

ABU DHABI AVIATION PJSC

**Directors' report and consolidated financial statements
for the year ended 31 December 2024**

Directors' Report

Abu Dhabi Aviation Group Reports FY2024 Revenue of AED 7.12 Billion, Marking 6% YoY Growth and Reinforcing its Position as a Regional Aviation Leader

- A strategically diversified portfolio of assets due to acquisitions and combination of the General Aviation, MRO, and Investments segments ("Combined Segments") within the Group.
- Stable revenue of AED 7,116 million, reflecting a 6% year-on-year increase. This growth was primarily driven by the post-acquisition contribution of the ADA legacy group, which added AED 693 million, along with revenue increases of AED 185 million from Global Aerospace Logistic LLC (GAL) and AED 108 million from Etihad Airways Engineering LLC (EYE). However, the overall increase was partially offset by a decline in Advanced Military Maintenance Repair and Overhaul Centre LLC (AMMROC) revenue, which decreased by AED 592 million.
- Robust EBITDA of AED 1,411 million (inclusive of gain on bargain purchase), largely driven by improved profitability at AMMROC, GAL, and the inclusion of ADA's legacy group results.
- Attractive net profit reported at AED 1,292 million (inclusive of gain on bargain purchase), demonstrating a solid 18% net profit margin.
- Positive business outlook driven by a favorable macro environment and government-led initiatives to transform the UAE into an aviation hub, boosting demand for aviation services and supporting the Company's margin expansion through cross-group synergies.

Abu Dhabi, UAE – 20 February 2025: Abu Dhabi Aviation Group ("ADA" or the "Group"), the UAE-headquartered diversified aviation services provider, has announced its financial results for the year ended 31 December 2024. The Group delivered robust top- and bottom-line performance, aligned with its long-term strategy to position itself as a global aviation leader, and underpinned by favorable macroeconomic conditions, which continue to drive demand across its core business segments: General Aviation, Maintenance, Repair and Overhaul ("MRO"), and Investments.

At the Group level, annual revenue of AED 7,116 million reflected 6% year-on-year growth, which includes a post-acquisition contribution of AED 693 million from the ADA legacy group. The revenue growth was mainly driven by higher revenue at GAL, supported by new contract awards, and revenue growth at EYE, resulting from a rise in airframe hours and sub-contract revenue. Overall growth was partially offset by a decline at AMMROC due to reduced activities across multiple contracts.

ADA maintained strong profitability during the period, reporting EBITDA of AED 1,411 million (inclusive of gain on bargain purchase) and an EBITDA margin of 20%. This performance was primarily driven by the inclusion of ADA legacy group results, which generated a gain of AED 241 million, along with the significant profitability improvement at GAL and AMMROC, contributing AED 477 million and AED 232 million, respectively, to the Group's overall profitability. Additionally, EYE's EBITDA increased by AED 3 million.

The Group's financial position remains robust, with growth across total assets, liabilities and equity following the inclusion of new segments. As of 31 December 2024, total debt stood at AED 934 million, while total cash reached AED 3,755 million, translating into a conservative Total Debt to LTM EBITDA ratio of 0.66x. The Group generated free cash flow of AED 1,809 million in 2024, reflecting a free cash flow margin of 25%.



Segmental Breakdown

General Aviation: Revenue declined by 12% year-on-year over the twelve-month period (with statutory reporting covering May to December due to the reverse acquisition). This decrease was primarily driven by lower government sales by Maximus. However, the decline was partially offset by increased revenue from ADA, driven by higher spare part deliveries, collection of ADNOC In-Country-Value retention and additional ad hoc flights. Other contributing factors included growth in operations at the Abu Dhabi Aviation Training Centre, increased sales of AgustaWestland spare parts, and better results from Royal Jet's private jet and non-charter services.

Operating profit declined by 8% year-on-year, in line with the reduction in revenue. Despite the decline in revenue, General Aviation maintained a strong profitability, achieving a net profit of AED 384 million with a healthy 16% profit margin.

MRO: The MRO business has emerged as a well-established aviation leader, strengthened by the successful acquisition of 100% stake in EYE and AMMROC, and 50% in GAL from a wholly owned subsidiary of ADQ in May 2024. With over 8,500 employees and a comprehensive service offering, MRO is strategically positioned to capitalise on growing demand across markets in the Middle East, North Africa and beyond.

In 2024, MRO revenue declined by 4% year-on-year, primarily due to the completion of existing contracts and the absence of new ones at AMMROC. This decline was partially offset by revenue growth at GAL, driven by new professional and technical services contracts, along with higher airframe revenue and improved yields at EYE.

Despite a decline in AMMROC's revenue in 2024, the company reversed its FY2023 performance, shifting from a negative EBITDA of AED 190 million and a net loss of AED 225 million to a positive EBITDA of AED 42 million and a net profit of AED 23 million in FY2024. Furthermore, with expectations of a notable increase in utilization at AMMROC's blade shop, this is anticipated to contribute to improved financial performance and greater customer satisfaction.

MRO's operating profit increased to AED 696 million, driven by a rise in airframe hours, higher sub-contract revenue, and strong performance in key maintenance and manpower service contracts. Additionally, penalty reversals and prudent inventory provisions were instrumental in offsetting shortfalls and boosting profitability.

MRO's net profit increased to AED 482 million, largely attributable to higher earnings at AMMROC and GAL, which benefited from provisions reversal, interest income on fixed deposits, and higher income from maintenance and manpower contracts.

Investments: Delivered strong performance during the twelve-month period (noting that statutory reporting is May to December only in line with the reverse acquisition), with revenue up 10% YoY, to AED 26 million, mainly due to a 5% rise in new rental rates, along with a higher occupancy rate in Rawdhat. EBITDA of AED 24 million and net profit of AED 23 million were generated during the twelve-month period, up 8% and 5% respectively. Highlighting the segment's underlying return potential, the return on investment property, which makes up 39% of the investment portfolio's value, was an attractive 6.5%.



Business Outlook

The region's macroeconomic environment continues to be supportive, driven by population growth, increasing tourism, and industrial expansion, all underpinned by long-term national vision and growth initiatives. Holding a market-leading position, ADA is committed to becoming a global aviation leader based in Abu Dhabi, further reinforcing its role as a premier hub for aviation, maintenance, repair and overhaul services, as well as logistics and advanced engineering.

ADA's healthy financial position is underpinned by its diversified portfolio, recently enhanced by the acquisition of stakes in EYE, AMMROC and GAL, further bolstering and widening its offering. Looking ahead to 2025, ADA aims to sustain growth across its segments, improving efficiency and competitiveness, and exploring new market opportunities.

In Aviation, fleet upgrades are a priority, with potential market entry being considered in Brazil, Thailand and Indonesia, as well as potential Oil & Gas opportunities in the wider African region.

In MRO, ADA is optimistic on the segment's future growth potential. GAL will remain focused on expansion by actively pursuing new contract awards and strategically targeting opportunities across key sectors to drive growth. The company aims to strengthen its market position, enhance its service offerings, and expand its operational footprint through the successful acquisition of high-value contracts. EYE has launched the strategic program "Al Massar" (The Path), which focuses on growth, product diversification, customer experience, and operational excellence. The subsidiary maintains a positive outlook, having recently secured new customers and is currently constructing two widebody hangars expected to be completed in 2025. AMMROC has identified new contract opportunities and is focused on forging new OEM partnerships with local and international industry leaders. This will enhance its capabilities and competitiveness in the MRO sector, while reinforcing its ability to deliver sustained value to shareholders in the years ahead. With the substantial completion of its blade shop, AMMROC has unlocked a promising new revenue stream. The introduction of new Line Replaceable Units has enhanced its service capabilities and expanded its revenue potential. Additionally, ongoing cost optimization initiatives are expected to drive sustainable growth in the future.

Nader Ahmed Mohamed Al Hammadi, Chairman of ADA, commented: "We are, collectively, very pleased with the significant strides Abu Dhabi Aviation has made in reinforcing its leadership within the regional aviation sector. Our robust financial performance in 2024, coupled with strategic acquisitions and ongoing expansion, have positioned us for continued growth and long-term success. The seamless integration of EYE, AMMROC and GAL has not only enhanced our capabilities, but driven substantial value creation. We remain unwavering in our commitment to advancing our vision, fortifying Abu Dhabi's role as a global aviation hub, and delivering sustainable growth and lasting value for our shareholders."

Group Companies

12

Aircraft

74

Simulators

5

Employees

10,000 +

Investment (Property)

AED 357 million

Investment (Securities)

AED 565 million

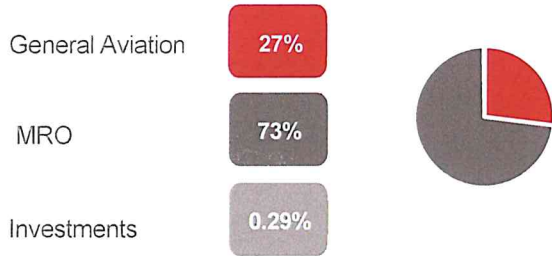
Investment (JV and Associates)

AED 872 million

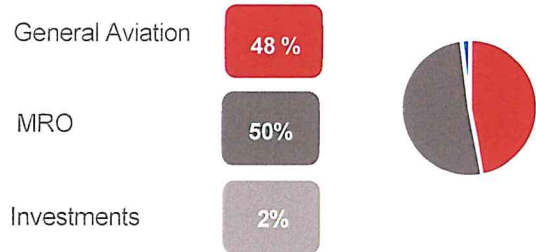




Segments by Revenue
 (Twelve months contribution from All Entities)



Segments by Operating Profit
 (Twelve months contribution from All Entities)



Nader Ahmed Mohamed Al Hammadi
 Chairman
 Date: 20 Feb 2025



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About ADA

Abu Dhabi Aviation (ADA) stands out as a global leader in aviation. ADA offers a comprehensive range of services for both military and civilian sectors, specialising in rotary and fixed-wing aircraft. The company's expertise extends to maintenance, repair, and overhaul (MRO) services, air cargo solutions, luxury air travel, helicopter leasing, advanced aircraft simulator training, and technical training.

Abu Dhabi Aviation provides aviation services to a range of sectors, including offshore oil support, medical evacuation, and search and rescue. The company also offers MRO services for helicopters, delivering comprehensive maintenance, repair, and overhaul services for various helicopter models to ensure their optimal performance and safety. In addition, Abu Dhabi Aviation provides maintenance and overhaul services for fixed-wing aircraft, including narrow and wide-body jets and turboprops, catering to the needs of both civil and military aviation. The company also specialises in maintenance services for aircraft engines and components, ensuring reliability and extending the lifespan of aviation assets.

Beyond aviation, ADA is engaged in property investment, property management, and facility management, enhancing its portfolio and service offerings. The company also manages multi-asset investments in shares and bonds, demonstrating its diversified approach to business and finance.

The company is certified by major OEMs such as Leonardo, Honeywell, Bell, Boeing, and Airbus, and holds approvals from leading regulatory bodies, including the GCAA, FAA, and EASA. With a dedicated workforce of 9,650 +, Abu Dhabi Aviation continues to set benchmarks in the aviation and related sectors.

ADA's shareholding structure consists of 59.4% ADQ Aviation & Aerospace Services; 12.1% Mamoura Diversified Global Holding; and 28.5% Free Float.

ABU DHABI AVIATION PJSC

**Consolidated financial statements
for the year ended 31 December 2024**

ABU DHABI AVIATION PJSC

**Consolidated financial statements
for the year ended 31 December 2024**

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Independent auditor's report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abu Dhabi Aviation PJSC (the "Company" or "ADA") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



Independent auditor's report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Our audit approach

Overview

Key Audit Matters	<ul style="list-style-type: none">• Reverse acquisition• Revenue recognition
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor’s report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Reverse acquisition</p> <p>On 1 May 2024, the Company has successfully completed a transaction to legally acquire 100% of the share capital of Etihad Airways Engineering LLC (“EYE”), 100% of the share capital of Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”) and 50% of the share capital of Global Aerospace Logistics LLC (“GAL”). As part of the transaction Abu Dhabi Aviation PJSC (“ADA”) issued its shares, representing 59.45% of the shares of the merged group (EYE, GAL, AMMROC and ADA) to ADQ Aviation and Aerospace Services LLC (“ADQ Aviation”) in return for transferring the share capital of GAL, AMMROC and EYE to ADA.</p> <p>This transaction has been accounted for as a reverse acquisition in accordance with IFRS 3 whereby ADQ Aviation is determined to be the accounting acquirer of the Company.</p> <p>We determined that the business combination accounting is significant to the audit due to significant judgment exercised by management in:</p> <ul style="list-style-type: none"> ▪ the determination of the accounting acquirer under the reverse acquisition; ▪ the determination of the purchase price consideration for the business combination; ▪ the determination of the gain on bargain purchase as a result of the transaction; ▪ the determination of the fair value of assets and liabilities acquired in the transaction; ▪ the identification and measurement of intangible assets and the determination of the useful lives to be assigned to the identified intangible assets. <p>A number of assumptions were also made by management in the determination of the appropriate methodology, assumptions and valuation techniques in respect of the transaction.</p> <p>Further details on purchase price allocation are disclosed in Note 1 to the consolidated financial statements.</p>	<p>Our approach to addressing this key audit matter included the following procedures:</p> <ul style="list-style-type: none"> ▪ Reviewing management’s judgement in determining the accounting acquirer in the transaction. ▪ Assessing management’s judgements in relation to the accounting for the transaction as a reverse acquisition in accordance with the requirements of IFRS 3; ▪ Testing the completeness and accuracy of the assets and liabilities included in the purchase price allocation; ▪ Evaluating, with involvement of our experts, the methodologies and significant inputs used by the Group in the purchase price allocation including the determination of gain on bargain purchase; ▪ Testing, with the involvement of our experts, the fair value of a sample of assets and liabilities acquired; ▪ Validating the fair value adjustments recognized by management confirming that they are in accordance with the requirements of IFRS 3; and ▪ Assessing the disclosures made in the consolidated financial statements to ensure compliance with IFRS 3.



Independent auditor’s report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Revenue recognition</p> <p>Included in the revenue reported for the year is AED 4.8 billion from services rendered to customers for maintenance, repair and overhaul services (MRO) and professional and technical assistance services.</p> <p>The revenue recognised for the aforementioned services involves certain complexities based on the nature of business. As a result, significant judgment and estimates are required in determining the appropriate measurement of revenue and its recognition and consequently we considered this to be a key audit matter.</p> <p>Refer to notes 3, 4 and 37 in the consolidated financial statements for the accounting policy and disclosures related to this matter.</p>	<p>Our audit procedures performed in relation to revenue recognition included:</p> <ul style="list-style-type: none"> ▪ considering the consistency of the Group's revenue recognition policies; ▪ assessing the compliance of such policies with the applicable IFRS Accounting Standards; ▪ reviewing the control environment and on a sample basis, testing internal controls over revenue recognition; ▪ obtaining a representative sample of transactions and testing their occurrence, accuracy and recognition; ▪ obtaining supporting documentation, on a sample basis, for revenue recognised, including reviewing signed contracts where available, and assessing alternative supporting evidence for contracts still in the process of being finalised; ▪ assessing the completeness and accuracy of disclosures within the consolidated financial statements in accordance with IFRS Accounting Standards.

Other matter

The comparative information as at 31 December 2023 and 1 January 2023 in the consolidated statement of financial position and the comparative information in the consolidated statements of profit or loss, comprehensive income, changes in equity, cash flows and the notes to the consolidated financial statements as at and for the year ended 31 December 2023 have not been audited.

Other information

The Directors are responsible for the other information. The other information comprises the directors’ report (but does not include the consolidated financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Independent auditor's report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Independent auditor's report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 9 to the consolidated financial statements the Group has invested in shares during the year ended 31 December 2024;



Independent auditor's report to the shareholders of Abu Dhabi Aviation PJSC (continued)

Report on other legal and regulatory requirements (continued)

- vi) note 38 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- viii) There were no social contributions made during the year ended 31 December 2024.

Further, as required by the ADAA Chairman's Resolution no 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the financial statements for the year ended 31 December 2024, that nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2024:

- (i) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- (ii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi

20 February 2025

A handwritten signature in blue ink, appearing to be 'Rami Sarhan', written over a horizontal line.

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

ABU DHABI AVIATION PJSC

Consolidated statement of financial position as at 31 December 2024

		<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>31 December</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>1 January</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>
	<i>Note</i>			
ASSETS				
Non-current assets				
Aircraft, property and equipment	5	1,735,422	607,951	504,008
Intangible assets	6	13,982	12,402	3,276
Investment properties	7	356,902	3,642	3,724
Right of use assets	8	730,495	754,904	758,858
Financial assets at fair value through profit or loss	9	564,808	-	-
Investment in a joint venture	10	109,222	-	-
Investment in an associate	10	762,934	-	-
Deferred tax assets		690	-	-
Total non-current assets		<u>4,274,455</u>	<u>1,378,899</u>	<u>1,269,866</u>
Current assets				
Inventories	11	1,095,273	432,361	328,467
Trade and other receivables	12	5,070,501	5,757,356	5,301,854
Advances, prepayments and other current assets	13	1,425,728	1,074,807	1,123,031
Other financial assets at amortised cost	15	460,018	-	-
Cash and cash equivalents	14	3,841,376	2,016,731	2,442,737
Total current assets		<u>11,892,896</u>	<u>9,281,255</u>	<u>9,196,089</u>
Total asset		<u>16,167,351</u>	<u>10,660,154</u>	<u>10,465,955</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	16(a)	1,096,787	1,735,050	1,735,050
Share premium	18	3,489,349	-	-
Contributed capital	16(b)	347,768	347,768	347,768
Reserves	19	396,590	311,891	311,891
Retained earnings		1,964,208	2,023,922	2,189,967
Equity attributable to owners of the Company		<u>7,294,702</u>	<u>4,418,631</u>	<u>4,584,676</u>
Non-controlling interests	17	1,266,747	-	-
Total equity		<u>8,561,449</u>	<u>4,418,631</u>	<u>4,584,676</u>
Liabilities				
Non-current liabilities				
Provision for employees' end of service benefits	24	472,454	319,510	323,918
Borrowings	22	212,015	-	-
Lease liabilities	21	799,040	806,828	792,596
Deferred tax liabilities	42	3,490	-	-
Deferred government grants	25	42,162	-	-
Total non-current liabilities		<u>1,529,161</u>	<u>1,126,338</u>	<u>1,116,514</u>


The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of financial position (continued) as at 31 December 2024

		<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>31 December</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>1 January</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>
	<i>Note</i>			
Current liabilities				
Trade and other payables	23	5,076,208	4,410,842	4,160,027
Provisions	26	80,130	108,709	24,949
Borrowings	22	808,070	489,541	489,541
Lease liabilities	21	39,364	106,093	90,248
Deferred government grants	25	5,622	-	-
Income tax provision	42	67,347	-	-
Total current liabilities		<u>6,076,741</u>	<u>5,115,185</u>	<u>4,764,765</u>
Total liabilities		<u>7,605,902</u>	<u>6,241,523</u>	<u>5,881,279</u>
Total equity and liabilities		<u>16,167,351</u>	<u>10,660,154</u>	<u>10,465,955</u>

To the best of our knowledge, and in accordance with the IFRS Accounting Standards, the consolidated financial statements present fairly, in all material respects, the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group as of, and for the year ended 31 December 2024.




Nader Ahmed Mohammed Al Hammadi
Chairman



Sheikh Ahmed Mohammed Sultan Al Dhaheer
Vice-Chairman



Mohamed Saeed Salem Kaddas Alremeithi
Chief Executive Officer



Ashraf Fahmy
Group Chief Financial Officer

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of profit or loss for the year ended 31 December 2024

	<i>Note</i>	<i>31 December 2024 AED'000</i>	<i>31 December 2023 AED'000 (Unaudited)</i>
Revenue from contracts with customers	27	7,115,675	6,721,651
Direct operating costs	28	<u>(6,197,029)</u>	<u>(6,341,345)</u>
Gross profit		918,646	380,306
General and administrative expenses	29	(529,823)	(401,105)
Reversal/(provision) for impairment on trade and other receivables	12	101,245	(239,726)
Gain on bargain purchase	1	596,841	-
Amortisation of deferred income	25	3,748	-
Other income	30	112,160	44,656
Net change in fair value of financial assets through profit or loss	9	43,492	-
Share of profit of a joint venture	10	15,383	-
Share of profit of an associate	10	53,516	-
Finance income	31	93,315	76,701
Finance costs	32	<u>(55,109)</u>	<u>(33,109)</u>
Profit/(loss) before income tax		1,353,414	(172,277)
Income tax expense	42	<u>(61,459)</u>	-
Profit/(loss) after income tax		<u>1,291,955</u>	<u>(172,277)</u>
Profit/ (loss) for the year attributable to:			
Owners of the Company		1,130,233	(172,277)
Non-controlling interest	17	<u>161,722</u>	-
		<u>1,291,955</u>	<u>(172,277)</u>
Basic and diluted earnings/ (loss) per share (AED)	33	<u>1.190</u>	<u>(0.264)</u>

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of comprehensive income for the year ended 31 December 2024

	<i>31 December</i> 2024	<i>31 December</i> 2023
<i>Note</i>	<i>AED'000</i>	<i>AED'000</i> <i>(Unaudited)</i>
Profit/(loss) for the year	<u>1,291,955</u>	<u>(172,277)</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	19 <u>(27)</u>	<u>-</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurement (loss)/gain on employees' end of service benefits	24 <u>(196)</u>	<u>6,232</u>
Other comprehensive income for the year	<u>(223)</u>	<u>6,232</u>
Total comprehensive income/(loss) for the year	<u>1,291,732</u>	<u>(166,045)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,130,010	(166,045)
Non-controlling interest	17 <u>161,722</u>	<u>-</u>
	<u>1,291,732</u>	<u>(166,045)</u>

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of changes in equity for the year ended 31 December 2024

	<i>Share capital</i> <i>AED '000</i>	<i>Share premium</i> <i>AED '000</i>	<i>Contributed capital</i> <i>AED '000</i>	<i>Reserves</i> <i>AED '000</i>	<i>Retained earnings</i> <i>AED '000</i>	<i>Equity attributable to the owners of the Company</i> <i>AED '000</i>	<i>Non- controlling interests</i> <i>AED '000</i>	<i>Total Equity</i> <i>AED '000</i>
At 1 January 2023 (unaudited)	1,735,050	-	347,768	311,891	2,189,967	4,584,676	-	4,584,676
Loss for the year	-	-	-	-	(172,277)	(172,277)	-	(172,277)
Other comprehensive income for the year	-	-	-	-	6,232	6,232	-	6,232
Total comprehensive loss for the year	-	-	-	-	(166,045)	(166,045)	-	(166,045)
At 31 December 2023 (unaudited)	<u>1,735,050</u>	<u>-</u>	<u>347,768</u>	<u>311,891</u>	<u>2,023,922</u>	<u>4,418,631</u>	<u>-</u>	<u>4,418,631</u>
At 1 January 2024 (unaudited)	1,735,050	-	347,768	311,891	2,023,922	4,418,631	-	4,418,631
Reverse acquisition (Note 1)	(638,263)	3,489,349	-	-	(1,105,025)	1,746,061	1,105,025	2,851,086
Profit for the year	-	-	-	-	1,130,233	1,130,233	161,722	1,291,955
Other comprehensive income for the year	-	-	-	(27)	(196)	(223)	-	(223)
Total comprehensive income for the year	-	-	-	(27)	1,130,037	1,130,010	161,722	1,291,732
Transfer to reserves (Note 19)	-	-	-	84,726	(84,726)	-	-	-
At 31 December 2024	<u>1,096,787</u>	<u>3,489,349</u>	<u>347,768</u>	<u>396,590</u>	<u>1,964,208</u>	<u>7,294,702</u>	<u>1,266,747</u>	<u>8,561,449</u>

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of cash flows for the year ended 31 December 2024

	<i>Note</i>	<i>31 December 2024 AED'000</i>	<i>31 December 2023 AED'000 (Unaudited)</i>
Cash flows from operating activities			
Profit/ (loss) before income tax		1,353,414	(172,277)
<i>Adjustments for:</i>			
Depreciation of aircraft, property and equipment	5	67,317	37,971
Impairment of aircraft, property and equipment	5	3,720	-
Depreciation of right-of-use assets	8	29,648	33,584
Amortisation and impairment of intangible assets	6	2,617	2,930
(Reversal)/provision for legal and onerous contracts	26	(4,144)	61,813
Provision for slow moving and obsolete inventories	11	2,467	23,152
Provision for employees' end of service benefits	24	69,720	39,648
(Reversal)/provision for impairment on trade and other receivables	12	(101,245)	239,726
(Gain)/loss on disposal of aircraft, property and equipment		(3,559)	85
Net change in the fair value of financial assets through profit or loss	9	(43,492)	-
Net change in fair value of investment property	7	(3,352)	82
Share of profit from a joint venture	10	(15,383)	-
Share of profit from an associate	10	(53,516)	-
Gain on bargain purchase	1	(596,841)	-
Gain on termination of lease	21	(58,221)	-
Amortisation of deferred income	25	(3,748)	-
Finance costs	32	21,359	-
Finance income	31	(93,315)	(76,701)
Dividend income		(4,058)	-
Foreign exchange (gain)/loss		(1,164)	3,790
Interest on lease liabilities	21	33,247	33,109
Other movements		-	(43,124)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		601,471	183,788
Payment of employees' end of service benefits	24	(53,311)	(40,194)
Changes in working capital:			
Inventories		(52,488)	(127,116)
Trade and other receivables		1,501,404	(1,001,807)
Advances, prepayments and other current assets		(294,705)	53,173
Trade and other payables		444,474	526,187
Provisions		(77,665)	108,207
Net cash generated from/(used in) operating activities		2,069,180	(297,762)
Cash flows from investing activities			
Purchase of aircraft, property and equipment	5	(255,802)	(163,237)
Purchase of investment property	7	(7,207)	-
Purchase of intangible assets	6	(4,203)	(12,056)
Purchase of investments in financial assets	9	(101,779)	-
Purchase of other financial assets at amortised cost	15	(3,741,174)	-
Proceeds from other financial assets at amortised cost		3,281,156	-
Cash received upon acquisition through business combination	1	477,073	-
Proceeds from disposal of aircraft, property and equipment		8,145	-
Proceeds from disposal of financial assets through profit or loss		27,693	-
Proceeds from disposal of intangible assets		6	-
Finance income received	31	102,027	76,701
Dividend income received		4,058	-
Net cash used in investing activities		(210,007)	(98,592)

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

ABU DHABI AVIATION PJSC

Consolidated statement of cash flows (continued) for the year ended 31 December 2024

	<i>Note</i>	<i>31 December 2024 AED'000</i>	<i>31 December 2023 AED'000 (Unaudited)</i>
Cash flows from financing activities			
Proceeds from borrowings	22	214,030	-
Repayment of borrowings	22	(224,210)	-
Finance costs paid		(18,928)	-
Interest paid on lease liabilities	21	(33,247)	(7,200)
Principal elements of lease liabilities	21	(55,595)	(25,454)
Net cash used in financing activities		<u>(117,950)</u>	<u>(32,654)</u>
Net increase/(decrease) in cash and cash equivalents		1,741,223	(429,008)
Cash and cash equivalents at the beginning of the year		<u>2,013,729</u>	<u>2,442,737</u>
Cash and cash equivalents at the end of the year	14	<u>3,754,952</u>	<u>2,013,729</u>

Non-cash transactions:

1. Transfer of a provision for impairment of property and equipment (Note 5) amounted to AED 1,037 thousand for the year ended 31 December 2024 (31 December 2023: AED 6,212 thousand)
2. Transfer of development work in progress to amounts due from related parties and other receivables amounting to AED 301,352 thousand in relation to the delivery of 9 aircraft for the Blackhawk contract for the year ended 31 December 2023.

The notes on pages 15 to 88 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2024

1 General information

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 (ADX). The Company has its registered office at P.O. Box 2723, Abu Dhabi, United Arab Emirates. The Company is subject to the UAE Federal Decree Law No. 32 of 2021 (“Companies Law”).

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.

During the year 2022, the Group 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 Company’s Ultimate Parent is the Government of Abu Dhabi.

On 22 March 2023, the shareholders of the Company approved the proposed ‘transaction’ in accordance with the terms of the share purchase agreement entered into between Abu Dhabi Aviation PJSC (“ADA”) and ADQ Aviation, whereby ADQ Aviation contributed the Perimeter Assets to ADA. The following are the Perimeter Assets forming part of the transaction, which became effective on 1 May 2024;

- a) a 100% stake in Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”)
- b) a 100% stake in Etihad Airways Engineering LLC (“EYE”)
- c) a 50% stake in Global Aerospace Logistics LLC (“GAL”)

The consideration for transferring of the Perimeter Assets was satisfied by the issuance of convertible instruments (the “Convertible Instruments”) from ADA to ADQ Aviation. At transaction closing, the Convertible Instruments were converted into 652,000,000 ordinary shares of par value AED 1 each in the capital of ADA. Following the transaction closing on 1 May 2024; ADQ Aviation's ownership represents 59.45% of the entire issued share capital of ADA.

The transaction creates a globally competitive aviation business headquartered in Abu Dhabi to position the Emirate as a world-leading hub for aviation MRO services, logistics, supply chain and advanced engineering capabilities, with an extensive portfolio of aircraft, MRO centres and hangars.

Reverse acquisition

Under the terms of the transaction ADA (the “legal acquirer”) issued 652,000,000 new ADA shares, representing 59.45% of the shares of the merged group to ADQ shareholders in return for transferring the share capital of the Perimeter Assets of ADQ Aviation (“legal acquiree”), which subsequently resulted in the ADQ Aviation shareholders having control over the new consolidated group.

IFRS 3 requires one of the combining entities to be identified as the accounting acquirer being the entity that obtains control of the acquiree and in some cases, the accounting acquirer may not be the same as the legal acquirer.

Subsequent to the transaction, as noted above, the ADQ Aviation shareholders held the majority of shares of the combined entity, thereby gaining control over the combined entity. In this transaction, the Perimeter Assets comprising of AMMROC, EYE and GAL, together representing the “ADQ Aviation Group” (the legal acquiree) were determined as the accounting acquirer while ADA (legal acquirer) was determined to be the accounting acquiree resulting in a reverse acquisition.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

Notes to the consolidated financial statements

1 General information (continued)

Reverse acquisition (continued)

The overall transaction is deemed to have substance, given different businesses are coming together and the external minority shareholders of ADA will become diluted. IFRS 3 provides guidance on the considerations that are relevant for identifying the acquirer. As per the standard, the acquirer is the entity that obtains control of the acquiree.

In this transaction, ADQ Aviation Group was determined to be the accounting acquirer (or the legal acquiree) as ADQ Aviation Group obtained control over ADA as a result of a share issuance resulting in a reverse acquisition. Additionally, given ADQ Aviation Group's combined relative size within the combining entities, ADA was determined to be the legal acquirer (or the accounting acquiree).

The principles of reverse acquisition were used to reflect the acquisition of the Company by ADQ Aviation Group, effective 1 May 2024. As a result, the information presented in the consolidated financial statements in the comparative year and the year prior to the acquisition are those of the accounting acquirer, ADQ Aviation Group and not ADA, the legal acquirer. Furthermore, the number of shares as required under IFRS 3 is that of ADA (as legal acquirer or accounting acquiree) and not ADQ Aviation Group (as legal acquiree or accounting acquirer) and therefore the share capital in the consolidated statement of changes in equity is that of ADA.

This resulted in an adjustment of AED 638,263 thousand within share capital and also an adjustment to earnings per share for the previous year. These consolidated financial statements are therefore a continuation of the financial statements of ADQ Aviation Group (the accounting acquirer) and the comparative figures in these consolidated financial statements also represent the ADQ Aviation Group.

A complete set of significant accounting policies and critical accounting judgements have also been presented and explained in these consolidated financial statements. Despite ADQ Aviation Group being deemed as the accounting acquirer, ADA will be used to refer to the Group throughout these consolidated financial statements.

A. Consideration transferred

Consideration for the business combination is determined using the fair value of the equity instruments issued at the date of acquisition. The quoted market price of ADA's shares provides a more reliable basis for measuring the fair value of equity instruments issued and therefore the consideration transferred is measured using the market price of ADA's shares in issue as of 1 May 2024.

The following tables summarise the acquisition date fair value of consideration transferred.

Fair valuation	% Ownership	AED
Fair valuation of accounting acquirer	59.45%	4,179,320,000
Fair valuation of accounting acquiree	40.55%	2,851,085,952
Combined fair value	100%	7,030,405,952

Capital structure post acquisitions	% Ownership	No. of Shares
Number of shares held by accounting acquiree (ADA)	40.55%	444,787,200
Number of shares issued to accounting acquirer (ADQ Aviation Group)	59.45%	652,000,000
	100%	1,096,787,200

	AED
Consideration transferred for reverse acquisition (2,444,787,200 ADA shares at AED 6.41 per share)	2,851,085,952

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

Notes to the consolidated financial statements

1 General information (continued)

B. Acquisition-related costs

The Group incurred acquisition-related costs of AED 7,877 thousand on legal fees, valuation and due diligence costs, which has been expensed in the statement of profit or loss.

C. Non-controlling interest

The non-controlling interest at the acquisition date represents the minority interest in Global Aerospace Logistics LLC (GAL) and has been recognised at the proportionate share of the acquired net identifiable assets of GAL at the acquisition date attributable to owners of non-controlling interest (Note 17).

D. Consideration and purchase price allocation

The consideration paid by the Group was based on results of an external appraisal of ADA's business taken as a whole. However, in accordance with IFRS 3 "Business Combinations", the Group must account for acquisitions based on fair values of the identifiable assets acquired, and liabilities and contingent liabilities assumed as set out in the following table:

Fair values as at 1 May 2024:

	AED'000
Assets	
Aircraft, property and equipment	947,292
Investment properties	342,701
Intangible assets	-
Investments in financial assets	447,230
Right of use assets	91,043
Investment in a joint venture	93,839
Investment in an associate	709,418
Inventories	612,891
Trade and other receivables	713,304
Advances, prepayments and other current assets	78,435
Cash and bank balances	477,073
Total assets acquired	4,513,226
Liabilities	
Provision for employees' end of service benefits	136,339
Borrowings	451,818
Lease liabilities	125,103
Deferred government grants	51,532
Trade and other payables	238,589
Provisions	53,229
Income tax provision	8,689
Total liabilities acquired	1,065,229
Fair value of identifiable net assets acquired	3,447,927
Net consideration transferred for the reverse acquisition	2,851,086
Gain on bargain purchase	596,841

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

Notes to the consolidated financial statements

1 General information (continued)

D. Consideration and purchase price allocation (continued)

The fair values of assets and liabilities acquired are based on a combination of the cost approach and the income approach. The valuation of identifiable intangible assets (brands, trademarks and customer relationships) was performed by an independent professional appraiser. Aircraft, property and equipment were included in the purchase price allocation, based on appraiser's reports.

E. Revenue and profit contributed by the accounting acquirees

The acquired business contributed revenues of AED 763,946 thousand and net profit of AED 201,971 thousand for the period from 1 May 2024 to 31 December 2024. If the acquisition had occurred on 1 January 2024, consolidated pro forma revenue and net income for the year ended 31 December 2024 would have been AED 7,621,135 thousand and AED 1,530,938 thousand respectively.

F. Cash and cash equivalents contributed by the accounting acquirees

On 1 May 2024 the acquired business contributed net cash and cash equivalents of AED 477,073 thousand.

G. Accounts receivables and other receivables contributed by the accounting acquirees

On 1 May 2024 the acquired business includes trade and other receivables with a fair value of AED 713,304 thousand.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

2 Application of new and revised IFRS Accounting Standards

2.1 New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, and the notes attached thereto, except for the adoption of certain new and revised IFRS Accounting Standards, that became effective in the current year as set out below.

Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024). Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Lease liability in sale and leaseback – amendments to IFRS 16 (effective 1 January 2024). The IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024). The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

The new disclosures include information about the following:

1. The terms and conditions of SFAs
2. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
3. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities in (b).
6. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are applicable for during the first year of application. However, these amendments are not applicable for the current reporting period.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

2 Application of new and revised IFRS Accounting Standards (continued)

2.1 New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements (continued)

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (effective 1 January 2024*). In June 2023, the International Sustainability Standards Board (ISSB) issued these standards. IFRS S1 requires disclosure of sustainability-related risks and opportunities impacting financial position and performance, while IFRS S2 mandates qualitative and quantitative disclosures on climate-related risks, covering governance, strategy, risk management, and relevant metrics.
(*effective upon adoption by applicable regulatory authority)

Other than the above, there are no other material IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current year but may affect the reporting for the Group's future transactions or arrangements.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

The Group has not early adopted new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 - The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025) - An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2026)

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027) - This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

2 Application of new and revised IFRS Accounting Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027) - This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: - it does not have public accountability; and - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The Group is currently assessing the impact of these standards on the future consolidated financial statements of the Group, and intends to adopt it, if applicable, when it becomes effective.

3 Material accounting policies

First time adoption of IFRS Accounting Standards

These consolidated financial statements for the year ended 31 December 2024 are the first annual consolidated financial statements that comply with IFRS Accounting Standards, prepared for the ADA Group following the reverse acquisition (refer to Note 1) with the date of adoption 1 January 2023. No consolidated financial statements were prepared for the combined entity for the prior reporting periods, although the entities comprising the ADQ Aviation Group - the accounting acquirer (as described in Note 1 on reverse acquisition) were preparing their individual financial statements in accordance with IFRS Accounting Standards.

Accordingly, the ADA Group (the 'Group') has prepared annual consolidated financial statements that comply with IFRS Accounting Standards as at 31 December 2024, with the date of adoption 1 January 2023. The comparative information for the year ended 31 December 2023 represents a combination of individual financial statements of the entities included in the ADQ Aviation Group as at 1 January 2023 and for the year ended 31 December 2023 which are the accounting acquirer as described in Note 1. The Group did not present a reconciliation at the date of adoption of IFRS Accounting Standards as no consolidated financial statements were prepared for the combined entity in the prior reporting periods. Assets and liabilities at the date of adoption were measured at the carrying amounts that were included in the combination of individual financial statements of ADQ Aviation Group entities for the year ended 31 December 2023.

Previously issued interim financial information

Certain balances as at 31 December 2023, previously presented in the condensed consolidated interim financial statements for the periods ended 30 June 2024 and 30 September 2024, were not fully reflective of intra-group eliminations for the period covered by the Group's first IFRS Accounting Standards' financial statements following the reverse acquisition. In the annual consolidated financial statements for the year ended 31 December 2024, adjustments were made to properly eliminate intra-group balances within trade and other receivables, and trade and other payables, which resulted in a reduction of AED 289 million in the previously reported amounts as of 31 December 2023.

Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements complies with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The 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, unless otherwise stated. The comparative financial statements are labelled as "unaudited", although they are a combination of standalone financial statements for the year ended 31 December 2023 and 31 December 2022. These consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time these were acquired.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Basis of preparation (continued)

Statement of compliance (continued)

The accounting policies applied by the Group in these consolidated financial statements are consistent with those in the annual audited financial statements of AMMROC, EYE and GAL as disclosed in the respective financial statements for the year ended 31 December 2023 and 31 December 2022, accounting policies that have been adopted as part of the business combination as indicated in Note 1 and new accounting policies that became effective from 1 January 2024 as explained in Note 2.

Basis of consolidation

The consolidated financial statements incorporates the financial position and performance of the Group and its legal subsidiaries as disclosed below:

<i>Name</i>	<i>Percentage holding</i>		<i>Country of incorporation</i>	<i>Principal Activities</i>
	<i>31 December 2024</i>	<i>31 December 2023</i>		
Maximus Air – Sole Proprietorship L.L.C.	100%	-	UAE	Air cargo
Herbal Hill Gardens Limited	100%	-	Gibraltar	Investment properties ownership
Maximus Airlines L.L.C	100%	-	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C.	100%	-	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C*	100%	-	UAE	Aviation training
ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C.	100%	-	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors
Global Aerospace Logistics LLC	50%	50%	UAE	Professional and technical assistance services, maintenance of aircraft and engines, the sale of aircraft, spare parts and accessories thereof.
Etihad Airways Engineering L.L.C	100%	100%	UAE	Maintenance, repair and overhaul to airlines and aviation operators
Advanced Military Maintenance, Repair and Overhaul Centre LLC	100%	100%	UAE	Repair, maintenance and overhaul services in respect of fixed and rotary wings, military aircraft and sale of spare parts related to military aircraft.

**The Abu Dhabi Aviation Training Centre L.L.C entered into a cooperation and services arrangement with CAE Inc. where the contributions and profit sharing is based on 50-50 percent basis between the parties. The parties have direct rights to the assets and are jointly and severally liable for the liabilities incurred by the arrangement. This arrangement is therefore classified as a joint operation, and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.*

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Basis of preparation (continued)

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Business combinations (continued)

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Abu Dhabi Aviation PJSC. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the period, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred taxes are recorded on temporary differences arising after initial recognition of goodwill, including those arising on initial introduction of the tax law in the UAE.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Investment in joint ventures and associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Interests in joint operations (continued)

- from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when each performance obligation of the service is fulfilled.

The stand-alone selling prices are determined based on the observable price at which the Group sells services on a standalone basis. For items that are not sold separately, the Group estimates standalone selling prices using other methods.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

Step 1 - Identify the contract(s) with a customer.

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 – Identify the performance obligations in the contract.

A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 – Determine the transaction price

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligations in the contract.

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. Revenue is recognised over time as the services are provided, and at a point in time for the sale of goods.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on the contracts signed with the customers

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Performance-based logistics ("PBL") services

The total revenue that the Group generates in return for the provision of the maintenance, repair, overhaul ("MRO") capability and services under the contractual arrangement will depend upon the extent of aircraft flight activity reported by Customer. Contractual arrangements set out a minimum amount, which compensates the Group's costs of fulfilling those contractual arrangements. Under this contract, the Customer pays a fixed flat rate for each flight hour (subject to certain thresholds) and such a rate will cover sale of material and parts, MRO work, and other services. In accordance with IFRS 15, it was assessed and concluded that the revenue attributable to the sale of materials and those attributable to MRO and other services are distinct and separable even if negotiated as one PBL agreement.

- Revenue from sale of materials is recognised on the transfer of control over materials to the Customer i.e., the time when the contract-specific materials are received and accepted by the Group on behalf of the Customer.
- Revenue from MRO services is recognised based on percentage of completion ("PoC") method. PoC is estimated based on factors including flight hours, contract period, KPIs, scope changes, and any adjustments to the contract value.

Professional & technical assistance services

Under IFRS 15, the professional & technical assistance services to be provided over the contract period are considered to be a single performance obligation with monthly billing cycle. Further, for each performance obligation under contract, the price agreed on cost plus basis is considered to be 'fair value' in accordance with IFRS 15.

Revenue from professional & technical assistance services is recognized over the contract period on a cost plus basis by reference to the recoverable cost incurred during the period together with the fee earned for the services rendered in accordance with the relevant contract.

Other maintenance, repair and overhaul services

Revenue from MRO services is recognised over time based on the actual labour hours booked, materials issued and other direct costs to jobs based on contractual rates agreed with customers.

Sale of materials

Revenue from sale of materials is recognised at point in time when the control over the materials is transferred to customers and includes revenue from material sales and spare parts trading to customers.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Rotary wing and fixed wing operations and air cargo

Revenue represents amounts invoiced by the Group in respect of aviation services provided during the year measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised over time as the services are provided.

Rental income/others

This represents amounts invoiced by the Group in respect of rental/consultancy services provided during the year measured at the fair value of the consideration received or receivable, net of discounts. The Group recognises revenue when the amount of the revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for Group's activities.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of options, if the lessee is reasonably certain to exercise the options and;

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Leases (continued)

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- Makes adjustments specific to the lease, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an updated discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Aircraft, property and equipment' policy. Extension and termination options are included in property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Leases (continued)

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lessor accounting

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of 'other income'.

Interest/dividend income and interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Foreign currency

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Deferred government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets (including aircraft, property and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Deferred income relating to Maximus Air – Sole Proprietorship L.L.C is recognised at the nominal value of shares that were granted to the Group. Deferred income is amortised on the basis of the agreed legal duration of the related investment of 25 years.

Aircraft, property and equipment

Recognition and measurement

Aircraft, property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of an item of aircraft, property and equipment have different useful lives, then they are accounted for as separate items (major components) of aircraft, property and equipment.

Any gain or loss on disposal of an item of aircraft, property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The cost of replacing part of an item of aircraft, property and equipment including major inspections and overhauls is recognised in the carrying amount of the related asset if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The remaining carrying amount of replaced parts is derecognised simultaneously. Major inspections and overhaul are capitalised as a separate component of aircraft, property and equipment and are amortised over the period to the next major overhaul.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost of assets over their estimated useful lives, after allowing for estimated residual value.

Residual value is the net amount which the Group expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis

Depreciation of operational aircraft, property and equipment commences with the commercial use of the asset.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)**3 Material accounting policies** (continued)**Aircraft, property and equipment** (continued)

The estimated useful life for aircraft, property and equipment in the current year and comparative period is as follows:

	Years
Buildings	30-50
Helicopters, aircraft and major rotables	10-15
Commercial aircraft, rotatable parts and repairables	20-30
Cargo aircraft building	30
Cargo aircraft and spares	25
Leasehold improvements	3-50
Furniture, fixtures, and computers	3-10
Machinery, equipment, and others	4-30

Capital work in progress.

Properties or assets in the course of construction for production, supply, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment or intangible asset category and is depreciated or amortised in accordance with the Group's policies.

Intangible assets

Intangible assets, which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

	Years
Intellectual property	4 - 7
Customer contracts	2 - 5
Software	2 - 5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

At each reporting date, the Group reviews the carrying amounts of its investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Investment properties (continued)

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost or net realisable value, which have been adjusted for any expected impairment. Cost is arrived at using the weighted average method for MRO related inventory and the First In First Out (FIFO) method for all other helicopter and fixed wing operations inventory. Costs comprises cost of materials purchased, duties, freight charges and other related expenses and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventory to its present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling expenses. Allowance for obsolete and slow-moving inventory is made to reduce the carrying amount of inventories to their realisable value.

Deferred costs

Deferred costs consists of components ordered for certain kits that are principally to be used in maintenance activities in future, sale, with revenue being recognised at the time of delivery of fully completed kits,. Cost comprises all direct costs attributable to the purchase of the components of these kits.. Management is satisfied that revenue recognition is at the time of delivery of the fully completed kits for the aircraft in the future. Accordingly, all related costs incurred are recorded as deferred costs.

Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents comprise cash (i.e., cash on hand and demand deposits). Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Other financial assets at amortised cost

In the consolidated statement of financial position, other financial assets at amortised cost comprise of other financial assets, structured deposits and short-term investments having maturity of more than 3 months which are not highly liquid and are exposed to significant risk of changes due to early termination costs imposed by the banks and are held by the Group for investment purposes.

Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met;
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities (continued)

(i) *Amortised cost and effective cost method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the finance income line item.

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL.

Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “Net change in the fair value of financial asset through profit or loss” line item in the profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other receivables, as well as on contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL (expected credit losses) for trade receivables and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises a lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- and an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) *Significant increase in credit risk* (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the other income line item in consolidated statement of profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities (continued)

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Debt and equity instruments

Debt and equity instruments are classified as either financial liability or equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

A financial instrument is classified as equity instrument if, and only if, both conditions (a) and (b) below are met.

- (a) The instrument includes no contractual obligation:
- to deliver cash or another financial asset to another entity.
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.
- (b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
 - a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Trade payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice.

The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provision for employees' end of service benefits

Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees' and the obligation can be estimated reliably.

Provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employee up to the consolidated statement of financial position date and is considered as a current liability.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

3 Material accounting policies (continued)

Provision for employees' end of service benefits (continued)

Terminal benefits for non-UAE Nationals

Terminal benefits: For Group entities domiciled in the UAE, a provision for staff terminal benefits is made in accordance to the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were to be terminated at the reporting date. For Etihad Airways Engineering, the Group runs a defined benefit plan for its expatriate employees based in the UAE as per the requirements of UAE Labour Law No 8 of 1980. For defined benefit retirement plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the annual reporting period. Remeasurement, comprising actual gain and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the year in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, and gains and losses on curtailments and settlement);
- net interest expense or income; and
- measurement.

Terminal benefits for UAE Nationals

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salary. The Group's obligations are limited to those contributions, which are expensed when due.

Pension contributions are made in respect of UAE national employees to Abu Dhabi Retirement Pensions and Benefits Fund in accordance with the UAE Federal Law No. (2) of 2000. Such contributions are charged to the profit or loss during the employees' period of service.

An actuarial valuation is not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

4 Critical accounting judgment and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

Judgements in determining the timing of satisfaction of performance obligations

The Group generally recognises revenue over time as it performs continuous transfer of control of goods or transport services to the customers. Because customers simultaneously receive and consume the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these performance obligations, the Group has considered the nature of these goods and services as well as the nature of its performance.

Determination of control over investment in joint venture and subsidiaries

As describe in Note 10, AgustaWestland Aviation Services L.L.C. ("AWAS") is a joint venture of the Group and Agusta SpA. Although the Group owns a 70% ownership interest in AWAS, the Group does not have control or significant influence over AWAS as it is contractually agreed with Agusta SpA that the relevant activities of AWAS require unanimous consent of the parties sharing control and equal voting power. AWAS is a limited liability Group whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, AWAS is classified as a joint venture of the Group.

The Group has also entered into a cooperation and services arrangement with CAE Inc. in relation to Abu Dhabi Aviation Training L.L.C., where the contributions and profit sharing is based on 50-50 percent basis between the parties. The parties have direct rights to the assets and are jointly and severally liable for the liabilities incurred by the arrangement. This arrangement is therefore classified as a joint operation, and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or asset held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment aircraft, property and equipment and asset held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16, IAS 40 and IFRS 5, in particular, the intended usage of property as determined by management.

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

4 Critical accounting judgment and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

Business model assessment (continued)

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Accounting acquirer

One of the most important steps in a business combination is to identify the acquirer in the transaction. From an accounting perspective the legal acquirer may not always be the accounting acquirer. In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree.

As per IFRS 3, several factors determine the accounting acquirer - the relative voting rights in the combined entity after the business combination, the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest, the composition of the governing body of the combined entity, the composition of the senior management of the combined entity, the terms of the exchange of equity interests and relative size (measured in, for example, assets, revenues or profit) of each combining entity.

In the transaction between ADA and ADQ Aviation Group, the Group made an assessment of accounting acquirer as per IFRS 3 qualitative and quantitative factors and determined that the acquiring entity for accounting purposes is ADQ Aviation Group given its relative size within the combined group.

PBL Contract

(a) Key Performance Indicators (KPI)

The PBL contract penalizes the Group for not achieving the specified KPI benchmark as agreed in the contract. These penalties are computed on a specific percentage of revenue for the relevant period. Therefore, in computing the percentage of completion for the PBL MRO services management considers an estimated KPI penalty for future periods to assess the overall net revenue from the PBL MRO services. While forecasting KPI penalties, management has assumed future resources availability and learning curve efficiencies being developed based on their experience from past provision of MRO services.

(b) Total contract value

The PBL contract value is the product of platform-wise flight hour rate multiplied by sum of actual flight hours to date and future estimated flight hours. Future flight hours are estimated based on updated information of historical trends of flight hours. On a quarterly basis management updates the contract value of the PBL contract by incorporating the actual flight hours till date minus the previous quarter. As the total estimated contract value is less than the budgeted value in the PBL contract due to lower than budgeted flight activity, management has assumed the revised estimated contract value in its cost-to-cost calculations.

(c) Obligation after the end of the PBL contract

The Group's obligation for providing MRO services under the PBL contract is time bound, hence based on its understanding and interpretation of the contractual arrangements, the Group is not responsible for any aircraft brought to service after the end of the PBL contract, regardless of the timing of the flight hours. However, management is responsible for completing MRO services on aircraft which are already under the maintenance process at the contract end date as well as items sent outside the custody of the Group to be repaired.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

4 Critical accounting judgment and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

PBL Contract (continued)

(d) Determination of existence of customer contract and revenue recognition

Instances where there are unsigned contracts with related party customers (“the Customer”), all relevant factors in accordance with IFRS 15 are considered in determining the amount of revenue recognised, whether it is probable that the economic benefits would arise from the unsigned contract, the service performed has been received and accepted by the customer during the negotiations phase of the contract.

As of the year end, the group has recognised revenue equivalent to the actual cost incurred to fulfil the obligations of any contract where there is no confirmation received from the customer in respect to the terms of contract which are under negotiations. In respect to unsigned contract where the customer has confirmed the terms the revenue has been recognised based on the contractual price agreed with the customer as part of contract negotiations.

Determination of principal or agency relationship

All relevant factors and circumstances are considered in determining whether the Group is acting as a principal or as an agent with respect to its contracts with Customers. Consideration is given to the principal terms of the contract and an assessment if the Group is exposed to substantially all the risk and rewards of the contract with customers. The Group is assessed to be the principal in all contracts with customers as of the reporting date.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for impairment losses on trade and other receivables

The Group recognises loss allowances for ECLs on trade and other receivables. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

4 Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Allowance for impairment losses on trade and other receivables (continued)

The Group assumes that the credit risk on trade and other receivables has increased significantly based on significant judgement. Specific factors management considers include the age of balance, background of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management has estimated the recoverability of trade receivables balances and has considered the allowance required for impaired receivables. Allowance for impairment losses on trade and other receivables at 31 December 2024 is AED 395,040 thousand (31 December 2023: AED 648,685 thousand).

Allowance for obsolete and slow-moving inventories

Management has estimated the recoverability of inventory balances which relates to spare parts and rotables and has considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history. The allowance for impairment of obsolete and slow-moving inventories as at 31 December 2024 is AED 196,367 thousand (31 December 2023: AED 193,900 thousand).

Useful lives of aircraft, property and equipment

The Group determines the estimated useful lives of its aircraft, property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of assets and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge is adjusted where management believes that the useful lives differ from the previous estimates (Note 5).

Impairment of aircraft, property and equipment and capital work in progress

Aircraft classified under aircraft, property and equipment and capital work in progress are assessed for impairment by comparing the carrying value to their estimated recoverable amount, being the higher of their estimated fair value less costs of disposal and value in use at individual CGU level. For the year ended 31 December 2024, the impairment charge is AED 3,720 thousand (31 December 2023: AED 21,230 thousand).

Impairment of investment in a joint venture

Management regularly reviews its investment in a joint venture for indicators of impairment. This determination of whether the investment in a joint ventures is impaired, entails management's evaluation of the investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and into the foreseeable future. The difference between the estimated recoverable amount and the carrying value of the investment is recognised as an expense in profit or loss. Management is satisfied that no impairment is required on its investment in a joint venture (Note 10).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

4 Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Revenue recognition and accrued contract revenue for certain cost-plus contracts

Under the provision of certain cost-plus contracts, the Group is able to bill the customer for certain employee related accruals relating to end of service benefits, airfare and tickets and leave salaries, when these are actually paid to the employees. As these costs are subject to change due to various estimation uncertainties not in control of the Group including employee attritions, final basic salary at termination of employment, period of expected employment and the continuation of the employee to work for cost-plus contracts, at the end of every reporting period, management estimate an amount of revenue required to be recognised relating to the customer contract for these employee related accruals. The accuracy of these estimate has a significant impact on the amount of revenue and accrued revenue recognised.

Carrying value of provision for defined end of service benefit obligation

For Etihad Airways Engineering (EYE), the calculation of defined benefit obligation is sensitive to the actuarial assumptions. Subsequent changes in circumstances such as living conditions in the region, labour laws and labour market dynamics may result in actual results differing from estimates. Estimates are reviewed on an annual basis by a qualified independent actuary and revised if deemed necessary.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

5 Aircraft, property and equipment

	Buildings	Helicopters, aircraft and major rotables	Cargo aircraft and spares	Leasehold improvements	IT equipments	Furniture and fittings	Tools and equipment	Capital work in progress ("CWIP")	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost									
At 1 January 2023 (unaudited)	839,886	-	-	6,033	77,054	76,843	473,113	3,022,034	4,494,963
Additions	7,574	-	-	7,984	24,496	6,642	29,193	87,348	163,237
Disposals/write-offs	-	-	-	-	(404)	(369)	(2,124)	-	(2,897)
Transfers from CWIP	20,092	-	-	-	-	-	-	(20,092)	-
At 31 December 2023 (unaudited)	867,552	-	-	14,017	101,146	83,116	500,182	3,089,290	4,655,303
At 1 January 2024 (unaudited)	867,552	-	-	14,017	101,146	83,116	500,182	3,089,290	4,655,303
Acquisition through business combination (Note 1)	50,937	776,938	47,561	-	1,340	(545)	2,945	68,116	947,292
Additions	64,091	28,140	-	1,483	23,182	6,287	26,557	106,062	255,802
Disposals/write-offs	(305)	(27,809)	-	(4,210)	(3,371)	(29,477)	(3,381)	(10)	(68,563)
Transfers from CWIP	2,892	-	-	-	-	-	-	(2,892)	-
At 31 December 2024	985,167	777,269	47,561	11,290	122,297	59,381	526,303	3,260,566	5,789,834

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

5 Aircraft, property and equipment (continued)

	Buildings	Helicopters , aircraft and major rotables	Cargo aircraft and spares	Leasehold improvements	IT equipments	Furniture and fittings	Tools and equipment	Capital work in progress ("CWIP")	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Accumulated depreciation									
At 1 January 2023 (unaudited)	197,363	-	-	3,133	73,915	71,803	405,500	-	751,714
Depreciation charge for the year	13,985	-	-	1,578	4,785	2,674	14,949	-	37,971
Disposals/ write-offs	-	-	-	-	(396)	(369)	(2,039)	-	(2,804)
At 31 December 2023 (unaudited)	211,348	-	-	4,711	78,304	74,108	418,410	-	786,881
At 1 January 2024 (unaudited)	211,348	-	-	4,711	78,304	74,108	418,40	-	786,881
Depreciation charge for the year	17,738	12,770	5,132	3,132	8,896	3,083	16,566	-	67,317
Disposals/write-offs	(224)	(12,418)	-	(3,930)	(127)	(29,471)	(3,150)	-	(49,320)
At 31 December 2024	228,862	352	5,132	3,913	87,073	47,720	431,826	-	804,878
Accumulated impairment									
At 1 January 2023 (unaudited)	237,780	-	-	-	-	-	-	3,001,461	3,239,241
Impairment charge for the year	-	-	-	-	-	-	-	21,230	21,230
At 31 December 2023 (unaudited)	237,780	-	-	-	-	-	-	3,022,691	3,260,471
At 1 January 2024 (unaudited)	237,780	-	-	-	-	-	-	3,022,691	3,260,471
Impairment write-off	-	(14,657)	-	-	-	-	-	-	(14,657)
Impairment charge for the year	-	-	-	-	-	-	-	3,720	3,720
At 31 December 2024	237,780	(14,657)	-	-	-	-	-	3,026,411	3,249,534
Carrying value									
At 31 December 2024	518,525	791,574	42,429	7,377	35,224	11,661	94,477	234,155	1,735,422
At 31 December 2023 (unaudited)	418,424	-	-	9,306	22,842	9,008	81,772	66,599	607,951
At 1 January 2023 (unaudited)	404,743	-	-	2,900	3,139	5,040	67,613	20,573	504,008

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

5 Aircraft, property and equipment (continued)

- i) The capital work-in-progress mainly represents capital expenditure incurred in respect of constructing a new MRO facility expected to cater to certain fixed and rotary wing aircraft platforms. Based on review, management concluded that there were triggers for an impairment review of the recoverability of the total incurred and committed costs of this facility (and certain intellectual property associated with platforms being installed in it, as described in Note 6). Management undertook an impairment assessment, which included identifying the smallest group of assets within the facility that represent cash generating units ('CGU's). These CGU's comprise groups of assets for specific platforms.

Based on its assessment, management concluded that the carrying amount of some of the CGU's exceeded their estimated recoverable amount by a total of AED 3,019 million. This was determined by estimating the future cash flows of CGU's, discounted at a discount rate of 10%.

During the year, certain items of aircraft, property and equipment were approved for write off which hitherto, were impaired as such AED 14.5 million was written off from the impairment previously recorded.

- ii) Property and equipment with a carrying amount of AED 386 million (2023: AED Nil) are mortgaged to the lending banks (Note 22).
- iii) Aircraft, property and equipment is operated from the Group's base in the UAE.
- iv) The depreciation charge for the year has been allocated as follows:

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Direct operating costs (Note 28)	48,115	26,793
General and administrative expenses (Note 29)	19,202	11,178
	<u>67,317</u>	<u>37,971</u>

- v) The cost of fully depreciated assets as at 31 December 2024 amounts to AED 5,214 million (2023: AED 3,475 million).
- vi) During the year ended 31 December 2024, a gain on disposal of AED 3.8 million was recognised in the consolidated statement of profit or loss, which resulted in proceeds from disposal of AED 8.1 million as disclosed in the consolidated statement of cash flows.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Intangible assets

	Computer software	Work in progress	Customer contracts and intellectual properties	Total
	AED '000	AED '000	AED '000	AED '000
Cost				
At 1 January 2023 (unaudited)	219,534	6,905	620,230	846,669
Additions	4,820	7,235	-	12,055
Disposals	-	-	-	-
At 31 December 2023 (unaudited)	224,354	14,140	620,230	858,724
At 1 January 2024 (unaudited)	224,354	14,140	620,230	858,724
Additions	4,203	-	-	4,203
Disposals	(1,853)	-	-	(1,853)
At 31 December 2024	226,704	14,140	620,230	861,074
Accumulated amortisation and impairment				
At 1 January 2023 (unaudited)	216,656	6,507	620,230	843,393
Amortisation charge for the year	1,647	136	-	1,783
Impairment charge for the year	-	1,146	-	1,146
At 31 December 2023 (unaudited)	218,303	7,789	620,230	846,322
At 1 January 2024 (unaudited)	218,303	7,789	620,230	846,322
Amortisation charge for the year	2,617	-	-	2,617
Write-off	(1,847)	-	-	(1,847)
At 31 December 2024	219,073	7,789	620,230	847,092
Carrying Value				
At 31 December 2024	7,631	6,351	-	13,982
At 31 December 2023 (unaudited)	6,051	6,351	-	12,402
At 1 January 2023 (unaudited)	2,878	398	-	3,276

As disclosed in Note 5, an impairment loss was recognized in prior years against certain cash-generating units (CGUs) in the MRO facility under construction. In assessing the recoverability of intangible assets related to these CGUs, the Group's subsidiary, AMMROC, determined that the carrying amounts of customer contracts and intellectual property were fully impaired due to events including the loss of key contracts. Impairment charges related to customer contracts amounted to AED 170 million in 2019, following the loss of the PBL contract with AFAD, and AED 246 million and AED 7 million were recorded in 2016 and 2018, respectively, in relation to intellectual property.

7 Investment properties

Investment properties represent investment in properties located in Zayed City, Abu Dhabi, Al Rawdhat, Abu Dhabi, Al Satwa, Dubai and Al Muneera, Abu Dhabi.

	31 December 2024	31 December 2023	1 January 2023
	AED '000	(Unaudited) AED '000	(Unaudited) AED '000
At 1 January	3,642	3,724	76,893
Acquisition through business combination (Note 1)	342,701	-	-
Additions during the year	7,207	-	(71,988)
Change in fair value during the year (Note 30)	3,352	(82)	(1,181)
At 31 December	356,902	3,642	3,724

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

7 Investment properties (continued)

Investments properties were initially recognised at cost at the acquisition date and subsequently revalued based on external valuations performed by the valuation expert. 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.

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. There was no impairment loss on valuation of investment property recognised during the year (31 December 2023: AED Nil).

As at 31 December 2024, all of the Group’s investment properties were grouped in Level 3 of fair value hierarchy (31 December 2023: Level 3).

	31 December 2024 AED ‘000	31 December 2023 (Unaudited) AED ‘000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant Unobservable input(s) and its relationship to fair value	Sensitivity
Residential property located at Al Rawdhat	183,737	-	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 8 % rate (2023: Nil).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Al Satwa	101,899	-	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 8 % (2023: Nil).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Al Muncera	51,857	-	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 8% (2023: Nil)	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential property located at Zayed City	12,415	-	Level 3	Market approach	Unit sales price per Sq. F	A slight increase in the per square foot rate used would result in a significant increase in fair value, and vice versa.
Residential property located at Zayed City	6,994	3,642 (2022-3,724)	Level 3	Income approach	Discount rate, taking into account the discounting of rental income potential, nature of the property, and prevailing market condition, of 8% (2023: 8%)	A slight increase in the per square foot rate used would result in a significant increase in fair value, and vice versa.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

8 Right of use assets

	Land	Buildings	Motor vehicles	Total
	AED '000	AED '000	AED '000	AED '000
Cost				
At 1 January 2023 (unaudited)	874,433	104,199	3,976	982,608
Additions during the year	-	29,622	-	29,622
Termination during the year	-	(4,688)	-	(4,688)
At 31 December 2023 (unaudited)	<u>874,433</u>	<u>129,133</u>	<u>3,976</u>	<u>1,007,542</u>
At 1 January 2024 (unaudited)	874,433	129,133	3,976	1,007,542
Acquisition through business combination (Note 1)	-	91,043	-	91,043
Additions	393,543	7,401	-	400,944
Termination during the year	(549,883)	(47,388)	-	(597,271)
At 31 December 2024	<u>718,093</u>	<u>180,189</u>	<u>3,976</u>	<u>902,258</u>
Accumulated depreciation				
At 1 January 2023 (unaudited)	127,523	92,251	3,976	223,750
Depreciation for the year	18,574	15,010	-	33,584
Termination during the year	-	(4,697)	-	(4,697)
At 31 December 2023 (unaudited)	<u>146,097</u>	<u>102,565</u>	<u>3,976</u>	<u>252,637</u>
At 1 January 2024 (unaudited)	146,097	102,565	3,976	252,638
Depreciation for the year	16,658	12,990	-	29,648
Termination during the year	(63,135)	(47,388)	-	(110,523)
At 31 December 2024	<u>99,620</u>	<u>68,167</u>	<u>3,976</u>	<u>171,763</u>
Carrying Value				
At 31 December 2024	<u>618,473</u>	<u>112,022</u>	<u>-</u>	<u>730,495</u>
At 31 December 2023 (unaudited)	<u>728,336</u>	<u>26,568</u>	<u>-</u>	<u>754,904</u>
At 1 January 2023 (unaudited)	<u>746,910</u>	<u>11,948</u>	<u>-</u>	<u>758,858</u>

The Group entered into a settlement and termination agreement with the existing landlord to terminate the MRO land lease with a carrying value of AED 604 million in respect of the lease liability and AED 487 million in respect of right of use assets, having met the conditions precedent related to the settlement and termination agreement. Rent of AED 60 million was repaid to the landlord and a gain on termination of AED 58 million recorded in the consolidated statement of profit or loss.

The termination of the lease agreement also resulted in a termination fee of AED 36 million which was netted off against the gain on lease termination, resulting in a net gain on termination of AED 22 million (Note 30) which was recognised in the consolidated statement of profit or loss.

On 1 March 2024, the Group entered into a negotiation with the Ultimate Landlord over a new lease agreement for a lease term of 40 years and rental repayments payable in advance.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

9 Financial assets at fair value through profit or loss

	<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>31 December</i> <i>2023</i> <i>(Unaudited)</i> <i>AED'000</i>	<i>1 January</i> <i>2023</i> <i>(Unaudited)</i> <i>AED'000</i>
Equity securities - designated at FVTPL	305,288	-	-
Debt securities - designated at FVTPL	259,520	-	-
	564,808	-	-

The movement in investment in financial assets at fair value through profit or loss are as follows:

	<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>1 January</i> <i>2023</i> <i>(Unaudited)</i> <i>AED'000</i>
At 1 January	-	-
Acquisition through business combination (Note1)	447,230	-
Purchase during the year	101,779	-
Disposal during the year	(27,791)	-
Change in fair value during the year	43,492	-
Net foreign currency translation difference	98	-
At 31 December	564,808	-

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

	<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>31 December</i> <i>2023</i> <i>(Unaudited)</i> <i>AED'000</i>	<i>1 January</i> <i>2023</i> <i>(Unaudited)</i> <i>AED'000</i>
Investment in equities – UAE	256,411	-	-
Investment in developed market equities – US	12,633	-	-
Investment in emerging market equities – Asia	1,519	-	-
Investment in equities – US	302	-	-
Investment in fixed income SP – UAE	34,423	-	-
Investment in developed government bonds	5,178	-	-
Investment in high yield and emerging market bonds	17,200	-	-
Investment in corporate bonds – US	4,666	-	-
Investment in short term maturity bonds	6,586	-	-
Investment in corporate bonds – UK	36,369	-	-
Investment in corporate bonds – European (EX–UK)	4,243	-	-
Investment in multi class bonds	181,484	-	-
Investment in multi class assets	2,642	-	-
Investment in alternate commodities	590	-	-
Investment in alternative trading strategies	562	-	-
	564,808	-	-

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Investments in a joint venture and an associate

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Investment in AgustaWestland Aviation Services LLC (Joint venture)	109,222	-	-
Investment in Royal Jet LLC (Associate)	762,934	-	-
	872,156	-	-

Investment in a joint venture

The Group has a 70% equity shareholding with equal voting power in AgustaWestland 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 31 December 2024 has been accounted for using the equity method.

Investment in AgustaWestland Aviation Services LLC

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
At 1 January	-	-
Acquisition through business combination (Note 1)	93,839	-
Share of profit for the year	15,383	-
At 31 December	109,222	-

The joint venture's summarised financial information is as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Statement of financial position			
Non-current assets	2,982	-	-
Cash and cash equivalents	25,529	-	-
Other current assets (excluding cash)	231,789	-	-
Financial liabilities (excluding trade payables)	(75,949)	-	-
Other current liabilities (including trade payables)	(24,590)	-	-
Other non-current liabilities	(3,729)	-	-
Net assets	156,032	-	-

The joint venture's summarised financial performance is as follows:

	<i>For the year ended 31 December 2024</i>	<i>For the year ended 31 December 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
Statement of profit or loss:		
Income	182,982	-
Expenses	(149,681)	-
Depreciation	(387)	-
Other expenses	(8,765)	-
Income tax for the year	(2,173)	-
	21,976	-

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Investments in a joint venture and an associate (continued)

The reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	31 December 2024	31 December 2023	1 January 2023
	AED'000	(Unaudited) AED'000	(Unaudited) AED'000
Acquisition through business combination (Note 1)	134,056	-	-
Profit for the year	21,976	-	-
Closing balance	156,032	-	-
Share of interest in joint venture at 70%	109,222	-	-
Carrying Value	<u>109,222</u>	-	-

Investment in an associate

Set out below is the investment in an associate of the group as at 31 December 2024 which, in the opinion of the directors, is material to the Group.

Investment in Royal Jet LLC

	2024	2023
	AED'000	(Unaudited) AED'000
At 1 January	-	-
Net assets related to the through business combination (Note 1)	709,418	-
Share of profit for the year	53,516	-
At 31 December	<u>762,934</u>	<u>-</u>

The associate's summarised financial information is as follows:

	31 December 2024	31 December 2023	1 January 2023
	AED'000	(Unaudited) AED'000	(Unaudited) AED'000
Statement of financial position			
Non-current assets	959,998	-	-
Cash and cash equivalents	73,511	-	-
Other current assets (excluding cash)	620,056	-	-
Financial liabilities (excluding trade payables)	(69,824)	-	-
Other current liabilities (including trade payables)	(240,879)	-	-
Other non-current liabilities	(83,890)	-	-
Net assets	<u>1,258,972</u>	-	-

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Investments in a joint venture and an associate (continued)

The associate's summarised financial performance is as follows:

	<i>31 December</i> <i>2024</i>	<i>31 December</i> <i>2023</i> <i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>
Statement of profit or loss		
Income	679,234	-
Expenses	(516,371)	-
Other expenses	(39,678)	-
Finance costs, net	(5,745)	-
Income tax for the year	(10,408)	-
	<u>107,032</u>	<u>-</u>

The reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associate is as follows:

	<i>31 December</i> <i>2024</i>	<i>31 December</i> <i>2023</i> <i>(Unaudited)</i>	<i>1 January</i> <i>2023</i> <i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Opening net assets	-	-	-
Net assets retained in associate	1,151,940	-	-
Profit for the year	107,032	-	-
Closing balance	<u>1,258,972</u>	-	-
Share of interest in associate at 50%	629,486	-	-
Fair value gain of interest retained in associate	133,448	-	-
Carrying value	<u>762,934</u>	-	-

11 Inventories

	<i>31 December</i> <i>2024</i>	<i>31 December</i> <i>2023</i> <i>(Unaudited)</i>	<i>1 January</i> <i>2023</i> <i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Aircraft consumables and spare parts	1,286,747	625,427	525,316
Goods in transit	4,893	834	902
Less: allowance for slow moving/ obsolete inventories	(196,367)	(193,900)	(197,751)
	<u>1,095,273</u>	<u>432,361</u>	<u>328,467</u>

The aircraft consumables and spare parts includes inventories of AED 613 million which relates to the acquisition through business combination (Note 1).

Inventories recognised as an expense during the year ended 31 December 2024 amounted to AED 2,049 million (2023: AED 2,243 million). These were included in cost of goods sold and cost of providing services (Note 28).

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

11 Inventories (continued)

Movement in allowance for slow moving/ obsolete inventories is as follows:

	2024	2023
	AED '000	(Unaudited) AED '000
At 1 January	193,900	197,751
Charge for the year	19,249	23,152
Reversal for the year	(16,782)	(27,003)
At 31 December	196,367	193,900

12 Trade and other receivables

	31 December 2024	31 December 2023	1 January 2023
	AED '000	(Unaudited) AED '000	(Unaudited) AED '000
Trade receivables	396,815	119,109	108,615
Unbilled receivables	47,291	120,726	71,623
Other receivables	69,648	64,497	72,478
	513,754	304,332	252,716
Less: Provision for impairment on trade and other receivables (Note 12(b))	(32,798)	(37,941)	(48,993)
	480,956	266,391	203,723
Due from related parties (Note 12(a))	4,589,545	5,490,965	5,098,131
	5,070,501	5,757,356	5,301,854

12(a) Due from related parties

	31 December 2024	31 December 2023	1 January 2023
	AED '000	(Unaudited) AED '000	(Unaudited) AED '000
Billed related party receivables	1,809,409	2,093,920	3,205,463
Less: Provision for impairment of billed related party receivables (Note 12(c))	(234,294)	(290,823)	(161,080)
	1,575,115	1,803,097	3,044,383
Unbilled related party receivables	3,087,265	4,007,789	2,268,408
Less: Provision for impairment of unbilled related party receivables (Note 12(d))	(72,835)	(319,921)	(214,660)
	3,014,430	3,687,868	2,053,748
	4,589,545	5,490,965	5,098,131

The average credit period of trade receivables is 60 - 90 days (31 December 2023: 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.

The Group measures the allowance for expected credit loss on trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12 Trade and other receivables (continued)

12(b) The following table shows the movement in the allowance for expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9:

	2024	2023
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
At 1 January	37,941	48,993
Charge for the year	527	3,795
Reversal for the year	(4,178)	(14,847)
Written off during the year	(1,492)	-
At 31 December	32,798	37,941

12(c) Movement in allowance for impairment losses on billed amounts due from related parties is as follows:

	2024	2023
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
At 1 January	290,823	161,080
Charge during the year	4,353	162,642
Transfer from unbilled provision	45,116	-
Reversal during the year	(96,104)	(17,125)
Written off during the year	(9,894)	(15,774)
At 31 December	234,294	290,823

12(d) Movement in allowance for impairment losses on unbilled amounts due from related parties is as follows:

	2024	2023
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
At 1 January	319,921	214,660
Charge during the year	8,453	105,261
Transfer to billed provision	(45,116)	-
Reversal during the year	(14,296)	-
Written off during the year	(196,127)	-
At 31 December	72,835	319,921

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

13 Advances, prepayments and other current assets

	31 December 2024	31 December 2023	1 January 2023
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
Prepayments	68,991	9,762	50,982
Deposits and advances	1,164,776	976,975	717,762
Other current assets	191,961	88,070	354,287
	1,425,728	1,074,807	1,123,031

The other current assets include restricted cash of AED 52.7 million related to a legal case (Note 35).

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

14 Cash and cash equivalents

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Cash on hand	4,477	1,325	2,943
Cash at bank	3,097,129	1,758,331	2,136,499
Term deposits (with less than three months to maturity)	739,770	257,075	303,295
	3,841,376	2,016,731	2,442,737

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Cash and cash equivalents	3,841,376	2,016,731	2,442,737
Less: restricted cash	-	(3,002)	-
Less: bank overdrafts	(86,424)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	3,754,952	2,013,729	2,442,737

The cash and cash equivalents disclosed for 2023 include restricted cash of AED 3 million as cash collateral for performance and advance payment guarantee for a specific customer contract.

Cash and deposits with banks include an amount of AED 3.53 million (2023: Nil) held in foreign banks 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 5.8% (2023: 0.09% and 5.5%) per annum.

15 Other financial assets at amortised cost

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Term deposits (with more than three months to maturity)	429,989	-	-
Structured deposits	30,029	-	-
	460,018	-	-

These investments are not highly liquid and are exposed to significant risk of changes due to early termination costs imposed by the banks and held for the investment purposes and not merely for cash management at an average interest rate of 5.3% per annum.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

16 (a) Contributed capital

	<i>31 December 2024</i>	<i>31 December 2023</i> <i>(Unaudited)</i>	<i>1 January 2023</i> <i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Authorised, issued and fully paid	1,096,787	1,735,050	1,735,050

The transaction between ADA and ADQ Aviation was effected by the issuance of 652,000,000 ordinary shares of AED 1 by ADA to the existing shareholders of ADQ Aviation. The newly issued shares added to the existing share capital of ADA (i.e. 1,096,787,200 shares) constitutes the share capital of the legal entity/acquirer after the acquisition, i.e. the combined entity. The table below represents the effect of the transaction on the share capital of the Group as of the date of the transaction:

	<i>Shares</i>	<i>%</i>
No. of shares held by accounting acquiree (ADA)	444,787,200	40.55
No. of shares issued to accounting acquirer (ADQ Group)	652,000,000	59.45
	1,096,787,200	100.00

16 (b) Contributed capital

The contributed capital represents the additional contribution paid by the shareholders of the Company. These contributions are long term, interest free and are repayable upon the dissolution of the Company.

17 Non-controlling interest

The movement for the non-controlling interest ("NCI") are detailed below:

	<i>AED'000</i>
Net assets of GAL as at the acquisition date	2,210,050
% of NCI	50%
NCI to be recognised at the acquisition date	1,105,025
Profit for the year attributable to NCI	161,722
NCI as at 31 December 2024	1,266,747

The following table summarises the information relating to the subsidiary that has material non-controlling interest, before any intra-group eliminations.

	<i>31 December 2024</i>	<i>31 December 2023</i> <i>(Unaudited)</i>	<i>1 January 2023</i> <i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Non-controlling interest percentage	50%	-	-
Statement of financial position information:			
Non-current assets	67,091	-	-
Current assets	7,169,106	-	-
Non-current liabilities	(197,802)	-	-
Current liabilities	(4,504,900)	-	-
Net assets	2,533,495	-	-
Net assets attributable to non-controlling interests	1,266,748	-	-
Revenue	5,277,893	-	-
Profit after tax	323,444	-	-
Total comprehensive income	323,444	-	-
Profit allocated to non-controlling interests	161,722	-	-

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

17 Non-controlling interest (continued)

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Statement of cash flow:			
Cash flows from operating activities	870,104	-	-
Cash used in investing activities	(15,178)	-	-
Cash used in financing activities (dividends: nil)	(5,546)	-	-
Net increase in cash and cash equivalents	849,380	-	-

18 Share premium

In accordance with IFRS 3 and under the principles of reverse acquisition, the equity structure appearing in these consolidated financial statements reflects the capital structure (number of shares) of the legal acquirer (ADA), including the shares issued by ADA to ADQ Aviation to effect the business combination (Note 1). This results in the creation of 'Share premium' as at 1 May 2024, being the difference between the capital structure of the legal acquirer (ADA) and the capital structure of the accounting acquirer (ADQ Aviation Group).

The share premium has been computed as follows:

	<i>AED'000</i>
Fair value of the legal acquirer at acquisition (444 million shares at AED 6.41)	2,851,086
Add: Share capital of the legal acquiree	1,735,050
Value of equity post-acquisition	4,586,136
Less: Capital structure of the legal acquirer	(1,096,787)
Share premium as at 31 December 2024	3,489,349

19 Reserves

	Statutory reserve	Other reserves	Total
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At 1 January 2023 (unaudited)	311,891	-	311,891
At 1 January 2024 (unaudited)	311,891	-	311,891
Transfer to statutory reserve	82,415	-	82,415
Foreign currency translation differences	-	(27)	(27)
Transfer to other reserves	-	2,311	2,311
At 31 December 2024 (unaudited)	394,306	2,284	396,590

(a) Translation reserve

Foreign currency translation reserve represents translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's reporting currency.

(b) Statutory reserve

The Articles of Association of the Company require 10% of the annual profit to be transferred to a statutory reserve until such reserve amounts to 50% of the share capital of the Company. In addition, the subsidiaries are required in accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies that, 5% (2023: 5%) of the subsidiaries' profit is transferred to an undistributable statutory reserve until such reserve equals 50% of paid up capital of the subsidiaries. This reserve is not available for distribution.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

19 Reserves

The Group's statutory reserve represents the Company's statutory reserve computed on the basis disclosed above in addition to the Group's share of statutory reserve of subsidiaries. During the year AED 82.4 million (2023: nil) has been transferred to retained earnings.

20 Dividends

The Board of Directors, in its meeting held on 20 February 2025, proposed a cash dividend of AED 0.30 per ordinary share (30% of par value), totaling AED 329 million. The Board will seek shareholder approval for the 2024 cash dividend at the Annual General Assembly Meeting, which will be held later in 2025.

21 Lease liabilities

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Current portion	39,364	106,093	90,248
Non-current portion	799,040	806,828	792,596
Total	838,404	912,921	882,844
		<i>2024</i>	<i>2023</i>
		<i>AED'000</i>	<i>(Unaudited) AED'000</i>
At 1 January		912,921	882,844
Acquisition through business combination (Note 1)		125,103	-
Additions during the year		400,945	29,936
Termination during the year		(544,970)	(314)
Payments during the year		(88,842)	(32,654)
Interest on lease liabilities		33,247	33,109
At 31 December		838,404	912,921

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.

The following amounts are recognised in the statement of profit or loss for leases:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
Expenses related to short-term leases	75,040	-
Expenses related to low value leases	7,140	-

22 Borrowings

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Bank overdrafts	86,424	-	-
Term loans*	933,661	489,541	489,541
	1,020,085	489,541	489,541

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

22 Borrowings (continued)

Borrowings are classified as follows in the consolidated statement of financial position:

	<i>31 December</i> <i>2024</i>	<i>31 December</i> <i>2023</i>	<i>1 January</i> <i>2023</i>
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
Current portion (including overdrafts)	808,070	489,541	489,541
Non-current portion	212,015	-	-
Total	1,020,085	489,541	489,541

*Movement in term loans during the year is as follows:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>(Unaudited)</i> <i>AED'000</i>
At 1 January	489,541	489,541
Acquisition through business combination (Note 1)	451,818	-
Interest accrued	21,360	-
Foreign exchange loss	50	-
Drawdowns	214,030	-
Interest paid	(18,928)	-
Repayment of principal portion	(224,210)	-
At 31 December	933,661	489,541

In 1993, a subsidiary of the Group, received an interest-free loan of AED 504 million from the Government of Abu Dhabi. Under a revised agreement in 1994, the loan is repayable in annual installments of 80% of the subsidiary's profits, starting from 1996. As of 2003, AED 15.5 million had been repaid, with the remaining balance classified as a short-term liability. As at 31 December 2024, the outstanding balance of this loan amounted to AED 489 million (2023: AED 489 million).

Borrowings consist of six facilities and as at 31 December 2024 the Group was in compliance with all applicable covenants for certain bank borrowings.

Facility 1: AED 285 million term loan

The Group acquired a term loan amounting to AED 165 million upon acquisition through business combination (Note 1). The term loan is with a local bank and is repayable in twenty semi-annual installments starting 31 December 2019. The loan carries interest at three-month EIBOR plus 0.95% per annum. As at 31 December 2024, the outstanding balance of this facility amounted to AED 137 million (2023: AED Nil) due to the acquisition through business combination (Note 1).

Facility 2: AED 35 million term loan (held in GBP 29 million)

The Group utilized an existing facility with a foreign bank to finance the purchases of corporate bonds amounting to AED 25 million. The loan is repayable on demand. The loan carries interest at three-month LIBOR plus 0.75% per annum. The loan is mortgaged against first charge on the investments in corporate debt securities held with the bank. As at 31 December 2024, the outstanding balance of this facility amounted to AED 35 million (2023: AED Nil), having accrued an interest of AED 10 million.

Facility 3: AED 200 million term facility

The Group entered into an arrangement with a local bank to finance the acquisition of aircraft amounting to AED 200 million out of which the Group has utilised AED 94 million as at 31 December 2024. The loan is repayable in 28 equal quarterly instalments. The facility carries interest at three-month EIBOR plus 1.15% per annum during the first year on the utilized facility amount and three-month EIBOR plus 1% per annum thereafter. As at 31 December 2024, the outstanding balance of this facility amounted to AED 44 million (2023: AED Nil) having repaid AED 50 million.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

22 Borrowings (continued)

Facility 4: AED 90 million short-term loan

During 2022, ADA has obtained a facility from a local bank amounting to AED 100 million to repay all outstanding payments against the short term loan availed in 2021. The previous loan was repaid from the funds drawn down from this new loan. The new loan is repayable in a bullet payment, six months after the date of the draw down. The loan carries interest at three-month EIBOR plus 0.85 % per annum. As at 31 December 2024, the outstanding balance of this facility amounted to AED 91 million (2023: AED Nil) including accrued interest charge of AED 1 million.

Facility 5: AED 200 million term facility

In 2023, ADA entered into an arrangement with a local bank to finance the acquisition of aircraft amounting to AED 200 million out of which the Group has utilised AED 81 million as at 31 December 2024. The loan is repayable in 14 equal semi-annual instalments. The facility carries interest at three-months EIBOR plus 0.95% per annum. As at 31 December 2024, the outstanding balance of this facility amounted to AED 87 million (2023: AED Nil) having accrued interest of AED 6 million.

Facility 6: AED 140 million short-term loan

During 2024, ADA has obtained a facility from a local bank amounting to AED 140 million out of which ADA has utilized AED 50 million as at 31 December 2024. The new loan is repayable in a bullet payment, six months after the date of the draw down. The loan carries interest at three-month EIBOR plus 0.9 % per annum. As at 31 December 2024, the outstanding balance of this facility amounted to AED 50 million (2023: AED Nil).

23 Trade and other payables

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>	<i>(Unaudited) AED '000</i>
Trade payables	221,909	142,910	204,206
Due to related parties (Note 23(a))	1,384,604	528,571	396,455
Accrued expenses	3,069,071	3,231,754	2,930,008
Customer advances	90,318	11,286	9,828
VAT payables, net	106,036	23,686	-
Other payables	204,270	472,635	619,530
	5,076,208	4,410,842	4,160,027

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>	<i>(Unaudited) AED '000</i>
Other government related entities	1,293,222	451,555	216,342
Other entities under common control	89,707	76,502	178,513
ADQ Aviation and Aerospace Services LLC (Parent)	1,132	514	1,600
Other related parties	543	-	-
	1,384,604	528,571	396,455

23(a) *Due to related parties*

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

24 Provision for employees' end of service benefits

The movement in provision for employees' end of service benefits is as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>	<i>(Unaudited) AED '000</i>
At 1 January	319,510	323,918	306,053
Acquisition through business combination	136,339	-	-
Charge for the year	69,720	39,648	45,715
Remeasurement gain	(4,978)	(6,232)	(1,249)
Unclaimed liability	5,174	-	-
Transfer from a related party	-	2,369	(960)
Payments made during the year	(53,311)	(40,193)	(25,641)
At 31 December	472,454	319,510	323,918

Charge for the current year represents the following:

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>
Current service costs	44,207	24,152
Interest expense	25,513	15,496
	69,720	39,648

In accordance with the provisions of IAS 19 'Employee benefits', management has carried out an exercise to assess the present value of its obligations at 31 December 2024, 31 December 2023 and 31 December 2022, using the computed shortcuts to estimate the projected unit credit method obligation, in respect of employees' end of service benefits payable under the UAE Labour Law.

Actuarial valuation of end of service benefits obligation and related impact are set out below:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>	<i>(Unaudited) AED '000</i>
Discount rate	5.40%	4.85%	5.15%
Future salary increases	4%	4%	4%
Average retirement age	65	65	60
Mortality, disability and withdrawal rates	7%	7%	7%

Sensitivity analysis on increase/ decrease in discount rate and future salary increases and related impact on end of service benefits obligation is as follows:

	<u>2024</u>		<u>2023</u>	
	<i>Increase</i>	<i>Decrease</i>	<i>(Unaudited)</i>	
	<i>AED '000</i>		<i>AED '000</i>	
Discount rate (50 basis points movement)	3,681	(3,913)	3,961	(4,220)
Future salary increases (50 basis points movement)	(3,844)	3,459	(4,087)	3,818

The obligation in respect of retirement benefits is recognised in the statement of financial position at the present value of defined benefit at the end of the reporting period, together with adjustments of past service costs.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

25 Deferred government grants

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>	<i>1 January 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
At 1 January	-	-	-
Acquisition through business combination (Note 1)	51,532	-	-
Amortisation during the year	(3,748)	-	-
At 31 December	47,784	-	-

Deferred government grants are classified in the consolidated statement of financial position as:

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>	<i>1 January 2023 (Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Current portion	5,622	-	-
Non-current portion	42,162	-	-
Total	47,784	-	-

Deferred income relates to a grant received from the Presidential Flight Authority (a “related party”) for the transfer 5 commercial aircraft to the Group. The carrying value at acquisition of a subsidiary was AED 51.5 million.

During the year, the amortisation income amounting to AED 3.7 million (2023: AED Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income to match the costs for which they are intended to compensate on a systematic basis.

26 Provisions

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>	<i>1 January 2023 (Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Legal provision (Note 35)	52,699	107,942	-
Provision for onerous contracts	5,142	767	24,949
Other provisions	22,289	-	-
	80,130	108,709	24,949

Movement in provisions during the year is as follows:

	<i>Legal AED '000</i>	<i>Onerous contract AED '000</i>	<i>Other provisions AED '000</i>	<i>Total AED '000</i>
At 1 January 2023 (unaudited)	-	24,949	-	24,949
Provisions made during the year	107,942	-	-	107,942
Transfer to construction work in progress	-	(21,230)	-	(21,230)
Provisions reversed during the year	-	(2,952)	-	(2,952)
At 1 January 2024 (unaudited)	107,942	767	-	108,709
Acquisition through business combination (Note 1)	-	3,305	49,924	53,229
Provisions made during the year	-	1,837	18,726	20,563
Provisions reversed during the year	-	(767)	(23,940)	(24,707)
Payments made during the year	(55,243)	-	(22,421)	(77,664)
At 31 December 2024	52,699	5,142	22,289	80,130

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27 Revenue from contracts with customers

(i) Revenue streams

The Group generates revenue primarily from the provision of aviation services. Other sources of revenue include training of pilots, rental income from investment properties and other management consultancy services.

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>
Maintenance services	4,936,593	5,466,312
Professional and technical assistance	1,074,754	1,158,841
Sale of goods and spare parts	511,420	76,530
Passenger service	307,539	-
Cargo service	170,920	-
Others	114,449	19,968
Revenue from contracts with customers	7,115,675	6,721,651

(ii) Timing of revenue recognition

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>
Revenue recognized – overtime	5,876,822	5,999,942
Revenue recognized – point in time	1,238,853	721,709
	7,115,675	6,721,651

(iii) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments as explained in note 27.

31 December 2024	General aviation	Maintenance, repair and overhaul	Investments	Others	Inter segment revenue	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Maintenance services*	22,304	5,092,912	-	-	(178,623)	4,936,593
Professional and technical assistance	101,114	984,253	-	-	(10,613)	1,074,754
Sale of goods and spare parts	3,087	602,722	-	-	(94,389)	511,420
Passenger service	398,643	-	-	-	(91,104)	307,539
Cargo service	178,525	-	-	-	(7,605)	170,920
Others	57,624	24,626	17,978	15,258	(1,037)	114,449
Total	761,297	6,704,513	17,978	15,258	(383,371)	7,115,675

*This includes accrued revenue from unsigned contracts amounting to AED 262 million (2023: AED 2,093 million).

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27 Revenue from contracts with customers (continued)

31 December 2023 (unaudited)	General aviation AED'000	Maintenance, repair and overhaul AED'000	Investments AED'000	Others AED'000	Inter segment revenue AED'000	Total AED'000
Maintenance services*	-	5,466,312	-	-	-	5,466,312
Professional and technical assistance	-	1,158,841	-	-	-	1,158,841
Sale of goods and spare parts	-	76,530	-	-	-	76,530
Passenger service	-	-	-	-	-	-
Cargo service	-	-	-	-	-	-
Others	-	-	-	19,968	-	19,968
Total	-	6,701,683	-	19,968	-	6,721,651

(iv) Contract assets and liabilities

The following table provides information about contract assets and contract liabilities from contracts with customers.

	31 December 2024	31 December 2023
	AED '000	(Unaudited) AED '000
<i>Contract assets</i>		
Unbilled receivables from third-party customers (Note 12)	47,291	120,726
Unbilled receivables from related parties (Note 12)	3,014,430	3,687,868
	3,061,721	3,808,594
<i>Contract liabilities</i>		
Advances received from third party customers (Note 23)	90,318	11,286
Advances received from related parties (Note 23)	1,151,308	327,740
	1,241,626	339,026

The unbilled receivables primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The amount of unbilled receivables during the year ended 31 December 2024 was not impacted materially by an impairment charge. The unbilled receivables are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for contracts against which services will be rendered in future. This will be recognised as revenue when the services are rendered to customers.

	31 December 2024	31 December 2023
	AED '000	(Unaudited) AED '000
Aggregate amount of the transaction price allocated to long-term project contracts that are partially or fully unsatisfied as at 31 December	7,617,616	9,606,728

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2024 will be recognised as revenue over the term of the customer contract.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Direct operating costs

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Cost of sales	2,000,844	2,242,701
Staff costs	2,979,429	2,604,668
Operating and maintenance costs	615,116	674,843
Repair and maintenance costs	37,163	144,558
Depreciation of aircraft, property and equipment (Note 5)	48,115	26,793
Depreciation of right of use assets (Note 8)	17,819	26,739
Amortisation and impairment of intangible assets (Note 6)	132	213
Other direct costs	498,411	620,830
	6,197,029	6,341,345

29 General and administrative expenses

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Staff costs	292,389	235,151
IT maintenance and support services	38,930	24,981
Office rental service charge	31,053	30,931
Legal and professional fees	21,497	16,887
Allowance for stock obsolescence	19,249	32,152
Depreciation of aircraft, property and equipment (Note 5)	19,202	11,178
Maintenance expenses	16,208	13,091
Depreciation of right of use assets (Note 8)	11,829	6,845
Communication expenses	9,146	5,692
Bank charges	7,708	10,479
Utilities	6,341	3,107
Amortisation and impairment of intangible assets (Note 6)	2,485	2,716
Other expenses	53,786	7,895
	529,823	401,105

* Legal and professional fee includes audit fee incurred for the year of AED 2 million (2023: Nil)

30 Other income

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Reversal of penalty accrual	31,692	-
Gain / (loss) on termination of lease	22,221	(85)
Shared services income	9,894	9,900
Insurance claim, bonus and rebate	9,632	9,340
Dividend income	4,058	-
Gain on disposal of aircraft, property and equipment	3,848	-
NAFIS incentive income	3,407	4,470
Change in fair value of investment property	3,352	(82)
Foreign exchange gain	1,164	-
Other income	22,892	21,113
	112,160	44,656

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

31 Finance income

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Interest income on bank accounts	45,072	36,129
Interest income on term deposits	32,411	40,572
Interest income on other financial assets at amortised cost	7,680	-
Interest income on bonds	8,152	-
	<u>93,315</u>	<u>76,701</u>

32 Finance costs

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Interest on borrowings	18,928	-
Interest on lease liabilities	33,247	33,109
Interest on bank overdraft	2,934	-
	<u>55,109</u>	<u>33,109</u>

33 Basic and diluted earnings per share

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Profit/ (loss) attributable to Owners of the Company	<u>1,130,233</u>	<u>(172,277)</u>
Weighted average number of shares in issue	<u>949,740</u>	<u>652,000</u>
Earnings/ (loss) per share (AED)	<u>1.190</u>	<u>(0.264)</u>

Earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

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

34 Staff costs

	<i>31 December 2024</i>	<i>31 December 2023 (Unaudited)</i>
	<i>AED '000</i>	<i>AED '000</i>
Salaries and wages	2,299,435	2,228,308
Defined contribution plan expense	84,287	85,720
Provision for employees' end of service benefits	69,720	54,560
Other benefits	818,376	471,231
	<u>3,271,818</u>	<u>2,839,819</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

34 Staff costs (continued)

Staff costs are allocated as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED '000</i>	<i>(Unaudited) AED '000</i>
Direct operating cost (Note 28)	2,979,429	2,604,668
General and administrative cost (Note 29)	292,389	235,151
	<u>3,271,818</u>	<u>2,839,819</u>

35 Contingent liabilities

As at 31 December 2024, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 6,547 million (31 December 2023: AED 5,392 million) and letters of credit amounting to AED 5.9 million (31 December 2023: AED 11 million)

An amount of AED 52.7 million has been ring-fenced towards the settlement of the execution order issued by the Abu Dhabi Courts in respect to a legal case against one of the Group's subsidiaries. Accordingly, the Group has made a provision of AED 52.7 million (31 December 2023: AED 107.9 million).

36 Commitments

(i) *Capital commitments*

As at 31 December 2024, the Group had estimated capital commitments for the acquisition of aircraft, property and equipment of AED 318 million (31 December 2023: Nil).

(ii) *Other commitments*

As at 31 December 2024, the Group had commitments issued in the normal course of business of AED 1,008 million (31 December 2023: AED 793 million).

37 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 three major reporting segments:

- i. General aviation segment encompasses helicopter and fixed-wing operations, aircraft leasing, charter flights, commercial aircraft operations, aircraft management services, simulator training, the sale of aircraft parts, and air cargo operations;
- ii. Maintenance, repair and overhauls (MRO) segment provides routine inspections, repairs, overhauls, and modifications, among other similar services;
- iii. Investments, which involves the management of the Group's investment portfolio.

The Group's real estate, training and consulting business segments are not reportable operating segments, and accordingly the results of these operations are included in 'all other segments'.

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.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

37 Segment information (continued)

Information regarding these segments is presented below:

	<i>General aviation AED'000</i>	<i>Maintenance, repair and overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
31 December 2024					
Revenue	745,969	6,422,226	17,978	(70,498)	7,115,675
Bargain purchase	-	-	596,841	-	596,841
Profit/ (loss) for the year	149,700	477,854	664,401	-	1,291,955
31 December 2023 (unaudited)					
Revenue	-	6,721,651	-	-	6,721,651
Profit/ (loss) for the year	-	(172,277)	-	-	(172,277)
	<i>General aviation AED'000</i>	<i>Maintenance, repair and overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
31 December 2024					
Assets	3,860,746	11,524,695	997,403	(215,489)	16,167,355
Liabilities	1,095,546	6,621,124	84,243	(195,011)	7,605,902
31 December 2023 (unaudited)					
Assets	-	10,660,154	-	-	10,660,154
Liabilities	-	6,241,523	-	-	6,241,523

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

37 Segment information (continued)

	<i>General aviation AED'000</i>	<i>Maintenance, repair and overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
1 January 2023 (unaudited)					
Assets	<u>-</u>	<u>10,465,955</u>	<u>-</u>	<u>-</u>	<u>10,465,955</u>
Liabilities	<u>-</u>	<u>5,881,279</u>	<u>-</u>	<u>-</u>	<u>5,881,279</u>

The Group operates primarily from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

38 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 applied IAS 24 exemption with regards to disclosure of transactions with the Government of Abu Dhabi, being the beneficial owner of ADQ Aviation and Aerospace Services LLC. During the year significant transactions with the Government related entities within the normal course of business is AED 6,092 million (2023: AED 6,226 million).

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

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>Due from related parties</i>			
Entities under common control (Note 12)	4,589,545	5,490,965	5,098,131
<i>Due to related parties</i>			
Entities under common control (Note 23)	1,384,604	528,571	396,455
		<i>31 December 2024</i>	<i>31 December 2023</i>
		<i>AED'000</i>	<i>AED'000</i>
Revenue		6,093,763	2,868,479
Key management compensation		43,085	13,476
Directors' remuneration		16,083	2,481
Provisions for employees' end of service benefits		2,489	332

39 Granted plots of land

Future economic benefit established

In prior years, the Government of Abu Dhabi granted the Company two plots of land located in Khalifa City, Abu Dhabi.

The granted plots of land located in Khalifa City, Abu Dhabi had been used for the purpose of operating a training center and accordingly, recorded as aircraft, property and equipment (note 5) at a nominal value of AED 1.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

40 Financial instruments – fair value and risk management

(a) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2024 (31 December 2023: Nil), 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.

31 December 2024	Carrying amounts			Fair value hierarchy				
	<i>FVTPL – equity instruments</i>	<i>FVTPL – debt instruments</i>	<i>Measured at amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Investment in Waha CEEMEA fixed income fund SP	34,423	-	-	34,423	-	34,423	-	34,423
Investments in short term maturity bonds	-	6,586	-	6,586	6,586	-	-	6,586
Investments in corp bonds - UK	-	36,369	-	36,369	36,369	-	-	36,369
Investments in corp bonds - US	-	4,666	-	4,666	4,666	-	-	4,666
Investment in high yield and emerging market bonds	-	17,200	-	17,200	17,200	-	-	17,200
Investment in multi-class assets	-	2,642	-	2,642	2,642	-	-	2,642
Investments in developed government bonds	-	5,178	-	5,178	5,178	-	-	5,178
Investments in corporate bonds - European (EX-UK)	-	4,243	-	4,243	4,243	-	-	4,243
Investment in equities - US	302	-	-	302	302	-	-	302
Investment in equities - UAE	256,411	-	-	256,411	256,411	-	-	256,411
Developed Market Equities - US	12,633	-	-	12,633	12,633	-	-	12,633
Emerging market - Asia	1,519	-	-	1,519	1,519	-	-	1,519
Alternatives - commodities	-	590	-	590	590	-	-	590
Alternative trading strategies	-	562	-	562	562	-	-	562
Investment in multi class bonds	-	181,484	-	181,484	181,484	-	-	181,484
Total	305,288	259,520	-	564,808	530,385	34,423	-	564,808

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

(a) Fair value measurement (continued)

31 December 2024	<i>Carrying amounts</i>				<i>Fair value hierarchy</i>			
	<i>FVTPL – equity instruments</i>	<i>FVTPL – debt instruments</i>	<i>Measured at amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Financial assets not measured at fair value								
Trade receivables	-	-	396,814	396,814	-	-	-	-
Unbilled receivables	-	-	47,291	47,291	-	-	-	-
Other receivables	-	-	69,648	69,648	-	-	-	-
Cash and cash equivalents	-	-	3,836,899	3,836,899	-	-	-	-
Other financial assets at amortised cost	-	-	460,018	460,018	-	-	-	-
Due from related parties	-	-	4,589,545	4,589,545	-	-	-	-
Total	-	-	9,400,215	9,400,215	-	-	-	-
Financial liabilities not measured at fair value								
Trade payables	-	-	221,909	221,909	-	-	-	-
Borrowings	-	-	1,020,085	1,020,085	-	-	-	-
Lease liabilities	-	-	838,404	838,404	-	-	-	-
Accrued expenses	-	-	3,069,071	3,069,071	-	-	-	-
VAT payables	-	-	106,036	106,036	-	-	-	-
Other payables	-	-	204,270	204,270	-	-	-	-
Due to related parties	-	-	1,384,604	1,384,604	-	-	-	-
Total	-	-	6,844,379	6,844,379	-	-	-	-

ABU DHABI AVIATION PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

(a) Fair value measurement (continued)

31 December 2023 (unaudited)

	<i>Carrying amounts</i>			<i>Fair value hierarchy</i>				
	<i>FVTPL – equity instruments</i>	<i>FVTPL – debt instruments</i>	<i>Measured at amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Financial assets not measured at fair value								
Trade receivables	-	-	119,109	119,109	-	-	-	-
Unbilled receivables	-	-	120,726	120,726	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	2,015,406	2,015,406	-	-	-	-
Other financial assets at amortised cost	-	-	-	-	-	-	-	-
Due from related parties	-	-	5,490,965	5,490,965	-	-	-	-
Total	-	-	7,746,206	7,746,206	-	-	-	-
Financial liabilities not measured at fair value								
Trade payables	-	-	142,910	142,910	-	-	-	-
Borrowings	-	-	489,541	489,541	-	-	-	-
Lease liabilities	-	-	912,921	912,921	-	-	-	-
Accrued expenses	-	-	3,231,754	3,231,754	-	-	-	-
VAT payables	-	-	23,686	23,686	-	-	-	-
Other payables	-	-	472,635	472,635	-	-	-	-
Due to related parties	-	-	528,571	528,571	-	-	-	-
Total	-	-	5,802,018	5,802,018	-	-	-	-

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

(a) Fair value measurement (continued)

1 January 2023 (unaudited)

	<i>Carrying amounts</i>				<i>Fair value hierarchy</i>			
	<i>FVTPL – equity instruments</i>	<i>FVTPL – debt instruments</i>	<i>Measured at amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Financial assets not measured at fair value								
Trade receivables	-	-	108,615	108,615	-	-	-	-
Unbilled receivables	-	-	71,623	71,623	-	-	-	-
Other receivables	-	-	72,478	72,478	-	-	-	-
Cash and cash equivalents	-	-	2,439,794	2,439,794	-	-	-	-
Other financial assets at amortised cost	-	-	-	-	-	-	-	-
Due from related parties	-	-	5,098,131	5,098,131	-	-	-	-
Total	-	-	7,790,641	7,790,641	-	-	-	-
Financial liabilities not measured at fair value								
Trade payables	-	-	204,206	204,206	-	-	-	-
Borrowings	-	-	489,541	489,541	-	-	-	-
Lease liabilities	-	-	882,844	882,844	-	-	-	-
Accrued expenses	-	-	2,930,008	2,930,008	-	-	-	-
VAT payables	-	-	-	-	-	-	-	-
Other payables	-	-	619,530	619,530	-	-	-	-
Due to related parties	-	-	396,455	396,455	-	-	-	-
Total	-	-	5,522,584	5,522,584	-	-	-	-

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

(b) Financial risk management

The Group Board of Directors oversees the Group’s risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures. The Group Audit Committee is assisted in its oversight role by internal audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group’s income or the value of financial instruments.

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group’s exposure to the currency risk is principally from the Group’s transactions in Pound sterling (“GBP”) and Euro (“EUR”), as AED is currently pegged to USD at a fixed rate of exchange.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<i>Assets</i>			<i>Liabilities</i>		
	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>
Pound sterling	21,270	38,256	4,741	15,904	28,646	13,339
Euro	632	95,948	42,121	139,995	185,584	314,725
	21,902	134,204	46,862	155,899	214,230	328,064

The following paragraph details the Group’s sensitivity to a 5 per cent increase and decrease in currency units against Pound Sterling. 5% per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% per cent change in foreign currency rates.

At 31 December 2024, if GBP and EUR had weakened/strengthened by 5% against the AED with all other variables held constant, comprehensive income for the year would have been AED 6.69 million (2023: AED 4 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP and EUR denominated cash and cash equivalent.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

(b) Financial risk management (continued)

(i) Market risk (continued)

Equity price risk

The Group is exposed to equity price risks arising from equity investments. The Group monitors the risk of change in equity prices by sensitivity analysis taking 15% change due to the volatile nature of the market in which the securities are listed.

The Group is exposed to equity price risks arising from equity investments. The Group monitors the risk of change in equity prices by sensitivity analysis taking 15% change due to the volatile nature of the market in which the securities are listed. The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 15% higher/lower, the Group's comprehensive income would increase/decrease as follows:

	31 December 2024	<i>31 December 2023</i>	<i>1 January 2023</i>
	AED'000	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Investment in financial assets	45,793	-	-

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. Interest rate risk primarily arises from the possibility that changes in interest rates will affect the net finance cost of the Group. The Group is exposed to fair value interest rate risk on bank borrowings at variable interest rates.

If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Group's net profit and equity for the year ended 31 December 2024 would decrease/increase by approximately AED 2.6 million (2023: AED Nil). The Group's sensitivity to interest rates has increased in line with the increase in interest bearing debt instruments.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, bank balances and corporate debt securities.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above.

The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

(b) Financial risk management (continued)

(ii) Credit risk (continued)

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank.

Trade receivables from government related entities in the UAE is AED 4,207 million (2023: AED 5,349 million) which represents 83% (2023: 93%) respectively, of the total trade and other receivables at the end of reporting period.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The tables below detail the ageing, credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

Ageing of trade receivables and due from related parties

	2024			
	AED'000 Gross	ECL rate	AED'000 Loss allowance	AED'000 Net
Not past due	1,520,221	0%	-	1,520,221
Due for 31 to 90 days	1,294,258	0%	-	1,294,258
Due for 91 to 180 days	1,058,561	0%	-	1,058,561
Due for more than 180 days	1,420,448	24%	(339,926)	1,080,522
	<u>5,293,488</u>	<u>6%</u>	<u>(339,926)</u>	<u>4,953,562</u>
	2023			
	AED'000 Gross	ECL rate	AED'000 Loss allowance	AED'000 Net
Not past due	1,283,188	0%	-	1,283,188
Due for 31 to 90 days	2,083,671	0%	-	2,083,671
Due for 91 to 180 days	1,167,002	0%	-	1,167,002
Due for more than 180 days	1,686,957	38%	(648,685)	1,038,272
	<u>6,220,818</u>	<u>10%</u>	<u>(648,685)</u>	<u>5,572,133</u>

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

(b) Financial risk management (continued)

(ii) *Credit risk (continued)*

- (i) For trade receivables, unbilled receivables and other receivables, the Group has used simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the customers, adjusted as appropriate to reflect current market conditions and estimates of future economic conditions. As part of individual assessment, the Group has estimated expected credit losses by reference to past default experience with the customer, an analysis of the customer’s current financial position, adjusted for the factors that are specific to the customer, general economic and political conditions applicable to customer along with correspondences and future outlook as at reporting date. The Group has recognised loss allowance of 6% (2023: 10%) against all receivables after individually assessing some customers based on their individual credit risk.
- (ii) For government receivables, the Group has used simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. The Group determines the expected credit losses at the rate of 0.15% (2023: 0.15%) based on probability of default and loss given default of the Government of Abu Dhabi as these parties are secured by the Government of Abu Dhabi. These balances are the represented of the recent transaction, therefore, the Group has not identified material impact of loss allowance on due from related party balances.
- (iii) The following table presents the credit risk for the Group’s bank balances:

Cash at bank: External credit rating	Aa3	Aa3	Aa3
	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED’000</i>	<i>(Unaudited) AED’000</i>	<i>(Unaudited) AED’000</i>
Gross carrying amount	3,836,899	2,015,406	2,439,294
Loss allowance	-	-	-
	3,836,899	2,015,406	2,439,294

As at 31 December 2024, maximum exposure to credit risk was as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED’000</i>	<i>(Unaudited) AED’000</i>	<i>(Unaudited) AED’000</i>
Trade and other receivables (Note 12)	5,070,501	5,757,356	5,301,854
Cash and cash equivalents (Note 14)	3,841,376	2,016,731	2,442,737
Other financial assets at amortised costs (Note 15)	460,018	-	-
Other current assets (excluding supplier advances and prepayments) (Note 13)	82,113	6,685	1,050
	9,454,008	7,780,772	7,745,641

The carrying amount of the Group’s financial assets at FVTPL as disclosed in note 9 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

(b) Financial risk management (continued)

(iii) *Liquidity risk* (continued)

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and funds, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities as disclosed in the consolidated statement of financial position.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the liabilities at the end of reporting period based on contractual repayment arrangements was as follows:

Financial liabilities	Less than 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000	Total AED'000	Carrying amount AED'000
31 December 2024					
Borrowings (Note 22)	808,070	212,015	-	1,020,085	1,020,085
Lease liabilities (Note 21)	39,364	128,559	670,481	838,404	838,404
Trade and other payables (Note 23)*	4,830,940	-	-	4,830,940	4,830,940
Total	5,678,374	340,574	670,481	6,689,429	6,689,429

Financial liabilities	Less than 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000	Total AED'000	Carrying amount AED'000
31 December 2023					
Borrowings (Note 22)	489,541	-	-	489,541	489,541
Lease liabilities (Note 21)	111,541	86,780	834,298	1,032,619	912,921
Trade and other payables (Note 23)*	4,375,870	-	-	4,375,870	4,375,870
Total	4,976,952	86,780	834,298	5,898,030	5,778,332

Financial liabilities	Less than 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000	Total AED'000	Carrying amount AED'000
31 December 2022					
Borrowings (Note 22)	489,541	-	-	489,541	489,541
Lease liabilities (Note 21)	90,481	72,696	844,121	1,007,298	882,844
Trade and other payables (Note 23)*	4,150,199	-	-	4,150,199	4,150,199
Total	4,730,221	72,696	844,121	5,647,038	5,522,584

* Trade and other payables excludes customer advances and VAT payables.

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)

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

c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the term loans, cash and bank balances and equity comprising share capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio, determined as net debt to equity, at the year-end was as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>	<i>1 January 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>	<i>(Unaudited) AED'000</i>
Bank overdrafts (Note 22)	(86,424)	-	-
Debt (excluding overdrafts)	(933,661)	(489,541)	(489,541)
Lease liabilities	(838,404)	(912,921)	(882,844)
Cash and cash equivalents (Note 14)	3,841,376	2,016,731	2,442,737
Other financial assets at amortised costs	460,018	-	-
Net debt	2,442,905	614,269	1,070,352
Equity (ii)	8,561,449	4,418,631	4,584,676
Net debt to equity ratio	29%	14%	23%

- (i) Debt is defined as long- and short-term loans and overdraft (Note 14 and 22).
- (ii) Equity includes all capital and reserves of the equity owners of the Company.
- (iii) Although the Group does not have a net debt position, a simple gearing ratio of debt to equity is 11% (2023: 11%)

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

41 Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	Borrowings	Lease liabilities	Total
	AED'000	AED'000	AED'000
At 1 January 2024 (unaudited)	489,541	912,921	1,402,462
Changes from financing activity cash flows			
Proceeds from borrowings (Note 22)	214,030	-	214,030
Repayment of borrowings	(224,210)	-	(224,210)
Finance cost paid	(18,928)	-	(18,928)
Interest paid on lease liabilities (Note 21)	-	(33,247)	(33,247)
Principal elements of lease liabilities (Note 21)	-	(55,595)	(55,595)
Total changes from financing activity cash flows	(29,108)	(88,842)	(117,950)
Non-cash changes:			
Acquisition through business combination (Note 1)	451,818	125,103	576,921
Interest on borrowings (Note 22)	21,410	-	21,410
Interest on lease liabilities (Note 21)	-	33,247	33,247
Additions to the lease liabilities (Note 21)	-	400,945	400,945
Lease termination during the year (Note 21)	-	(544,970)	(544,970)
	<u>473,228</u>	<u>14,325</u>	<u>487,553</u>
At 31 December 2024	<u>933,661</u>	<u>838,404</u>	<u>1,772,065</u>
	Borrowings	Lease liabilities	Total
	AED'000	AED'000	AED'000
At 1 January 2023 (unaudited)	489,541	882,844	1,372,385
Changes from financing activity cash flows:			
Proceeds from borrowings (Note 22)	-	-	-
Repayment of borrowings	-	-	-
Finance cost paid	-	-	-
Interest paid on lease liabilities (Note 21)	-	(7,200)	(7,200)
Principal elements of lease liabilities (Note 21)	-	(25,454)	(25,454)
Total changes from financing activity cash flows	-	(32,654)	(32,654)
Non-cash changes:			
Acquisition through business combination (Note 1)	-	-	-
Interest on lease liabilities (Note 21)	-	33,109	33,109
Additions to the lease liabilities (Note 21)	-	29,936	29,936
Lease termination during the year (Note 21)	-	(314)	(314)
	<u>-</u>	<u>62,731</u>	<u>62,731</u>
At 31 December 2023 (unaudited)	<u>489,541</u>	<u>912,921</u>	<u>1,402,462</u>

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

42 Income taxes

The Group's result incorporates the UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Law"). The Law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the Group's outlook of the Law.

During the year, the Group also signed a Fiscal Letter with the Department of Finance's Supreme Council for Financial and Economic Affairs ("SCFAEA") which will become effective for the year ended 31 December 2024. The UAE Corporate Income Tax law takes precedence over the Fiscal Letter and net income from group entities in Abu Dhabi exempt under the UAE Corporate Income Tax law gets taxed under Fiscal Letter at the rate of 9%.

The income tax expense recognized in the consolidated statement of profit or loss for the year ended 31 December 2024 is as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
Movement in current tax liabilities	58,659	-
Movement in deferred tax liabilities	3,490	-
Movement in deferred tax assets	(690)	-
Income tax expense	61,459	-

Deferred taxes analysed by type of temporary difference:

Differences between IFRS Accounting Standards and statutory taxation regulations in UAE give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax basis. There are no temporary differences that will have a tax impact.

The reconciliation of the statutory tax rate to the effective tax rate is presented below:

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
Accounting profit / (loss) before tax	1,353,414	(172,277)
Tax at statutory rate (9%)	121,807	-
Tax impact of non-taxable income	(53,716)	-
Tax impact of exempt income	(7,462)	-
Other adjustments	830	-
Total	61,459	-

The overall effective tax rate ("ETR") during the year ended 31 December 2024 is 7.53%.

The income tax amounts recognized in the consolidated statement of financial position are as follows:

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
<i>Income tax provision</i>		
At 1 January	-	-
Acquisition through business combination (Note 1)	8,688	-
Recognized during the year	58,659	-
At 31 December	67,347	-

**Notes to the consolidated financial statements
for the year ended 31 December 2024** (continued)**42 Income taxes** (continued)

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>AED'000</i>	<i>(Unaudited) AED'000</i>
<i>Deferred tax liabilities</i>		
At 1 January	-	-
Acquisition through business combination (Note 1)	-	-
Recognized during the year	<u>3,490</u>	-
At 31 December	<u>3,490</u>	<u>-</u>

43 Events after the reporting period

There were no subsequent events, that impact to these consolidated financial statements after the reporting period.

44 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue by the Board of Directors on 20 February 2025.