

DIRECTORS' REPORT

The directors are pleased to present their report and the reviewed condensed consolidated financial statements of the Group for the period ended 30 September 2018.

Abu Dhabi Aviation (ADA) is the largest commercial helicopter operator in the Middle East, operating 50 helicopters (16 Augusta Westland AW139s, 22 Bell 412s and 12 Bell 212s) and 4 fixed-wing aircraft (DHC-8).

ADA's strategic view is to diversify its activities within the aviation and non-aviation sectors. ADA provides services to the following aviation sectors: oil and gas, search and rescue, medical evacuation, HEMS operations, aerial survey and photography, firefighting, crop spraying, VIP and general air transport. ADA has 100% ownership in Abu Dhabi Aviation Training Centre LLC (ADATC) for simulator training and has 70% equity in AgustaWestland Aviation Services; a spare parts distribution centre and repair and overhaul facility. ADA established ADA International Real Estate LLC (ADAIRE) to manage the Group's land and properties in the UAE and overseas.

Other subsidiaries include ADA Real Estate Management and General Maintenance LLC (REMCO) and ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship LLC (ADAME).

FINANCIAL AND OPERATIONAL REVIEW

Financial performance for the period ended 30 September 2018 is as follows:

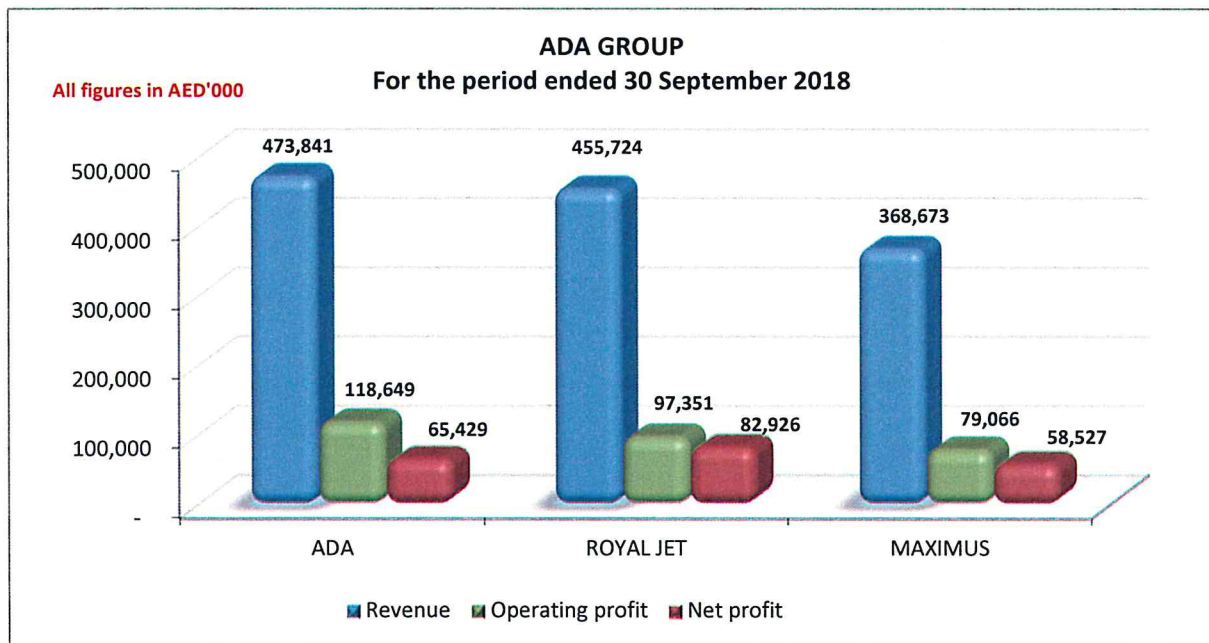
	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Increase/ (decrease)
Turnover	1,298,238	1,204,828	8%
Operating Profit	295,066	295,518	(0%)
Operating Profit - %	23%	25%	
Net profit	206,882	221,574	(7%)
Net profit - %	16%	18%	
EPS for the period	0.37	0.43	(14%)
	As at 30 September 2018	As at 31 December 2017	Increase/ (decrease)
Total Assets	4,770,508	4,699,005	2%
Total Liabilities	1,643,809	1,683,531	(2%)
Total Equity	3,126,699	3,015,474	4%

Abu Dhabi Aviation parent company's (including ADATC, ADAIRE, ADAME and REMCO) revenue for the nine-month period ended 30 September 2018 amounted to **AED 473.84m** compared with **AED 489.02** for the same period in 2017 **(3.10% decrease)**. During the period, the company faced significant challenges as a result of the global economic slowdown and fluctuating oil prices where clients negotiated down their contracts and reduced the scope of work in addition to the difficulty in placing aircraft from expired contracts immediately into new opportunities. Net profit for the period ended 30 September 2018 was **AED 65.43m** compared with **AED 101.30m** for the same period in 2017 **(35.41% decrease)**.

ADA is well positioned to quickly ride the present market upturn and is currently bidding and negotiating various new opportunities. ADA has purchased two new AW139 aircraft and has a number of letter of intents (LOIs) for new aircraft across different aircraft types including Dash-8 Q400, AW139, AW169, AW189 and Bell 525. Furthermore, ADA is negotiating with reputable leasing companies for aircraft leasing opportunities. ADA's significant bank facilities and strong statement of financial position supports its planned and imminent growth.

Royal Jet L.L.C. (RJ) made **AED 455.72m** revenue for the nine-month period ended 30 September 2018 compared with **AED 428.43m** for the same period in 2017 (**6.37% increase**). The increase was due to growth in flight demand for all segments, more efficient utilisation of the fleet and less sub-chartering. RJ made **AED 82.93m** net profit for the period ended 30 September 2018 compared with **AED 64.69m** net profit for the same period in 2017 (**28.19% increase**).

Maximus Air L.L.C. (MAX) made **AED 368.67m** revenue for the nine-month period ended 30 September 2018 compared with **AED 287.38m** for the same period in 2017 (**28.29% increase**). This growth in revenue was due to more business from the Government and related entities. Net profit for the period ended 30 September 2018 was **AED 58.53m** compared with **AED 55.59m** for the same period in 2017 (**5.29% increase**).

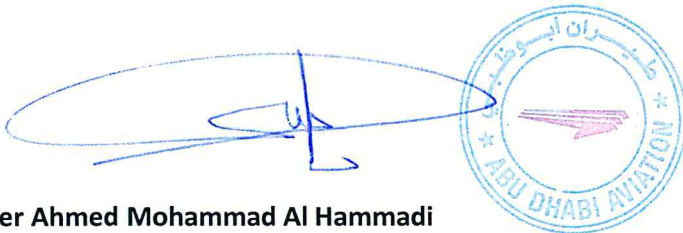


Abu Dhabi Aviation Training Centre LLC (ADATC) has completed the construction of phase 1 project with nine bays and is now operating four aircraft simulators. The company expects to lease bays to third parties, then commence the construction of phase 2, which will cater for nine more aircraft simulators.

AgustaWestland Aviation Services LLC is a joint venture between ADA (70%) and the aircraft manufacturer Leonardo S.P.A. (30%). The company brings in the Original Equipment Manufacturer's expertise and technical support to the region and is a spare parts distribution centre for AgustaWestland aircraft. The company brings in expanding capabilities into the region (e.g. floats and rafts inspection and overhaul as well as overhaul of certain dynamic component) as well as being an MRO facility. Both ADA and Leonardo have ambitious expansion plans in terms of physical presence as well as expanding their capabilities and services.

ADA established a real estate subsidiary to purchase, develop and manage the Group's land and buildings. ADA International Real Estate (ADAIRE) invested in two properties in Abu Dhabi and plans to expand its portfolio in the region and overseas.

ADA Group have maintained a stringent control over costs and ensured high levels of efficiency and value for money approach for all of its expenditures, through restructuring and renegotiating existing expenditures as well as new investments. This prudent approach and sound financial management has helped ADA Group reach its anticipated profitability in a time where most companies suffer severe reduction in their financial performance and profitability in comparison with prior years. ADA will continue to maintain its stringent cost control approach while focusing on growth, diversification and value for money investments.



Nader Ahmed Mohammad Al Hammadi

Chairman

Date: 29 October 2018