Abu Dhabi Aviation

Consolidated financial statements

31 December 2015

Principal business address:
P O Box 2723
Abu Dhabi
United Arab Emirates

Abu Dhabi Aviation

Consolidated financial statements

Contents | ***Page***

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Independent auditors' report

The Shareholders
Abu Dhabi Aviation
Abu Dhabi
United Arab Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Abu Dhabi Aviation (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 2 of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2014, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 17 February 2015.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in note 3(a) to the consolidated financial statements, the Group has purchased additional 5% ownership interest in Maximus Air L.L.C. and Maximus Airlines L.L.C. increasing its ownership from 95% to 100%.

vi) Note 10 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2015.

KPMG Lower Gulf Limited
Munther Dajani
Registration No. 268
Abu Dhabi
United Arab Emirates

9 February 2016

Abu Dhabi Aviation

Consolidated statement of financial position
as at 31 December

	Note	**2015 AED'000**	2014 AED'000
Assets			
Non-current assets			
Property and equipment	*5*	**2,865,793**	2,857,449
Investment properties	*6*	**181,940**	178,590
Investments	*7*	**15,893**	72,888
Advances to suppliers		**-**	3,680
Investment in a joint venture	*8*	**39,967**	38,656
Total non-current assets		**3,103,593**	3,151,263
Current assets			
Inventories		**393,491**	352,009
Trade receivables	*9*	**594,702**	395,567
Prepayments and other current assets	*11*	**144,019**	210,119
Cash and cash equivalents	*12*	**357,019**	177,760
Assets held for sale	*13*	**77,634**	18,228
Total current assets		**1,566,865**	1,153,683
Total assets		**4,670,458**	4,304,946
Equity			
Share capital	*14*	**444,787**	444,787
Share premium		**112,320**	112,320
Reserves	*15*	**1,521,531**	1,434,163
Retained earnings		**329,807**	207,835
Equity attributable to owners of the Company		**2,408,445**	2,199,105
Non-controlling interest	*17*	**206,802**	213,597
Total equity		**2,615,247**	2,412,702
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	*18*	**136,595**	120,978
Non-current portion of term loans	*19*	**807,418**	673,949
Non-current portion of finance lease liabilities	*20*	**117,332**	118,292
Deferred income	*21*	**495,543**	547,155
Amount due to a related party	*10*	**11,582**	33,670
Other non-current liability	*22*	**-**	16,916
Total non-current liabilities		**1,568,470**	1,510,960

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Abu Dhabi Aviation

Consolidated statement of financial position *(continued)*
as at 31 December

	Note	2015 AED'000	2014 AED'000
Current liabilities			
Trade and other payables	*23*	**90,425**	103,838
Accrued expenses and other current liabilities		**198,094**	136,593
Current portion of term loans	*19*	**197,261**	139,940
Current portion of finance lease liabilities	*20*	**961**	913
Total current liabilities		**486,741**	381,284
Total liabilities		**2,055,211**	1,892,244
Total equity and liabilities		**4,670,458**	4,304,946

Nader Ahmed Mohammed Al Hammadi
Chairman

Mohamed Ibrahim Al-Mazrouei
General Manager

Ashraf Fahmy
Chief Financial Officer

The notes set out on pages 11 to 49 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

Abu Dhabi Aviation

Consolidated statement of profit or loss
for the year ended 31 December

	Note	**2015 AED'000**	2014 AED'000
Revenue		**2,181,612**	1,611,413
Direct operating costs	*24*	**(1,628,329)**	(1,195,273)
Gross profit		**553,283**	416,140
General and administrative expenses	*25*	**(271,497)**	(222,386)
Gain on change in fair value of investment properties	*6*	**9,772**	48,725
Income from investment properties		**6,409**	6,758
Property rental expense		**(2,172)**	(2,211)
Loss on disposal of property and equipment		**(10)**	(8,386)
Gain on disposal of assets held for sale	*13*	**176**	6,182
Impairment loss on property and equipment	*5*	**(42,815)**	(27,287)
Impairment loss on assets held for sale	*13*	**(11,446)**	(18,227)
Impairment for obsolete and slow-moving inventories		**(12,000)**	(10,000)
Amortisation of deferred income	*21*	**51,612**	51,612
Share of profit of a joint venture	*8*	**1,311**	701
Finance income		**2,522**	2,563
Finance costs		**(25,740)**	(21,394)
Other income		**17,942**	21,896
Profit for the year		**277,347**	244,686
Profit for the year attributable to:			
Owners of the Company		**267,105**	213,475
Non-controlling interests	*17*	**10,242**	31,211
		277,347	244,686
Basic and diluted earnings per share (AED)	*26*	**0.60**	0.48

The notes set out on pages 11 to 49 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

Abu Dhabi Aviation

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

	Note	**2015 AED'000**	2014 AED'000
Profit for the year		**277,347**	244,686
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Loss on fair valuation of investments at fair value through other comprehensive income	*7*	**(147)**	(177)
Items that are or may be reclassified subsequently to profit or loss			
Exchange difference arising on the translation of investment property	*6*	**(6,422)**	(8,075)
Other comprehensive income for the year		**(6,569)**	(8,252)
Total comprehensive income for the year		**270,778**	236,434
Total comprehensive income attributable to:			
Owners of the Company		**260,536**	205,223
Non-controlling interests		**10,242**	31,211
		270,778	236,434

The notes set out on pages 11 to 49 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

Abu Dhabi Aviation

Consolidated statement of changes in equity
for the year ended 31 December 2015

	Share capital AED'000	Share premium AED'000	Reserves AED'000	Retained earnings AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2015	444,787	112,320	1,434,163	207,835	2,199,105	213,597	2,412,702
Profit for the year	-	-	-	267,105	267,105	10,242	277,347
Other comprehensive income for the year	-	-	(6,569)	-	(6,569)	-	(6,569)
Total comprehensive income	-	-	(6,569)	267,105	260,536	10,242	270,778
Dividends (note 16)	-	-	-	(53,374)	(53,374)	-	(53,374)
Transfer to legal reserve (note 15)	-	-	21,937	(21,937)	-	-	-
Transfer to maintenance and fleet replacement reserve	-	-	52,000	(52,000)	-	-	-
Transfer to insurance reserve	-	-	20,000	(20,000)	-	-	-
Acquisition of shares of a non-controlling shareholder	-	-	-	2,178	2,178	(17,037)	(14,859)
Balance at 31 December 2015	**444,787**	**112,320**	**1,521,531**	**329,807**	**2,408,445**	**206,802**	**2,615,247**

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Abu Dhabi Aviation

Consolidated statement of changes in equity *(continued)*
for the year ended 31 December 2014

	Share capital AED'000	Share premium AED'000	Reserves AED'000	Retained earnings AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2014	404,352	112,320	1,337,442	179,561	2,033,675	181,923	2,215,598
Profit for the year	-	-	-	213,475	213,475	31,211	244,686
Other comprehensive income for the year	-	-	(8,252)	-	(8,252)	-	(8,252)
Total comprehensive income	-	-	(8,252)	213,475	205,223	31,211	236,434
Bonus shares	40,435	-	-	(40,435)	-	-	-
Dividends	-	-	-	(40,435)	(40,435)	-	(40,435)
Release of revaluation reserve	-	-	(14,132)	14,132	-	-	-
Transfer to legal reserve (note 15)	-	-	19,093	(19,093)	-	-	-
Transfer to maintenance and fleet replacement reserve	-	-	80,000	(80,000)	-	-	-
Transfer to insurance reserve	-	-	20,000	(20,000)	-	-	-
Equity derecognised due to liquidation of a subsidiary	-	-	12	630	642	463	1,105
Balance at 31 December 2014	**444,787**	**112,320**	**1,434,163**	**207,835**	**2,199,105**	**213,597**	**2,412,702**

The notes set out on pages 11 to 49 form an integral part of these consolidated financial statements.

Abu Dhabi Aviation

Consolidated statement of cash flows
for the year ended 31 December

	Note	**2015 AED'000**	2014 AED'000
Cash flows from operating activities			
Profit for the year		**277,347**	244,686
Adjustments for:			
- Depreciation	*5*	**212,732**	189,386
- Loss on write off of property and equipment	*5*	**46,162**	-
- Impairment losses on trade receivables	*9*	**57,067**	10,111
- Impairment for obsolete and slow moving inventories		**12,000**	10,000
- Recovery of impaired trade receivables	*9*	**(9,404)**	(10,627)
- Impairment loss on property and equipment	*5*	**42,815**	27,287
- Impairment loss on assets held for sale	*13*	**11,446**	18,227
- Provision for employees' end of service benefits	*18*	**21,904**	20,830
- Amortisation of deferred income	*21*	**(51,612)**	(51,612)
- Gain on change in fair value of investment properties		**(9,772)**	(48,725)
- Gain on sale of investment		**(1,428)**	**-**
- Loss on disposal of property and equipment		**10**	8,386
- Gain on disposal of assets held for sale		**(176)**	(6,182)
- Share of profit of a joint venture	*8*	**(1,311)**	(701)
- Finance costs		**25,740**	21,394
- Finance income		**(2,522)**	(2,563)
		630,998	429,897
Changes in:			
- Inventories		**(53,482)**	(28,967)
- Trade receivables		**(246,798)**	91,825
- Prepayments and other current assets		**69,780**	(71,939)
- Trade and other payables		**(13,413)**	26,289
- Accrued expenses and other current liabilities		**44,585**	(1,663)
Cash generated from operating activities		**431,670**	445,442
Interest paid		**(25,740)**	(26,519)
Employees' end of service benefits paid	*18*	**(6,287)**	(13,864)
Net cash from operating activities		**399,643**	405,059

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Abu Dhabi Aviation

Consolidated statement of cash flows *(continued)*
for the year ended 31 December

	Note	**2015 AED'000**	2014 AED'000
Cash flows from investing activities			
Acquisition of property and equipment	*5*	**(402,570)**	(666,029)
Payments for investment in a joint venture		**-**	(40,600)
Payments for investments	*7*	**(18,241)**	(73,034)
Purchase of NCI's share		**(14,859)**	-
Proceeds from disposal of property and equipment		**3,427**	15,027
Proceeds from disposal of assets held for sale		**18,404**	48,502
Proceeds from disposal of investments		**76,517**	-
Finance income received		**2,522**	2,563
Decrease in margin deposits		**-**	330
Net cash used in investing activities		**(334,800)**	(713,241)
Cash flows from financing activities			
Proceeds from term loans		**239,730**	406,345
Repayment of term loans		**(48,940)**	(59,580)
Decrease in due to a related party		**(22,088)**	(10,430)
Payments for finance lease liabilities		**(912)***	(845)*
Dividends paid	*16*	**(53,374)**	(40,228)
Net cash from financing activities		**114,416**	295,262
Net increase / (decrease) in cash and cash equivalents		**179,259**	(12,920)
Cash and cash equivalents at 1 January		**176,774**	189,694
Cash and cash equivalents at 31 December	*12*	**356,033**	176,774

* Other finance lease repayments are presented within related party cash flows above

The notes set out on pages 11 to 49 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 and 2.

1 Legal status and principal activities

Abu Dhabi Aviation (the "Company") is a national shareholding company incorporated in Abu Dhabi, United Arab Emirates by the Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively. The Company's shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") have been established to own and operate helicopters and fixed wing aircraft both within and outside the United Arab Emirates and to undertake charter, commercial, air cargo and other related services. The Company has its registered office at P.O. Box 2723, Abu Dhabi, UAE.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

UAE Federal Law No 2 of 2015 being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015. Companies are allowed to ensure compliance with the new UAE Companies Law of 2015 by 30 June 2016 as per the transitional provisions contained therein.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for investments and investment properties, which are carried at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentational currency. All values are rounded to the nearest AED thousand, except when otherwise indicated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements except for the new standards and interpretations that became applicable and were adopted during the year.

New standards and interpretations adopted:

During the year new standards, amendments to standards and interpretations have become effective for the period and have been applied in preparing these consolidated financial statements. These amendments are listed below:

Amendments to IAS 19 Employee benefits (effective 1 July 2014): clarifies how service-linked contributions from employees or third parties should be included in determining net current service cost and the defined benefit obligations. They are attributed to periods of service using the same attribution method required for the gross benefit either by using the plan's contribution formula or on a straight line basis.

Annual improvements to IFRSs 2010-2012 cycle covering amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 24.

Annual improvements to IFRSs 2011-2013 cycle covering amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

Adoption of these amendments does not have a material impact on the consolidated financial statements of the Group.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3 Significant accounting policies *(continued)*

(a) ***Basis of consolidation*** *(continued)*

NCI 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.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equityaccounted investees 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, but only to the extent that there is no evidence of impairment.

The consolidated financial statements incorporate the financial position and performance of the Company and its subsidiaries as disclosed below.

Name of subsidiary	Ownership Interest 31 December 2015	31 December 2014	Country of incorporation	Principal activity
Maximus Air L.L.C.*	100%	95%	UAE	Air cargo
Royal Jet L.L.C.	50%	50%	UAE	Commercial air and transportation services
Herbal Hill Gardens Limited	100%	100%	Gibraltar	Investment property ownership
Dhafra Leasing L.L.C	100%	100%	Hungary	Representative office in Europe
ADA Real Estate Management and General Maintenance L.L.C.	100%	100%	UAE	Real estate and facilities
Maximus Airlines L.L.C.*	100%	95%	Ukraine	Air cargo services

* Effective 1 January 2015, the Group acquired additional 5% ownership interest in Maximus Air L.L.C. and Maximus Airlines L.L.C. increasing its ownership from 95% to 100%.

3 Significant accounting policies *(continued)*

(b) Investment in joint ventures

A joint venture is an arrangement in which 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. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of joint venture.

Where an entity in the Group transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

(c) Revenue

Rendering of services
The Group is involved in providing aviation services, as well as performing related services. Revenue represents amounts invoiced by the Group in respect of the services provided during the year.

The Group recognises revenue from rendering of services when the services are rendered to the client, measured at the fair value of the consideration received or receivable, net of discounts.

Revenue from third party maintenance contracts is recognised at the contracted rates as labour hours are rendered and direct expenses are incurred.

(d) Leases

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

3 Significant accounting policies *(continued)*

(d) ***Leases*** *(continued)*

Leased assets
Leases of property and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(e) ***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(f) ***Foreign currency***

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

3 Significant accounting policies *(continued)*

(g) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Government grants

Non-monetary government grants are recognised at nominal value where there is reasonable assurance that the asset will be received and the Group will comply with any attached conditions, where applicable. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Deferred income relating to Maximus Air L.L.C. is recognised at the nominal value of shares that was granted to the Company. Deferred income is amortised on the basis of the agreed legal duration of the related investment of 25 years.

Deferred income relating to property and equipment granted by the Abu Dhabi Government to Royal Jet L.L.C. is recognised at the nominal value of the assets. Deferred income is amortised on the basis of the estimated useful life of the asset.

(i) Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The cost of replacing part of an item of property and equipment including major inspections and overhauls is recognised in the carrying amount of the related asset if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The remaining carrying amount of replaced parts is derecognised simultaneously. Major inspections and overhaul are capitalized as a separate component of property and equipment and are amortised over the period to the next major overhaul.

3 Significant accounting policies *(continued)*

(i) ***Property and equipment*** *(continued)*

Depreciation
Depreciation is calculated on a straight-line basis so as to write off the cost of assets over their estimated useful lives, after allowing for estimated residual value. The estimated useful lives of the Group's property and equipment are disclosed in note 5.

Residual value is the net amount which the Group expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation of operational property and equipment commences with the commercial use of the asset. Surpluses arising on revaluation are transferred to a revaluation reserve. This reserve is released to distributable reserves when assets are sold or disposed of.

Capital work in progress
Property and equipment in the course of construction are treated as capital work in progress and carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

(j) ***Assets held for sale***

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(k) ***Investment properties***

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3 Significant accounting policies *(continued)*

(l) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle wherein the cost of inventories includes the invoiced cost, freight expenses, duties and other expenses incurred in bringing the inventories to their present condition and location. Allowance is made in the accounts for obsolete and slow-moving items based on management's judgment.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, 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). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

An impairment loss in respect of goodwill is not reversed. For other assets, 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) Financial assets

The Group had early adopted IFRS 9, ‘Financial Instruments: Classification and measurement’ in 2009 in advance of its effective date. The Group had chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group had assessed its existing financial assets) as this was the first reporting period end since the Standard was issued on 12 December 2009. The Group has also adopted amendments to classification and measurement of financial instruments issued as part of IFRS 9 (2014).

3 Significant accounting policies *(continued)*

(n) ***Financial assets*** *(continued)*

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the contract. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. The Group subsequently measures financial assets either at amortised cost or fair value.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial assets
On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group had the following financial assets as at 31 December 2015: 'cash and cash equivalents', 'loans and receivables' and financial assets at fair value through other comprehensive income (FVTOCI).

Cash and cash equivalents
Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant changes in value.

Loans and receivables
Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 Significant accounting policies *(continued)*

(n) ***Financial assets*** *(continued)*

Financial assets measured at fair value
Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

However, for investments in equity instruments that are not held-for-trading, at initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at Fair value through other comprehensive income (FVTOCI). Investments in equity instruments at FVTOCI, are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'other income' line item in the profit or loss.

Impairment of non-derivative financial assets
Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

For financial assets measured at amortised cost the Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

3 Significant accounting policies *(continued)*

(n) Financial assets (continued)

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(o) Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after ded ucting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities comprise trade and other payables, accrued expenses and other current liabilities, due to a related party, term loans, finance lease liabilities and other non-current liability, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies *(continued)*

(q) Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period. Provision is also made for the full amount of end of service benefit due to non-U.A.E. national employees in accordance with the U.A.E. Labour Law, for their period of service up to the consolidated statement of financial position date. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of U.A.E. national employees to Abu Dhabi Retirement Pensions and Benefits Fund in accordance with the U.A.E. Federal Law No. (2) of 2000. Such contributions are charged to the profit or loss during the employees' period of service.

(r) New standards and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

(i) IFRS-9 ‘Financial instruments’

The International Accounting Standards Board has decided to replace IAS 39 Financial Instruments over a period of time and in three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities.
Phase 2: Impairment methodology.
Phase 3: Hedge accounting.

Recognition and Measurement:
The early adoption of the standard continues to be permitted. Given the nature of the Group’s operations, this standard is not expected to have a significant impact on the Group’s consolidated financial statement. The Group, however, has already early adopted part of Phase 1 “Classification and measurement of financial assets” as explained in Note 3 (n).

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. IFRS 9 (2014) introduces a new expected credit loss model for calculating impairment on financial assets.

The mandatory effective date of IFRS 9 is 1 January 2018.

(ii) IFRS 15 Revenue from Contracts with Customers: IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

3 Significant accounting policies *(continued)*

(r) ***New standards and interpretations issued but not yet effective*** *(continued)*

(iii) Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The amendments are effective for annual reporting periods beginning on or after 1 January 2016, with early adoption permitted.

(iv) IFRS 14 Regulatory Deferral Accounts.

(v) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

(vi) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

(vii) Equity Method in Separate Financial Statements (Amendments to IAS 27).

(viii) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The Group is currently assessing the impact from the adoption of the above new and amended standards on its consolidated financial position and performance.

4 Use of estimates and judgements

While applying the accounting policies as stated in note 3, management of the Group has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Joint venture
As describe in note 8, AgustaWestland Aviation Services L.L.C. (AWAS) is a joint venture of the Company and Agusta SpA. Although the Company owns a 70% ownership interest in AWAS, the Company does not have control or significant influence over AWAS as it is contractually agreed with Agusta SpA that the relevant activities of AWAS require unanimous consent of the parties sharing control. AWAS is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, AWAS is classified as a joint venture of the Company.

Subsidiary
The Company has a 50% ownership interest in Royal Jet LLC, with the other 50% owned by Presidential Flight Authority. Royal Jet is accounted for as a subsidiary of the Group on the basis that the group is able to exert control over this entity as a result of majority board representation and its reliance on the Company for technical support and operations.

4 Use of estimates and judgements *(continued)*

Classification of properties
In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property and equipment and property held for resale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16, IAS 40 and IFRS 5, in particular, the intended usage of property as determined by management.

Allowance for impairment losses on trade receivables
Management has estimated the recoverability of trade receivables balances and has considered the allowance required for impaired receivables. Management has estimated for the allowance for impairment losses on trade receivables based on future cash flows estimated at the end of reporting period. Allowance for impairment losses on trade receivables at 31 December 2015 is AED 67.1 million *(2014: AED 19.7 million).*

Allowance for obsolete and slow moving inventories
Management has estimated the recoverability of inventory balances and has considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history. Allowance for impairment of obsolete and slow-moving inventories as at 31 December 2015 is AED 35.2 million *(2014: AED 23.3 million).*

Useful lives of property and equipment
The Group determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of assets and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge is adjusted where management believes that the useful lives differ from the previous estimates.

Management has reviewed the residual values and estimated useful lives of the Company's fixed wing aircraft, AW139, Bell 412 and Bell 212 fleet in accordance with IAS 16 Property, Plant and Equipment and has determined that residual values of certain aircraft should be reduced from 50% to 45% residual values.

The effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the depreciation expense in the current financial year and for the next three years, by the following amounts:

	AED’000
2016	**9,020**
2017	**9,020**
2018	**9,020**

4 Use of estimates and judgements *(continued)*

Amortisation of deferred income relating to Maximus Air L.L.C.
In determining the appropriate basis for recognising deferred income relating to the grant, the management has considered the requirements of IAS 20 Government Grants and the purpose and requirements of the grant based on binding arrangements entered into with the Abu Dhabi Government, related instructions and transfer of legal ownership of assets to the Group. The directors are satisfied that after considering the above criteria, the agreed legal duration of the investment of 25 years is an appropriate basis for the recognition of the related deferred income.

Impairment of property and equipment and capital work in progress
Properties classified under property and equipment and capital work in progress are assessed for impairment based on the assessment of the recoverable amount of the assets. The recoverable amount is compared to the carrying amounts to assess any probable impairment. Impairment loss recognised on property and equipment for the year ended 31 December 2015 amounted to AED 42.8 million *(2014: AED 27.3 million)*. Details of the impairment loss are set out in note 5 to the financial statements.

Fair value of investment properties
The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Impairment of investment in joint venture
Management regularly reviews its investment in a joint venture for indicators of impairment. This determination of whether investment in a joint venture is impaired, entails management's evaluation of the investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. Management is satisfied that no impairment is required on its investment in a joint venture (note 8) and its receivables from joint venture.

Measurement of fair values
A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group’s Audit Committee.

4 Use of estimates and judgements *(continued)*

Measurement of fair values (continued)
When measuring the fair value of an asset or a liability, the Group uses observable market 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the relevant notes.

5 Property and equipment

The following estimated useful lives are used for the depreciation of property and equipment:

Commercial aircraft, rotable parts and repairables	20 years
Cargo aircraft and spare engines	25 years
Fixed wing aircraft	15 years
Helicopters and major rotables	10-15 years
Fixed wing spares	15 years
Motor vehicles	4 years
Ground equipment	5 years
Furniture and office equipment	4-5 years
Housing complex	30 years
Buildings	25 years
Commercial aircraft facility leasehold improvements	3 years
Fixtures and fittings	10 years
Main rotor yokes	5,000 and 10,000 hours
Main rotor blades	4,000 hours

5 Property and equipment *(continued)*

	Buildings AED'000	Commercial aircraft facility leasehold improvements AED'000	Helicopters, aircraft and major rotables AED'000	Cargo aircraft building AED'000	Cargo aircraft and spares AED'000	Commercial aircraft AED'000	Commercial aircraft rotable parts and repairables AED'000	Furniture and fittings AED'000	Others AED'000	Capital work in progress AED'000	Total AED'000
Cost											
Balance at 1 Jan 2014	210,724	10,830	1,792,269	15,017	216,457	393,656	16,484	16,132	284,884	52,597	3,009,050
Additions		-	13,075	-	43,546	489,146	2,701	197	16,701	593,489	1,158,855
Disposals	-	-	(43,288)	-	(3,259)	-	(563)	-	(3,098)	-	(50,208)
Transfers	-	1,234	51,323	-	-	193,952	-	-	581	(247,090)	-
Transfer to assets held for sale (note 13)	-	-	-	-	-	(106,444)	-	-	(12,078)	-	(118,522)
Balance at 31 Dec 2014	**210,724**	**12,064**	**1,813,379**	**15,017**	**256,744**	**970,310**	**18,622**	**16,329**	**286,990**	**398,996**	**3,999,175**
Balance at 1 Jan 2015	210,724	12,064	1,813,379	15,017	256,744	970,310	18,622	16,329	286,990	398,996	3,999,175
Additions	-	10	19,124	-	15,808	190	1,968	115	31,284	334,071	402,570
Disposals	-	-	(660)	-	(22,963)	-	-	-	(3,775)	-	(27,398)
Transfers	-	-	85,131	-	-	167,764	-	-	9,827	(262,722)	-
Transfer to assets held for sale (note 13)	-	-	-	-	-	(168,515)	-	-	(16,105)	-	(184,620)
Write off	-	-	-	-	(89,592)	-	-	-	(3,460)	(4,429)	(97,481)
Balance at 31 Dec 2015	**210,724**	**12,074**	**1,916,974**	**15,017**	**159,997**	**969,749**	**20,590**	**16,444**	**304,761**	**465,916**	**4,092,246**

5 Property and equipment *(continued)*

	Buildings AED'000	Commercial aircraft facility leasehold improvements AED'000	Helicopters aircraft and major rotables AED'000	Cargo aircraft building AED'000	Cargo aircraft and spares AED'000	Commercial aircraft AED'000	Commercial aircraft rotable parts and repairables AED'000	Furniture and fittings AED'000	Others AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation											
Balance at 1 Jan 2014	55,636	9,700	469,165	3,004	90,376	214,858	6,589	16,132	168,455	-	1,033,915
Charge for the year	7,583	866	58,489	601	26,859	65,978	873	34	28,103	-	189,386
Eliminated on disposals	-	-	(21,082)	-	(3,023)	-	-	-	(2,690)	-	(26,795)
Impairment	-	-	9,096	-	-	18,191	-	-	-	-	27,287
Transfer to assets held for sale (note 13)	-	-	-	-	-	(77,840)	-	-	(4,227)	-	(82,067)
Balance at 31 Dec 2014	**63,219**	**10,566**	**515,668**	**3,605**	**114,212**	**221,187**	**7,462**	**16,166**	**189,641**	**-**	**1,141,726**
Balance at 1 Jan 2015	63,219	10,566	515,668	3,605	114,212	221,187	7,462	16,166	189,641	-	1,141,726
Charge for the year	7,430	535	77,485	601	24,017	73,253	581	62	28,768	-	212,732
Eliminated on disposals	-	-	(660)	-	(19,917)	-	-	-	(3,384)	-	(23,961)
Impairment	-	-	42,815	-	-		-	-	-	-	42,815
Write off	-	-	-	-	(51,319)	-	-	-	-	-	(51,319)
Transfer to assets held for sale (note 13)	-	-	-	-	-	(84,208)	-	-	(11,332)	-	(95,540)
Balance at 31 Dec 2015	**70,649**	**11,101**	**635,308**	**4,206**	**66,993**	**210,232**	**8,043**	**16,228**	**203,693**	**-**	**1,226,453**
Carrying amount											
At 31 Dec 2014	147,505	1,498	1,297,711	11,412	142,532	749,123	11,160	163	97,349	398,996	2,857,449
At 31 Dec 2015	**140,075**	**973**	**1,281,666**	**10,811**	**93,004**	**759,517**	**12,547**	**216**	**101,068**	**465,916**	**2,865,793**

5 Property and equipment *(continued)*

- As at 31 December 1992, certain helicopters and major rotables were fully depreciated. Consequently, during 1993, management revalued helicopters and major rotables to market value on the basis of industry quotations. The helicopter revaluations were based on the "Official Helicopter Blue Book" and a valuation report prepared by Nash Helicopter Associates Limited. The major rotables revaluations were based on original cost and valuations performed by Canadian Gas Turbines. The carrying value and accumulated depreciation were adjusted to reflect this revaluation. As at 31 December 2015, the net carrying value of the revalued helicopters and major rotables are AED 20.5 million *(2014: AED 20.5 million)*.

- In 2011, the Group entered into a finance lease arrangement which resulted in the recognition of a residential complex at the present value of the related minimum lease payments amounting to AED 127 million (note 20).

- During the year, the Group carried out a review of the recoverable amount of certain helicopters. The review led to the recognition of an impairment loss of AED 42.8 million, which has been recognised in profit or loss. The Group also estimated the fair value less costs to sell of the aircraft, which is based on the recent market prices of similar assets. The fair value less costs to sell is higher than the value in use and hence the recoverable amount of the relevant asset has been determined on the basis of its fair market value less estimated costs to sell.

- During the prior year, the Group reclassified certain commercial aircraft and related components to assets classified as held for sale with a carrying amount of AED 36.4 million.

- Certain property and equipment with a carrying amount of AED 744 million *(2014: AED 866 million)* are mortgaged in the name of the lending banks.

- Capital work in progress mainly pertains to the pre delivery payments made for commercial Aircraft and Bell 412 simulator.

- Property and equipment is operated from the Group's base in the UAE.

6 Investment properties

Investment properties represent investment in a property of Royal Jet L.L.C. located in Khalifa City, Abu Dhabi and a property of the Company located in London, United Kingdom. Property in London is registered in the name of Herbal Hill Gardens Limited, a company incorporated in Gibraltar for the purpose of owning the investment property and wholly owned by the Group.

	2015	2014
	AED'000	AED'000
Balance at 1 January	**178,590**	137,940
Increase in fair value - Khalifa City	**2,700**	37,800
Increase in fair value - London	**7,072**	10,925
Net foreign currency exchange difference	**(6,422)**	(8,075)
Balance at 31 December	**181,940**	178,590

The fair value of the investment properties is arrived at on the basis of a valuation carried out by an independent valuer not connected with the Group. The valuer is a member of a professional valuers' association, with appropriate qualifications and recent experience in the valuation of properties at the relevant locations.

The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. As at 31 December 2015, all of the Group's investment properties were grouped in Level 2.

7 Investments

The Group's investments at the end of the reporting date are detailed below:

	2015	2014
	AED'000	AED'000
Financial assets at fair value through other Comprehensive income	**15,893**	72,888
Balance at 1 January	**72,888**	31
Purchase of investments	**18,241**	73,034
Disposal of investments	**(75,089)**	-
Decrease in fair value	**(147)**	(177)
Balance at 31 December	**15,893**	72,888

The Group's investments in securities represent UAE listed securities

Managed funds	**15,893**	72,888

8 Investment in a joint venture

The Group has a 70% equity shareholding with equal voting power in AgustaWestland Aviation Services L.L.C. (AWAS), a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AWAS is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters; and sale of helicopter spare parts and accessories.

During the year, the Group invested AED nil *(2014: AED 40.6 million)* in the joint venture.

The following table summarises the financial information of AWAS as included in its own financial statements prepared in accordance with IFRS. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in AWAS.

	2015	2014
	AED'000	AED'000
Total assets	**97,580**	96,425
Total liabilities	**(40,484)**	(41,202)
Net assets	**57,096**	55,223
Revenue	**63,417**	63,159
Profit for the year	**1,873**	1,002

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2015	2014
	AED'000	AED'000
Net assets	**57,096**	55,223
Group's share of net assets	**70%**	70%
Carrying amount of interest in joint venture	**39,967**	38,656

9 Trade receivables

	2015	2014
	AED'000	AED'000
Trade receivables	**646,308**	386,096
Due from related parties (note 10)	**15,508**	29,159
	661,816	415,255
Less: Allowance for impairment losses recognized	**(67,114)**	(19,688)
	594,702	395,567

The movement in allowance for impairment losses recognised on trade receivables is as follows:

	2015	2014
	AED'000	AED'000
Balance at 1 January	**19,688**	21,527
Charge for the year	**57,067**	10,111
Write off	**(237)**	(1,323)
Recovery	**(9,404)**	(10,627)
Balance at 31 December	**67,114**	19,688

The average credit period on services is 30 days. No interest is charged on trade and other receivables. During the year, additional specific allowances for impairment losses were identified for customer receivables based on future cash flows estimated at the end of reporting period. Trade receivable balances past due are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

Included in the Group's trade receivables and related party balances are past due debtors with a carrying amount of AED 439.1 million *(2014: AED 230.1 million)* for which the Group has not provided for as there has not been significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables and due from related parties

	2015	2014
	AED'000	AED'000
Not past due	**155,568**	165,480
Due for 31 to 90 days	**218,729**	100,021
Due for 91 to 180 days	**98,506**	54,549
Due for more than 180 days	**189,013**	95,205
	661,816	415,255

10 Related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with "related parties" as defined in IAS 24 Related Party Disclosures. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel.

The Group's significant related party services provided transactions and balances are as follows:

Transactions and balances with related parties through Royal Jet L.L.C.

	2015	2014
	AED'000	AED'000
Services provided	**119,467**	133,335
Amounts due from related parties	**9,540**	24,499
Amounts due to related parties	**30,262**	44,809

Transactions and balances with related parties through Maximus Air L.L.C.

	2015	2014
	AED'000	AED'000
Services provided	**-**	-
Amounts due from related parties	**-**	3,729
Amounts due to related parties	**-**	-

Transactions and balances with related parties through the Company

	2015	2014
	AED'000	AED'000
Services provided	**116,761**	105,549
Amounts due from related parties	**5,968**	931
Amounts due to related parties	**13,529**	4,856

Total transactions and balances with related parties

	2015	2014
	AED'000	AED'000
Services provided	**236,228**	238,884
Amounts due from related parties (note 9)	**15,508**	29,159
Amounts due to related parties	**43,791**	49,665

10 Related parties *(continued)*

(a) Finance lease liability

The finance lease between the Group and a related party was entered into for the purpose of financing 70% of the cost of a commercial aircraft for a period of 15 years from the date of delivery of the aircraft.

	2015	2014
	AED'000	AED'000
Due to a related party		
Finance lease liability (note 20)		
Presidential Flight Authority	**17,371**	44,809
Less: non-current portion of finance lease liability	**(11,582)**	(33,670)
Due to a related party – current portion (note 23)	**5,789**	11,139

(b) Transactions with related parties

Transactions with related parties during the year were as follows:

	2015	2014
	AED'000	AED'000
Finance cost on finance lease of aircraft	**843**	551
Property and equipment granted by Abu Dhabi Government	**-**	489,146
Key management compensation		
Salaries and other short-term employee benefits	**14,338**	15,347
Directors' fees (note 25)	**6,984**	8,395
Provision for employees' end of service benefits	**760**	1,122

11 Prepayments and other current assets

	2015	2014
	AED'000	AED'000
Prepayments	**11,572**	12,063
Deposits and advances	**69,954**	47,434
Other receivables and accrued income	**62,493**	150,622
	144,019	210,119

12 Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2015 AED'000	2014 AED'000
Short-term deposits	**71,905**	2,156
Bank current accounts	**283,432**	173,404
Cash on hand	**1,682**	2,200
Bank balances and cash	**357,019**	177,760
Less: margin deposit	**(986)**	(986)
Cash and cash equivalents	**356,033**	176,774

Bank balances and cash include an amount of AED 9.1 million *(2014: AED 5.9 million)* held in foreign banks abroad and the remaining balance is held within the UAE.

13 Assets held for sale

In 2014, the Group had entered into the process of selling a commercial aircraft with a net carrying amount of AED 18.2 million. The proceeds of the sale amounted to AED 18.4 million. A gain of AED 0.2 million on sale of the aircraft was recognised in profit or loss during the year.

As at 31 December 2015, the Group is in the process of finalising the sale of a commercial aircraft with a net carrying value of AED 89 million. The transaction is expected to be finalised in the next 12 months. An impairment of AED 11.4 million was recognised on the reclassification of the aircraft and the remaining net realisable value of AED 77.6 million is presented as assets held for sale as at 31 December 2015.

14 Share capital

The share capital structure is as follows:

	2015 AED'000	2014 AED'000
Issued and fully paid:		
444,787,000 shares of AED 1 each (2013: 444,787,000 shares of AED 1 each)	**444,787**	444,787

15 Reserves

	Revaluation reserve AED'000	Translation reserve AED'000	Fleet replacement reserve AED'000	Insurance reserve AED'000	Legal reserve AED'000	Investment revaluation reserve AED'000	Foreign currency translation reserve AED'000	General reserve AED'000	Other reserves AED'000	Total AED'000
Balance at 1 Jan 2014	42,351	4,641	560,686	377,769	202,176	(60)	(12)	102,586	47,305	1,337,442
Exchange differences arising on the translation of investment property	-	(8,075)	-	-	-	-	-	-	-	(8,075)
Loss arising on fair value of investments at FVTOCI	-	-	-	-	-	(177)	-	-	-	(177)
Transfer to legal reserve	-	-	-	-	11,038	-	-	-	8,055	19,093
Release of revaluation reserve	(14,132)	-	-	-	-	-	-	-	-	(14,132)
Transfer to maintenance and fleet replacement reserve	-	-	80,000	-	-	-	-	-	-	80,000
Transfer to insurance reserve	-	-	-	20,000	-	-	-	-	-	20,000
Equity derecognised due to liquidation of a subsidiary	-	-	-	-	-	-	12	-	-	12
Balance at 31 Dec 2014	**28,219**	**(3,434)**	**640,686**	**397,769**	**213,214**	**(237)**	**-**	**102,586**	**55,360**	**1,434,163**
Balance at 1 Jan 2015	28,219	(3,434)	640,686	397,769	213,214	(237)	-	102,586	55,360	1,434,163
Exchange differences arising on the translation of investment property	-	(6,422)	-	-	-	-	-	-	-	(6,422)
Loss arising on fair value of investments at FVTOCI	-	-	-	-	-	(147)	-	-	-	(147)
Transfer to legal reserve	-	-	-	-	9,180	-	-	-	12,757	21,937
Release of revaluation reserve	-	-	-	-	-	-	-	-	-	-
Transfer to maintenance and fleet replacement reserve	-	-	52,000	-	-	-	-	-	-	52,000
Transfer to insurance reserve	-	-	-	20,000	-	-	-	-	-	20,000
Balance at 31 Dec 2015	**28,219**	**(9,856)**	**692,686**	**417,769**	**222,394**	**(384)**	**-**	**102,586**	**68,117**	**1,521,531**

15 Reserves *(continued)*

(a) Revaluation reserve

As at 1 January 1993, on the basis of industry quotations, the Group revalued part of its fleet of helicopters and major rotables (note 5). A similar revaluation was perfonned on 1 January 1988. The revaluation reserve represents the surplus over net book value arising from the revaluations.

(b) Translation reserve

The translation reserve consists of exchange differences arising on the translation of non-monetary assets and liabilities denominated in foreign currencies.

(c) Fleet replacement reserve

The fleet replacement reserve consists of amounts appropriated from profits, which in the opinion of the Board of Directors are required to ensure that sufficient reserves exist to replace the existing fleet of helicopters when necessary.

(d) Insurance reserve

The insurance reserve consists of amounts appropriated from profits, which in the opinion of the Board of Directors are required to enable the Group to provide for a portion of the insurance cover in respect of its helicopter fleet and fixed wing aircraft.

(e) Legal reserve

The Articles of Association of the Company require 10% of the annual profit to be transferred to a legal reserve until such reserve amounts to 50% of the share capital of the Company. In addition, the subsidiaries are required in accordance with the UAE Federal Law No. 2 of 2015 concerning Commercial Companies and the subsidiaries' Articles of Association, to transfer 10% of the subsidiaries' profit to an undistributable statutory reserve, until such reserve equals 50% of paid up capital of the subsidiaries. This reserve is not available for distribution. The Group's legal reserve represents the Company's legal reserve computed on the basis disclosed above in addition to the Group's share of legal reserve of subsidiaries.

The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

(f) Investment revaluation reserve

Investment revaluation reserve represents gains and losses arising from changes in fair value of FVTOCI investments.

(g) Foreign currency translation reserve

Foreign currency translation reserve represents translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's currency.

(h) General reserve

Transfers to and from the general reserve are made in accordance with the decision of the Board of Directors and approved by the shareholders.

16 Dividend

The Board of Directors in its meeting held on 9 February 2016 proposed cash dividends of AED 0.15 per ordinary share (15% of par value) amounting to AED 66.7 million *(2014: AED 0.12 per ordinary share, 12% of par value and amounting to AED 53.4 million)*. The Board of Directors will request approval of the shareholders of the cash dividends at the annual general assembly meeting to be held in 2016.

17 Non-controlling interests

	2015 AED'000	2014 AED'000
Balance at 1 January 2015	**213,597**	181,923
Share of profit for the year	**10,242**	31,211
Equity derecognised due to liquidation of a subsidiary	**-**	463
Purchase of shares from NCI	**(17,037)**	-
Balance at 31 December 2015	**206,802**	213,597

18 Provision for employees' end of service benefits

The movement in provision for employees' end of service benefits is as follows:

	2015 AED'000	2014 AED'000
Balance at 1 January 2015	**120,978**	114,012
Charge for the year	**21,904**	20,830
Payments made during the year	**(6,287)**	(13,864)
Balance at 31 December 2015	**136,595**	120,978

19 Term loans

	2015 AED'000	2014 AED'000
Current portion of term loans	**197,261**	139,940
Non-current portion of term loans	**807,418**	673,949
Total term loans	**1,004,679**	813,889

The movement in term loans is as follows:

	2015 AED'000	2014 AED'000
Balance at 1 January 2015	**813,889**	467,124
Drawdown during the year	**239,730**	406,345
Repayments during the year	**(48,940)**	(59,580)
Balance at 31 December 2015	**1,004,679**	813,889

19 Term loans *(continued)*

AED 1.3 billion term loan
In 2007, a loan facility was obtained by the Group from a local bank for an amount of AED 1.3 billion to finance the acquisition of new aircraft, spare engines, spare parts, tools, and hanger facilities. There was no additional drawdown during the year. The interest rate on this loan was 3 months EIBOR plus 2% per annum. The loan was repayable in 21 semi-annual installments commencing from June 2009. The facility is secured by a negative pledge by the mortgage over the aircraft. In 2013, the Group agreed with the local bank on amendments of term of the loan agreement. Interest rate on the loan was amended to 3 months EIBOR plus 1.75% per annum and loan shall be repaid in 12 semi-annual installments (principal and interest) of AED 51.3 million effective 30 June 2013. The final repayment date shall be 31 December 2018. During 2014, the Group agreed with the local bank to further amend the interest rate on the loan to 3 months EIBOR plus 1.5%. Also, during 2014, the Group had deferred the second semi-annual installment payment amounting to AED 51.3 million. As at 31 December 2015, the outstanding balance of the term loan amounted to AED 375.9 million *(2014: AED 375.9 million)*.

During 2015, the Group agreed with the local bank on another amendment of the term loan agreement. Effective 29 January 2015, the term loan shall be repaid in 7 semi -annual installments (principal and interest) of AED 51.3 million starting on 31 December 2015. Also, during 2015 the Group agreed with the local bank to defer first semi -annual installment (principal and interest) of AED 51.3 million and accordingly both the installments amounting to AED 102.6 million will be paid on 30 June 2016.

AED 129.3 million term loan of Royal Jet LLC
This term loan from a local bank amounting to AED 129.3 million (US$ 35.2 million) was obtained to finance the acquisition of an aircraft. Repayment is scheduled over a period of 10 years starting July 2007 by equal monthly installments. The interest is calculated by reference to one month LIBOR plus 75 basis points per annum. As at 31 December 2015, the outstanding balance of the term loan amounted to AED 19.4 million *(2014: AED 32.3 million)*.

AED 20.6 million term loan of Royal Jet LLC
A term loan from a local bank was obtained amounting to AED 20.6 million (USD 5.6 million) to finance the acquisition of a commercial aircraft. The loan is repayable in 32 equal quarterly installments. The interest is calculated by reference to three month LIBOR plus 1.4% per annum. As at 31 December 2015, the outstanding balance of the term loan amounted to AED 17.4 million *(2014: AED 20 million)*.

AED 297.7 million term loans of Royal Jet LLC
Two term loans from a local bank amounting to AED 297.7 million (USD 81 million) were obtained to finance the acquisition of two commercial aircraft. The loans are repayable in 40 equal quarterly installments. The interest is calculated by reference to three month LIBOR plus 1.75% per annum. As at 31 December 2015, the outstanding balance of the term loan amounted to AED 264.1 million (2014: AED 297.7 million).

AED 429.2 million term loan of Royal Jet LLC
A term loan from a local bank amounting to AED 429.2 million (USD 116.8 million) was obtained to finance the acquisition of a commercial aircraft. The loan is repayable in 40 equal quarterly installments. The first principal repayment will start from 6 months from the date of delivery of aircraft(s) or 30 June 2017 whichever is earlier. The interest is calculated by reference to three month LIBOR plus 1.3% per annum. As at 31 December 2015, the outstanding balance of the term loan amounted to AED 327.7 million *(2014: AED 88 million)*.

20 Finance lease liabilities

	2015 AED'000	2014 AED'000
Aircraft finance lease (note 10)	**17,371**	44,809
Residential complex finance lease	**118,293**	119,205
Total finance lease liabilities	**135,664**	164,014
Less: Non-current portion of finance lease liabilities	**(128,914)**	(151,962)
Current portion of finance lease liabilities	**6,750**	12,052
Included in the consolidated statement of financial position as:		
Current portion of finance lease liabilities	**961**	913
Due to related parties (Note 23)	**5,789**	11,139
	6,750	12,052
Non-current portion of finance lease liabilities	**117,332**	118,292
Due to a related party (Note 10)	**11,582**	33,670
	128,914	151,962

Interest rate on the aircraft finance lease is 6 months LIBOR plus 0.75%.

Amounts payable under finance leases:

	Minimum lease Payments		**Present value of minimum lease payments**	
	2015 **AED'000**	2014 AED'000	**2015** **AED'000**	2014 AED'000
Due within one year	**16,329**	21,946	**15,666**	20,814
Due in the second to fifth year	**52,915**	76,090	**43,418**	65,710
Due later than five years	**225,000**	235,250	**76,580**	77,490
	294,244	333,286	**135,664**	164,014
Less: future finance charges	**(158,580)**	(169,272)	-	-
Present value of minimum lease Payments	**135,664**	164,014	**135,664**	164,014

21 Deferred income

	2015 AED'000	2014 AED'000
Balance at 1 January 2015	**547,155**	109,621
Additions	-	489,146
Amortisation of deferred income	**(51,612)**	(51,612)
Balance at 31 December 2015	**495,543**	547,155

During 2014, the Presidential Flight Authority, a related party, transferred 5 commercial aircraft to the Group pursuant to a grant effective from 1 January 2014. The deferred income relating to the aircraft is recognised at the nominal value of the asset amounting to AED 489.1 million. Previously, these commercial aircraft were under operating lease.

During the year, deferred income amounting to AED 51.6 million was recognised to profit or loss to match the costs for which they are intended to compensate on a systematic basis.

22 Other non-current liability

In 2011, the Company entered into a Heads of Agreement (HOA) with Aerospace Holding Company L.L.C. (AHC) to establish a joint arrangement for the provision of advanced synthetic pilot training. During 2011, AHC's related party, International Flight Academy (Horizon) L.L.C. entered into an agreement with CAE Inc. (the "Supplier") for the purchase of simulators ("the Purchase Agreement") to be used for the establishment of the joint venture between the Company and AHC (the "Project"). On 21 November 2013, the Company entered into an Amendment and Novation Agreement with the Supplier and International Flight Academy (Horizon) L.L.C. to release and discharge International Flight Academy (Horizon) L.L.C. from the Purchase Agreement and include the Company as the new party to the Purchase Agreement.

On 30 December 2013, the Company entered into an agreement with International Flight Academy (Horizon) L.L.C. for the settlement of amounts relating to the transfer of the Project to the Company (the "Settlement Agreement"). The Settlement Agreement required that the Company to pay an amount of AED 16.9 million to International Flight Academy (Horizon) L.L.C. by 1 January 2015 and additional AED 16.9 million by 1 January 2016.

During the current year payment amounting to AED 16.9 million has been made and the balance is classified as current liability.

23 Trade and other payables

	2015 AED'000	2014 AED'000
Trade payables	**58,216**	87,843
Due to related parties (note 10)	**32,209**	15,995
	90,425	103,838

The average credit period for purchases of goods and services is 30 days. The Group has risk management policies in place to ensure that all payables are paid within the credit period. Amounts due to related parties include AED 5.8 million pertaining to Royal Jet L.L.C.'s finance lease liabilities.

24 Direct operating costs

	2015	2014
	AED'000	AED'000
Operating and maintenance costs	**930,176**	554,252
Staff costs	**386,336**	348,233
Depreciation	**196,718**	173,123
Other expenses	**115,099**	119,665
	1,628,329	1,195,273

25 General and administrative expenses

	2015	2014
	AED'000	AED'000
Staff costs	**127,139**	119,318
Depreciation	**16,014**	16,263
Licensing and professional fees	**8,713**	10,960
Impairment losses recognised on trade receivables	**57,067**	10,111
Directors' fee (note 10)	**6,984**	8,395
Others	**55,580**	57,339
	271,497	**222,386**

26 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computations:

	2015	2014
	AED'000	AED'000
Profit attributable to owners of the Company	**267,105**	213,475
Weighted average number of shares in issue	**444,787**	444,787
Earnings per share (AED)	**0.60**	0.48

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share is equal to basic earnings per share.

During 2014, the Company had issued bonus shares of 10% of share capital amounting to AED 40.4 million which was approved by the shareholders at the annual general meeting held on 25 March 2014.

27 Granted plots of land

Future economic benefits established
In prior years, the Abu Dhabi Government had granted the Company two plots of land located in Khalifa City, Abu Dhabi.

The granted plots of land located in Khalifa City, Abu Dhabi had been identified and use for the purpose of construction of a training center and accordingly, has been recorded as property and equipment at nominal value at AED 1.

28 Financial instruments – Risk management and fair values

(a) *Capital risk management*

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2013. The capital structure of the Group consists of debt, which includes the term loans, cash and bank balances and equity comprising share capital, reserves and retained earnings.

The gearing ratio, determined as net debt to equity, at the year-end was as follows:

	2015 AED'000	2014 AED'000
Debt (i)	**1,004,679**	813,889
Cash and cash equivalents (note 12)	**(356,033)**	(176,774)
Net debt	**648,646**	637,115
Equity (ii)	**2,408,445**	2,199,105
Net debt to equity ratio	**27%**	29%

(i) Debt is defined as long and short term loans (note 19).
(ii) Equity includes all capital and reserves of the equity owners of the Company.

(b) *Financial risk management*

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28 Financial instruments – Risk management and fair values *(continued)*

(b) ***Financial risk management*** *(continued)*

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables and bank balances.

The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with entities related to oil operating companies and government related entities in the UAE, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Trade receivables from oil operating companies and government related entities in the UAE is AED 46.8 million *(2014: AED 58.9 million)* and AED 491.5 million *(2014: AED 211.8 million)* which represents 7.1% (2014: 14.9%) and 74.3% *(2014: 76.8%)* respectively of the total trade receivables at the end of reporting period. Included in the trade receivables balance at the end of the year is an amount of AED 15.5 million *(2014: AED 29.2 million)* due from related parties.

28 Financial instruments – Risk management and fair values *(continued)*

(b) ***Financial risk management*** *(continued)*

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group limits its liquidity risk by ensuring adequate cash from operations and bank facilities are available.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the liabilities at the end of reporting period based on contractual repayment arrangements was as follows:

	Effective Interest rate	Total AED'000	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	After 5 years AED'000
2015						
Non-interest bearing instruments		**282,730**	**282,730**	-	-	-
Variable interest rate instruments	**note 19 and 20**	**1,342,410**	**21,113**	**151,042**	**645,557**	**524,698**
		1,625,140	**303,843**	**151,042**	**645,557**	**524,698**
2014						
Non-interest bearing instruments		246,208	229,292	-	16,916	-
Variable interest rate instruments	note 19 and 20	1,235,103	21,164	156,771	577,616	479,552
		1,481,311	250,456	156,771	594,532	479,552

28 Financial instruments – Risk management and fair values *(continued)*

(b) *Financial risk management* *(continued)*

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group does not have significant exposure to currency risk as most of its assets are denominated in UAE Dirhams or in US Dollars, the latter being pegged to the UAE Dirham.

Equity price risk
The Group is exposed to equity price risks arising from equity investments. The Group monitors the risk of change in equity prices by sensitivity analysis taking 15% change due to the volatile nature of the market in which the securities are listed.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 15% higher/lower, the Group's other comprehensive income would increase/decrease as follows:

	2015	2014
	AED’000	AED’000
FVTOCI Investments	**2,384**	10,933

Interest rate risk
Interest rate risk primarily arises from the possibility that changes in interest rates will affect the net finance cost of the Group. The Group is exposed to fair value interest rate risk on bank borrowings at variable interest rates.

If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Group's net profit and equity for the year ended 31 December 2015 would decrease/increase by approximately AED 5.1 million (2014: AED 4.1 million).

The Group's sensitivity to interest rates has increased in line with the increase in interest bearing debt instruments.

28 Financial instruments – Risk management and fair values *(continued)*

(c) *Fair value of financial instruments*

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis
Management provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which fair value is observable.

As at 31 December 2015, all of the Group's financial assets that are stated at fair value are grouped in Level 1.

There were no transfers between Level 1 and 2 during the year.

	31 December 2015		31 December 2014	
	Carrying amounts AED'000	**Fair Value AED'000**	Carrying amounts AED'000	Fair value AED'000
Assets carried at fair value				
Financial assets at fair value through other comprehensive income (FVTOCI)	**15,893**	**15,893**	72,888	72,888

Fair value of the Group's financial instruments that are not measured at fair value but fair value disclosures are required
Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2015		31 December 2014	
	Carrying amounts AED'000	**Fair Value AED'000**	Carrying amounts AED'000	Fair value AED'000
Liabilities carried at amortised cost				
Other non-current liability	**-**	**-**	16,916	16,666
Term loans	**1,004,679**	**1,052,719**	813,889	852,806
Finance lease liabilities	**135,664**	**137,997**	164,014	166,834

As at 31 December 2015, all of the Group's financial liabilities fair value disclosure above are grouped under Level 3 and have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with most significant inputs being the discount rate that reflects the credit risk of counterparties.

29 Contingent liabilities

As at 31 December 2015, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED140 million *(2014: AED 89.1 million)*.

30 Commitments

Capital commitments
As at 31 December 2015, the Group had estimated commitments for the acquisition of property and equipment of AED 108.4 million *(2014: AED 373.5 million)*.

Operating commitments
The Group is committed to pay annual maintenance fees of AED 750,000 over the lease term of the related residential complex (notes 5 and 20).

	2015	2014
	AED'000	AED'000
Due in less than one year	**750**	750
Later than one but not later than five years	**3,000**	3,000
Later than five years	**15,000**	15,750
	18,750	**19,500**

31 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

(i) Helicopter and Fixed Wing Operations, which provides charter flights and third party maintenance;
(ii) Commercial Aircraft Operations, which provides commercial air transportation and aircraft management;
(iii) Air Cargo, which provides air cargo services to local and international customers using its fleet of aircrafts and chartered aircraft; and
(iv) Investments, which involves the management of the Group's investment portfolio.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

Notes to the consolidated financial statements

for the year ended 31 December 2015

31 Segment information *(continued)*

Information regarding these segments for the year ended 31 December is presented below:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Eliminations AED'000	Group AED'000
2015						
Revenue	**888,405**	**460,922**	**835,842**	**-**	**(3,557)**	**2,181,612**
Profit for the year	**146,271**	**20,484**	**106,355**	**4,237**		**277,347**
2014						
Revenue	829,271	520,207	268,184	-	(6,249)	1,611,413
Profit for the Year	145,433	22,247	23,734	53,272	-	244,686

The segment assets and liabilities at 31 December 2015 were as follows:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Eliminations AED'000	Group AED'000
2015						
Assets	**2,999,395**	**1,524,995**	**510,106**	**197,833**	**(561,871)**	**4,670,458**
Liabilities	**839,734**	**1,153,337**	**79,046**	**-**	**(16,906)**	**2,055,211**
2014						
Assets	2,909,427	1,390,415	288,453	251,478	(534,827)	4,304,946
Liabilities	839,859	1,035,100	20,588	-	(3,303)	1,892,244

The Group operates primarily from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

32 Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

33 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue by the Board of Directors on 9 February 2016.