

ABU DHABI AVIATION

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

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 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 nine-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
1 November 2021
Abu Dhabi
United Arab Emirates

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

		30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
	Notes		
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,062,281	2,302,589
Investment properties	5	375,737	375,610
Investments in financial assets	6	285,125	157,347
Right of use assets		106,691	112,091
Investment in a joint venture	7	66,067	62,732
Total non-current assets		2,895,901	3,010,369
Current assets			
Inventories		546,594	534,621
Trade receivables	8	652,552	736,931
Contract assets, prepayments and other current assets		252,718	109,118
Right of use assets		2,974	3,228
Assets classified as held for sale	4	251,684	-
Cash and bank balances	9	740,656	582,881
Total current assets		2,447,178	1,966,779
Total assets		5,343,079	4,977,148
Equity			
Share capital	10	444,787	444,787
Share premium		112,320	112,320
Reserves		1,947,142	1,948,014
Retained earnings		743,176	628,120
Equity attributable to owners of the Company		3,247,425	3,133,241
Non-controlling interest		397,705	354,460
Total equity		3,645,130	3,487,701
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		133,666	126,695
Term loans	12	472,323	539,825
Lease liabilities		130,773	137,922
Deferred income		116,923	143,353
Total non-current liabilities		853,685	947,795

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

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

		30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
	Notes		
Current liabilities			
Trade payables		93,705	113,787
Accrued expenses and other current liabilities		151,192	159,759
Advances from customer	4	298,055	-
Term loans	12	259,263	206,061
Lease liabilities		6,265	6,332
Deferred income		35,784	35,295
Provision for employees' end of service benefits	11	-	20,418
Total current liabilities		844,264	541,652
Total liabilities		1,697,949	1,489,447
Total equity and liabilities		5,343,079	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

Signed by: Sheikh Ahmed Al Dhaheri
Signed at: 2021-11-01 09:47:26 +00:00
Reason: Witnessing Sheikh Ahmed Al Dh



Sheikh Ahmed Mohammed Sultan Al Dhaheri
Vice Chairman



Ashraf Fahmy
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 30 September 2021**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue		442,102	301,840	1,158,370	1,197,552
Direct operating costs		(297,138)	(209,209)	(830,757)	(952,837)
Gross profit		144,964	92,631	327,613	244,715
General and administrative expenses		(47,016)	(37,189)	(123,691)	(126,451)
Recovery/(expected credit losses) recognised on trade receivables		-	2,425	-	(2,575)
Loss on sale of aircraft, property and equipment		-	(6)	(3,325)	(5,202)
Impairment loss on investment property under construction		-	-	-	(12,377)
Impairment on aircraft, property and equipment	4	(29,931)	-	(29,931)	(10,855)
Amortisation of deferred income		8,823	8,823	26,471	26,471
Share of profit of a joint venture	7	1,678	206	3,335	2,157
Finance income		2,069	3,177	5,290	7,192
Finance costs		(6,323)	(9,460)	(17,558)	(26,757)
Other income		8,592	2,952	14,102	8,476
Investments at FVTPL – net change in fair value	6	(4,315)	1,718	(1,171)	8,305
Gain on disposal of investment at FVTPL	6	162	-	1,645	-
Profit for the period		78,703	65,277	202,780	113,099
Profit/(loss) for the period attributable to:					
Owners of the Company		52,633	60,214	159,535	136,348
Non-controlling interest		26,070	5,063	43,245	(23,249)
		78,703	65,277	202,780	113,099
Basic and diluted earnings per share (AED)	13	0.12	0.14	0.36	0.31

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 2021**

	Three months ended 30 September		Nine months ended 30 September	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Profit for the period	78,703	65,277	202,780	113,099
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation (loss)/gain	(1,797)	2,620	(872)	(2,609)
Other comprehensive (loss)/income for the period	(1,797)	2,620	(872)	(2,609)
Total comprehensive income for the period	76,906	67,897	201,908	110,490
Total comprehensive income/ (loss) attributable to:				
Owners of the Company	50,836	62,834	158,663	133,739
Non-controlling interest	26,070	5,063	43,245	(23,249)
	76,906	67,897	201,908	110,490

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 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	-	-	-	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 13)	-	-	-	(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
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	-	-	-	159,535	159,535	43,245	202,780
Other comprehensive income for the period	-	-	(872)	-	(872)	-	(872)
Total comprehensive income	-	-	(872)	159,535	158,663	43,245	201,908
Dividends (note 13)	-	-	-	(44,479)	(44,479)	-	(44,479)
Balance at 30 September 2021 (unaudited)	444,787	112,320	1,947,142	743,176	3,247,425	397,705	3,645,130

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 2021**

	Notes	Nine months ended 30 September	
		2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the period		202,780	113,099
<i>Adjustments for:</i>			
- Depreciation	4	127,438	119,224
- Expected credit loss on trade receivables		-	2,575
- Provision for employees' end of service benefits		12,845	14,575
- Impairment loss on aircraft, property and equipment	4	29,931	10,855
- Amortisation of deferred income		(26,471)	(26,471)
- Loss on sale of aircraft, property and equipment		3,325	5,202
- Impairment loss on investment property under construction	5	-	12,377
- Gain on disposal of investment at FVTPL		(1,645)	-
- Share of profit of a joint venture		(3,335)	(2,157)
- Net foreign currency translation difference		1,339	-
- Amortisation of right to use asset		5,653	8,311
- Interest on lease liabilities		5,218	10,012
- Finance costs		12,340	16,745
- Finance income		(5,290)	(7,192)
- Investments at FVTPL – net change in fair value	6	(1,171)	(8,305)
		<u>362,957</u>	<u>268,850</u>
<i>Changes in:</i>			
- Inventories		(11,973)	(41,434)
- Trade receivables		84,380	1,579
- Contract assets, prepayments and other current assets		(143,600)	(67,565)
- Trade payables		(19,552)	(22,934)
- Accrued expenses and other current liabilities		(9,430)	20,104
- Advances from customer	4	298,055	-
Cash generated from operating activities		<u>560,837</u>	<u>158,600</u>
Employees' end of service benefits paid		<u>(26,292)</u>	<u>(18,671)</u>
Net cash generated from operating activities		<u>534,545</u>	<u>139,929</u>
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	4	(173,079)	(97,742)
Payments for investment property	5	(127)	(73,067)
Payments for investments in financial assets	6	(135,317)	(105,053)
Proceeds from disposal of aircraft, property and equipment		23	-
Proceeds from disposal of investment at FVTPL		9,016	-
Finance income received		5,290	7,192
Deposits with maturities over three months	9	332	147,198
Net cash used in by investing activities		<u>(293,862)</u>	<u>(121,472)</u>
Cash flows from financing activities			
Proceeds from term loan		209,328	59,337
Repayment of term loan		(222,651)	(54,183)
Interest paid on lease liabilities		(5,218)	(10,012)
Payments for finance lease liabilities		(7,216)	(9,206)
Dividends paid	14	(44,479)	(88,957)
Finance cost paid		(12,340)	(20,057)
Net cash used in financing activities		<u>(82,576)</u>	<u>(123,078)</u>
Net increase/(decrease) in cash and cash equivalents		<u>158,107</u>	<u>(104,622)</u>
Effect of foreign exchange rate changes			(2,609)
Cash and cash equivalents at 1 January		<u>310,714</u>	<u>295,349</u>
Cash and cash equivalents at 30 September	9	<u>468,821</u>	<u>188,118</u>

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

**Notes to the interim financial information
for the period ended 30 September 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 nine months ended 30 September 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 nine-month period ended 30 September 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 September 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 1 January 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 September 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 September 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

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 2020 except for the changes highlighted below:

**Notes to the interim financial information
for the period ended 30 September 2021 (continued)****3 Significant accounting policies (continued)***Critical judgments and key sources of estimation uncertainty (continued)**Impairment of aircraft, property and equipment*

Aircraft classified under aircraft, property and equipment are assessed for impairment by comparing the carrying value to their estimated recoverable amount, being the higher of their estimated fair value less costs of disposal and value in use at individual CGU level. For the period ended 30 September 2021, the Group recorded an impairment loss on DHC 300, DHC 400 and Bell 412 aircraft (separate CGUs) amounting to AED 29.9 million (30 September 2020: 10.9 million on its G5000 fleet). Details of the impairment losses are set out in Note 4 to the interim financial information.

4 Aircraft, property and equipment

During the period ended 30 September 2021, the Group incurred AED AED 173.1 million (30 September 2020: AED 97.7 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during the period is amounting to AED 127.4 million (30 September 2020: AED 119.2 million). Impairment loss on valuation of aircraft has been recognised during the period amounting to AED 29.9 million (30 September 2020: AED 10.9 million).

The Group estimated the fair value less costs of disposal of the fleet DHC 300, DHC 400 and Bell 412 aircraft, based on valuations performed using active market quotations. The fair value less costs of disposal is higher than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their fair value less cost of disposal and an impairment is recorded amounting to AED 29.9 million.

During the period ended 30 September 2021, the Board of Royal Jet LLC has resolved to dispose one of the Group's commercial aircraft with carrying value of AED 251.7 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.

Aircraft, property and equipment is primarily operated from the Group's base in the United Arab Emirates.

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

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 September 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 September 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 September 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 September 2020: AED 12.4 million).

6 Investments in financial assets

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Equity securities - designated at FVTPL	142,377	34,598
Corporate debt securities - designated at FVTPL	142,748	122,749
	285,125	157,347

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

6 Investments in financial assets (continued)

The movement in investment in financial assets is as follows:

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Balance at 1 January	157,347	21,236
Purchase of investments in FVTPL	135,317	112,053
Disposal of investments in FVTPL	(7,371)	-
Change in fair value of investments - FVTPL	1,171	13,791
Net foreign currency translation difference	(1,339)	10,267
	<u>285,125</u>	<u>157,347</u>

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

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Investment in Fixed Income SP - UAE	26,286	24,409
Investments in short term maturity bonds	4,540	443
Investments in corporate bonds – UK	25,238	26,822
Investments in corporate bonds – European (EX-UK)	28,885	35,786
Investments in corporate bonds – Asia Pacific (EX-Japan)	4,708	4,717
Investment in high yield and emerging market bonds	51,585	51,240
Investment in multi class assets	24,161	-
Investment in multi class bonds	3,631	3,741
Investment in equities – US	2,482	5,033
Investment in equities – UAE	113,609	5,156
	<u>285,125</u>	<u>157,347</u>

Investments in multi class assets amounting to AED 24.2 million (30 September 2020: Nil) are mortgaged against term loan of the Group.

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

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 2021 has been accounted for using the equity method.

8 Trade receivables

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Trade receivables	691,522	810,204
Due from related parties	43,265	8,962
	<hr/> 734,787	<hr/> 819,166
Less: Allowance for expected credit loss	(82,235)	(82,235)
	<hr/> 652,552 <hr/>	<hr/> 736,931 <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 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Cash on hand	7,205	4,160
Short term deposits	271,835	272,167
Balances at current accounts	461,616	306,554
	<hr/> 740,656	<hr/> 582,881
Less: deposits with maturities over three months	(271,835)	(272,167)
	<hr/> 468,821 <hr/>	<hr/> 310,714 <hr/>

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

9 Cash and bank balances (continued)

Cash and deposits with banks include an amount of AED 11.5 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.

10 Share capital

	30 September 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 Provision for employees' end of service benefits

During 2020, a subsidiary Royal Jet LLC has restructured employment contracts of certain employees and transferred them to third parties. The end of service benefits of these employees has been classified under current liabilities.

12 Term loans

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Current portion	259,263	206,061
Non-current portion	472,323	539,825
Total	731,586	745,886

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

12 Term loans (continued)

The movement in term loans is as follows:

	30 September 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
At 1 January	745,886	724,692
Drawdown during the year	209,328	103,054
Repayments during the year	(222,651)	(81,860)
Exchange loss	(977)	-
Total	731,586	745,886

AED 90 million short-term loan

During the period ended 30 September 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 September 2021, the outstanding balance of this facility is amounted to AED 90 million.

AED 200 million term facility

During the period ended 30 September 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 September 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 September 2021, the outstanding balance of this facility is amounted to AED 87.3 million.

GBP 29 million loan

During the period ended 30 September 2021, the Group has utilized an existing facility with a foreign bank to finance the purchases of corporate bonds amounting to AED 25.3 million (note 6). 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. As at 30 September 2021, the outstanding balance of this facility is amounted to AED 87.4 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 September 2021 (continued)**

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	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit attributable to Owners of the Company (AED'000)	52,633	60,214	159,535	136,348
Weighted average number of shares in issue (in thousands)	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.12	0.14	0.36	0.31

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 0.10 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.

15 Contingent liabilities

As at 30 September 2021, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 72 million (31 December 2020: AED 236 million).

16 Commitments

Capital commitments

As at 30 September 2021, the Group had estimated commitments for the acquisition of aircraft, property and equipment of AED 7.1 million (31 December 2020: AED 142 million).

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

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.

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 2021 (unaudited)							
Revenue	<u>523,767</u>	<u>335,173</u>	<u>279,416</u>	<u>13,055</u>	<u>31,916</u>	<u>(24,957)</u>	<u>1,158,370</u>
Profit for the period	<u>88,344</u>	<u>86,487</u>	<u>68,183</u>	<u>13,709</u>	<u>3,327</u>	<u>(57,270)</u>	<u>202,780</u>
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>

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

17 Segment information (continued)

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 2021 (unaudited)							
Assets	<u>3,282,911</u>	<u>1,466,128</u>	<u>798,315</u>	<u>660,861</u>	<u>236,188</u>	<u>(1,101,324)</u>	<u>5,343,079</u>
Liabilities	<u>955,361</u>	<u>733,431</u>	<u>26,330</u>	<u>-</u>	<u>23,883</u>	<u>(41,056)</u>	<u>1,697,949</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.

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.

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

18 Related parties (continued)

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 (unaudited) AED'000	2020 (unaudited) AED'000	2021 (unaudited) AED'000	2020 (unaudited) AED'000
Revenue	49,500	17,313	102,303	69,981
Key management compensation Salaries and other short-term employee benefits	4,131	3,965	12,706	13,729
Directors' fees	1,739	1,713	6,183	5,308
Provisions for employees' end of service benefits	611	218	1,980	590

19 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 September 2021 and 2020.

**Notes to the interim financial information
for the period ended 30 September 2021 (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 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	26,286	-	-	26,286	-	26,286	-	26,286
Investments in short term maturity bonds	-	4,540	-	4,540	4,540	-	-	4,540
Investments in corporate bonds – UK	-	25,238	-	25,238	25,238	-	-	25,238
Investments in corporate bonds – European (EX-UK)	-	28,885	-	28,885	28,885	-	-	28,885
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,708	-	4,708	4,708	-	-	4,708
Investment in high yield and emerging market bonds	-	51,585	-	51,585	51,585	-	-	51,585
Investment in multi class assets	-	24,161	-	24,161	24,161	-	-	24,161
Investment in multi class bonds	-	3,631	-	3,631	3,631	-	-	3,631
Investment in equities – US	2,482	-	-	2,482	2,482	-	-	2,482
Investment in equities – UAE	113,609	-	-	113,609	113,609	-	-	113,609
	<u>142,377</u>	<u>142,748</u>	<u>-</u>	<u>285,125</u>	<u>258,839</u>	<u>26,286</u>	<u>-</u>	<u>285,125</u>

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

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

Accounting classifications and fair values (continued)

30 September 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	-	-	652,552	652,552	-	-	-	-
Contract assets and other current assets	-	-	252,718	252,718	-	-	-	-
Cash and bank balances	-	-	740,656	740,656	-	-	-	-
	-	-	1,645,926	1,645,926	-	-	-	-

30 September 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	-	-	93,705	93,705	-	-	-	-
Term loans	-	-	731,586	731,586	-	-	-	-
Lease liabilities	-	-	137,038	137,038	-	-	-	-
Accrued expenses and other current liabilities	-	-	151,192	151,192	-	-	-	-
	-	-	1,113,521	1,113,521	-	-	-	-

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

20 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
	<u>34,598</u>	<u>122,749</u>	<u>-</u>	<u>157,347</u>	<u>132,938</u>	<u>24,409</u>	<u>-</u>	<u>157,347</u>

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

20 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 not measured at fair value								
Trade receivables	-	-	736,931	736,931	-	-	-	-
Contract assets and other current assets	-	-	109,118	109,118	-	-	-	-
Cash and bank balances	-	-	582,881	582,881	-	-	-	-
	-	-	1,428,930	1,428,930	-	-	-	-

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 liabilities not measured at fair value								
Trade and other payables	-	-	(113,787)	(113,787)	-	-	-	-
Term loans	-	-	(745,886)	(745,886)	-	-	-	-
Lease liabilities	-	-	(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 September 2021 (continued)**

21 Approval of interim financial information

The interim financial information was approved by management and authorised for issue by the Board of Directors on 1 November 2021.