

ABU DHABI AVIATION

**Review report and interim financial
information for the period
ended 30 June 2019**

ABU DHABI AVIATION

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors
Abu Dhabi Aviation
Abu Dhabi, United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi Aviation (the “Company”) and its subsidiaries (together referred to as the “Group”), as at 30 June 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows and selected explanatory notes for the six-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

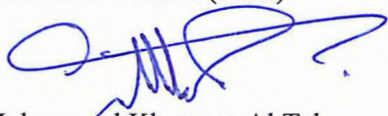
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 11 February 2019. Furthermore, the interim financial information of the Group for the six months period ended 30 June 2018 were reviewed by another auditor who expressed an unmodified conclusion on 23 July 2018.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
21 July 2019
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2019**

		30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Assets	Notes		
Non-current assets			
Property and equipment	4	2,421,187	2,585,458
Right-of-use assets	3	123,507	-
Investment properties	5	283,770	410,363
Investments	6	19,936	88,115
Investments in joint ventures	7	54,908	53,645
Total non-current assets		2,903,308	3,137,581
Current assets			
Inventories		473,800	469,949
Trade receivables	8	564,375	539,613
Prepayments and other current assets		261,613	178,998
Right-of-use assets	3	10,116	-
Cash and deposits with banks	9	635,339	474,223
Assets held for sale	10	-	8,975
Total current assets		1,945,243	1,671,758
Total assets		4,848,551	4,809,339
Equity			
Share capital	11	444,787	444,787
Share premium		112,320	112,320
Reserves		1,871,853	1,873,533
Retained earnings		460,925	446,653
Equity attributable to owners of the Company		2,889,885	2,877,293
Non-controlling interest		357,747	321,578
Total equity		3,247,632	3,198,871
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		150,326	145,462
Non-current portion of term loans	12	428,866	489,225
Non-current portion of lease liabilities	3	153,049	-
Non-current portion of finance lease liabilities		-	113,881
Non-current portion of deferred income		196,295	213,505
Total non-current liabilities		928,536	962,073

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

**Condensed consolidated statement of financial position
as at 30 June 2019 (continued)**

	Notes	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Current liabilities			
Trade and other payables		105,518	105,000
Accrued expenses and other current liabilities		136,068	130,654
Current portion of term loans	12	385,552	362,292
Current portion of lease liabilities	3	9,950	-
Current portion of finance lease liabilities		-	1,240
Current portion of deferred income		35,295	49,209
Total current liabilities		672,383	648,395
Total liabilities		1,600,919	1,610,468
Total equity and liabilities		4,848,551	4,809,339



Nader Ahmed Mohammed Al Hammadi
Chairman



Sheikh Ahmed Mohammed Sultan Al Dhaheri
Vice Chairman



Ashraf Fahmy
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the period ended 30 June 2019**

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Revenue		531,219	456,201	974,064	837,328
Direct operating costs		(399,159)	(362,893)	(735,812)	(651,647)
Gross profit		132,060	93,308	238,252	185,681
General and administrative expenses		(52,713)	(59,263)	(92,775)	(106,344)
Income from an investment property		-	5,712	-	10,420
Property rental expense		-	(549)	-	(1,426)
(Loss)/gain on disposal of property and equipment		-	(15)	-	1,125
Impairment on property and equipment		(7,996)	-	(18,093)	-
Amortisation of deferred income		8,815	12,760	17,648	25,517
Share of profit of a joint venture		989	1,203	1,262	2,575
Finance income		2,054	1,341	4,015	2,685
Finance costs		(11,495)	(11,324)	(23,664)	(21,275)
Other income		5,073	11,270	9,183	13,784
Investments at FVTPL – net change in fair value		304	(56)	1,545	(56)
Gain on disposal of investment at FVTOCI		2,025	-	2,025	-
Profit for the period		79,116	54,387	139,398	112,686
Profit for the period attributable to:					
Owners of the Company		61,054	45,660	103,229	94,004
Non-controlling interests		18,062	8,727	36,169	18,682
		79,116	54,387	139,398	112,686
Basic and diluted earnings per share (AED)	13	0.14	0.10	0.23	0.21

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 June 2019**

	Three months ended 30 June		Six months ended 30 June	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Profit for the period	79,116	54,387	139,398	112,686
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation (loss)/gain	(4,095)	(8,554)	7	(3,208)
Investments at FVOCI – net change in fair value	206	(2,529)	338	(2,529)
Cumulative gain on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal	(2,025)	-	(2,025)	-
Other comprehensive loss for the period	(5,914)	(11,083)	(1,680)	(5,737)
Total comprehensive income for the period	73,202	43,304	137,718	106,949
Total comprehensive income attributable to:				
Owners of the Company	55,140	34,577	101,549	88,267
Non-controlling interests	18,062	8,727	36,169	18,682
	73,202	43,304	137,718	106,949

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

**Condensed consolidated statement of changes in equity
for the period ended 30 June 2019**

	Share capital AED'000	Share premium AED'000	Reserves AED'000	Retained earnings AED'000	Equity attributable to owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 1 January 2018 (audited)	444,787	112,320	1,762,407	427,438	2,746,952	268,522	3,015,474
Profit for the period	-	-	-	94,004	94,004	18,682	112,686
Other comprehensive loss for the period	-	-	(5,737)	-	(5,737)	-	(5,737)
Total comprehensive income	-	-	(5,737)	94,004	88,267	18,682	106,949
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
Balance at 30 June 2018 (unaudited)	444,787	112,320	1,756,670	432,485	2,746,262	287,204	3,033,466
Balance at 1 January 2019 (audited)	444,787	112,320	1,873,533	446,653	2,877,293	321,578	3,198,871
Profit for the period	-	-	-	103,229	103,229	36,169	139,398
Other comprehensive loss for the period	-	-	(1,680)	-	(1,680)	-	(1,680)
Total comprehensive income	-	-	(1,680)	103,229	101,549	36,169	137,718
Dividends (note 14)	-	-	-	(88,957)	(88,957)	-	(88,957)
Balance at 30 June 2019 (unaudited)	444,787	112,320	1,871,853	460,925	2,889,885	357,747	3,247,632

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

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2019**

	Six months ended 30 June	
	2019	2018
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	139,398	112,686
<i>Adjustments for:</i>		
- Depreciation	80,998	78,921
- Net change in provisions against trade receivables	1,555	12,557
- Provision for employees' end of service benefits	11,054	9,567
- Impairment loss on property and equipment	18,093	-
- Amortisation of deferred income	(17,648)	(25,517)
- Loss on disposal of property and equipment	-	(1,125)
- Profit on sale of asset classified as held for sale	(2,988)	-
- Share of profit of a joint venture	(1,262)	(2,575)
- Amortisation of right to use asset	5,223	-
- Interest on lease liability	698	-
- Finance costs	22,966	21,275
- Finance income	(4,015)	(2,685)
- Change in fair value of investments	(3,545)	56
	250,527	203,160
<i>Changes in:</i>		
- Inventories	(3,851)	(12,370)
- Trade receivables	(26,317)	(134,792)
- Prepayments and other current assets	(82,615)	(43,870)
- Trade and other payables	519	374
- Accrued expenses and other current liabilities	5,532	516
Cash generated from operating activities	143,795	13,018
Employees' end of service benefits paid	(6,309)	(4,930)
Net cash generated from operating activities	137,486	8,088

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2019 (continued)**

	Six months ended 30 June	
	2019	2018
	AED'000	AED'000
Cash flows from investing activities		
Acquisition of property and equipment	(29,617)	(123,382)
Purchase of investment properties	(13,218)	(5,032)
Payments for investments	-	(18,400)
Proceeds from disposal of property and equipment	-	12,880
Proceeds from disposal of assets held for sale	11,963	-
Proceeds from disposal of investments	71,724	-
Finance income received	4,015	2,685
Proceeds from disposal of investment property	139,811	-
Investment in deposits with maturities over three months - net	53,307	135,617
	<hr/>	<hr/>
Net cash generated from investing activities	237,985	4,368
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from term loan	285,000	50,000
Repayment of lease liability	(9,648)	-
Repayment of term loan	(322,098)	(36,051)
Payments for finance lease liabilities	-	(526)
Dividends paid	(88,957)	(88,957)
Finance cost paid	(24,647)	(21,275)
Interest paid on lease liability	(698)	-
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Net cash used in financing activities	(161,048)	(96,809)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	214,423	(84,353)
Cash and cash equivalents at 1 January	183,638	158,713
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	398,061	74,360
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**Notes to the interim financial information
for the period ended 30 June 2019****1 Legal status and principal activities**

Abu Dhabi Aviation (the “Company”) is a national shareholding company incorporated in Abu Dhabi, United Arab Emirates by the Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively. The Company’s shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the “Group”) have been established to own and operate helicopters and fixed wing aircraft both within and outside the United Arab Emirates and to undertake charter, commercial, air cargo and other related services. The Company has its registered office at P.O. Box 2723, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

These condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of the laws of the UAE.

These condensed consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency. All values are rounded to the nearest AED thousands, except when otherwise indicated.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2018. In addition, results for the six-month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Judgments, estimates and risk management

The preparation of the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2018, except as mentioned in Note 3.

3 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below:

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

3 Significant accounting policies (continued)

New and amended standards adopted by the Group

The Group adopted IFRS 16, *Leases* which replaces the existing guidance on leases, including IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC 15, *Operating Leases - Incentives* and SIC 27, *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Group's consolidated financial position, unless the term is 12 months or less or the lease is of low value asset. Thus, the classification required under IAS 17, *Leases* into operating or finance leases is eliminated for lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use of the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present the reconciliation. The off-balance sheet lease obligations as of 31 December 2018 are reconciled as following to the recognised lease liabilities as of 1 January 2019.

	AED'000
Operating lease commitments as at 31 December 2018	63,246
Discounted using the lessee's incremental borrowing rate at the date of initial application	(9,182)
Add: finance lease liabilities recognised as at 31 December 2018	115,121
Less: short term leases recognised on a straight line basis as expense	(638)
Less: adjustments as a result of a different treatment of extension and termination options	(3,525)
Lease liability recognised as at 1 January 2019	165,022
Of which are:	
Current lease liabilities	17,377
Non-current lease liabilities	147,645
	165,022

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)****3 Significant accounting policies (continued)**New and amended standards adopted by the Group (continued)

The carrying amount of right of use asset as at 30 June 2019 is AED 133.6 million (31 December 2018: AED Nil) and lease liability as at 30 June 2019 is AED 163 million (31 December 2018: AED Nil).

The Group's leasing activities and how these are accounted for:

The Group leases various aircraft, offices and warehouses. Rental contracts are typically made for fixed periods of 3 to 20 years but may have extension or termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate ;
- amounts expected to be payable by the lessee under residual value guarantees ;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)****3 Significant accounting policies (continued)**New and amended standards adopted by the Group (continued)*Practical expedient*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessment on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4.

Revised standards*Effective for annual periods beginning on or after 1 January 2019*

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Effective for annual periods beginning after 1 January 2020

- Amendments regarding the definition of material
- Amendments to clarify the definition of a business
- IFRS 17: *Insurance Contracts*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

3 Significant accounting policies (continued)

Basis of consolidation

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

Name of subsidiary	Ownership interest		Country of incorporation	Principal activities
	30 June 2019	31 December 2018		
Maximus Air – Sole Proprietorship L.L.C.	100%	100%	UAE	Air cargo
Royal Jet L.L.C.	50%	50%	UAE	Commercial air and transportation services
Herbal Hill Gardens Limited	100%	100%	Gibraltar	Investment properties ownership
ADA Real Estate Management and General Maintenance L.L.C.	100%	100%	UAE	Real estate and facilities
Maximus Airlines L.L.C.	100%	100%	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C	100%	100%	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C	100%	100%	UAE	Aviation training
ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C	100%	100%	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)****3 Significant accounting policies (continued)**Critical judgments and key sources of estimation uncertainty*Changes in judgements and estimation uncertainty*

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2018 except for the changes highlighted below:

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 of AED have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

4 Property and equipment

During the period ended 30 June 2019, the Group incurred AED 29.62 million (31 December 2018: AED 150.6 million) on the acquisition of property and equipment. Depreciation of property and equipment during this period amounted to AED 81 million (30 June 2018: AED 78.9 million).

There is no disposal occurred during the period. Property and equipment is primarily operated from the Group's base in the United Arab Emirates.

On 1 January 2019, on initial date of application of IFRS 16 *Leases*, property and equipment amounting to AED 95.28 million has been reclassified to right of use asset (note 3).

5 Investment properties

Investment properties as at 30 June 2019 represent investment in a property owned by Royal Jet L.L.C. located in Khalifa City, Abu Dhabi, a premises located in Al Rawdhat, Abu Dhabi and two properties under construction in Satwa Redevelopment Zone, Dubai.

In November 2018, the Group had entered into an agreement for the sale of investment property in London through Herbal Hill Gardens Limited (a company wholly owned by the Group). The sale transaction was completed by 11 January 2019 and the Group has received GBP 30 million against the sale amount on the same date. No gain or loss has been recognised in the books of foreign subsidiary.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

5 Investment properties (continued)

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Balance at 1 January	410,363	355,614
Additions	13,218	47,252
Disposal	(139,811)	-
Increase in fair value	-	15,239
Net foreign currency exchange difference	-	(7,742)
	283,770	410,363

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2018, by independent valuers not connected with the Group. The valuers are members of a professional valuers association, with appropriate qualifications and recent experience in the valuation of properties at the relevant locations. Management believes that there is no significant change in fair value of investment properties as at 30 June 2019.

The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. As at 30 June 2019, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2018: Level 2).

6 Investments in financial assets

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Equity securities - designated at FVTPL	19,936	18,416
Corporate securities - at FVOCI	-	69,699
	19,936	88,115

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

6 Investments in financial assets (continued)

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Balance at 1 January	88,115	54,740
Purchase of investments	-	37,745
Sale of investment	(71,724)	-
Change in fair value		
<i>Equity securities - designated at FVTPL</i>	1,520	15
<i>Corporate securities - at FVOCI</i>	2,025	(4,385)
	<u>19,936</u>	<u>88,115</u>

The Group's investments in securities represented UAE listed securities.

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Investment in Waha CEEMEA Fixed Income Fund SP	<u>19,936</u>	<u>18,416</u>
Investment in Abu Dhabi Commercial Bank (ADCB) bonds	<u>-</u>	<u>69,699</u>

7 Investments in joint ventures

The Group has a 70% equity shareholding with equal voting power in AgustaWestland Aviation Services L.L.C., a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AgustaWestland Aviation Services L.L.C. is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters, and sale of helicopter spare parts and accessories. The Group's share of the results, assets and liabilities as at 30 June 2019 has been accounted for using the equity method.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

8 Trade receivables

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Trade receivables	590,705	542,402
Due from related parties	27,577	49,563
	<hr/>	<hr/>
	618,282	591,965
Less: Allowance for impairment losses recognised	(53,907)	(52,352)
	<hr/>	<hr/>
	564,375	539,613
	<hr/> <hr/>	<hr/> <hr/>

9 Cash and deposits with banks

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

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Cash on hand	3,383	3,103
Bank current accounts	394,678	180,535
Deposits	237,278	290,585
	<hr/>	<hr/>
Cash and deposits with banks	635,339	474,223
Less: deposits with maturities over three months	(237,278)	(290,585)
	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	398,061	183,638
	<hr/> <hr/>	<hr/> <hr/>

Cash and deposits with banks include an amount of AED 156.5 million (31 December 2018: AED 16.4 million) held in foreign banks abroad and the remaining balance is held within the UAE. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

10 Asset held for sale

During the period ended 30 June 2019, the Group has disposed aircraft held for sale for total proceeds of AED 11.9 million with gain on disposal amounted to AED 3 million recorded in the statement of profit or loss.

11 Share capital

	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
Issued and fully paid: 444,787,200 shares of AED 1 each	444,787	444,787

12 Term loans

During the period ending 30 June 2019, the Group has entered into an arrangement with a local bank to refinance the purchases of AW139 helicopters which was previously obtained from another local bank. The original loan was repaid from the funds drawn down from the new loan. The new loan is repayable in twenty semi-annual installments. The first principal repayment will start from six months from the date of loan drawdown. The interest is calculated by reference to three month EIBOR plus 1.25% per annum. All other borrowings and repayments made against facilities of the Group are in accordance with the terms disclosed in the consolidated financial statements for the year ended 31 December 2018.

13 Basic and diluted earnings per share

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

The following reflects the income and shares data used in the earnings per share computations:

	Three months ended 30 June		Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Profit attributable to Owners of the Company (AED'000)	61,054	45,660	103,229	94,004
Weighted average number of shares in issue	444,787	444,787	444,787	444,787
Earnings per share (AED)	0.14	0.10	0.23	0.21

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)****13 Basic and diluted earnings per share (continued)**

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

14 Dividends

Cash dividends of AED 0.20 per ordinary share (20% of par value) amounting to AED 89 million (2018: AED 89 million) were approved by the shareholders at the annual general meeting held on 4 March 2019.

15 Contingent liabilities

As at 30 June 2019, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 61.8 million (31 December 2018: AED 87.6 million).

16 Commitments*Capital commitments*

As at 30 June 2019, the Group had estimated commitments for the acquisition of property and equipment of AED 52.3 million (31 December 2018: AED 67.1 million).

17 Segment information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- (i) Helicopter and fixed wing operations, which provides aircraft leasing, charter flights and third party maintenance services;
- (ii) Commercial aircraft operations, which provides commercial air transportation and aircraft management services;
- (iii) Air cargo, which provides air cargo services to local and international customers using its fleet of aircrafts and sub-chartered aircraft; and
- (iv) Investments, which involves the management of the Group's investment portfolio.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

17 Segment information (continued)

Information regarding these segments is presented below:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
30 June 2019 (unaudited)							
Revenue	<u>296,660</u>	<u>325,833</u>	<u>337,328</u>	<u>-</u>	<u>27,265</u>	<u>(13,022)</u>	<u>974,064</u>
Profit for the period	<u>20,035</u>	<u>72,340</u>	<u>37,523</u>	<u>-</u>	<u>9,500</u>	<u>-</u>	<u>139,398</u>
30 June 2018 (unaudited)							
Revenue	<u>309,605</u>	<u>291,803</u>	<u>228,207</u>	<u>-</u>	<u>14,993</u>	<u>(7,280)</u>	<u>837,328</u>
Profit for the period	<u>30,825</u>	<u>37,364</u>	<u>39,914</u>	<u>6,876</u>	<u>2,439</u>	<u>(4,732)</u>	<u>112,686</u>

The segment assets and liabilities were as follows:

	Helicopter and fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Group AED'000
30 June 2019 (unaudited)							
Assets	<u>3,153,865</u>	<u>1,432,921</u>	<u>791,017</u>	<u>303,706</u>	<u>234,485</u>	<u>(1,067,443)</u>	<u>4,848,551</u>
Liabilities	<u>876,651</u>	<u>757,181</u>	<u>90,725</u>	<u>-</u>	<u>10,030</u>	<u>(133,668)</u>	<u>1,600,919</u>
31 December 2018 (audited)							
Assets	<u>3,027,368</u>	<u>1,416,664</u>	<u>640,633</u>	<u>498,478</u>	<u>250,730</u>	<u>(1,024,534)</u>	<u>4,809,339</u>
Liabilities	<u>828,140</u>	<u>815,454</u>	<u>54,990</u>	<u>-</u>	<u>13,377</u>	<u>(101,493)</u>	<u>1,610,468</u>

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

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

18 Related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel.

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

	Three months ended 30 June		Six months ended 30 June	
	2019 (unaudited) AED'000	2018 (unaudited) AED'000	2019 (unaudited) AED'000	2018 (unaudited) AED'000
Revenue	52,572	56,758	97,720	100,610
Finance cost on finance lease of aircraft	256	9,933	698	9,933
Key management compensation				
Salaries and other short term employee benefits	4,375	4,986	9,894	9,502
Directors' fees	2,430	2,310	4,220	5,273
Provisions for employees' end of service benefits	496	141	775	581

19 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six months period ended 30 June 2019 and 2018.

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

20 Financial instruments – fair value and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA Fixed Income Fund SP	19,936	-	-	19,936	19,936	-	-	19,936
	19,936	-	-	19,936	19,936	-	-	19,936
Financial assets not measured at fair value								
Trade receivables	-	-	564,375	564,375	-	-	-	-
Other current assets	-	-	174,916	174,916	-	-	-	-
Cash and deposits with banks	-	-	635,339	635,339	-	-	-	-
	-	-	1,374,630	1,374,630	-	-	-	-

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

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

Accounting classifications and fair values (continued)

30 June 2019 (continued)	Carrying amounts				Fair values			
	FVTPL - equity Instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial liabilities not measured at fair value								
Trade and other payables	-	-	105,518	105,518	-	-	-	-
Term loans	-	-	814,418	814,418	-	-	-	-
Lease liability	-	-	162,999	162,999	-	-	-	-
Accrued expenses and other current liabilities	-	-	136,068	136,068	-	-	-	-
	-	-	1,219,003	1,219,003	-	-	-	-

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

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

Accounting classifications and fair values (continued)

At 31 December 2018	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVOCI - debt instruments AED'000	Measured at amortized cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA								
Fixed Income Fund SP	18,416	-	-	18,416	18,416	-	-	18,416
Investment in ADCB bonds	-	69,699	-	69,699	69,699	-	-	69,699
	18,416	69,699	-	88,115	88,115	-	-	88,115
Financial assets not measured at fair value								
Trade receivables	-	-	539,613	539,613	-	-	-	-
Other current assets	-	-	118,236	118,236	-	-	-	-
Cash and deposits with banks	-	-	474,223	474,223	-	-	-	-
	-	-	1,132,072	1,132,072	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	105,000	105,000	-	-	-	-
Term loans	-	-	851,517	851,517	-	-	-	-
Finance lease liabilities	-	-	115,121	115,121	-	-	-	-
Accrued expenses and other current liabilities	-	-	130,654	130,654	-	-	-	-
	-	-	1,202,292	1,202,292	-	-	-	-

**Notes to the interim financial information
for the period ended 30 June 2019 (continued)**

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

Accounting classifications and fair values (continued)

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

21 Approval of interim financial information

The interim financial information were approved by management and authorised for issue by the Board of Directors on 21 July 2019.