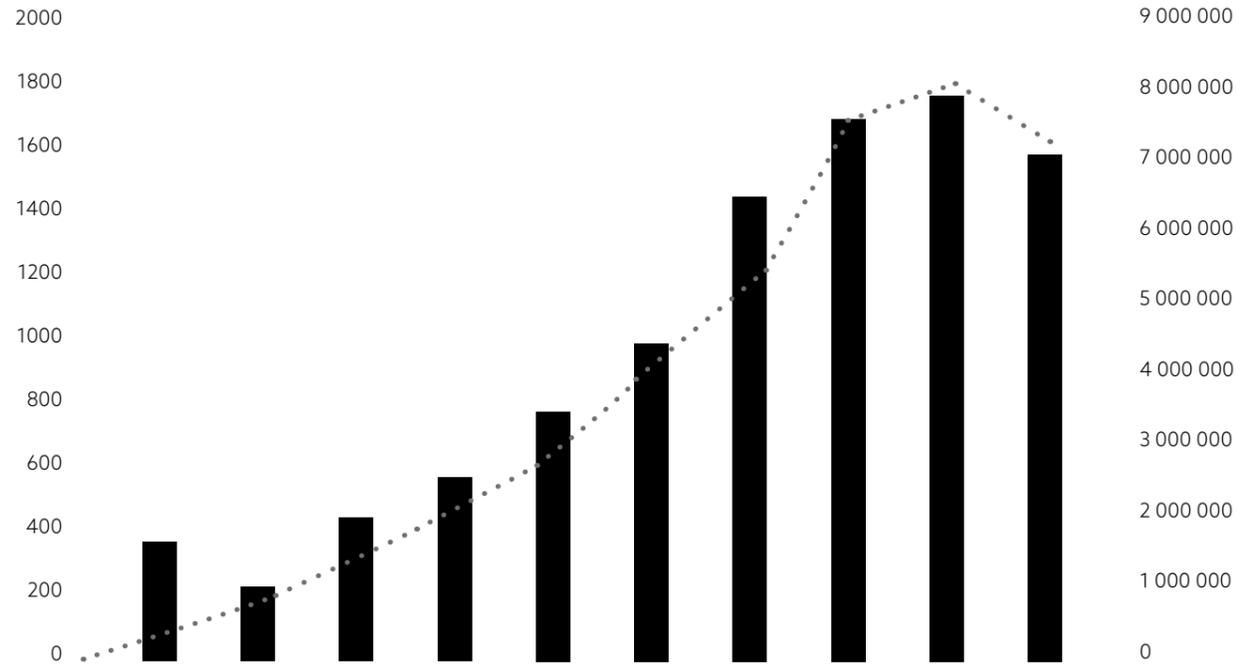
L.I.P.S LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

UAE DIRHAMS Statement of Comprehensive Income	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Member Contribution	7,068,281.00	7,754,816.00	7,621,871.00	6,510,125.00	4,467,205.00	3,525,980.00
Interest on bank deposits	7,966.00	-	7,791.00	7,558.00	6,194.00	8,770.00
Total Revenue	7,076,247.00	7,754,816.00	7,629,662.00	6,517,683.00	4,473,399.00	3,534,750.00
Growth	(8.75)	1.64	17.06	45.70	26.55	-
Expenses						
Leaving service benefit expenses	728,780.00	757,948.00	1,439,273.00	1,077,273.00	708,658.00	607,873.00
Policy claim	5,107,812.00	4,370,703.00	2,661,110.00	2,542,108.00	1,375,748.00	533,250.00
Insurance	928,215.00	1,000,855.00	1,236,541.00	245,245.00	-	-
Medical consultancy services	250,688.00	306,389.00	-	-	-	-
Registration and license fees - API BVI	62,686.00	-	-	-	-	-
Payroll and other related costs (Freelance charges)	460,303.00	327,453.00	78,000.00	-	-	-
Director and committee fees	324,000.00	351,000.00	292,000.00	145,200.00	133,200.00	133,200.00
Paypal fee	-	43,934.00	27,988.00	-	-	-
CC now fees	-	113,241.00	151,214.00	-	-	-
Finance cost	3,934.00	16,139.00	21,788.00	2,512.00	4,329.00	3,875.00
Legal and professional charges	336,883.00	428,470.00	222,493.00	145,659.00	109,075.00	50,576.00
Communication and utilities	3,762.00	15,207.00	17,632.00	11,050.00	11,650.00	11,150.00
Website & IT Maintenance	47,161.00	91,692.00	47,084.00	-	-	-
Other expenses	12,674.00	106,268.00	240,668.00	125,703.00	99,000.00	101,237.00
Death benefit expenses	-	-	-	-	55,200.00	-
Depreciation and amortisation	1,966.00	11,692.00	187.00	-	-	-
Decrease in fair value of investment /loss on withdrawal	-	16,290.00	28,251.00	79,962.00	75,470.00	73,514.00
Foreign currency exchange loss	1,550.00	15,623.00	8,188.00	-	-	-
Total expenditure	8,270,414.00	7,972,904.00	6,472,417.00	4,374,712.00	2,572,330.00	1,514,675.00
Net comprehensive (loss)/income for the year	(1,194,167.00)	(218,088.00)	1,157,245.00	2,142,971.00	1,901,069.00	2,020,075.00

UAE DIRHAMS Statement of Financial Position	31/12/16	31/12/2015	30/12/2014	31/12/2013	31/12/2012	31/12/2011
Assets						
Current assets						
Cash and cash equivalents	20,121,039.00	19,633,847.00	13,586,516.00	10,029,641.00	7,244,093.00	4,699,286.00
Accounts receivables and prepayments	159,042.00	306,281.00	560,618.00	1,536,107.00	-	3,583.00
Total	20,280,081.00	19,940,128.00	14,147,134.00	11,565,748.00	7,244,093.00	4,702,869.00
Non-current assets						
Property, plant and equipment - net carrying amount	2,320.00	4,286.00	562.00	-	-	-
Capital work in progress (Website API)	109,382.00	77,137.00	-	-	-	-
Investments	-	-	4,889,407.00	4,917,658.00	4,997,620.00	5,073,090.00
Related party - API BVI	133,210.00	-	-	-	-	-
Total	244,912.00	81,423.00	4,889,969.00	4,917,658.00	4,997,620.00	5,073,090.00
Total Assets	20,524,993.00	20,021,551.00	19,037,103.00	16,483,406.00	12,241,713.00	9,775,959.00
Liabilities and equity						
Current liabilities						
Accounts payable	1,206,113.00	189,375.00	558,912.00	1,238,230.00	6,000.00	6,000.00
Member's contribution received in advance	1,864,005.00	1,752,615.00	811,550.00	236,605.00	335,925.00	421,200.00
Total Current liabilities	3,070,118.00	1,941,990.00	1,370,462.00	1,474,835.00	341,925.00	427,200.00
Non-current liabilities						
Total Cumulative Resignation Refunds Payable	3,322,510.00	2,753,029.00	4,747,417.00	3,370,829.00	2,405,017.00	1,755,058.00
Total liabilities	6,392,628.00	4,695,019.00	6,117,879.00	4,845,664.00	2,746,942.00	2,182,258.00
Equity						
Capital	10,000.00	10,000.00	10,000.00	-	-	-
Retained earnings	14,122,365.00	15,316,532.00	12,909,224.00	11,637,742.00	9,494,771.00	7,593,701.00
Total Equity	14,132,365.00	15,326,532.00	12,919,224.00	11,637,742.00	9,494,771.00	7,593,701.00
Total Liabilities and Equity	20,524,993.00	20,021,551.00	19,037,103.00	16,483,406.00	12,241,713.00	9,775,959.00

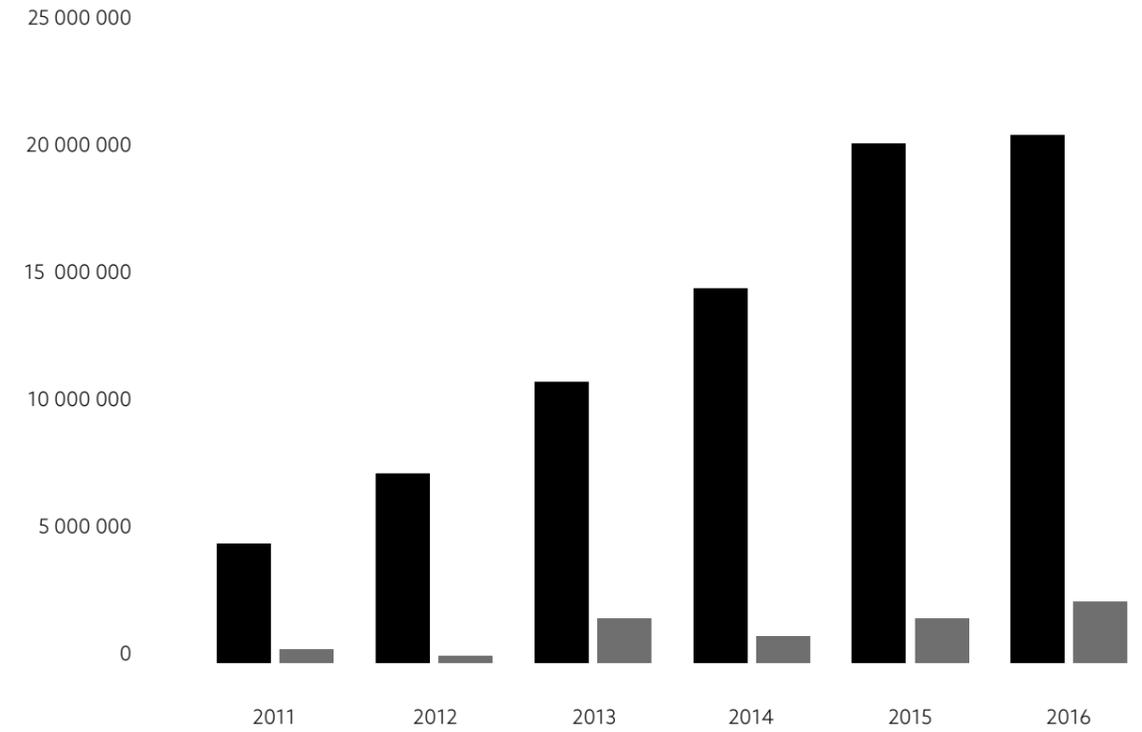
REVENUE AND MEMBERS GROWTH



REVENUE	YEAR	MEMBERS
0	2006	0
1,546,128	2007	100
1,028,428	2008	200
2,013,360	2009	300
2,472,135	2010	450
3,525,980	2011	650
4,467,205	2012	900
6,510,125	2013	1300
7,621,871	2014	1700
7,754,816	2015	1755
7,068,281	2016	1583

■ REVENUE
 MEMBERS

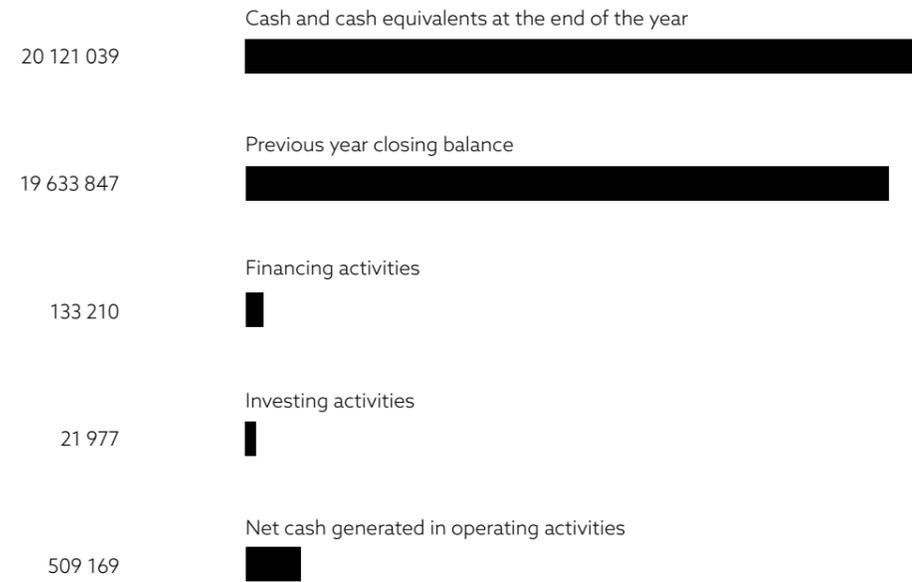
LIQUIDITY RATIO



YEAR	CURRENT ASSETS	CURRENT LIABILITIES
2011	4,702,869	427,200
2012	7,244,093	341,925
2013	11,565,748	1,474,835
2014	14,147,134	1,370,462
2015	19,940,128	1,941,990
2016	20,280,081	3,070,118

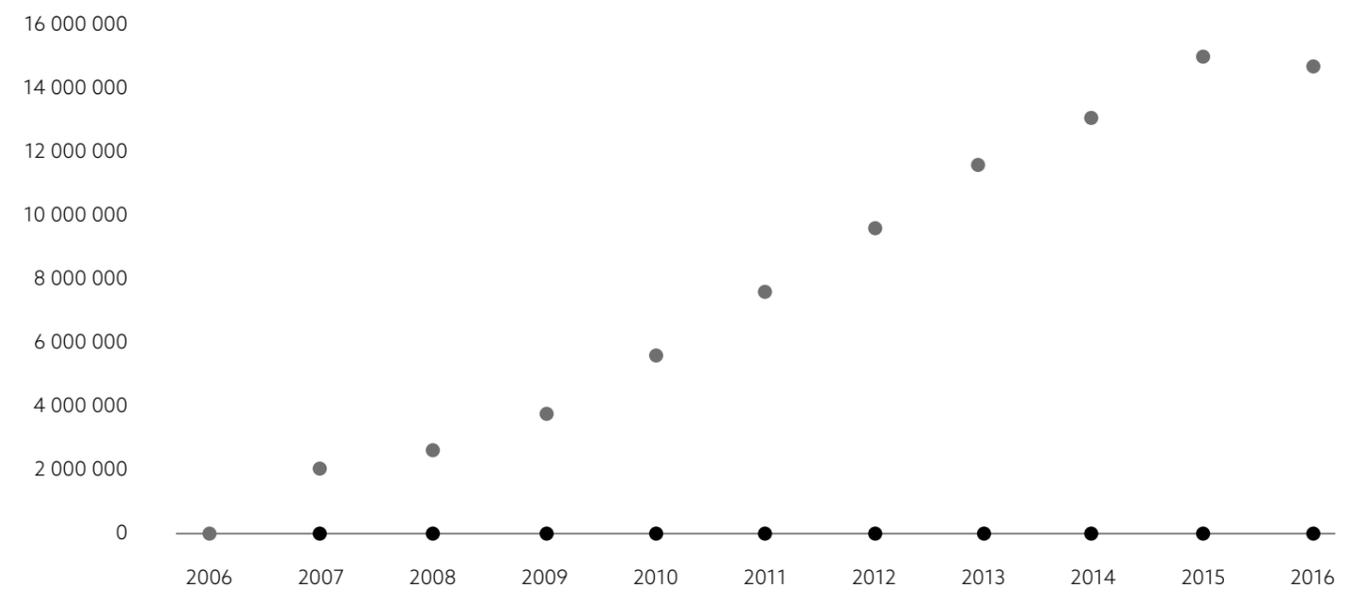
■ CURRENT ASSETS
 ■ CURRENT LIABILITIES

YEAR ENDED CASH BALANCE AS OF 31ST DECEMBER 2016



YEAR ENDED CASH BALANCE AS OF 31ST DECEMBER 2016	
Net cash generated in operating activities	642,379.00
Investing activities	(21,977.00)
Financing activities	(133,210.00)
Previous year closing balance	19,633,847.00
Cash and cash equivalents at the end of the year	20,121,039.00

NET ASSETS



YEAR	NET ASSETS
2006	-
2007	1,772,788.41
2008	2,136,808.00
2009	3,844,284.00
2010	5,573,626.00
2011	7,593,701.00
2012	9,494,771.00
2013	11,637,742.33
2014	12,919,224.00
2015	15,326,532.00
2016	14,132,365.00

● YEAR
● NET ASSETS

ADMINISTRATIVE- TRATION REPORT

We undertook numerous workshops to test the validity of the data and the processes which will be used to manage the administrative and payment areas of the website. We welcomed our new accountants in late 2015 and worked closely with them during 2016 to ensure they understood processes and procedures inherent in API membership management which they would take over and or provide support for.

It was pleasing to see just how many of our Members are now contacting us through the Zendesk Support Ticketing System. This makes our communications transparent and allows very quick response times as we have a number of knowledgeable agents on hand to answer questions 24/7. Our performance statistics are gathered by Zendesk and the last set in 2016 stated that our first reply time is 18.9 hours shorter than the industry average; this is better than 97.4% of other Zendesk customers and our one-touch resolution percentage is 10.1% lower than the industry average; this is better than 35.8% of other Zendesk customers!

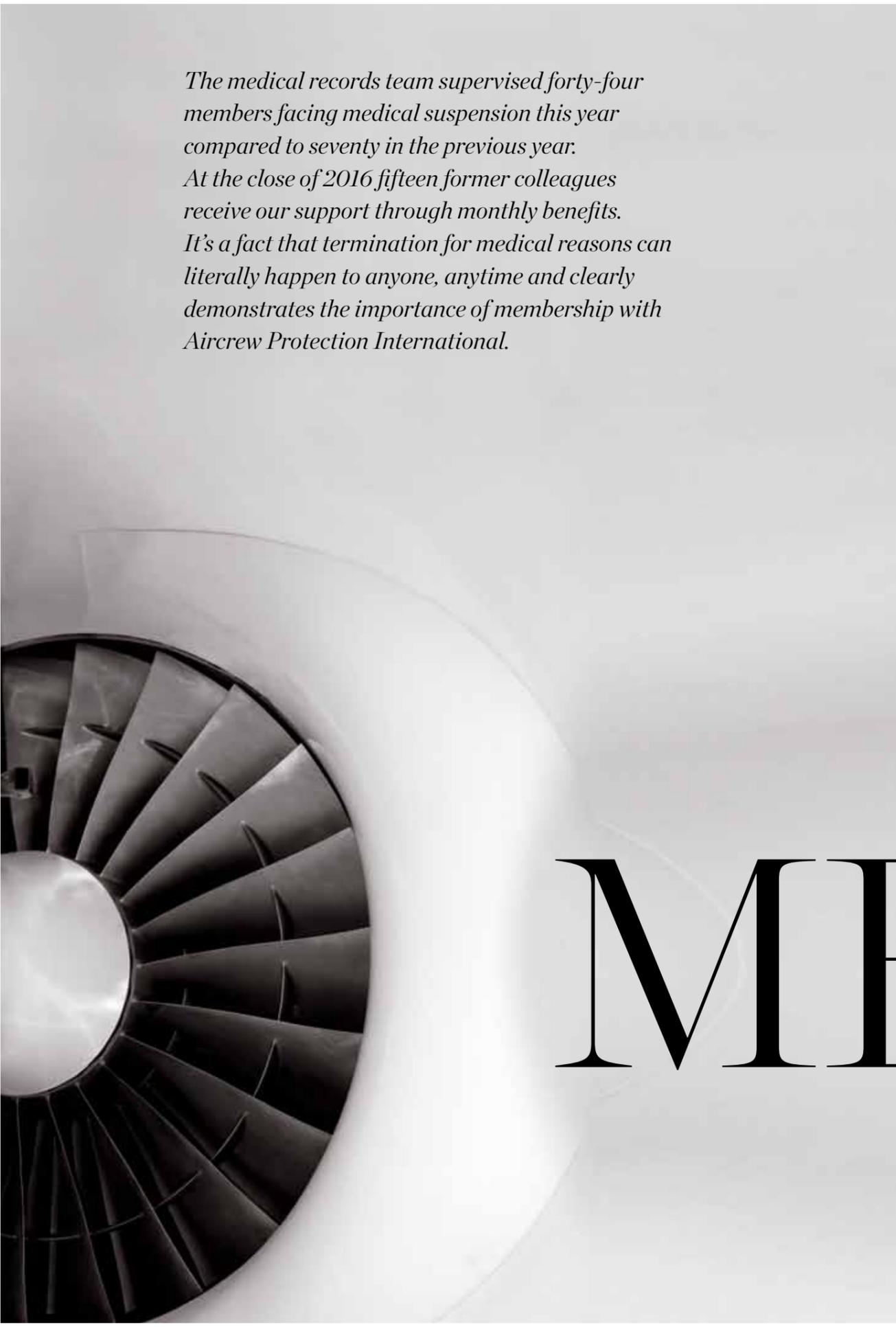
Our members are making their contributions through the local banking system in UAE. Many members have set up monthly standing orders though we have seen an increase in members paying annually since if you pay for 11 months the 12th month is free. Our excellent working relationship with Abu Dhabi Islamic Bank makes it easy for us to track payments which have gone missing or been returned due to inaccurate details.

Current administrative and accounting support are covering the gamut of services we have provided over the years and as many of these will now be automated we will become less about tracking your payments and more about managing your expectations.



2016 was a year of challenge for the administrative team of LIPS / API given the long hours spent manually providing financial statuses to the members which has given rise to our new website which automatically provides the members with the information they need; this accounting data upload is also critical in the process of allowing members to complete documentation requirements for the Trust.

The medical records team supervised forty-four members facing medical suspension this year compared to seventy in the previous year. At the close of 2016 fifteen former colleagues receive our support through monthly benefits. It's a fact that termination for medical reasons can literally happen to anyone, anytime and clearly demonstrates the importance of membership with Aircrew Protection International.



MEDICAL

MEDICAL RECORDS OVERVIEW

MEDICAL SUSPENSION,

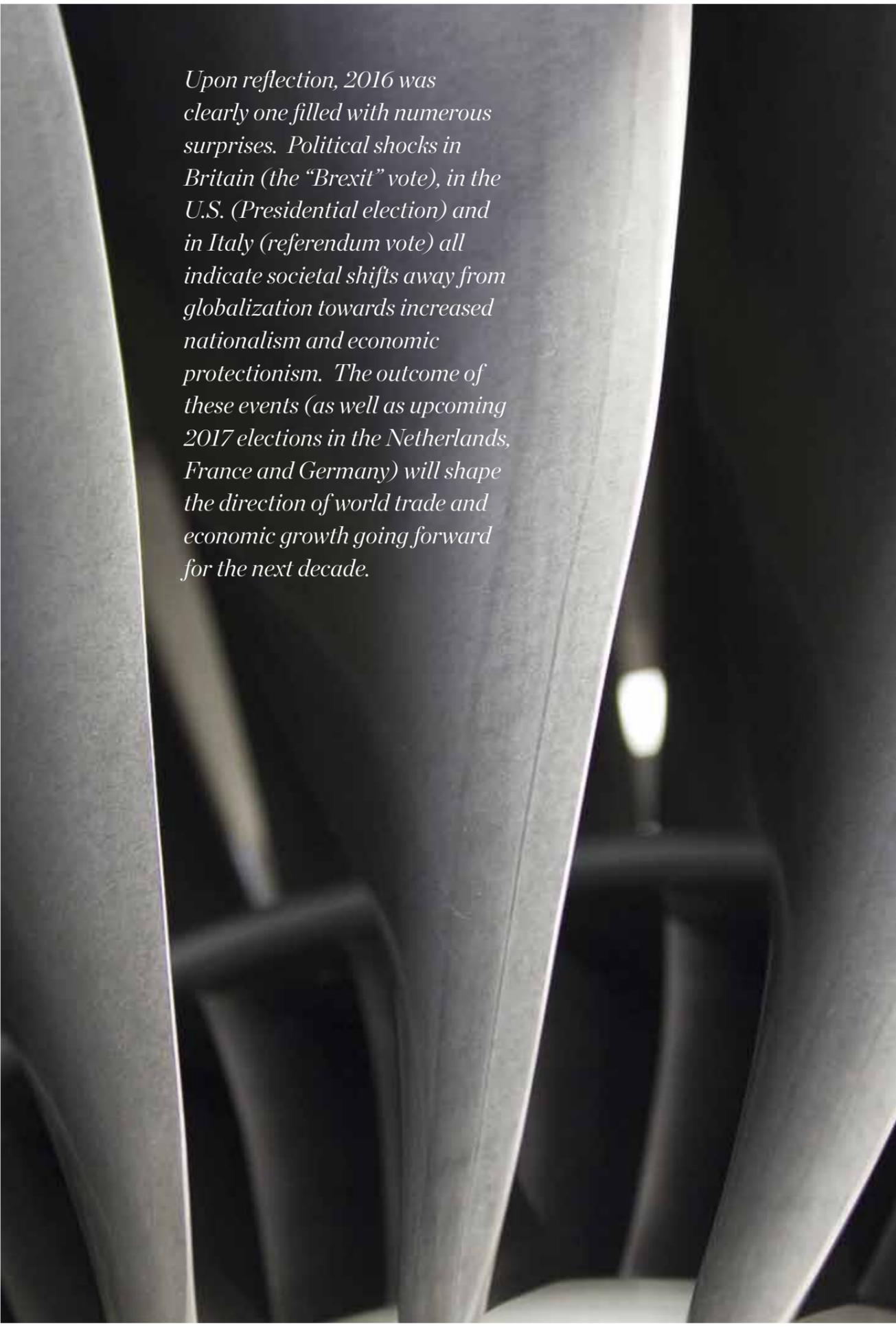
REVOCAION AND CLAIMS

Members are required to notify API within 30 days of the suspension of your medical by the Emirates clinic or the GCAA. When we receive this notification, we open a case on the member and start tracking his or her progress. When a medical has been suspended for more than 90 days, we request the member release a copy of his medical record to our independent medical advisory service, Harvey Watt & Co. (USA) (<http://www.harveywatt.com/>). Their medical team will start a review of the member's records and may be able to offer alternatives not considered by the EK clinic or the GCAA to regain your medical. Should a claim be filed, this advance time allows a faster resolution and recommendation to the Trustee in Guernsey UK.

BEREAVEMENTS

Sadly In 2016 one of our member's spouse passed away. The member was not aware of the insurance cover included with API membership and informed us beyond the insurance company's standard notification period. API, on the member's behalf, negotiated with Oman Insurance Company (OIC) resulting in a successful claim.

We would like to request that you inform API without delay should the unthinkable occur and please visit our website at www.aircrewprotection.org to ensure your beneficiary's details are accurate and up-to-date.



Upon reflection, 2016 was clearly one filled with numerous surprises. Political shocks in Britain (the “Brexit” vote), in the U.S. (Presidential election) and in Italy (referendum vote) all indicate societal shifts away from globalization towards increased nationalism and economic protectionism. The outcome of these events (as well as upcoming 2017 elections in the Netherlands, France and Germany) will shape the direction of world trade and economic growth going forward for the next decade.

Overall global economic growth remained soft in 2016 (estimated to have grown 3.1%) for numerous reasons which vary by region. There remains significant structural forces at work which continue to impede significant improvements in long term growth (including high debt levels built up over decades of malinvestment, structural deflationary pressures, etc.). Most major economies continue to struggle with the fallout from the 2008 financial crisis with Central Banks continuing to provide accommodative monetary policy in virtually every region of the world.

As we enter 2017, there are glimmers of growth but overall the global economy remains fragile with latest forecasts for global growth set at 3.5% (only 0.4% above the estimated 2016 growth rate). The U.S. is clearly leading in growth but at a pace well below historical timelines for this far into an economic recovery. Europe continues to struggle with deflationary pressures and structural problems associated with managing 19 different economies with a single common currency. China continues to struggle with their attempts to restructure their economy away from reliance upon exports towards domestic consumption while Japan continues to provide monetary support for their weak economy as their aging population demographics drag on growth.

Over the past year equity market valuations have moved higher on the presumption stronger world growth will arrive in the near future. Concurrent with this has been a decrease in bond prices as participants anticipate this awaited growth will finally bring about inflation and require normalization of interest rates. Given the current elevated market valuations and a stagnant world economy, there remains a distinct possibility such growth may not materialize at the rate at which market participants anticipate (especially if tariffs and trade wars erupt between nations). Should this occur we would expect a repricing of equities and bonds to reflect the changing growth dynamic.

Given our outlook we remain cautiously optimistic on equities in 2017 and continue to recommend exposure to high quality defensive companies along with exposure to high quality lower-duration bonds and cash reserves.

2017

OUTLOOK FOR 2017

Neither Emirates Airline (including any department of Emirates) nor any officer of Emirates acting in his capacity as such officer has any connection with or responsibility for Aircrew Protection International (API) formerly known as the Loss of Income Protection Scheme (LIPS) or for any company involved in API or for any representation of fact or suggestion as to future fact or future results, contained in or referred to in any document of any nature whatsoever prepared by or on behalf of API or any company involved in API.