

**ABU DHABI AVIATION**

**Review report and interim financial  
information for the period  
ended 31 March 2019**

**ABU DHABI AVIATION**  
**Review report and interim financial information**

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors  
Abu Dhabi Aviation  
Abu Dhabi, United Arab Emirates

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi Aviation (the "Company") and its subsidiaries (together referred to as the "Group"), as at 31 March 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows and selected explanatory notes for the three-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

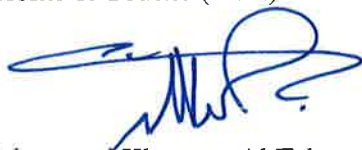
### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### *Other matter*

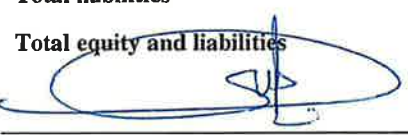


The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 11 February 2019. Furthermore, the interim financial information of the Group for the three months period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified conclusion on 30 April 2018.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah  
Registration No. 717  
29 April 2019  
Abu Dhabi  
United Arab Emirates

**Condensed consolidated statement of financial position  
as at 31 March 2019**

	Notes	31 March 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	2,458,101	2,585,458
Right-of-use assets	3	121,470	-
Investment properties	5	275,025	410,363
Investments	6	87,994	88,115
Investments in joint ventures	7	53,918	53,645
<b>Total non-current assets</b>		<b>2,996,508</b>	<b>3,137,581</b>
<b>Current assets</b>			
Inventories		473,954	469,949
Trade receivables	8	429,296	539,613
Prepayments and other current assets		217,235	178,998
Right-of-use assets	3	13,941	-
Cash and deposits with banks	9	627,575	474,223
Assets held for sale	10	8,975	8,975
<b>Total current assets</b>		<b>1,770,976</b>	<b>1,671,758</b>
<b>Total assets</b>		<b>4,767,484</b>	<b>4,809,339</b>
<b>Equity</b>			
Share capital	11	444,787	444,787
Share premium		112,320	112,320
Reserves		1,877,767	1,873,533
Retained earnings		399,871	446,653
<b>Equity attributable to owners of the Company</b>		<b>2,834,745</b>	<b>2,877,293</b>
<b>Non-controlling interest</b>		<b>339,685</b>	<b>321,578</b>
<b>Total equity</b>		<b>3,174,430</b>	<b>3,198,871</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		147,790	145,462
Non-current portion of term loans	12	468,982	489,225
Non-current portion of lease liabilities	3	143,331	-
Non-current portion of finance lease liabilities		-	113,881
Non-current portion of deferred income		191,664	213,505
<b>Total non-current liabilities</b>		<b>951,767</b>	<b>962,073</b>
<b>Current liabilities</b>			
Trade and other payables		102,869	105,000
Accrued expenses and other current liabilities		106,141	130,654
Current portion of term loans	12	362,439	362,292
Current portion of lease liabilities	3	21,088	-
Current portion of finance lease liabilities		-	1,240
Current portion of deferred income		48,750	49,209
<b>Total current liabilities</b>		<b>641,287</b>	<b>648,395</b>
<b>Total liabilities</b>		<b>1,593,054</b>	<b>1,610,468</b>
<b>Total equity and liabilities</b>		<b>4,767,484</b>	<b>4,809,339</b>
 <b>Nader Ahmed Mohammed Al Hammadi</b> Chairman		 <b>Sheikh Ahmed Al Dhaheer</b> Vice Chairman	 <b>Ashraf Fahmy</b> Chief Financial Officer

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of profit or loss (unaudited)  
for the period ended 31 March 2019**

	Notes	Three months ended 31 March	
		2019 AED'000	2018 AED'000
Revenue		442,845	381,127
Direct operating costs		(336,653)	(288,754)
<b>Gross profit</b>		<b>106,192</b>	<b>92,373</b>
General and administrative expenses		(40,062)	(47,081)
Income from investment properties		-	4,708
Property rental expense		-	(877)
Gain on disposal of property and equipment		-	1,140
Impairment loss on property and equipment		(10,097)	-
Amortisation of deferred income		8,833	12,757
Share of profit of joint ventures		273	1,372
Finance income		1,961	1,344
Finance costs		(12,169)	(9,951)
Other income		4,110	2,514
Net change in the fair value of investment at FVTPL	6	1,241	-
<b>Profit for the period</b>		<b>60,282</b>	<b>58,299</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		42,175	48,344
Non-controlling interest		18,107	9,955
		<b>60,282</b>	<b>58,299</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>13</b>	<b>0.09</b>	<b>0.11</b>

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of comprehensive income (unaudited)  
for the period ended 31 March 2019**

	Note	Three months ended 31 March	
		2019 AED'000	2018 AED'000
<b>Profit for the period</b>		<b>60,282</b>	<b>58,299</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Fair value gain on investments in equity instruments designated as at FVOCI	6	132	-
<i>Items that may be reclassified subsequent to profit or loss</i>			
Foreign currency translation differences		4,102	5,346
Other comprehensive income for the period		4,234	5,346
<b>Total comprehensive income for the period</b>		<b>64,516</b>	<b>63,645</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		46,409	53,690
Non-controlling interest		18,107	9,955
		<b>64,516</b>	<b>63,645</b>

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of changes in equity  
for the period ended 31 March 2019**

	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 2018 (audited)	444,787	112,320	1,762,407	427,438	2,746,952	268,522	3,015,474
Profit for the period	-	-	-	48,344	48,344	9,955	58,299
Other comprehensive income for the period	-	-	5,346	-	5,346	-	5,346
Total comprehensive income	-	-	5,346	48,344	53,690	9,955	63,645
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
<b>Balance at 31 March 2018 (unaudited)</b>	<b>444,787</b>	<b>112,320</b>	<b>1,767,753</b>	<b>386,825</b>	<b>2,711,685</b>	<b>278,477</b>	<b>2,990,162</b>
Balance at 1 January 2019 (audited)	444,787	112,320	1,873,533	446,653	2,877,293	321,578	3,198,871
Profit for the period	-	-	-	42,175	42,175	18,107	60,282
Other comprehensive income for the period	-	-	4,234	-	4,234	-	4,234
Total comprehensive income	-	-	4,234	42,175	46,409	18,107	64,516
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
<b>Balance at 31 March 2019 (unaudited)</b>	<b>444,787</b>	<b>112,320</b>	<b>1,877,767</b>	<b>399,871</b>	<b>2,834,745</b>	<b>339,685</b>	<b>3,174,430</b>

The accompanying notes form an integral part of this interim financial information.

**Condensed consolidated statement of cash flows (unaudited)  
for the period ended 31 March 2019**

	Notes	Three months ended 31 March	
		2019 AED'000	2018 AED'000
<b>Cash flows from operating activities</b>			
Profit for the period		60,282	58,299
<i>Adjustments for:</i>			
Depreciation	4	41,344	38,753
Amortisation of right-of-use assets		3,118	-
Provision for employees' end of service benefits		6,607	5,140
Amortisation of deferred income		(8,833)	(12,757)
Impairment loss on property and equipment		10,097	-
Gain on disposal of property and equipment		-	(1,140)
Net changes in the fair value of investment at FVTPL		(1,241)	-
Recovery of impaired trade receivables		-	(71)
Share of profit of joint ventures		(273)	(1,372)
Finance costs		11,727	9,951
Finance income		(1,961)	(1,344)
Interest on lease liabilities		442	-
<b>Operating cash flows before movements in working capital</b>		<b>121,309</b>	<b>95,459</b>
Inventories		(4,005)	(9,719)
Trade receivables		110,317	1,117
Prepayments and other current assets		(38,237)	(21,714)
Trade and other payables		(2,130)	20,092
Accrued expenses and other current liabilities		(24,631)	(12,778)
<b>Cash generated from operations</b>		<b>162,623</b>	<b>72,457</b>
Employees' end of service benefits paid		(4,398)	(2,647)
<b>Net cash generated by operating activities</b>		<b>158,225</b>	<b>69,810</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	4	(17,372)	(89,001)
Payments for investment property	5	(4,473)	(4,356)
Proceeds from disposal of property and equipment	4	-	12,880
Proceeds from disposal of investment property	5	139,811	-
Proceeds from disposal of investment		1,362	-
Finance income received		1,961	1,344
Deposits with maturities over three months	9	23,811	53,014
<b>Net cash generated by/(used in) investing activities</b>		<b>145,100</b>	<b>(26,119)</b>
<b>Cash flows from financing activities</b>			
Proceeds from term loans		-	50,000
Repayment of term loans		(20,095)	(18,026)
Finance costs paid		(11,727)	(9,953)
Repayment of lease liability		(5,383)	-
Finance lease payments		-	(526)
Dividends paid	14	(88,957)	(88,957)
<b>Net cash used in financing activities</b>		<b>(126,162)</b>	<b>(67,462)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>177,163</b>	<b>(23,771)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>183,638</b>	<b>158,713</b>
<b>Cash and cash equivalents at 31 March</b>	9	<b>360,801</b>	<b>134,942</b>

The accompanying notes form an integral part of this interim financial information.



**Notes to the interim financial information  
for the period ended 31 March 2019****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, United Arab Emirates.

**2 Basis of preparation**

These condensed consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of the laws of the UAE.

These condensed consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency. All values are rounded to the nearest AED thousands, except when otherwise indicated.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2018. In addition, results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

*Judgments, estimates and risk management*

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2018, except as mentioned in Note 3.

**3 Significant accounting policies**

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**3 Significant accounting policies (continued)**

New and amended standards adopted by the Group

The Group adopted IFRS 16, *Leases* which replaces the existing guidance on leases, including IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC 15, *Operating Leases - Incentives* and SIC 27, *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Group's consolidated financial position, unless the term is 12 months or less or the lease is of low value asset. Thus, the classification required under IAS 17, *Leases* into operating or finance leases is eliminated for lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use of the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present the reconciliation. The off-balance sheet lease obligations as of 31 December 2018 are reconciled as following to the recognised lease liabilities as of 1 January 2019.

	<b>AED'000</b>
<b>Operating lease commitments as at 31 December 2018</b>	<b>63,246</b>
Discounted using the lessee's incremental borrowing rate at the date of initial application	(9,182)
Add: finance lease liabilities recognised as at 31 December 2018	115,121
Less: short term leases recognised on a straight line basis as expense	(638)
Less: adjustments as a result of a different treatment of extension and termination options	(3,525)
<b>Lease liability recognised as at 1 January 2019</b>	<b>165,022</b>
Of which are:	
Current lease liabilities	17,377
Non-current lease liabilities	147,645
	<b>165,022</b>

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**3 Significant accounting policies (continued)**

New and amended standards adopted by the Group (continued)

The carrying amount of right of use asset as at 31 March 2019 is AED 121.5 million (31 December 2018: AED Nil) and lease liability as at 31 March 2019 is AED 164.4 million (31 December 2018: AED Nil).

*The Group's leasing activities and how these are accounted for:*

The Group leases various aircraft, offices and warehouses. Rental contracts are typically made for fixed periods of 3 to 20 years but may have extension or termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate ;
- amounts expected to be payable by the lessee under residual value guarantees ;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**3 Significant accounting policies (continued)**

New and amended standards adopted by the Group (continued)

*Practical expedient*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessment on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4.

Revised standards

*Effective for annual periods beginning on or after 1 January 2019*

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

*Effective for annual periods beginning after 1 January 2020*

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: *Insurance Contracts*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**3 Significant accounting policies (continued)**

Property and equipment

The Group has reassessed the useful life of aircraft and the changes have been applied prospectively as from 1 January 2019.

The estimated residual values for aircraft in the current year and comparative period is as follows:

	<b>Life in years</b>
Aircraft	20% (2018: 25years)

Basis of consolidation

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

Name of subsidiary	<u>Ownership interest</u>		Country of incorporation	Principal activities
	31 March 2019	31 December 2018		
Maximus Air – Sole Proprietorship L.L.C	100%	100%	UAE	Air cargo
Royal Jet L.L.C.	50%	50%	UAE	Commercial air and transportation services
Herbal Hill Gardens Limited	100%	100%	Gibraltar	Investment properties ownership
ADA Real Estate Management and General Maintenance L.L.C.	100%	100%	UAE	Real estate and facilities
Maximus Airlines L.L.C.	100%	100%	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C	100%	100%	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C	100%	100%	UAE	Aviation training
ADA Millenium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C	100%	100%	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**3 Significant accounting policies (continued)**

Critical judgments and key sources of estimation uncertainty

*Changes in judgements and estimation uncertainty*

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the changes highlighted below:

*Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of AED have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

*Discounting of lease payments*

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

**4 Property and equipment**

During the period ended 31 March 2019, the Group incurred AED 17.4 million (31 December 2018: AED 89 million) on the acquisition of property and equipment. Depreciation of property and equipment during this period amounted to AED 41.3 million (31 March 2018: AED 38.8 million).

During the period ended 31 March 2019, the Group has not disposed assets. Property and equipment is primarily operated from the Group's base in the United Arab Emirates.

On 1 January 2019, on initial date of application of IFRS 16 *Leases*, property and equipment amounting to AED 95.28 million has been reclassified to right of use asset (note 3).

**5 Investment properties**

Investment properties as at 31 March 2019 represent investment in a property owned by Royal Jet L.L.C. located in Khalifa City, Abu Dhabi, premises located in Al Rawdhat, Abu Dhabi and two properties under construction in Satwa Redevelopment Zone, Dubai.

In November 2018, the Group has entered into an agreement for the sale of investment property in London through Herbal Hill Gardens Limited (a company wholly owned by the Group). The sale transaction was completed by 11 January 2019 and the Group has received GBP 30 million against the sale amount on the same date. No gain or loss has been recognised in the books of foreign subsidiary.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**5 Investment properties (continued)**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
Balance at 1 January	410,363	355,614
Additions	4,473	47,252
Disposal	(139,811)	-
Increase in fair value	-	15,239
Net foreign currency exchange difference	-	(7,742)
	<u><b>275,025</b></u>	<u><b>410,363</b></u>

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2018, by independent valuers not connected with the Group. The valuers are members of a professional valuers association, with appropriate qualifications and recent experience in the valuation of properties at the relevant locations. Management believes that there is no significant change in fair value of investment properties as at 31 March 2019.

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 March 2019, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2018: Level 2).

**6 Investments in financial assets**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
Equity securities - designated at FVTPL	19,524	18,416
Corporate securities - at FVOCI	68,470	69,699
	<u><b>87,994</b></u>	<u><b>88,115</b></u>



**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**6 Investments in financial assets (continued)**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
Balance at 1 January	88,115	54,740
Purchase of investments	-	37,745
Sale of investment	(1,494)	-
Change in fair value		
<i>Equity securities - designated at FVTPL</i>	1,241	15
<i>Corporate securities - at FVOCI</i>	132	(4,385)
	<u>87,994</u>	<u>88,115</u>

The Group's investments in securities represented UAE listed securities.

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
Investment in Waha CEEMEA Fixed Income Fund SP	<u>19,524</u>	<u>18,416</u>
Investment in Abu Dhabi Commercial Bank (ADCB) bonds	<u>68,470</u>	<u>69,699</u>

**7 Investments in joint ventures**

The Group has a 70% equity shareholding with equal voting power in AgustaWestland Aviation Services L.L.C., a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AgustaWestland Aviation Services L.L.C. is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters, and sale of helicopter spare parts and accessories. The Group's share of the results, assets and liabilities as at 31 March 2019 has been accounted for using the equity method.



**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**8 Trade receivables**

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Trade receivables (net of provisions)	423,406	542,402
Due from related parties	58,242	49,563
	<u>481,648</u>	<u>591,965</u>
Less: Allowance for impairment losses recognised	(53,352)	(52,352)
	<u><u>429,296</u></u>	<u><u>539,613</u></u>

**9 Cash and deposits with banks**

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

	<b>31 March 2019 (unaudited) AED'000</b>	31 December 2018 (audited) AED'000
Cash on hand	4,007	3,103
Bank current accounts	356,794	180,535
Deposits	266,774	290,585
	<u>627,575</u>	<u>474,223</u>
Cash and deposits with banks	627,575	474,223
Less: deposits with maturities over three months	(266,774)	(290,585)
	<u><u>360,801</u></u>	<u><u>183,638</u></u>
<b>Cash and cash equivalents in the condensed consolidated statement of cash flows</b>		

Cash and deposits with banks include an amount of AED 271.4 million (31 December 2018: AED 14.1 million) held in foreign banks abroad and the remaining balance is held within the UAE. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**10 Asset held for sale**

As at 31 March 2019, management has one aircraft classified as asset held for sale. Management is committed to sell this aircraft and expects to complete this transaction in 2019.

**11 Share capital**

	<b>31 March 2019 (unaudited) AED'000</b>	<b>31 December 2018 (audited) AED'000</b>
<b>Issued and fully paid:</b> 444,787,200 shares of AED 1 each	<b>444,787</b>	<b>444,787</b>

**12 Term loans**

Borrowings and repayments made against facilities of the Group are in accordance with the terms disclosed in the consolidated financial statements for the year ended 31 December 2018.

**13 Basic and diluted earnings per share**

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

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

	<b>Three months ended 31 March</b>	
	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>
Profit attributable to Owners of the Company (AED'000)	<b>42,175</b>	48,344
Weighted average number of shares in issue (AED'000)	<b>444,787</b>	444,787
Earnings per share (AED)	<b>0.09</b>	0.11

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

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**14 Dividends**

Cash dividends of AED 0.20 per ordinary share (20% of par value) amounting to AED 89.0 million (2018: AED 89.0 million) were approved by the shareholders at the annual general meeting held on 4 March 2019.

**15 Contingent liabilities**

As at 31 March 2019, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 59.1 million (31 December 2018: AED 60.1 million).

**16 Commitments**

*Capital commitments*

As at 31 March 2019, the Group had estimated commitments for the acquisition of property and equipment of AED 73.1 million (31 December 2018: AED 86.2 million).

**17 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 aircraft leasing, charter flights and third party maintenance services;
- (ii) Commercial aircraft operations, which provides commercial air transportation and aircraft management services;
- (iii) Air cargo, which provides air cargo services to local and international customers using its fleet of aircrafts and sub-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 interim financial information  
for the period ended 31 March 2019 (continued)**

**17 Segment information (continued)**

Information regarding these segments is presented below:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
<b>31 March 2019 (unaudited)</b>							
Revenue	148,361	160,229	128,915	-	11,667	(6,327)	442,845
Profit for the period	9,156	36,215	12,179	-	2,732	-	60,282
<b>31 March 2018 (unaudited)</b>							
Revenue	150,152	134,863	93,189	-	6,853	(3,930)	381,127
Profit for the period	16,133	19,910	21,367	2,975	320	(2,406)	58,299

The segment assets and liabilities were as follows:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
<b>31 March 2019 (unaudited)</b>							
Assets	3,162,081	1,425,492	657,550	363,019	251,663	(1,092,321)	4,767,484
Liabilities	913,980	777,273	50,415	-	11,508	(160,122)	1,593,054
<b>31 December 2018 (audited)</b>							
Assets	3,027,368	1,416,664	640,633	498,478	250,730	(1,024,534)	4,809,339
Liabilities	828,140	815,454	54,990	-	13,377	(101,493)	1,610,468

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.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**18 Related parties**

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. 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.

Significant transactions with related parties during the period were as follows:

	<b>Three months ended 31 March</b>	
	<b>2019</b> <b>(unaudited)</b> <b>AED'000</b>	<b>2018</b> <b>(unaudited)</b> <b>AED'000</b>
Revenue	<b>45,148</b>	<b>43,852</b>
Finance cost on finance lease of aircraft	<b>442</b>	<b>30</b>
<b>Key management compensation</b>		
Salaries and other short term employee benefits	<b>5,519</b>	<b>4,516</b>
Directors' fees	<b>1,790</b>	<b>2,963</b>
Provisions for employees' end of service benefits	<b>279</b>	<b>440</b>

**19 Seasonality of results**

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three months period ended 31 March 2019 and 2018.

**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**20 Financial instruments – fair value and risk management**

*Accounting classifications and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2019	Carrying amounts			Fair values			
	FVTPL - equity Instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>Financial assets measured at fair value</b>							
Investment in Waha CEEMEA	19,524	-	-	19,524	-	19,524	-
Fixed Income Fund SP	-	68,470	-	68,470	68,470	-	-
Investment in ADCB bonds	-	-	-	-	-	-	-
	<b>19,524</b>	<b>68,470</b>	<b>-</b>	<b>87,994</b>	<b>68,470</b>	<b>19,524</b>	<b>-</b>
							<b>87,994</b>
<b>Financial assets not measured at fair value</b>							
Trade receivables	-	-	429,296	429,296	-	-	-
Other current assets	-	-	143,493	143,493	-	-	-
Cash and deposits with banks	-	-	627,575	627,575	-	-	-
	-	-	<b>1,200,364</b>	<b>1,200,364</b>	-	-	-

Notes to the interim financial information  
for the period ended 31 March 2019 (continued)

20 Financial instruments - fair value and risk management (continued)

Accounting classifications and fair values (continued)

31 March 2019 (continued)	Carrying amounts			Fair values			
	FVTPL - equity instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Financial liabilities not measured at fair value							
Trade and other payables	-	-	102,869	102,869	-	-	-
Term loans	-	-	831,421	831,421	-	-	-
Lease liability	-	-	164,419	164,419	-	-	-
Accrued expenses and other current liabilities	-	-	106,141	106,141	-	-	-
	-	-	1,204,850	1,204,850	-	-	-

Notes to the interim financial information  
for the period ended 31 March 2019 (continued)

20 Financial instruments – fair value and risk management (continued)

Accounting classifications and fair values (continued)

At 31 December 2018	Carrying amounts			Fair values				
	FVTPL - equity instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA								
Fixed Income Fund SP	18,416	-	-	18,416	-	18,416	-	18,416
Investment in ADCB bonds	-	69,699	-	69,699	69,699	-	-	69,699
	18,416	69,699	-	88,115	69,699	18,416	-	88,115
Financial assets not measured at fair value								
Trade receivables	-	-	539,613	539,613	-	-	-	-
Other current assets	-	-	118,236	118,236	-	-	-	-
Cash and deposits with banks	-	-	474,223	474,223	-	-	-	-
	-	-	1,132,072	1,132,072	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	105,000	105,000	-	-	-	-
Term loans	-	-	851,517	851,517	-	-	-	-
Finance lease liabilities	-	-	115,121	115,121	-	-	-	-
Accrued expenses and other current liabilities	-	-	130,654	130,654	-	-	-	-
	-	-	1,202,292	1,202,292	-	-	-	-



**Notes to the interim financial information  
for the period ended 31 March 2019 (continued)**

**20 Financial instruments**

Fair values and risk management (continued)

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

**21 Approval of interim financial information**

The interim financial information were approved by management and authorised for issue by the Board of Directors on 29 April 2019.