

ABU DHABI AVIATION

**Review report and interim financial
information for the period
ended 30 June 2021**

ABU DHABI AVIATION

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	Page
Report on review of interim financial information	1
Condensed consolidated statement of financial position	2 - 3
Condensed consolidated statement of profit or loss	4
Condensed consolidated statement of comprehensive income	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7
Notes to the interim financial information	8 - 25

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF 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 June 2021 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-months and six-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.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
3 August 2021
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2021**

		30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
	Notes		
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,123,050	2,302,589
Investment properties	5	375,737	375,610
Investments in financial assets	6	187,903	157,347
Right of use assets		108,500	112,091
Investment in a joint venture	7	64,389	62,732
		<hr/>	<hr/>
Total non-current assets		2,859,579	3,010,369
Current assets			
Inventories		541,103	534,621
Trade receivables	8	652,985	736,931
Contract assets, prepayments and other current assets		167,576	109,118
Right of use assets		2,974	3,228
Assets classified as held for sale	4	250,398	-
Cash and bank balances	9	809,438	582,881
		<hr/>	<hr/>
Total current assets		2,424,474	1,966,779
		<hr/>	<hr/>
Total assets		5,284,053	4,977,148
Equity			
Share capital	10	444,787	444,787
Share premium		112,320	112,320
Reserves		1,948,939	1,948,014
Retained earnings		690,543	628,120
		<hr/>	<hr/>
Equity attributable to owners of the Company		3,196,589	3,133,241
Non-controlling interest		371,635	354,460
		<hr/>	<hr/>
Total equity		3,568,224	3,487,701
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		131,578	126,695
Term loans	11	484,680	539,825
Lease liabilities		133,583	137,922
Deferred income		125,793	143,353
		<hr/>	<hr/>
Total non-current liabilities		875,634	947,795
		<hr/>	<hr/>

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

**Condensed consolidated statement of financial position
as at 30 June 2021 (continued)**

	Notes	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Current liabilities			
Trade and other payables		78,837	113,787
Accrued expenses and other current liabilities		132,196	159,759
Advances from customer	4	298,055	-
Term loans	11	236,467	206,061
Lease liabilities		6,166	6,332
Deferred income		35,523	35,295
Provision for employees' end of service benefits		-	20,418
Bank overdraft	9	52,951	-
Total current liabilities		840,195	541,652
Total liabilities		1,715,829	1,489,447
Total equity and liabilities		5,284,053	4,977,148

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the 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

Signed by: Sheikh Ahmed Al Dhaheri
Signed at: 2021-08-03 07:48:15 +00:00
Reason: Witnessing Sheikh Ahmed Al Dh



Sheikh Ahmed Mohammed Sultan Al Dhaheri
Vice Chairman

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 30 June 2021**

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue		357,027	345,342	716,268	895,712
Direct operating costs		(261,491)	(319,605)	(533,619)	(743,628)
Gross profit		95,536	25,737	182,649	152,084
General and administrative expenses		(42,707)	(42,074)	(76,675)	(89,262)
Expected credit losses recognised on trade receivables		-	-	-	(5,000)
Loss on sale of aircraft, property and equipment		(3,348)	(5,196)	(3,325)	(5,196)
Impairment loss on investment property under construction		-	-	-	(12,377)
Impairment on aircraft, property and equipment		-	-	-	(10,855)
Amortisation of deferred income		8,824	8,824	17,648	17,648
Share of profit of a joint venture		480	1,628	1,657	1,951
Finance income		1,327	1,887	3,221	4,015
Finance costs		(5,506)	(8,178)	(11,235)	(17,297)
Other income		3,622	1,836	5,510	5,524
Investments at FVTPL – net change in fair value		4,274	9,092	3,144	6,587
Gain on disposal of investment at FVTPL		848	-	1,483	-
Profit/(loss) for the period		63,350	(6,444)	124,077	47,822
Profit/(loss) for the period attributable to:					
Owners of the Company		51,453	16,556	106,902	76,134
Non-controlling interest		11,897	(23,000)	17,175	(28,312)
		63,350	(6,444)	124,077	47,822
Basic and diluted earnings per share (AED)	12	0.12	0.04	0.24	0.17

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 June 2021**

	Three months ended 30 June		Six months ended 30 June	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Profit/(loss) for the period	63,350	(6,444)	124,077	47,822
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation gain/(loss)	267	(483)	925	(5,229)
Other comprehensive loss for the period	267	(483)	925	(5,229)
Total comprehensive income/ (loss) for the period	63,617	(6,927)	125,002	42,593
Total comprehensive income/ (loss) attributable to:				
Owners of the Company	51,720	16,073	107,827	70,905
Non-controlling interest	11,897	(23,000)	17,175	(28,312)
	63,617	(6,927)	125,002	42,593

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

**Condensed consolidated statement of changes in equity
for the period ended 30 June 2021**

	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 2020 (audited)	444,787	112,320	1,919,133	567,953	3,044,193	376,589	3,420,782
Profit for the period	-	-	-	76,134	76,134	(28,312)	47,822
Other comprehensive loss for the period	-	-	(5,229)	-	(5,229)	-	(5,229)
Total comprehensive income			(5,229)	76,134	70,905	(28,312)	42,593
Dividends (note 13)	-	-	-	(88,957)	(88,957)	-	(88,957)
Reclassification of translation reserve	-	-	10,539	(10,539)	-	-	-
Balance at 30 June 2020 (unaudited)	444,787	112,320	1,924,443	544,591	3,026,141	348,277	3,374,418
Balance at 1 January 2021 (audited)	444,787	112,320	1,948,014	628,120	3,133,241	354,460	3,487,701
Profit for the period	-	-	-	106,902	106,902	17,175	124,077
Other comprehensive income for the period	-	-	925	-	925	-	925
Total comprehensive income	-	-	925	106,902	107,827	17,175	125,002
Dividends (note 13)	-	-	-	(44,479)	(44,479)	-	(44,479)
Balance at 30 June 2021 (unaudited)	444,787	112,320	1,948,939	690,543	3,196,589	371,635	3,568,224

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

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2021**

	Notes	Six months ended 30 June	
		2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the period		124,077	47,822
<i>Adjustments for:</i>			
- Depreciation	4	88,834	80,401
- Expected credit losses on trade receivables		-	5,000
- Provision for employees' end of service benefits		8,341	9,716
- Impairment loss on aircraft, property and equipment	4	-	10,855
- Amortisation of deferred income		(17,648)	(17,648)
- Write off on disposal of aircraft, property and equipment		3,325	5,196
- Impairment loss on investment property under construction	5	-	12,377
- Gain on disposal of investment at FVTPL		(1,483)	-
- Share of profit of a joint venture		(1,657)	(1,951)
- Amortisation of right to use asset		3,845	6,122
- Interest on lease liabilities		5,047	751
- Finance costs		6,187	16,546
- Finance income		(3,221)	(4,015)
- Investments at FVTPL – net change in fair value	6	(3,144)	(6,587)
		212,503	164,585
<i>Changes in:</i>			
- Inventories		(6,482)	(13,145)
- Trade receivables		83,947	(143,260)
- Contract assets, prepayments and other current assets		(58,458)	(56,865)
- Trade and other payables		(34,634)	(28,625)
- Accrued expenses and other current liabilities		(26,589)	24,615
- Advances from customer		298,055	-
Cash generated from/(used in) operating activities		468,342	(52,695)
Employees' end of service benefits paid		(23,876)	(4,369)
Net cash generated from/(used in) operating activities		444,466	(57,064)
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	4	(161,957)	(45,229)
Payments for investment property	5	(127)	(70,155)
Payments for investments in financial assets	6	(33,681)	(101,586)
Proceeds from disposal of aircraft, property and Equipment		23	-
Proceeds from disposal of investment at FVTPL		7,752	-
Finance income received		3,221	4,015
Deposits with maturities over three months	9	76,123	145,312
Net cash used in by investing activities		(108,646)	(67,643)
Cash flows from financing activities			
Proceeds from term loan		184,000	56,574
Repayment of term loan		(209,872)	(30,738)
Repayment of lease liabilities		(9,553)	(9,158)
Dividends paid	13	(44,479)	(88,957)
Finance cost paid		(6,187)	(16,546)
Net cash used in financing activities		(86,091)	(88,825)
Net increase/(decrease) in cash and cash equivalents		249,729	(213,532)
Cash and cash equivalents at 1 January		310,714	295,349
Cash and cash equivalents at 30 June	9	560,443	81,817

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

**Notes to the interim financial information
for the period ended 30 June 2021****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.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of UAE Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and became effective on 2 January 2021. It requires companies to adjust their status in accordance with the provisions by 2 January 2022. The Group is in the process to assess the impact wherever applicable to ensure compliance with the changes in the law.

2 Basis of preparation

These condensed consolidated financial statements for the Six months ended 30 June 2021 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 2020. In addition, results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020.

Notes to the interim financial information for the period ended 31 March 2021

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 2020, and the notes attached thereto.

- a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2021.
- *Interest Rate Benchmark Reform –Phase 2*
The amendments in Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

New standards and amendments issued but not yet effective

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current;
- *Reference to the Conceptual Framework - Amendments to IFRS 3 (effective from 1 January 2022)*. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard;
- *Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16 (effective from 1 January 2022)*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 (effective from 1 January 2022)*. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract);

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)****3 Significant accounting policies (continued)**

New standards and amendments issued but not yet effective

- *IFRS 17: Insurance Contracts (effective from 1 January 2023)*. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2023;
- *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 an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).
- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022)*. The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.
- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The above stated new standards and amendments are not expected to have any significant impact on interim financial information of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the interim financial information of the Group.

Notes to the interim financial information for the period ended 30 June 2021 (continued)

3 Significant accounting policies (continued)

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	Ownership interest		Country of incorporation	Principal activities
	30 June 2021	31 December 2020		
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

4 Aircraft, property and equipment

During the period ended 30 June 2021, the Group incurred AED 162 million (30 June 2020: AED 45.2 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during the period is amounting to AED 88.8 million (30 June 2020: AED 80.4 million). There is no impairment loss on aircraft recognised during the period (30 June 2020: AED 10.9 million).

During the period ended 30 June 2021, the Board of Royal Jet LLC has resolved to dispose one of the Group's commercial aircraft with carrying value of AED 250.4 million and is in the process of finalisation of the transaction. This asset is expected to be sold by end of the year and has been classified as held for sale in the condensed consolidated statement of financial position. The Group has received an advance payment amounting to AED 298 million which is disclosed under "Advances from customers" in the condensed consolidated statement of financial position. The proceeds of disposal exceed the carrying amount of the asset and accordingly no impairment loss recognised on the classification of the asset as held for sale.

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

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, Al Rawdhat, Abu Dhabi, Al Satwa, Dubai and Al Muneera, Abu Dhabi.

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at 1 January	375,610	318,131
Purchase of investment properties - Al Muneera	-	42,900
Investment properties – Al Rawdhat	95	123
Investment properties - Jumeirah Garden City Buildings	32	31,333
Impairment loss on investment property	-	(12,377)
Change in fair value - Khalifa City	-	(4,500)
	375,737	375,610

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2020 based on internal management assessment. Management believes that there is no significant change in fair value of investment properties as at 30 June 2021.

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 June 2021, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2020 Level 2).

Impairment loss on valuation of investment property has been recognised during the period is nil (30 June 2020: AED 12.4 million).

6 Investments in financial assets

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Equity securities - designated at FVTPL	64,743	34,598
Corporate debt securities - designated at FVTPL	123,160	122,749
	187,903	157,347

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

6 Investments in financial assets (continued)

The movement in investment in financial assets is as follows:

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at 1 January	157,347	21,236
Purchase of investments in FVTPL	33,681	112,053
Disposal of investments in FVTPL	(6,269)	–
Change in fair value of investments - FVTPL	4,419	13,791
Net foreign currency translation difference	(1,275)	10,267
	<u>187,903</u>	<u>157,347</u>

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

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Investment in Fixed Income SP - UAE	26,050	24,409
Investments in short term maturity bonds	4,836	443
Investments in corporate bonds - UK	31,015	26,822
Investments in corporate bonds – European (EX-UK)	25,392	35,786
Investments in corporate bonds – Asia Pacific (EX-Japan)	4,819	4,717
Investment in high yield and emerging market bonds	53,360	51,240
Investment in multi class bonds	3,738	3,741
Investment in equities – US	3,076	5,033
Investment in equities – UAE	35,617	5,156
	<u>187,903</u>	<u>157,347</u>

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

7 Investments in joint ventures

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 June 2021 has been accounted for using the equity method.

8 Trade receivables

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Trade receivables	717,127	810,204
Due from related parties	18,093	8,962
	<hr/>	<hr/>
	735,220	819,166
Less: Allowance for expected credit loss	(82,235)	(82,235)
	<hr/>	<hr/>
	652,985	736,931
	<hr/> <hr/>	<hr/> <hr/>

9 Cash and bank balances

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

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Cash on hand	3,140	4,160
Short term deposits	196,044	272,167
Balances at current accounts	610,254	306,554
	<hr/>	<hr/>
Cash and bank balances	809,438	582,881
Less: deposits with maturities over three months	(196,044)	(272,167)
Less: bank overdrafts used for management purposes	(52,951)	-
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	560,443	310,714
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**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

9 Cash and bank balances (continued)

Cash and deposits with banks include an amount of AED 10.3 million (31 December 2020: AED 7.9 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.

During the period ending 30 June 2021, the Group has utilised their overdraft facility amounting to AED 52.9 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.

10 Share capital

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787

11 Term loans

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Current portion	236,467	206,061
Non-current portion	484,680	539,825
Total	721,147	745,886

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

11 Term loans (continued)

The movement in term loans is as follows:

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
At 1 January	745,886	724,692
Drawdown during the year	184,000	103,054
Repayments during the year	(209,872)	(81,860)
Exchange loss	1,132	-
Total	721,146	745,886

AED 90 million short-term loan

During the period ended 30 June 2021, the Group has entered into an arrangement with a local bank to finance the purchases of new aircraft. The loan is repayable within six months from the drawdown date. The interest is calculated by reference to three-month EIBOR plus 1.35% per annum. As at 30 June 2021, the outstanding balance of this facility is amounted to AED 90 million.

AED 200 million term facility

During the period ended 30 June 2021, the Group has entered into an arrangement with a local bank to finance the acquisition of aircraft amounting to AED 200 million out of which the group has utilised facility amounting to AED 94 million as at 30 June 2021. The loans is repayable in 28 equal quarterly instalments. The interest is calculated by reference to six-month EIBOR 1.15% per annum during the first year on the utilized facility amount and 1% per annum thereafter. As at 30 June 2021, the outstanding balance of this facility is amounted to AED 90.6 million.

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 2020.

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

12 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 June		Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit attributable to Owners of the Company (AED'000)	51,453	16,556	106,902	76,134
Weighted average number of shares in issue (in thousands)	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.12	0.04	0.24	0.17

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

13 Dividends

Cash dividends of AED 0.10 per ordinary share (10% of par value) amounting to AED 44.4 million (2020: AED 89 million) were approved by the shareholders at the annual general meeting held on 9 March 2021.

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)****14 Contingent liabilities**

As at 30 June 2021, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 72.5 million (31 December 2020: AED 236 million).

15 Commitments*Capital commitments*

As at 30 June 2021, the Group had estimated commitments for the acquisition of property and equipment of AED 9 million (31 December 2020: AED 142 million).

16 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 June 2021 (continued)**

16 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 June 2021 (unaudited)							
Revenue	<u>336,972</u>	<u>184,023</u>	<u>181,634</u>	<u>8,313</u>	<u>22,461</u>	<u>(17,135)</u>	<u>716,268</u>
Profit for the period	<u>73,889</u>	<u>34,347</u>	<u>48,652</u>	<u>8,409</u>	<u>3,652</u>	<u>(44,872)</u>	<u>124,077</u>
30 June 2020 (unaudited)							
Revenue	<u>300,349</u>	<u>156,693</u>	<u>426,701</u>	<u>-</u>	<u>25,120</u>	<u>(13,151)</u>	<u>895,712</u>
Profit for the period	<u>111,023</u>	<u>(56,621)</u>	<u>84,963</u>	<u>-</u>	<u>2,963</u>	<u>(94,506)</u>	<u>47,822</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 June 2021 (unaudited)							
Assets	<u>3,333,646</u>	<u>1,420,024</u>	<u>826,521</u>	<u>547,685</u>	<u>252,731</u>	<u>(1,096,554)</u>	<u>5,284,053</u>
Liabilities	<u>980,018</u>	<u>739,368</u>	<u>24,012</u>	<u>-</u>	<u>21,116</u>	<u>(48,685)</u>	<u>1,715,829</u>
31 December 2020 (audited)							
Assets	<u>3,061,705</u>	<u>1,299,054</u>	<u>837,970</u>	<u>532,956</u>	<u>209,689</u>	<u>(964,226)</u>	<u>4,977,148</u>
Liabilities	<u>803,949</u>	<u>636,569</u>	<u>42,377</u>	<u>-</u>	<u>22,468</u>	<u>(15,916)</u>	<u>1,489,447</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 June 2021 (continued)**

17 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 30 June		Six months ended 30 June	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Revenue	19,905	18,764	52,803	52,668
Key management compensation Salaries and other short-term employee benefits	4,918	4,933	8,575	9,764
Directors' fees	2,079	1,712	4,444	3,595
Provisions for employees' end of service benefits	976	3	1,369	372

18 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the Six months period ended 30 June 2021 and 2020.

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

19 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 June 2021	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	26,050	-	-	26,050	-	26,050	-	26,050
Investments in short term maturity bonds	-	4,836	-	4,836	4,836	-	-	4,836
Investments in corporate bonds - UK	-	31,015	-	31,015	31,015	-	-	31,015
Investments in corporate bonds – European (EX-UK)	-	25,392	-	25,392	25,392	-	-	25,392
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,819	-	4,819	4,819	-	-	4,819
Investment in high yield and emerging market bonds	-	53,360	-	53,360	53,360	-	-	53,360
Investment in multi class bonds	-	3,738	-	3,738	3,738	-	-	3,738
Investment in equities – US	3,076	-	-	3,076	3,076	-	-	3,076
Investment in equities – UAE	35,617	-	-	35,617	35,617	-	-	35,617
	64,743	123,160	-	187,903	161,853	26,050	-	187,903

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

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

Accounting classifications and fair values (continued)

30 June 2021	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 not measured at fair value								
Trade receivables	-	-	652,985	652,985	-	-	-	-
Contract assets and other current assets	-	-	167,168	167,168	-	-	-	-
Cash and bank balances	-	-	809,438	809,438	-	-	-	-
	-	-	1,629,591	1,629,591	-	-	-	-

30 June 2021	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	-	-	78,837	78,837	-	-	-	-
Term loans	-	-	721,147	721,147	-	-	-	-
Lease liability	-	-	139,749	139,749	-	-	-	-
Accrued expenses and other current liabilities	-	-	132,196	132,196	-	-	-	-
Bank overdraft	-	-	52,951	52,951	-	-	-	-
	-	-	1,124,880	1,124,880	-	-	-	-

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

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

Accounting classifications and fair values (continued)

At 31 December 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	24,409	-	-	24,409	-	24,409	-	24,409
Investments in short term maturity bonds	-	443	-	443	443	-	-	443
Investments in corporate bonds - UK	-	26,822	-	26,822	26,822	-	-	26,822
Investments in corporate bonds – European (EX-UK)	-	35,786	-	35,786	35,786	-	-	35,786
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,717	-	4,717	4,717	-	-	4,717
Investment in high yield and emerging market bonds	-	51,240	-	51,240	51,240	-	-	51,240
Investment in multi class bonds	-	3,741	-	3,741	3,741	-	-	3,741
Investment in equities – US	5,033	-	-	5,033	5,033	-	-	5,033
Investment in equities – UAE	5,156	-	-	5,156	5,156	-	-	5,156
	34,598	122,749	-	157,347	132,938	24,409	-	157,347

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

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

Accounting classifications and fair values (continued)

	Carrying amounts				Fair values			
	FVTPL - equity Instruments	FVTPL - debt instruments	Measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2020								
Financial assets not measured at fair value								
Trade receivables	-	-	736,931	736,931	-	-	-	-
Contract assets and other current assets	-	-	59,405	59,405	-	-	-	-
Cash and bank balances	-	-	582,881	582,881	-	-	-	-
	-	-	1,379,217	1,379,217	-	-	-	-
At 31 December 2020								
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(113,787)	(113,787)	-	-	-	-
Term loans	-	-	(745,886)	(745,886)	-	-	-	-
Lease liability	-	-	(144,254)	(144,254)	-	-	-	-
Accrued expenses and other current liabilities	-	-	(159,759)	(159,759)	-	-	-	-
	-	-	(1,163,686)	(1,163,686)	-	-	-	-

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

**Notes to the interim financial information
for the period ended 30 June 2021 (continued)**

20 Approval of interim financial information

The interim financial information was approved by management and authorised for issue by the Board of Directors on 3 August 2021.