

ABU DHABI AVIATION PJSC

**Review report and condensed consolidated
interim financial information
for the period ended 30 September 2023**

ABU DHABI AVIATION PJSC

Review report and condensed consolidated interim financial information for the period ended 30 September 2023

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED 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 September 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and 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 condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Obada Alkowitz
Registration Number 1056
7 November 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 September 2023**

		30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
	Notes		
Assets			
Non-current assets			
Aircraft, property and equipment	4	2,344,028	2,287,385
Investment properties	5	385,610	385,314
Investments in financial assets	6	373,938	445,620
Right of use assets		111,754	120,969
Investment in a joint venture	7	82,636	75,875
Total non-current assets		3,297,966	3,315,163
Current assets			
Inventories		640,061	588,263
Trade receivables	8	874,888	762,482
Contract assets, prepayments and other current assets	9	497,848	328,153
Cash and bank balances	10	555,262	596,918
Total current assets		2,568,059	2,275,816
Total assets		5,866,025	5,590,979
Equity			
Share capital	11	444,787	444,787
Share premium		112,320	112,320
Reserves		1,942,213	1,941,579
Retained earnings		1,319,683	1,109,279
Equity attributable to owners of the Company		3,819,003	3,607,965
Non-controlling interests		531,237	471,523
Total equity		4,350,240	4,079,488
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		151,074	143,156
Lease liabilities	12	137,991	157,406
Term loans	13	391,752	370,087
Deferred income		122,598	131,005
Total non-current liabilities		803,415	801,654

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

**Condensed consolidated statement of financial position
as at 30 September 2023 (continued)**

		30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
	Notes		
Current liabilities			
Trade and other payables	14	173,081	166,750
Accrued expenses and other current liabilities		264,461	277,782
Lease liabilities	12	23,873	17,936
Term loans	13	236,008	229,619
Deferred income		14,947	17,750
Total current liabilities		<u>712,370</u>	<u>709,837</u>
Total liabilities		<u>1,515,785</u>	<u>1,511,491</u>
Total equity and liabilities		<u><u>5,866,025</u></u>	<u><u>5,590,979</u></u>

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

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 30 September 2023**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Revenue		720,054	543,437	1,889,856	1,395,174
Direct operating costs		(543,556)	(363,971)	(1,387,146)	(970,261)
Gross profit		176,498	179,466	502,710	424,913
General and administrative expenses		(60,375)	(48,078)	(167,022)	(134,030)
Loss on disposal of aircraft, property and equipment		-	(831)	(41)	(1,126)
Gain on disposal of assets held for sale	4	-	-	-	4,202
Net reversal of allowance for expected credit losses		10,000	384	10,000	384
Amortisation of deferred income		3,736	3,735	11,210	14,012
Share of profit of a joint venture	7	2,057	3,926	6,761	5,261
Finance income		5,781	1,587	13,138	4,379
Finance costs		(13,531)	(8,879)	(37,558)	(22,962)
Other income		4,074	5,502	22,158	13,550
Net change in the fair value of investments at FVTPL	6	27,105	17,254	19,959	(3,638)
Gain on disposal of investment at FVTPL		-	6,770	-	11,823
Profit for the period		155,345	160,836	381,315	316,768
Profit for the period attributable to:					
Owners of the Company		134,808	130,740	321,601	251,419
Non-controlling interest		20,537	30,096	59,714	65,349
		155,345	160,836	381,315	316,768
Basic and diluted earnings per share (AED)	15	0.30	0.29	0.72	0.57

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 September 2023**

	Three months ended 30 September		Nine months ended 30 September	
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Profit for the period	155,345	160,836	381,315	316,768
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(1,904)	(5,024)	634	(10,429)
Other comprehensive (loss) /gain for the period	(1,904)	(5,024)	634	(10,429)
Total comprehensive income for the period	153,441	155,812	381,949	306,339
Total comprehensive income attributable to:				
Owners of the Company	132,904	122,574	322,235	240,990
Non-controlling interest	20,537	33,238	59,714	65,349
	153,441	155,812	381,949	306,339

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

**Condensed consolidated statement of changes in equity
for the period ended 30 September 2023**

	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 2022 (audited)	444,787	112,320	1,947,274	833,870	3,338,251	401,064	3,739,315
Profit for the period	-	-	-	251,419	251,419	65,349	316,768
Other comprehensive loss for the period	-	-	(10,429)	-	(10,429)	-	(10,429)
Total comprehensive income	-	-	(10,429)	251,419	240,990	65,349	306,339
Dividends (note 16)	-	-	-	(66,722)	(66,722)	-	(66,722)
Balance at 30 September 2022 (unaudited)	444,787	112,320	1,936,845	1,018,567	3,512,519	466,413	3,978,932
Balance at 1 January 2023 (audited)	444,787	112,320	1,941,579	1,109,279	3,607,965	471,523	4,079,488
Profit for the period	-	-	-	321,601	321,601	59,714	381,315
Other comprehensive income for the period	-	-	634	-	634	-	634
Total comprehensive income	-	-	634	321,601	322,235	59,714	381,949
Dividends (note 16)	-	-	-	(111,197)	(111,197)	-	(111,197)
Balance at 30 September 2023 (unaudited)	444,787	112,320	1,942,213	1,319,683	3,819,003	531,237	4,350,240

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

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 September 2023**

	Notes	Nine months ended 30 September	
		2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit for the period		381,315	316,768
<i>Adjustments for:</i>			
- Depreciation	4	98,062	100,240
- Net reversal of allowance for expected credit loss on trade receivables		(10,000)	(384)
- Provision for employees' end of service benefits		13,779	15,105
- Gain on disposal of assets held for sale	4	-	(4,202)
- Gain on disposal of investment at FVTPL		-	(11,823)
- Amortisation of deferred income		(11,210)	(14,012)
- Loss on disposal of aircraft, property and equipment		41	1,126
- Share of profit of a joint venture	7	(6,761)	(5,261)
- Amortisation of right to use asset		9,215	9,210
- Net foreign currency translation difference		-	25,690
- Interest on lease liabilities	12	9,971	10,489
- Finance costs		27,587	12,473
- Finance income		(13,138)	(4,379)
- Net change in the fair value of investments at FVTPL	6	(19,959)	3,638
		478,902	454,678
<i>Changes in:</i>			
- Inventories		(51,798)	(28,376)
- Trade receivables		(110,779)	(260,209)
- Contract assets, prepayments and other current assets		(169,695)	22,309
- Trade and other payables		6,331	(27,195)
- Accrued expenses and other current liabilities		(13,322)	13,941
- Advances from customer		-	(8,120)
		139,639	167,028
Cash generated from operating activities		139,639	167,028
Employees' end of service benefits paid		(6,082)	(6,718)
		133,557	160,310
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	4	(161,316)	(116,033)
Payments for investment property	5	(296)	(9,051)
Payments for investments in financial assets	6	(13,662)	(41,761)
Proceeds from disposal of aircraft, property and equipment		6,571	625
Proceeds from disposal of investment at FVTPL		106,924	57,535
Finance income received		13,138	4,379
Deposits with maturities over three months	10	(177,887)	(2,719)
		(226,528)	(107,025)
Cash flows from financing activities			
Proceeds from term loan		261,450	90,000
Repayment of term loan		(234,366)	(156,803)
Interest paid on lease liabilities		(9,971)	(10,489)
Principal repayment of lease liabilities		(4,883)	(4,366)
Dividends paid	16	(111,197)	(66,722)
Finance cost paid		(27,605)	(10,094)
		(126,572)	(158,474)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		344,179	436,015
		124,636	330,826
Cash and cash equivalents at 30 September	10	124,636	330,826

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023****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.

During the year 2022, the Group has received an offer from ADQ Aviation and Aerospace Services LLC (“ADQ Aviation”), a wholly owned subsidiary of Abu Dhabi Developmental Holding Company PJSC (“ADQ”) to combine its shareholdings in Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”), Etihad Airways Engineering LLC (“EYE”) and Global Aerospace Logistics LLC (“GAL”) (together referred to as the “Perimeter assets”) with the Group.

The offer is subject to receipt of all related governmental approvals, including regulatory approvals by the Securities and Commodities Authority (SCA), as well as shareholder approvals. During 2023, the Board of the Group met to review the offer proposed by ADQ Aviation before making any recommendation to the shareholders.

The transaction was approved in the ADA Annual general assembly meeting held on 27 April 2023.

The board approved the increase of issued share capital of the Company in the ADA Annual general assembly meeting held on 27 April 2023, from 444,787,200 shares to 1,096,787,200 shares subject to the terms and conditions of the ADQ transaction and with effect from the transaction becoming effective.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim
financial information (continued)****Amendments to IAS 1 Presentation of financial statements - Classification of liabilities as current or
non-current**

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Amendments to IAS 8 - Definition of accounting estimates

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”.

Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

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. 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.

Extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments in International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) are:

- An exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information (continued)

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) (continued)

- A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes.
- A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity’s exposure to pillar two income taxes arising from that legislation.

The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective date not yet decided

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Lease Liability in a sale and leaseback (Amendments to IFRS 16)</i>	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	
<i>Non-current liabilities with covenants (Amendments to IAS 1)</i>	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	
<i>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</i>	1 January 2024
The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments supplement requirements already in IFRS Accounting Standards and require an entity to disclose:	
<ul style="list-style-type: none"> • the terms and conditions; • the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; • ranges of payment due dates; and • liquidity risk information. 	
Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial information as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.	

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)****3 Summary of Significant accounting policies****Statement of compliance**

These condensed consolidated interim financial information for the nine months period ended 30 September 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of the UAE commercial laws.

Basis of preparation

This condensed consolidated interim financial information is 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.

Where data is labelled as "audited" that indicates that the financial information has been extracted from the Company's audited consolidated financial statements for the year ended 31 December 2022. This condensed financial information has been prepared on historical cost basis except for the revaluation of investment properties and financial assets carried at FVTPL that have been measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time these were acquired.

The condensed consolidated interim financial information does 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 2022. In addition, results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The accounting policies applied by the Group in this condensed consolidated interim financial information are consistent with those in the annual audited consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Critical judgments and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial information 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 2022.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

3 Summary of Significant accounting policies (continued)

Basis of consolidation

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

Name of subsidiaries	Ownership interest		Country of incorporation	Principal activities
	30 September 2023	31 December 2022		
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%	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

* On 13 December 2022, the shareholders resolved to liquidate the Company. During the period, ADA Real Estate Management and General Maintenance L.L.C. legal formalities are in process. The net assets of the Company are AED 0.25 million.

Notes to the condensed consolidated interim financial information for the period ended 30 September 2023 (continued)

4 Aircraft, property and equipment

During the period ended 30 September 2023, the Group has incurred AED 161.3 million (30 September 2022: AED 116 million) on the acquisition of aircraft, property and equipment. Depreciation of aircraft, property and equipment during the period ended 30 September 2023 amounted to AED 98 million (30 September 2022: AED 100.2 million). Disposal of aircraft, property and equipment during the period ended 30 September 2023 amounted to AED 6.6 million (30 September 2022: AED 1.75 million). No impairment loss on valuation of aircraft has been recognised during the period.

During 2021, the Board of Royal Jet LLC (a ‘subsidiary’) resolved to dispose one of its commercial aircraft with a carrying value of AED 251.7 million. During 2022, the subsidiary entered into a sale and lease back transaction of the said commercial aircraft, previously classified as an asset held for sale. 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 consolidated statement of profit or loss for the year ended 31 December 2022. 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 properties located in Khalifa City, Abu Dhabi, Al Rawdhah, Abu Dhabi, Al Satwa, Dubai and Al Muneera, Abu Dhabi.

	30 September 2023 AED’000 (unaudited)	31 December 2022 AED’000 (audited)
Balance at 1 January	385,314	376,228
Additions during the period / year	296	9,086
	385,610	385,314

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2022 based on external valuations performed by the valuer. Management believes that there is no significant change in fair value of investment properties as at 30 September 2023.

Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of investment properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

5 Investment properties (continued)

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 September 2023, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2022: Level 2).

There was no impairment loss on valuation of investment property recognised during the period (30 September 2022: AED Nil).

6 Investments in financial assets

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Equity securities - designated at FVTPL	278,004	344,886
Corporate debt securities - designated at FVTPL	95,934	100,734
	<hr/> 373,938 <hr/>	<hr/> 445,620 <hr/>

The movement in investment in financial assets is as follows:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at 1 January	445,620	425,970
Purchase during the period/year	13,662	51,498
Disposal during the period/year	(106,924)	(59,439)
Change in fair value of investment - at FVTPL	19,959	41,288
Net foreign currency translation difference	1,621	(13,697)
	<hr/> 373,938 <hr/>	<hr/> 445,620 <hr/>

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

6 Investments in financial assets (continued)

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

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Investment in equities – UAE	237,506	307,530
Investment in high yield and emerging market bonds	38,081	43,735
Investments in corporate bonds – UK	28,632	2,477
Investment in fixed income SP – UAE	27,757	26,601
Investments in short term maturity bonds	12,332	6,623
Investment in developed market equities – US	10,829	-
Investments in corporate bonds – European (EX-UK)	8,262	-
Investments in corporate bonds – US	4,639	40,741
Investment in multi class assets	2,872	3,371
Investments in equities– Asia	1,172	-
Investment in equities – US	740	813
Alternate – Commodities	606	799
Alternative trading strategies	510	793
Investment in developed market equities – UK	-	8,640
Investments in emerging market – Asia	-	2,030
Investment in equities – UK	-	1,302
REITS	-	165
	373,938	445,620

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. (AWAS), a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AWAS 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 2023 has been accounted for using the equity method.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

8 Trade receivables

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade receivables	905,635	856,886
Due from related parties (note 20)	58,642	4,985
	<hr/> 964,277	<hr/> 861,871
Less: Allowance for expected credit loss	(89,389)	(99,389)
	<hr/> 874,888 <hr/>	<hr/> 762,482 <hr/>

The average credit period of trade receivables is 60 - 90 days (31 December 2022: 60 - 90 days). No interest is charged on trade and other receivables. The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer.

9 Contract assets, prepayments and other current assets

	30 September 2023 AED '000 (unaudited)	31 December 2022 AED '000 (audited)
Contract assets	400,956	231,171
Prepayments	55,810	55,312
Deposits and advances	18,803	13,091
Other receivables	22,279	28,579
	<hr/> 497,848 <hr/>	<hr/> 328,153 <hr/>

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

10 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 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash on hand	4,624	3,184
Balances in current accounts	120,012	340,995
Short term deposits	430,626	252,739
	<hr/>	<hr/>
Cash and bank balances	555,262	596,918
Less: deposits with maturities over three months	(430,626)	(252,739)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	124,636	344,179
	<hr/> <hr/>	<hr/> <hr/>

Cash and deposits with banks include an amount of AED 5.7 million (31 December 2022: AED 2.2 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 has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

The interest rates on term deposits range between 0.09% and 5.40% (2022: 0.09% and 4.65%) per annum.

11 Share capital

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

12 Lease liabilities

Lease liabilities are classified as follows in the condensed consolidated statement of financial position:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Current portion	23,873	17,936
Non-current portion	137,991	157,406
Total	161,864	175,342

The movement in lease liabilities is as follows:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
At 1 January	175,342	137,329
Additions during the period/year	-	53,246
Payments during the period/year	(23,449)	(26,313)
Interest on lease liabilities	9,971	11,080
As at end of the period/year	161,864	175,342

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

13 Term loans

Term loans are classified as follows in the condensed consolidated statement of financial position:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Current portion	236,008	229,619
Non-current portion	391,752	370,087
Total	627,760	599,706

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

13 Term loans (continued)

The movement in term loans is as follows:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
At 1 January	599,706	703,609
Drawdown during the period/year	261,450	90,000
Repayments during the period/year	(234,366)	(183,015)
Exchange loss / (gain)	970	(10,888)
Total	627,760	599,706

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 2022.

14 Trade and other payables

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade payables	135,714	131,926
Due to related parties (note 20)	37,367	34,824
	173,081	166,750

The average credit period for purchases of goods and services is 30 days (2022: 30 days). The Group has risk management policies in place to ensure that all payables are paid within the credit period.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

15 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	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Profit attributable to Owners of the Company (AED'000)	134,808	130,740	321,601	251,419
Weighted average number of shares in issue (in thousands)	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.30	0.29	0.72	0.57

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

16 Dividends

Cash dividends of AED 0.25 per ordinary share (25% of par value) amounting to AED 111.2 million (2022: AED 66.7 million) were approved by the shareholders at the annual general meeting held on 27 April 2023 and were paid to the shareholders on 10 May 2023.

17 Contingent liabilities

As at 30 September 2023, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 82 million (31 December 2022: AED 135.2 million).

18 Commitments

Capital commitments

As at 30 September 2023, the Group had estimated commitments for the acquisition of aircraft, property and equipment of AED 297.4 million (31 December 2022: AED 103 million).

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

19 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 2023 (unaudited)							
Revenue	<u>548,932</u>	<u>616,707</u>	<u>677,964</u>	<u>17,459</u>	<u>43,118</u>	<u>(14,324)</u>	<u>1,889,856</u>
Profit for the period	<u>134,009</u>	<u>119,428</u>	<u>162,040</u>	<u>18,622</u>	<u>14,369</u>	<u>(67,153)</u>	<u>381,315</u>
30 September 2022 (unaudited)							
Revenue	<u>530,799</u>	<u>511,981</u>	<u>324,230</u>	<u>16,220</u>	<u>40,719</u>	<u>(28,775)</u>	<u>1,395,174</u>
Profit for the period	<u>123,342</u>	<u>130,698</u>	<u>79,575</u>	<u>21,418</u>	<u>8,983</u>	<u>(47,248)</u>	<u>316,768</u>

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

19 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 2023 (unaudited)							
Assets	<u>3,638,292</u>	<u>1,551,066</u>	<u>1,190,278</u>	<u>399,965</u>	<u>244,838</u>	<u>(1,158,414)</u>	<u>5,866,025</u>
Liabilities	<u>1,022,840</u>	<u>489,939</u>	<u>52,737</u>	<u>19,526</u>	<u>31,645</u>	<u>(100,902)</u>	<u>1,515,785</u>
31 December 2022 (audited)							
Assets	<u>3,354,177</u>	<u>1,457,581</u>	<u>933,499</u>	<u>816,642</u>	<u>257,333</u>	<u>(1,228,253)</u>	<u>5,590,979</u>
Liabilities	<u>1,041,221</u>	<u>560,879</u>	<u>38,052</u>	<u>-</u>	<u>47,887</u>	<u>(176,548)</u>	<u>1,511,491</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.

20 Related parties

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The Group, in the ordinary course of business, enters into transactions with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

The Group has elected to use the exemption under IAS 24 'Related Party Disclosures' for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi and entities it owns and controls. The Group provides services in the normal course of business to entities owned and controlled by the Government of Abu Dhabi. Management approves prices and terms of payment for these transactions and these are carried out at mutually agreed rates.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

20 Related parties (continued)

Balances with related parties at the end of the reporting period comprise:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Due from related parties		
Entities under common control (note 8)	58,642	4,985
Due to related parties		
Entities under common control (note 14)	37,367	34,824

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)	2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Revenue	44,033	20,213	133,143	150,372
Key management compensation				
Salaries and other short-term employee benefits	4,579	4,378	14,480	13,079
Directors' fees	5,603	3,807	21,126	11,752
Provisions for employees' end of service benefits	386	334	1,070	2,733

21 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine months period ended 30 September 2023 and 2022.

22 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.

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

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

Accounting classifications and fair values (continued)

	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
30 September 2023 (unaudited)								
Investment in Waha CEEMEA Fixed Income Fund SP	27,757	-	-	27,757	-	27,757	-	27,757
Investments in short term maturity bonds	-	12,332	-	12,332	12,332	-	-	12,332
Investments in corp bonds – UK	-	28,632	-	28,632	28,632	-	-	28,632
Investments in corp bonds – US	-	4,639	-	4,639	4,639	-	-	4,639
Investment in high yield and emerging market bonds	-	38,081	-	38,081	38,081	-	-	38,081
Investments in corporate bonds – European (EX-UK)	-	8,262	-	8,262	8,262	-	-	8,262
Investment in multi-class assets	-	2,872	-	2,872	2,872	-	-	2,872
Investment in equities – UAE	237,506	-	-	237,506	237,506	-	-	237,506
Investment in equities – US	740	-	-	740	740	-	-	740
Developed market equities – US	10,829	-	-	10,829	10,829	-	-	10,829
Investments in equities– Asia	1,172	-	-	1,172	1,172	-	-	1,172
Alternatives – Commodities	-	606	-	606	606	-	-	606
Alternative trading strategies	-	510	-	510	510	-	-	510
	278,004	95,934	-	373,938	346,181	27,757	-	373,938

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

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

Accounting classifications and fair values (continued)

	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
<u>31 December 2022 (audited)</u>								
Investment in Waha CEEMEA Fixed Income Fund SP	26,601	-	-	26,601	-	26,601	-	26,601
Investments in short term maturity bonds	-	6,623	-	6,623	6,623	-	-	6,623
Investments in corp bonds – UK	-	2,477	-	2,477	2,477	-	-	2,477
Investments in corp bonds – US	-	40,741	-	40,741	40,741	-	-	40,741
Investment in high yield and emerging market bonds	-	43,735	-	43,735	43,735	-	-	43,735
Investment in multi-class assets	-	3,371	-	3,371	3,371	-	-	3,371
Investment in equities – US	813	-	-	813	813	-	-	813
Investment in equities – UK	1,302	-	-	1,302	1,302	-	-	1,302
Investment in equities – UAE	307,530	-	-	307,530	307,530	-	-	307,530
Developed Market Equities – UK	8,640	-	-	8,640	8,640	-	-	8,640
Emerging market – Asia	-	2,030	-	2,030	2,030	-	-	2,030
Alternatives – Commodities	-	799	-	799	799	-	-	799
REITS	-	165	-	165	165	-	-	165
Alternative trading strategies	-	793	-	793	793	-	-	793
	<u>344,886</u>	<u>100,734</u>	<u>-</u>	<u>445,620</u>	<u>419,019</u>	<u>26,601</u>	<u>-</u>	<u>445,620</u>

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

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

Accounting classifications and fair values (continued)

	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
<u>At 30 September 2023 (unaudited)</u>								
Financial assets not measured at fair value								
Trade receivables	-	-	905,635	905,635	-	-	-	-
Contract assets	-	-	400,956	400,956	-	-	-	-
Bank balances	-	-	550,638	550,638	-	-	-	-
Due from related parties	-	-	58,642	58,642	-	-	-	-
	-	-	1,915,871	1,915,871	-	-	-	-
Financial liabilities not measured at fair value								
Trade payables	-	-	135,714	135,714	-	-	-	-
Term loans	-	-	627,760	627,760	-	-	-	-
Lease liabilities	-	-	161,864	161,864	-	-	-	-
Accrued expenses and other current liabilities	-	-	264,461	264,461	-	-	-	-
Due to related parties	-	-	37,367	37,367	-	-	-	-
	-	-	1,227,166	1,227,166	-	-	-	-

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)**

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

Accounting classifications and fair values (continued)

At 31 December 2022 (audited)	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	-	-	757,497	757,497	-	-	-	-
Contract assets	-	-	231,171	231,171	-	-	-	-
Bank balances	-	-	593,734	593,734	-	-	-	-
Due from related parties	-	-	4,985	4,985	-	-	-	-
	-	-	1,587,387	1,587,387	-	-	-	-
Financial liabilities not measured at fair value								
Trade payables	-	-	131,926	131,926	-	-	-	-
Term loans	-	-	599,706	599,706	-	-	-	-
Lease liabilities	-	-	175,342	175,342	-	-	-	-
Accrued expenses and other current liabilities	-	-	277,782	277,782	-	-	-	-
Due to related parties	-	-	34,824	34,824	-	-	-	-
	-	-	1,219,580	1,219,580	-	-	-	-

**Notes to the condensed consolidated interim financial information
for the period ended 30 September 2023 (continued)****23 Corporate Income tax**

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The management is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

24 Approval of condensed consolidated financial statements

The condensed consolidated interim financial information were approved by management and authorised for issue by the Board of Directors on 7 November 2023.