

ADA Directors' Report

for the period ending 31st March 2013

The directors are pleased to present their report and the reviewed financial statements for the three months ending 31st March 2013.

Business Review

ADA Group turnover for 2013 Q1 was AED **402.44m** compared with 2012 Q1 AED **451.26m (11% decrease)** and net profit is AED **55.12m** compared with **70.42m (22% decrease)**. This decrease was due to one from Royal Jet and another from Maximus being under maintenance, in addition to the general downturn of the air cargo business which resulted in lesser sales in Maximus.

Abu Dhabi Aviation (ADA) parent company made AED **190.08m** revenue in 2013 Q1 compared with AED **177.73m** in 2012 Q1 (**7% increase**), Operating Profit of AED **78.99m** compared with AED **73.27m** 2012 Q1 (**increase of 8%**), net profit of AED **59.88m** compared with AED **48.37m** in 2012 (**24% increase**). The increase was attributable to additional aircraft placed on new contracts as well as rate escalation.

Maximus Air Cargo (MAX) made AED **72.40m** revenue in 2013 Q1 compared with AED **111.71m** in 2012 Q1 (**35% decrease**). The revenue significantly declined by 35% resulting to a net loss of AED **13.33m** due to the lesser sales from private and ACMI, as well as charter lease payment cost for the AN124 which is under maintenance. The international air cargo industry is struggling due to overcapacity resulting in shippers putting ever more emphasis on cost-cutting; more traditional airborne products are shifting to other modes of transportation.

Royal Jet (RJ) made AED **141.13m** revenue in 2013 Q1 compared with AED **162.99m** in 2012 Q1 (**13% decrease**). The decrease was mainly due to reduction in the VIP charter, which was partially offset by medevac revenue. Royal Jet made AED **8.57m** Net Profit compared with AED **16.11m** in 2012. In addition to the above reasons, the net profit reduction is also related to the unavailability of a BBJ aircraft away for a US\$9m refurbishment/upgrade programme. It is worth mentioning that Royal Jet has announced new pricing packages for its Fixed-Base Operation (FBO) facility. The new pricing structure would make the FBO one of the most cost-effective in the Middle East. The pricing is a direct result of the business realignment programme that commenced in 2011.

ABU DHABI AVIATION

Consolidated statement of financial position

| 31 March 2013 (unaudited) | Abu Dhabi Aviation AED '000 | Royal Jet L.L.C. AED '000 | Maximus Air and subsidiaries AED '000 | Eliminations AED '000 | Group AED '000 |
|---|-----------------------------------|---------------------------------|---|--------------------------|-------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property and equipment | 1,416,530 | 274,519 | 582,069 | - | 2,273,118 |
| Investment property | 107,035 | - | - | - | 107,035 |
| Investments | 31 | - | - | - | 31 |
| Investments in subsidiaries | 481,941 | - | 221 | (482,162) | - |
| Total non-current assets | 2,005,537 | 274,519 | 582,290 | (482,162) | 2,380,184 |
| Current assets | | | | | |
| Inventories | 293,212 | 4,779 | 254 | - | 298,245 |
| Trade receivables | 331,533 | 109,301 | 48,304 | (130,990) | 358,148 |
| Prepayments and other current Assets | 80,806 | 66,653 | 21,467 | 19 | 168,945 |
| Bank balances and cash | 191,473 | 107,612 | 96,065 | - | 395,150 |
| Total current assets | 897,024 | 288,345 | 166,090 | (130,971) | 1,220,488 |
| Total assets | 2,902,561 | 562,864 | 748,380 | (613,133) | 3,600,672 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 404,352 | 143,500 | 507,549 | (651,049) | 404,352 |
| Share premium | 112,320 | - | - | - | 112,320 |
| Reserves | 1,203,484 | 21,083 | 24,381 | (47,401) | 1,201,547 |
| Retained earnings | 30,322 | 136,043 | 71,015 | (93,826) | 143,554 |
| Equity attributable to owners of the Company | 1,750,478 | 300,626 | 602,945 | (792,276) | 1,861,773 |
| Non-controlling interests | - | - | - | 180,062 | 180,062 |
| Total equity | 1,750,478 | 300,626 | 602,945 | (612,214) | 2,041,835 |
| Non-current liabilities | | | | | |
| Provision for end of service benefits | 77,180 | 24,451 | 4,269 | - | 105,900 |
| Non-current portion of term loan | 425,197 | 41,974 | 88,151 | - | 555,322 |
| Non-current portion of finance lease liability | 94,981 | - | - | - | 94,981 |
| Deferred income | 296,507 | - | - | - | 296,507 |
| Due to a related party | - | 55,237 | - | - | 55,237 |
| Total non-current liabilities | 893,865 | 121,662 | 92,420 | - | 1,107,947 |
| Current liabilities | | | | | |
| Trade payables | 54,634 | 29,389 | 17,397 | (600) | 100,820 |
| Accrued expenses and other current liabilities | 111,437 | 98,251 | 6,233 | (319) | 215,602 |
| Current portion of term loan | 66,641 | 12,936 | 29,385 | - | 108,962 |
| Current portion of finance lease Liability | 25,506 | - | - | - | 25,506 |
| Total current liabilities | 258,218 | 140,576 | 53,015 | (919) | 450,890 |
| Total liabilities | 1,152,083 | 262,238 | 145,435 | (919) | 1,558,837 |
| Total equity and liabilities | 2,902,561 | 562,864 | 748,380 | (613,133) | 3,600,672 |

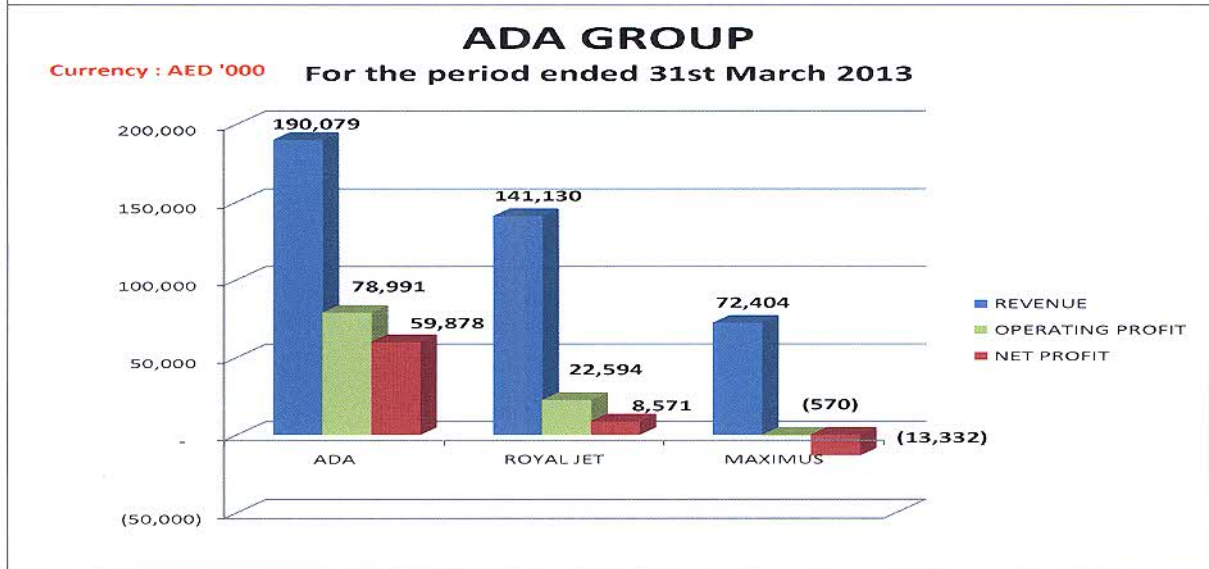
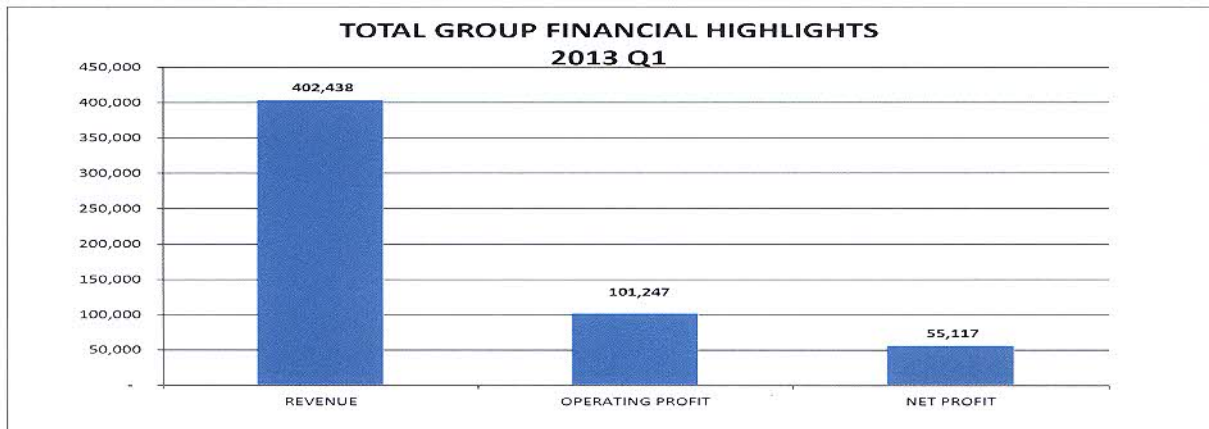
ABU DHABI AVIATION

Consolidated statement of income

| 31 March 2013 (unaudited) | Abu Dhabi Aviation AED '000 | Royal Jet L.L.C. AED '000 | Maximus Air and subsidiaries AED '000 | Eliminations AED '000 | Group AED '000 |
|---|-----------------------------------|---------------------------------|---|--------------------------|-------------------|
| Revenue | 190,079 | 141,130 | 72,404 | (1,175) | 402,438 |
| Operating expenses | (111,088) | (118,536) | (72,974) | 1,407 | (301,191) |
| Operating profit for the period | 78,991 | 22,594 | (570) | 232 | 101,247 |
| General and administrative expenses | (20,300) | (13,974) | (11,695) | 66 | (45,903) |
| Amortisation of deferred income | 3,661 | - | - | - | 3,661 |
| Income from investment property | 1,527 | - | - | - | 1,527 |
| Property rental expense | (554) | - | - | - | (554) |
| Finance income | 249 | 202 | 132 | - | 583 |
| Finance cost | (6,705) | (329) | (1,218) | - | (8,252) |
| Other income | 3,009 | 78 | 19 | (298) | 2,808 |
| Profit for the period | 59,878 | 8,571 | (13,332) | - | 55,117 |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | 59,878 | 8,571 | (13,332) | (3,620) | 51,497 |
| Non-controlling interests | - | - | - | 3,620 | 3,620 |
| Profit for the period | 59,878 | 8,571 | (13,332) | - | 55,117 |
| Basic and diluted earnings per share | | | | | AED 0.13 |



FINANCIAL HIGHLIGHTS 2013 Q1



| | 31 March 2013 | 31 March 2012 | Increase/(Decrease) |
|--------------------|---------------|------------------|---------------------|
| Turnover | 402,438 | 451,262 | (11%) |
| Operating Profit | 101,247 | 125,657 | (19%) |
| Operating Profit % | 25% | 28% | |
| Net profit | 55,117 | 70,419 | (22%) |
| Net profit % | 14% | 16% | |
| EPS for the period | 0.13 | 0.15 | (15%) |
| | | | |
| | 31 March 2013 | 31 December 2012 | |
| Total Assets | 3,600,672 | 3,585,558 | 0.4% |
| Total Liabilities | 1,558,837 | 1,531,375 | 1.8% |
| Total Equity | 2,041,835 | 2,054,183 | (0.6%) |

Chairman

