

## DIRECTORS' REPORT

The directors are pleased to present their report and the reviewed financial statements for the period ended 30<sup>th</sup> June 2017.

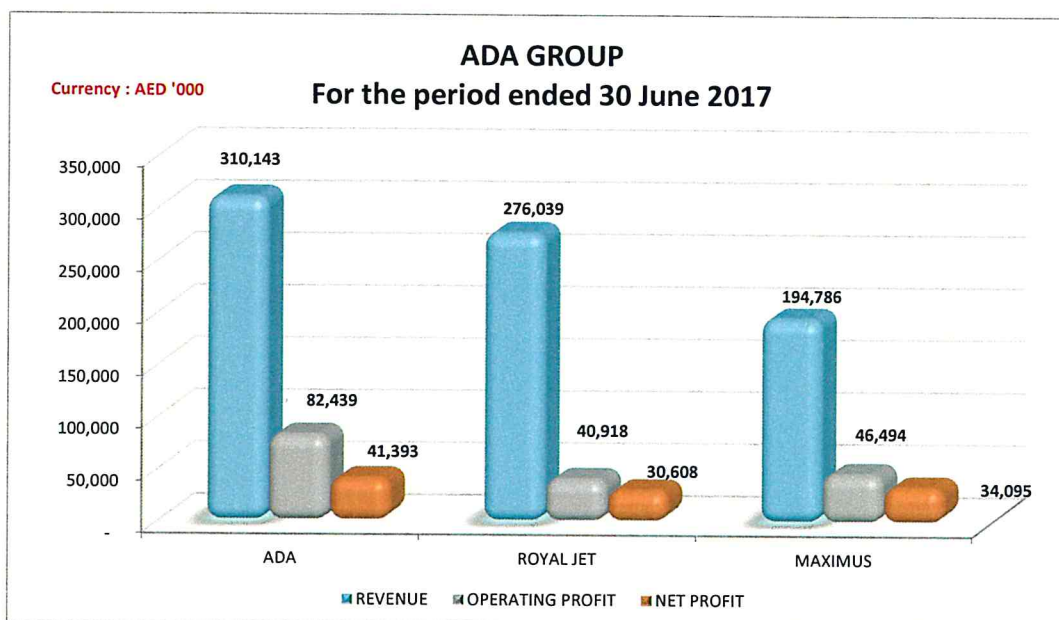
### FINANCIAL AND OPERATIONAL REVIEW

Financial performance for the period ended 30<sup>th</sup> June 2017 is as follows: -:

	30 June 2017	30 June 2016	Increase / (Decrease)
Turnover	780,968	907,693	(14%)
Operating Profit	169,851	217,462	(22%)
Operating Profit %	22%	24%	
Net profit	106,096	141,049	(25%)
Net profit %	14%	16%	
EPS for the period	0.20	0.31	(35%)
	30 June 2017	31 December 2016	
Total Assets	4,739,768	4,802,803	(1%)
Total Liabilities	1,906,817	2,006,746	(5%)
Total Equity	2,832,951	2,796,057	1%

Abu Dhabi Aviation (ADA) is the largest commercial helicopter operator in the Middle East, operating 57 helicopters (15 Augusta Westland AW139s, 22 Bell 412s, 19 Bell 212s and 1 Augusta Westland AW109) and 4 fixed-wing aircraft (DHC-8).

ADA's strategic view is to diversify its activities within 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 for simulator training and has 70% equity in Agusta Westland Aviation Services LLC. for spare parts distribution centre and repair and overhaul facility. ADA established ADA International Real Estate LLC to manage the Group's land and properties in the UAE and overseas.



Abu Dhabi Aviation parent company made **AED 310.14m** revenue in 2017 Q2 compared with **AED 403.93m** in 2016 Q2 (**23% decrease**) on a standalone basis. During the period, the company faced significant challenges as a result of the global economic slowdown and falling 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. This resulted in reducing the company's net profit to **AED 41.39m** compared with **AED 61.99m** in same period last year.

ADA is well positioned to quickly ride the present market upturn and is currently bidding and negotiating exciting new opportunities. ADA 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 lease opportunities. ADA's significant bank facilities and strong balance sheet support its planned and imminent growth.

Maximus Air L.L.C. (MAX) made **AED 194.79m** revenue in 2017 Q2 compared with **AED 317.27m** in 2016 Q2 (**39% decrease**). This decline in revenue was due to reduction in flight demands. 2017 Q2 net profit was **AED 34.1m** compared with **AED 74.73m** in 2016 Q2.



Royal Jet L.L.C. (RJ) made **AED 276.04m** revenue in 2017 Q2 compared with **AED 186.50m** in 2016 Q2 **(48% increase)**. Royal Jet made **AED 30.61m** net profit in 2017 Q2 compared with **AED 4.32m** net profit in 2016 Q2 **(608% increase)**. The increase was due to growth in flight demands, VIP Charter using the company's newly purchased aircraft and transfer of some business from Maximus Air.

Abu Dhabi Aviation Training Centre LLC (ADATC) completed the construction of phase 1 project with eight bays. ADATC is now operating two aircraft simulators and by the end of the year two additional aircraft simulators will be received and will be expected to operate at the beginning of 2018. The company expects to lease bays to third parties and will introduce more simulators to phase 1 then commence the construction of phase 2 which will cater for nine aircraft simulators.

Agusta Westland Aviation Services LLC is a joint venture between ADA (70%) and Leonardo S.P.A. the aircraft manufacturer (30%). The company brings in the Original Equipment Manufacturer's expertise and technical support to the region. Agusta Westland Aviation Services is a spare parts distribution centre for Agusta Westland 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 its capabilities and services.

ADA Group have maintained a tight 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 reached its anticipated profitability in a time where most companies suffered severe reduction in their financial performance and profitability in comparison with prior years. ADA will maintain its stringent cost control approach while focusing on growth and value for money investments.

Nader Al Hammadi  
Chairman

