

ABU DHABI AVIATION

**Review report and interim financial
information for the period
ended 30 September 2020**

ABU DHABI AVIATION

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS ABU DHABI AVIATION

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 30 September 2020 and the related condensed consolidated statement of profit or loss and condensed consolidated statements of comprehensive income for the three-month and nine-month period ended September 30, 2020, and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and certain explanatory notes. 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.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
26 October 2020
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 September 2020**

		30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
	Notes		
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,319,269	2,356,806
Investment properties	5	378,821	318,131
Investments in financial assets	6	137,925	21,236
Right of use assets		114,534	115,246
Investment in a joint venture	7	60,096	57,939
Total non-current assets		3,010,645	2,869,358
Current assets			
Inventories		525,918	484,484
Trade receivables	9	630,335	634,489
Contract assets, prepayments and other current assets		331,701	264,136
Cash and bank balances	10	522,995	717,208
Right of use assets		2,974	10,573
Total current assets		2,013,923	2,110,890
Total assets		5,024,568	4,980,248
Equity			
Share capital	11	444,787	444,787
Share premium		112,320	112,320
Reserves		1,927,063	1,919,133
Retained earnings		604,805	567,953
Equity attributable to owners of the Company		3,088,975	3,044,193
Non-controlling interest		353,342	376,589
Total equity		3,442,317	3,420,782
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		150,876	154,693
Term loans	12	568,146	628,143
Lease liabilities		141,895	140,942
Deferred income		152,246	178,699
Total non-current liabilities		1,013,163	1,102,477

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

**Condensed consolidated statement of financial position
as at 30 September 2020 (continued)**

		30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
	Notes		
Current liabilities			
Trade and other payables		115,591	138,804
Accrued expenses and other current liabilities		193,823	173,719
Term loans	12	161,700	96,549
Lease liabilities		2,463	12,622
Deferred income		35,295	35,295
Bank overdraft	10	60,216	-
Total current liabilities		569,088	456,989
Total liabilities		1,582,251	1,559,466
Total equity and liabilities		5,024,568	4,980,248

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements present fairly in all material respects the condensed consolidated financial position, financial performance and cash flows of the Group.

Nader Ahmed Mohammed Al Hammadi
Chairman

Ashraf Fahmy
Chief Financial Officer

Sheikh Ahmed Mohammed Sultan Al Dhaheri
Vice Chairman

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

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 30 September 2020**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Revenue	17	301,840	550,663	1,197,552	1,524,727
Direct operating costs		(209,209)	(432,093)	(952,837)	(1,167,905)
Gross profit		92,631	118,570	244,715	356,822
General and administrative expenses		(37,189)	(25,396)	(126,451)	(118,171)
Impairment loss on investment property under construction		-	-	(12,377)	-
Write off on aircraft, property and equipment		-	-	(5,196)	-
Recovery/ (provision) for expected credit losses on trade receivables		2,425	-	(2,575)	-
(Loss)/gain on disposal of aircraft, property and equipment		(6)	120	(6)	120
Gain on disposal of assets held for sale aircraft		-	-	-	2,988
Impairment loss on aircraft, property and equipment		-	(17,820)	(10,855)	(35,913)
Amortisation of deferred income		8,823	8,823	26,471	26,471
Share of profit of a joint venture		206	1,718	2,157	2,980
Finance income		3,177	1,529	7,192	5,544
Finance costs		(9,460)	(11,222)	(26,757)	(34,886)
Other income		2,952	7,595	8,476	13,790
Investments at FVTPL - net change in fair value		1,718	588	8,305	2,133
Gain on disposal of investment at FVTOCI		-	-	-	2,025
Profit for the period		65,277	84,505	113,099	223,903
Profit for the period attributable to:					
Owners of the Company		60,214	73,662	136,348	176,891
Non-controlling interest		5,063	10,843	(23,249)	47,012
		65,277	84,505	113,099	223,903
Basic and diluted earnings per share (AED)	13	0.14	0.17	0.31	0.40

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 September 2020**

	Three months ended 30 September		Nine months ended 30 September	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Profit for the period	65,277	84,505	113,099	223,903
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation gain/ (loss)	2,620	(5,006)	(2,609)	(4,999)
Investments at FVOCI – net change in fair value	-	-	-	338
Cumulative gain on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal	-	-	-	(2,025)
Other comprehensive income/ (loss) for the period	2,620	(5,006)	(2,609)	(6,686)
Total comprehensive income for the period	67,897	79,499	110,490	217,217
Total comprehensive income attributable to:				
Owners of the Company	62,834	68,656	133,739	170,205
Non-controlling interests	5,063	10,843	(23,249)	47,012
	67,897	79,499	110,490	217,217

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

**Condensed consolidated statement of changes in equity
for the period ended 30 September 2020**

	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 interest AED'000	Total AED'000
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	-	-	-	176,891	176,891	47,012	223,903
Other comprehensive loss for the period	-	-	(6,686)	-	(6,686)	-	(6,686)
Total comprehensive income	-	-	(6,686)	176,891	170,205	47,012	217,217
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
Balance at 30 September 2019 (unaudited)	444,787	112,320	1,866,847	534,587	2,958,541	368,590	3,327,131
Balance at 1 January 2020 (audited)	444,787	112,320	1,919,133	567,953	3,044,193	376,589	3,420,782
Profit for the period	-	-	-	136,348	136,348	(23,249)	113,099
Other comprehensive loss for the period	-	-	(2,609)	-	(2,609)	-	(2,609)
Total comprehensive income	-	-	(2,609)	136,348	133,739	(23,249)	110,490
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
Reclassification of translation reserve	-	-	10,539	(10,539)	-	-	-
Balance at 30 September 2020 (unaudited)	444,787	112,320	1,927,063	604,805	3,088,975	353,340	3,442,315

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

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 September 2020**

	Nine months ended 30 September	
	2020	2019
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	113,099	223,903
<i>Adjustments for:</i>		
- Depreciation on property and equipment	119,224	120,565
- Net change in provisions against trade receivables	2,575	1,555
- Impairment loss on investment property under construction	12,377	-
- Write off on disposal of aircraft, property and equipment	5,196	-
- Provision for employees' end of service benefits	14,575	16,217
- Amortisation of right to use asset	8,311	9,750
- Amortisation of deferred income	(26,471)	(26,471)
- Impairment loss on property and equipment	10,855	35,913
- Gain on disposal of property and equipment	6	(120)
- Gain on sale of asset classified as held for sale aircraft	-	(2,988)
- Share of profit of a joint venture	(2,157)	(2,980)
- Finance costs	16,745	26,694
- Finance income	(7,192)	(5,544)
- Change in fair value of investments	(8,305)	(4,133)
- Interest accrued on lease liabilities	10,012	8,192
	268,850	400,553
<i>Changes in:</i>		
- Inventories	(41,434)	(10,429)
- Trade receivables	1,579	(89,048)
- Prepayments and other current assets	(67,565)	(95,293)
- Trade and other payables	(22,934)	6,127
- Accrued expenses and other current liabilities	20,104	13,331
Cash generated from operating activities	158,600	225,241
Employees' end of service benefits paid	(18,671)	(9,162)
Net cash generated from operating activities	139,929	216,079

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 September 2019 (continued)**

	Nine months ended 30 September	
	2020	2019
	AED'000	AED'000
Cash flows from investing activities		
Acquisition of property and equipment	(97,742)	(52,512)
Purchase of investment properties	(73,067)	(24,228)
Payments for investments	(105,053)	-
Proceeds from sale of asset classified as held for sale aircraft	-	11,963
Proceeds from disposal of investment property	-	139,811
Proceeds from disposal of investments	-	71,724
Finance income received	7,192	5,544
Investment in deposits with maturities over three months - net	147,198	3,895
	<hr/>	<hr/>
Net cash (used) /generated from investing activities	(121,472)	156,197
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from term loans	59,337	285,000
Repayment of term loans	(54,183)	(342,195)
Interest paid on lease liabilities	(10,012)	(8,192)
Payments for finance lease liabilities	(9,206)	(12,004)
Dividends paid	(88,957)	(88,957)
Finance costs paid	(20,057)	(26,694)
	<hr/>	<hr/>
Net cash used in financing activities	(123,078)	(193,042)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(104,622)	179,234
Effect of foreign exchange rate changes	(2,609)	
Cash and cash equivalents at 1 January	295,349	183,638
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	188,118	362,872
	<hr/> <hr/>	<hr/> <hr/>

Notes to the interim financial information for the period ended 30 September 2020

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 nine months ended 30 September 2020 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 31 December 2019. In addition, results for the six-month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

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 2019, except as mentioned in Note 21.

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 2019, and the notes attached thereto.

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)**

3 Significant accounting policies (continued)

Revised standards

Effective for annual reporting periods beginning after 1 January 2022

- Definition of a Business – Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020- IFRS 1 First-time Adoption of International Financial Reporting Standards
- Annual Improvements to IFRS Standards 2018–2020 - IFRS 9 Financial Instruments
- Annual Improvements to IFRS Standards 2018–2020 - IAS 41 Agriculture

Effective for annual reporting periods beginning after 1 January 2023

- IFRS 17: Insurance Contracts
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Effective for annual reporting periods yet to be determined

- 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.
- Annual Improvements to IFRS Standards 2018–2020- IFRS 16 Leases

Basis of consolidation

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

<u>Name of subsidiary</u>	<u>Ownership interest</u>		<u>Country of incorporation</u>	<u>Principal activities</u>
	<u>30 September 2020</u>	<u>31 December 2019</u>		
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 Millennium 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 30 September 2020 (continued)**

4 Aircraft, property and equipment

During the period ended 30 September 2020, the Group incurred AED 97.7 million (31 December 2019: AED 63.8 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during this period amounting to AED 119.2 million (30 September 2019: AED 120.6 million). Write off recognized during the period amounting to AED 5.2 million. Impairment loss on valuation of aircraft has been recognised during the period amounting to AED 10.8 million (30 September 2019: AED 35.9).

There has been no material disposal occurred during the period. Aircraft, property and equipment is primarily operated from the Group's base in the United Arab Emirates.

5 Investment properties

Investment properties represent investment in a property located in Khalifa City, Abu Dhabi and premises located in Al Rawdhat, Abu Dhabi. Investment properties under construction represents two properties in Satwa Redevelopment Zone, Dubai and construction of residential complex located in Zayed City, Abu Dhabi. During the period, the Group has acquired investment properties located in Al Muneera, Abu Dhabi.

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at 1 January	318,131	410,363
Purchase of investment properties – Al Muneera	42,900	-
Additions to investment properties – Al Rawdhat	80	189
Additions to investment property under construction	30,087	38,390
Disposal of London property	-	(139,811)
Increase in fair value - Khalifa City	-	9,000
Impairment on investment property under construction	(12,377)	-
	378,821	318,131

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)**

5 Investment properties (continued)

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2019, 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 30 September 2020.

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 30 September 2020, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2019: Level 2).

Impairment loss on valuation of investment property under construction has been recognised during the period amounted to AED 12.4 million (30 September 2019: AED Nil).

6 Investments in financial assets

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Equity securities - designated at FVTPL	24,988	21,236
Corporate debt securities - designated at FVTPL	112,937	-
	137,925	21,236

The movement in investment in financial assets is as follows:

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at 1 January	21,236	88,115
Purchase of investments in corporate debt securities – FVTPL	105,053	-
Exchange gain arising on investments in corporate debt securities	3,331	-
Disposal of corporate debt securities – FVTOCI	-	(71,724)
Change in fair value of investments – FVTPL	8,305	2,820
Change in fair value of investment – FVTOCI	-	2,025
	137,925	21,236

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)**

6 Investments in financial assets (continued)

The Group's investments in equity and debt securities is as follows:

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Investment in Fixed Income SP - UAE	24,988	21,236
Investments in short term maturity bonds	140	-
Investments in corporate bonds - UK	23,752	-
Investments in corporate bonds – European (EX-UK)	32,700	-
Investments in corporate bonds – Asia Pacific (EX-Japan)	4,651	-
Investment in high yield and emerging market bonds	48,204	-
Investment in multi class bonds	3,490	-
	<hr/> 137,925 <hr/>	<hr/> 21,236 <hr/>

Investments in financial assets amounting to AED 59.3 million (31 December 2019: AED Nil) are mortgaged against term loan of the Group.

7 Investments in joint venture

The Group has a 70% equity shareholding with equal voting power in Agusta Westland Aviation Services L.L.C., a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. Agusta Westland 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 30 September 2020 has been accounted for using the equity method.

8 Joint operations

The Group has a material joint operations with CAE Inc. The Group has a 50% share in the ownership of simulators in an aviation training facility. The Group is entitled to a proportionate share of profits earned and bears a proportionate share of joint operation's expenses.

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)**

9 Trade receivables

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Trade receivables	696,324	692,413
Due from related parties	16,656	23,422
	<u>712,980</u>	<u>715,835</u>
Less: Allowance for impairment losses recognized	(82,645)	(81,346)
	<u>630,335</u>	<u>634,489</u>

10 Cash and cash equivalents

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

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Cash on hand	2,970	4,795
Short term deposits	274,661	421,859
Balances at current accounts	245,364	290,554
	<u>522,995</u>	<u>717,208</u>
Cash and bank balances	522,995	717,208
Less: deposits with maturities over three months	(274,661)	(421,859)
Less: bank overdrafts used for management purposes	(60,216)	-
	<u>188,118</u>	<u>295,349</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	188,118	295,349

Cash and deposits with banks include an amount of AED 6.3 million (31 December 2019: AED 115.3 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 30 September 2020 (continued)**

10 Cash and cash equivalents (continued)

During the period ending 30 September 2020, the Group has utilised their overdraft facility amounting to AED 60.2 million out of AED 200 million with local banks for the purpose to manage working capital. The facility is repayable on demand. The interest is calculated with reference to prevailing market rates.

11 Share capital

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787

12 Term loans

During the period ending 30 September 2020, the Group has entered into an arrangement with a foreign bank to finance the purchases of corporate bonds. The loan is repayable on demand. The interest is calculated by reference to three month LIBOR plus 0.75% per annum. The loan is mortgaged against first charge on the investments in corporate debt securities held with the bank. All other 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 2019.

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:

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit attributable to Owners of the Company (AED'000)	60,214	73,662	136,348	176,891
Weighted average number of shares in issue ('000)	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.14	0.17	0.31	0.40

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)****13 Basic and diluted earnings per share (continued)**

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

14 Dividends

Cash dividends of AED 0.20 per ordinary share (20% of par value) amounting to AED 89 million (2019: AED 89 million) were approved by the shareholders at the annual general meeting held on 25 February 2020.

15 Contingent liabilities

As at 30 September 2020, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 62.8 (31 December 2019: AED 66.6 million).

16 Commitments*Capital commitments*

As at 30 September 2020, the Group had estimated commitments for the acquisition of property and equipment of AED 161.8 million (31 December 2019: AED 178 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 30 September 2020 (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
30 September 2020 (unaudited)							
Revenue	<u>444,281</u>	<u>228,996</u>	<u>506,315</u>	<u>-</u>	<u>38,445</u>	<u>(20,485)</u>	<u>1,197,552</u>
Profit/(loss) for the period	<u>122,028</u>	<u>(46,496)</u>	<u>119,278</u>	<u>16,300</u>	<u>(1,207)</u>	<u>(96,804)</u>	<u>113,099</u>
30 September 2019 (unaudited)							
Revenue	<u>455,659</u>	<u>506,323</u>	<u>541,404</u>	<u>-</u>	<u>41,573</u>	<u>(20,232)</u>	<u>1,524,727</u>
Profit for the period	<u>43,729</u>	<u>94,025</u>	<u>70,463</u>	<u>10,452</u>	<u>5,234</u>	<u>-</u>	<u>223,903</u>

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
30 September 2020 (unaudited)							
Assets	<u>3,141,873</u>	<u>1,305,169</u>	<u>808,106</u>	<u>516,745</u>	<u>222,538</u>	<u>(969,863)</u>	<u>5,024,568</u>
Liabilities	<u>894,321</u>	<u>649,430</u>	<u>52,854</u>	<u>-</u>	<u>9,452</u>	<u>(23,806)</u>	<u>1,582,251</u>
31 December 2019 (audited)							
Assets	<u>3,138,489</u>	<u>1,439,679</u>	<u>802,991</u>	<u>339,367</u>	<u>266,336</u>	<u>(1,006,614)</u>	<u>4,980,248</u>
Liabilities	<u>784,323</u>	<u>729,827</u>	<u>73,013</u>	<u>-</u>	<u>37,655</u>	<u>(65,352)</u>	<u>1,559,466</u>

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 30 September 2020 (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:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
Revenue	17,313	49,273	69,981	146,993
Finance cost on finance lease of aircraft	-	7,494	-	8,192
Key management compensation				
Salaries and other short term employee benefits	3,965	4,263	13,729	14,157
Directors' fees	1,713	1,728	5,308	9,197
Provisions for employees' end of service benefits	218	255	590	1,029

19 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine months period ended 30 September 2020 and 2019.

**Notes to the interim financial information
for the period ended 30 September 2020 (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.

30 September 2020

	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised 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	24,988	-	-	24,988	-	24,988	-	24,988
Investments in short term maturity bonds	-	140	-	140	140	-	-	140
Investments in corporate bonds – UK	-	23,752	-	23,752	23,752	-	-	23,752
Investments in corporate bonds – European (EX-UK)	-	32,700	-	32,700	32,700	-	-	32,700
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,651	-	4,651	4,651	-	-	4,651
Investment in high yield and emerging market bonds	-	48,204	-	48,204	48,204	-	-	48,204
Investment in multi-class bonds	-	3,490	-	3,490	3,490	-	-	3,490
	24,988	112,937	-	137,925	112,937	24,988	-	137,925
Financial assets not measured at fair value								
Trade receivables	-	-	630,335	630,335	-	-	-	-
Other current assets	-	-	252,901	252,901	-	-	-	-
Cash and deposits with banks	-	-	522,995	522,995	-	-	-	-
	-	-	1,406,231	1,406,231	-	-	-	-

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)**

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

Accounting classifications and fair values (continued)

**30 September 2020
(continued)**

	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial liabilities not measured at fair value								
Trade and other payables	-	-	115,591	115,591	-	-	-	-
Term loans	-	-	729,846	729,846	-	-	-	-
Lease liability	-	-	144,358	144,358	-	-	-	-
Bank overdraft	-	-	60,216	60,216	-	-	-	-
	-	-	1,050,011	1,050,011	-	-	-	-

Notes to the interim financial information
for the period ended 30 September 2020 (continued)

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

Accounting classifications and fair values (continued)

At 31 December 2019	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised 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	21,236	-	-	21,236	-	21,236	-	21,236
	21,236	-	-	21,236	-	21,236	-	21,236
Financial assets not measured at fair value								
Trade receivables	-	-	634,489	634,489	-	-	-	-
Contract assets and other current assets	-	-	168,949	168,949	-	-	-	-
Cash and bank balances	-	-	717,208	717,208	-	-	-	-
	-	-	1,520,646	1,520,646	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(138,804)	(138,804)	-	-	-	-
Term loans	-	-	(724,692)	(724,692)	-	-	-	-
Lease liabilities	-	-	(153,564)	(153,564)	-	-	-	-
	-	-	(1,017,060)	(1,017,060)	-	-	-	-

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

**Notes to the interim financial information
for the period ended 30 September 2020 (continued)****21 Impact of Covid-19 on significant estimates and critical judgements**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Group considers this outbreak to have had a minimal disruptive impact on the Group's businesses other than its commercial aircraft operations. The impact of this outbreak on the macroeconomic forecasts has been incorporated into the Group's IFRS 9 estimates of expected credit loss allowances and measurement of impairment of non-financial assets.

22 Approval of interim financial information

The interim financial information was approved by management and authorised for issue by the Board of Directors on 26 October 2020.