

ABU DHABI AVIATION PJSC

**Review report and condensed consolidated
interim financial information
for the period ended 30 June 2022**

ABU DHABI AVIATION PJSC

Review report and condensed consolidated interim financial information for the period ended 30 June 2022

	Page
Report on review of condensed consolidated 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 condensed consolidated financial information	8 - 25

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi Aviation PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”), as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended and a summary of significant accounting policies and other explanatory information. 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.)



Obada Alkowitz
Registration No. 1056
3 August 2022
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2022**

		30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
	Notes		
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,179,386	2,153,491
Investment properties	5	385,268	376,228
Investments in financial assets	6	401,571	425,970
Right of use assets		127,120	107,857
Investment in a joint venture	7	69,759	68,424
Total non-current assets		3,163,104	3,131,970
Current assets			
Inventories		559,282	549,393
Trade receivables	8	725,767	706,773
Contract assets, prepayments and other current assets		363,013	258,850
Assets classified as held for sale	4	-	251,684
Cash and bank balances	9	508,599	626,716
Total current assets		2,156,661	2,393,416
Total assets		5,319,765	5,525,386
Equity			
Share capital	10	444,787	444,787
Share premium		112,320	112,320
Reserves		1,941,869	1,947,274
Retained earnings		887,827	833,870
Equity attributable to owners of the Company		3,386,803	3,338,251
Non-controlling interest		436,317	401,064
Total equity		3,823,120	3,739,315
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		144,142	136,665
Term loans	12	403,411	443,252
Lease liabilities	11	181,758	131,064
Deferred income		156,452	154,362
Total non-current liabilities		885,763	865,343

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Condensed consolidated statement of financial position
as at 30 June 2022 (continued)**

	Notes	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities			
Trade and other payables		150,530	145,583
Accrued expenses and other current liabilities		200,119	204,525
Advances from customer	4	-	291,855
Term loans	12	251,150	260,357
Lease liabilities	11	7,036	6,265
Deferred income		2,047	12,143
Total current liabilities		610,882	920,728
Total liabilities		1,496,645	1,786,071
Total equity and liabilities		5,319,765	5,525,386

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



Sheikh Ahmed Mohammed Sultan Al Dhaheri
Vice Chairman



Ashraf Fahmy
Chief Financial Officer

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 30 June 2022**

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Revenue		432,675	357,027	851,737	716,268
Direct operating costs		(305,812)	(261,491)	(606,290)	(533,619)
Gross profit		126,863	95,536	245,447	182,649
General and administrative expenses		(48,894)	(42,707)	(85,952)	(76,675)
Loss on sale of aircraft, property and equipment		(251)	(3,348)	(295)	(3,325)
Gain on sale of assets held for sale		-	-	4,202	-
Amortisation of deferred income		3,737	8,824	10,277	17,648
Share of profit of a joint venture		738	480	1,335	1,657
Finance income		1,673	1,327	2,792	3,221
Finance costs		(6,889)	(5,506)	(14,083)	(11,235)
Other income		6,496	3,622	8,048	5,510
Investments at FVTPL – net change in fair value		(18,104)	4,274	(15,839)	3,144
Gain on disposal of investment at FVTPL		-	848	-	1,483
Profit for the period		65,369	63,350	155,932	124,077
Profit for the period attributable to:					
Owners of the Company		46,497	51,453	120,679	106,902
Non-controlling interest		18,872	11,897	35,253	17,175
		65,369	63,350	155,932	124,077
Basic and diluted earnings per share (AED)	13	0.10	0.12	0.27	0.24

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 June 2022**

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Profit for the period	65,369	63,350	155,932	124,077
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation (loss)/gain	(3,757)	267	(5,405)	925
Other comprehensive (loss)/gain for the period	(3,757)	267	(5,405)	925
Total comprehensive income for the period	61,612	63,617	150,527	125,002
Total comprehensive income attributable to:				
Owners of the Company	42,740	51,720	115,274	107,827
Non-controlling interest	18,872	11,897	35,253	17,175
	61,612	63,617	150,527	125,002

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity
for the period ended 30 June 2022**

	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 equity AED'000
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 14)	-	-	-	(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
Balance at 1 January 2022 (audited)	444,787	112,320	1,947,274	833,870	3,338,251	401,064	3,739,315
Profit for the period	-	-	-	120,679	120,679	35,253	155,932
Other comprehensive income for the period	-	-	(5,405)	-	(5,405)	-	(5,405)
Total comprehensive income	-	-	(5,405)	120,679	115,274	35,253	150,527
Dividends (note 14)	-	-	-	(66,722)	(66,722)	-	(66,722)
Balance at 30 June 2022 (unaudited)	444,787	112,320	1,941,869	887,827	3,386,803	436,317	3,823,120

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2022**

	Notes	Six months ended 30 June	
		2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the period		155,932	124,077
<i>Adjustments for:</i>			
- Depreciation	4	67,708	88,834
- Provision for employees' end of service benefits		11,416	8,341
- Gain on disposal of assets held for sale		(4,202)	-
- Amortisation of deferred income		(10,277)	(17,648)
- Loss on disposal of property and equipment		295	-
- Write off on disposal of aircraft, property and equipment		-	3,325
- Gain on disposal of investment at FVTPL		-	(1,483)
- Share of profit of a joint venture		(1,335)	(1,657)
- Amortisation of right to use asset		6,132	3,845
- Interest on lease liabilities		5,647	5,047
- Finance costs		8,436	6,187
- Finance income		(2,792)	(3,221)
- Investments at FVTPL – net change in fair value	6	28,592	(3,144)
		265,552	212,503
<i>Changes in:</i>			
- Inventories		(9,889)	(6,482)
- Trade receivables		(18,994)	83,947
- Contract assets, prepayments and other current assets		(104,163)	(58,458)
- Trade and other payables		4,947	(34,634)
- Accrued expenses and other current liabilities		(15,990)	(26,589)
- Advances from customer		(8,120)	298,055
Cash generated from operating activities		113,343	468,342
Employees' end of service benefits paid		(3,938)	(23,876)
Net cash generated from operating activities		109,405	444,466
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	4	(94,498)	(161,957)
Payments for investment property	5	(9,040)	(127)
Payments for investments in financial assets	6	(40,139)	(33,681)
Proceeds from disposal of aircraft, property and equipment		892	23
Proceeds from disposal of investment at FVTPL		35,946	7,752
Finance income received		2,792	3,221
Deposits with maturities over three months	9	17,252	76,123
Net cash used in investing activities		(86,795)	(108,646)
Cash flows from financing activities			
Proceeds from term loan		-	184,000
Repayment of term loan		(40,890)	(209,872)
Repayment of lease liabilities		(7,427)	(9,553)
Dividends paid	14	(66,722)	(44,479)
Finance cost paid		(8,436)	(6,187)
Net cash used in financing activities		(123,475)	(86,091)
Net (decrease)/increase in cash and cash equivalents		(100,865)	249,729
Cash and cash equivalents at 1 January		436,015	310,714
Cash and cash equivalents at 30 June	9	335,150	560,443

The accompanying notes form an integral part of this condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022****1 Legal status and principal activities**

Abu Dhabi Aviation PJSC (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 six months ended 30 June 2022 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 2021. In addition, results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021.

Notes to the condensed consolidated financial statements for the period ended 30 June 2022 (continued)

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 2021, and the notes attached thereto.

- a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2022.
 - *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);
 - *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 1 January 2022), IFRS 9 Financial Instruments (effective from 1 January 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from 1 January 2022).

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;
- *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;

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)****3 Significant accounting policies (continued)**

New standards and amendments issued but not yet effective (continued)

- *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);
- *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; and
- *Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single-Transaction (effective from 1 January 2023)* The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

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

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (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 2022	31 December 2021		
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 2021.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

4 Aircraft, property and equipment

During the period ended 30 June 2022, the Group has incurred AED 94 million (30 June 2021: AED 162 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during the period amounted to AED 67.7 million (30 June 2021: AED 88.8 million). No impairment loss on valuation of aircraft has been recognised during the period.

During the period, Royal Jet LLC (a subsidiary) entered into a sale and lease back transaction of its commercial aircraft, previously classified as an asset held for sale. The carrying value was AED 251.6 million and the proceeds from disposal were AED 283.7 million. Fair value of aircraft was AED 256.4 million at the date of sale. A gain on sale amounting to AED 4.2 million has been recognised in the condensed consolidated statement of profit or loss. The balance of AED 27.4 million has been adjusted with the right of use asset.

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 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at 1 January	376,228	375,610
Purchase of investment properties - Al Muneera	8,952	-
Investment properties – Al Rawdhat	88	140
Investment properties - Jumeirah Garden City Buildings	-	33
Investment properties – Zayed City Residential Complex	-	445
	385,268	376,228

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2021 based on internal management assessment. Management believes that there is no significant change in fair value of investment properties as at 30 June 2022.

The fair value was derived using the market comparable approach based on recent market prices and income capitalisation approach without any significant adjustments being made to the market observable data. As at 30 June 2022, all of the Group's investment properties were grouped in Level 3 of fair value hierarchy (31 December 2021: Level 3).

There was no impairment loss on valuation of investment property recognised during the period. (30 June 2021: AED Nil).

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

6 Investments in financial assets

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Equity securities - designated at FVTPL	291,803	284,195
Corporate debt securities - designated at FVTPL	109,768	141,775
	<hr/> 401,571 <hr/>	<hr/> 425,970 <hr/>

The movement in investment in financial assets is as follows:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at 1 January	425,970	157,347
Purchase during the period/year	40,139	273,760
Disposal during the period/year	(35,946)	(23,173)
Change in fair value of investment - at FVTPL	(15,839)	19,823
Net foreign currency translation difference	(12,753)	(1,787)
	<hr/> 401,571 <hr/>	<hr/> 425,970 <hr/>

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

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Investment in equities – UAE	264,780	254,333
Investment in Fixed Income SP - UAE	24,625	26,153
Investment in high yield and emerging market bonds	48,613	54,577
Investments in corporate bonds – UK	22,298	33,949
Investment in multi class bonds	20,041	3,604
Investments in corporate bonds – European (EX-UK)	7,836	14,907
Investments in corporate bonds – Asia Pacific (EX-Japan)	3,985	4,437
Investments in corporate bonds – US	3,933	4,631
Investment in multi class assets	2,759	25,132
Investment in equities – US	1,352	2,904
Investment in equities – UK	1,046	805
Investments in short term maturity bonds	303	538
	<hr/> 401,571 <hr/>	<hr/> 425,970 <hr/>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

7 Investments in a 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 June 2022 has been accounted for using the equity method.

8 Trade receivables

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade receivables	776,206	775,898
Due from related parties	24,948	6,262
	<hr/>	<hr/>
	801,154	782,160
Less: Allowance for expected credit loss	(75,387)	(75,387)
	<hr/>	<hr/>
	725,767	706,773
	<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 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand	10,182	5,365
Short term deposits	173,449	190,701
Balances at current accounts	324,968	430,650
	<hr/>	<hr/>
Cash and bank balances	508,599	626,716
Less: deposits with maturities over six months	(173,449)	(190,701)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	335,150	436,015
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

9 Cash and bank balances (continued)

Cash and deposits with banks include an amount of AED 13.5 million (31 December 2021: AED 12.7 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 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787

11 Lease liabilities

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current portion	7,036	6,265
Non-current portion	181,758	131,064
Total	188,794	137,329

The movement in lease liabilities is as follows:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
At 1 January	137,329	144,254
Additions during the period/year	53,245	-
Payments	(7,427)	(6,925)
Interest on lease liabilities	5,647	-
As at end of the period/year	188,794	137,329

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

11 Lease liabilities (continued)

During the period, the Group entered into a sale and lease back transaction. The lease has a term of five years with a renewal option with the lessee.

12 Term loans

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current portion	251,150	260,357
Non-current portion	403,411	443,252
Total	654,561	703,609

The movement in term loans is as follows:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
At 1 January	703,609	745,886
Drawdown during the period/year	-	209,328
Repayments during the period/year	(40,890)	(250,990)
Exchange gain	(8,158)	(615)
Total	654,561	703,609

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 2021.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (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 June		Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Profit attributable to Owners of the Company (AED'000)	46,497	51,453	120,679	106,902
Weighted average number of shares in issue (in thousands)	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.10	0.12	0.27	0.24

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 0.15 per ordinary share (10% of par value) amounting to AED 66.7 million (2021: AED 44.5 million) were approved by the shareholders at the annual general meeting held on 10 March 2022.

15 Contingent liabilities

As at 30 June 2022, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 76.4 million (31 December 2021: AED 76.4 million).

16 Commitments

Capital commitments

As at 30 June 2022, the Group had estimated commitments for the acquisition of aircraft, property and equipment of AED 95.9 million (31 December 2021: AED 11.7 million).

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (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 June 2022 (unaudited)							
Revenue	<u>349,651</u>	<u>294,422</u>	<u>188,095</u>	<u>10,849</u>	<u>26,215</u>	<u>(17,495)</u>	<u>851,737</u>
Profit/(loss) for the period	<u>91,271</u>	<u>70,505</u>	<u>40,480</u>	<u>(6,552)</u>	<u>5,250</u>	<u>(45,022)</u>	<u>155,932</u>
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>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (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 June 2022 (unaudited)							
Assets	<u>3,364,003</u>	<u>1,361,436</u>	<u>804,197</u>	<u>786,839</u>	<u>226,563</u>	<u>(1,223,273)</u>	<u>5,319,765</u>
Liabilities	<u>1,068,917</u>	<u>535,152</u>	<u>22,760</u>	<u>-</u>	<u>45,224</u>	<u>(175,408)</u>	<u>1,496,645</u>
31 December 2021 (audited)							
Assets	<u>3,243,387</u>	<u>1,543,603</u>	<u>801,483</u>	<u>802,199</u>	<u>240,268</u>	<u>(1,105,554)</u>	<u>5,525,386</u>
Liabilities	<u>972,103</u>	<u>794,188</u>	<u>38,410</u>	<u>-</u>	<u>23,362</u>	<u>(41,992)</u>	<u>1,786,071</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. Significant transactions with related parties during the period were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 (unaudited) AED'000	2021 (unaudited) AED'000	2022 (unaudited) AED'000	2021 (unaudited) AED'000
Revenue	<u>89,755</u>	19,905	<u>130,159</u>	52,803
Key management compensation Salaries and other short-term employee benefits	<u>3,893</u>	4,918	<u>8,701</u>	8,575
Directors' fees	<u>5,016</u>	2,079	<u>7,945</u>	4,444
Provisions for employees' end of service benefits	<u>2,141</u>	976	<u>2,399</u>	1,369

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

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 June 2022 and 2021.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (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 June 2022	Carrying amounts				Fair value hierarchy			
	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
Investment in Waha CEEMEA Fixed Income Fund SP	121,160	-	-	121,160	-	121,160	-	121,160
Investments in short term maturity bonds	-	303	-	303	303	-	-	303
Investments in corporate bonds – UK	-	22,298	-	22,298	22,298	-	-	22,298
Investments in corporate bonds – US	-	3,933	-	3,933	3,933	-	-	3,933
Investments in corporate bonds – European (EX-UK)	-	7,836	-	7,836	7,836	-	-	7,836
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	3,985	-	3,985	3,985	-	-	3,985
Investment in high yield and emerging market bonds	-	48,613	-	48,613	48,613	-	-	48,613
Investment in multi-class assets	-	2,759	-	2,759	2,759	-	-	2,759
Investment in multi-class bonds	-	20,041	-	20,041	20,041	-	-	20,041
Investment in equities – US	1,352	-	-	1,352	1,352	-	-	1,352
Investment in equities – UK	1,046	-	-	1,046	1,046	-	-	1,046
Investment in equities – UAE	168,245	-	-	168,245	168,245	-	-	168,245
	291,803	109,768	-	401,571	280,411	121,160	-	401,571

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

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

Accounting classifications and fair values (continued)

31 December 2021	Carrying amounts				Fair values hierarchy			
	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
Investment in Waha CEEMEA								
Fixed Income Fund SP	26,153	-	-	26,153	-	26,153	-	26,153
Investments in short term maturity bonds	-	538	-	538	538	-	-	538
Investments in corporate bonds – UK	-	33,949	-	33,949	33,949	-	-	33,949
Investments in corporate bonds – US	-	4,631	-	4,631	4,631	-	-	4,631
Investments in corporate bonds – European (EX-UK)	-	14,907	-	14,907	14,907	-	-	14,907
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,437	-	4,437	4,437	-	-	4,437
Investment in high yield and emerging market bonds	-	54,577	-	54,577	54,577	-	-	54,577
Investment in multi-class assets	-	25,132	-	25,132	25,132	-	-	25,132
Investment in multi-class bonds	-	3,604	-	3,604	3,604	-	-	3,604
Investment in equities – US	2,904	-	-	2,904	2,904	-	-	2,904
Investment in equities – UK	805	-	-	805	805	-	-	805
Investment in equities – UAE	254,333	-	-	254,333	254,333	-	-	254,333
	<u>284,195</u>	<u>141,775</u>	<u>-</u>	<u>425,970</u>	<u>399,817</u>	<u>26,153</u>	<u>-</u>	<u>425,970</u>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

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

Accounting classifications and fair values (continued)

At 30 June 2022	Carrying amounts				Fair value hierarchy			
	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	-	-	725,767	725,767	-	-	-	-
Contract assets and other current assets (excluding prepayments and advances)	-	-	299,382	299,382	-	-	-	-
Cash and bank balances	-	-	508,599	508,599	-	-	-	-
			1,533,748	1,533,748				
Financial liabilities not measured at fair value								
Trade and other payables	-	-	150,530	150,530	-	-	-	-
Term loans	-	-	654,561	654,561	-	-	-	-
Lease liabilities	-	-	188,794	188,794	-	-	-	-
Accrued expenses and other current liabilities	-	-	200,119	200,119	-	-	-	-
			1,194,004	1,194,004				

Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)

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

Accounting classifications and fair values (continued)

At 31 December 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	-	-	706,773	706,773	-	-	-	-
Contract assets and other current assets (excluding prepayments and advances)	-	-	178,120	178,120	-	-	-	-
Cash and bank balances	-	-	626,716	626,716	-	-	-	-
	-	-	1,511,609	1,511,609	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	145,583	145,583	-	-	-	-
Term loans	-	-	703,609	703,609	-	-	-	-
Lease liabilities	-	-	137,329	137,329	-	-	-	-
Accrued expenses and other current liabilities	-	-	204,525	204,525	-	-	-	-
	-	-	1,191,046	1,191,046	-	-	-	-

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2022 (continued)**

21 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by management and authorised for issue by the Board of Directors on 3 August 2022.