Abu Dhabi Aviation

Review report and condensed consolidated interim financial statements

31 March 2018

Principal business address:
P. O. Box 2723
Abu Dhabi
United Arab Emirates

Abu Dhabi Aviation

Condensed consolidated interim financial statements

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Independent auditors' report on review of condensed consolidated interim financial statements

To the Shareholders of Abu Dhabi Aviation

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Aviation (the "Company") and its subsidiaries ("the Group"), as at 31 March 2018, the condensed consolidated interim statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2018 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra
Registration No.: 48
Abu Dhabi, United Arab Emirates
30 APR 2018

Abu Dhabi Aviation

Condensed consolidated interim statement of financial position
as at

	Note	**31 March 2018 (unaudited) AED'000**	31 December 2017 (audited) AED'000
Assets			
Non-current assets			
Property and equipment	*4*	**2,672,117**	2,637,323
Investment properties	*5*	**405,762**	355,614
Investments	*6*	**54,740**	54,740
Investments in joint ventures	*7*	**48,261**	46,889
Total non-current assets		**3,180,880**	3,094,566
Current assets			
Inventories		**451,954**	442,235
Trade receivables	*8*	**453,831**	454,877
Prepayments and other current assets		**176,501**	195,198
Cash and deposits with banks	*9*	**424,211**	503,154
Assets held for sale	*10*	**8,975**	8,975
Total current assets		**1,515,472**	1,604,439
Total assets		**4,696,352**	4,699,005
Equity			
Share capital	*11*	**444,787**	444,787
Share premium		**112,320**	112,320
Reserves		**1,767,753**	1,762,407
Retained earnings		**386,825**	427,438
Equity attributable to owners of the Company		**2,711,685**	2,746,952
Non-controlling interest		**278,477**	268,522
Total equity		**2,990,162**	3,015,474
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		**145,013**	142,519
Non-current portion of term loans	*12*	**831,764**	806,040
Non-current portion of finance lease liabilities		**114,550**	115,121
Non-current portion of deferred income		**254,144**	267,186
Total non-current liabilities		**1,345,471**	1,330,866

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Abu Dhabi Aviation

Condensed consolidated interim statement of financial position *(continued)*
as at

	Note	**31 March 2018 (unaudited) AED'000**	31 December 2017 (audited) AED'000
Current liabilities			
Trade and other payables		**116,869**	100,457
Accrued expenses and other current liabilities		**102,047**	114,825
Current portion of term loans	*12*	**78,351**	72,101
Current portion of finance lease liabilities		**1,193**	1,148
Current portion of deferred income		**51,034**	50,751
Bank overdrafts	*9*	**11,225**	13,383
Total current liabilities		**360,719**	352,665
Total liabilities		**1,706,190**	1,683,531
Total equity and liabilities		**4,696,352**	4,699,005

Nader Ahmed Mohammed Al Hammadi
Chairman

Sheikh Ahmed Al Dhaheri
Vice Chairman

Ashraf Fahmy
Chief Financial Officer

The notes set out on pages 9 to 21 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of these condensed consolidated interim financial statements is set out on page 1.

Abu Dhabi Aviation

Condensed consolidated interim statement of profit or loss (unaudited)
for the period ended

		Three months ended 31 March	
		2018	2017
	Note	**AED'000**	AED'000
Revenue		**381,127**	392,085
Direct operating costs		**(288,754)**	(322,322)
Gross profit		**92,373**	69,763
General and administrative expenses		**(47,081)**	(39,769)
Income from investment properties		**4,708**	1,373
Property rental expense		**(877)**	(321)
Gain / (loss) on disposal of property and equipment		**1,140**	(1,225)
Amortisation of deferred income		**12,757**	13,075
Share of profit of joint ventures		**1,372**	658
Finance income		**1,344**	153
Finance costs		**(9,951)**	(9,056)
Other income		**2,514**	6,721
Profit for the period		**58,299**	41,372
Profit for the period attributable to:			
Owners of the Company		**48,344**	37,589
Non-controlling interests		**9,955**	3,783
		58,299	41,372
Basic and diluted earnings per share (AED)	*13*	**0.11**	0.08

The notes set out on pages 9 to 21 form an integral part of these condensed consolidated interim financial statements.

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Condensed consolidated interim statement of profit or loss and other comprehensive income (unaudited)

for the period ended

		Three months ended 31 March	
	Note	**2018 AED'000**	2017 AED'000
Profit for the period		**58,299**	41,372
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	*5*	**5,346**	1,336
Other comprehensive income for the period		**5,346**	1,336
Total comprehensive income for the period		**63,645**	42,708
Total comprehensive income attributable to:			
Owners of the Company		**53,690**	38,925
Non-controlling interests		**9,955**	3,783
		63,645	42,708

The notes set out on pages 9 to 21 form an integral part of these condensed consolidated interim financial statements.

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Abu Dhabi Aviation

Condensed consolidated interim statement of changes in equity
for the period ended

	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 2017 (audited)	**444,787**	**112,320**	**1,593,381**	**416,978**	**2,567,466**	**228,591**	**2,796,057**
Profit for the period	-	-	-	37,589	37,589	3,783	41,372
Other comprehensive income for the period	-	-	1,336	-	1,336	-	1,336
Total comprehensive income	-	-	1,336	37,589	38,925	3,783	42,708
Dividends *(note 14)*	-	-	-	(75,614)	(75,614)	-	(75,614)
Balance at 31 March 2017 (unaudited)	**444,787**	**112,320**	**1,594,717**	**378,953**	**2,530,777**	**232,374**	**2,763,151**
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	-	-	-	48,344	48,344	9,955	58,299
Other comprehensive income for the period	-	-	5,346	-	5,346	-	5,346
Total comprehensive income	-	-	5,346	48,344	53,690	9,955	63,645
Dividends *(note 14)*	-	-	-	(88,957)	(88,957)	-	(88,957)
Balance at 31 March 2018 (unaudited)	**444,787**	**112,320**	**1,767,753**	**386,825**	**2,711,685**	**278,477**	**2,990,162**

The notes set out on pages 9 to 21 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows (unaudited)
for the period ended

	Note	Three months ended 31 March **2018** **AED'000**	 2017 AED'000
Cash flows from operating activities			
Profit for the period		**58,299**	41,372
Adjustments for:			
- Depreciation	*4*	**38,753**	43,278
- Movement in provisions against trade receivables		**-**	(5,376)
- Provision for employees' end of service benefits		**5,140**	5,606
- Amortisation of deferred income		**(12,757)**	(13,075)
- (Gain) / loss on disposal of property and equipment		**(1,140)**	1,225
- Recovery of impaired trade receivables		**(71)**	(3,703)
- Share of profit of joint ventures		**(1,372)**	(658)
- Finance costs		**9,951**	9,056
- Finance income		**(1,344)**	(153)
		95,459	77,572
Changes in:			
- Inventories		**(9,719)**	553
- Trade receivables		**1,117**	98,309
- Prepayments and other current assets		**(21,714)**	(95,973)
- Trade and other payables		**20,092**	(24,706)
- Accrued expenses and other current liabilities		**(12,778)**	(19,609)
Cash generated from operating activities		**72,457**	36,146
Employees' end of service benefits paid		**(2,647)**	(2,922)
Net cash from operating activities		**69,810**	33,224

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Abu Dhabi Aviation

Consolidated statement of cash flows (unaudited) *(continued)*
for the period ended

	Note	Three months ended 31 March **2018** **AED'000**	2017 AED'000
Cash flows from investing activities			
Acquisition of property and equipment	*4*	**(89,001)**	(42,718)
Payments for investment property	*5.1*	**(4,356)**	-
Proceeds from disposal of property and equipment	*4*	**12,880**	-
Proceeds from disposal of assets held for sale		**-**	21,315
Finance income received		**1,344**	153
Deposits with maturities over three months	*9*	**53,014**	(36,750)
Net cash used in investing activities		**(26,119)**	(58,000)
Cash flows from financing activities			
Proceeds from term loans		**50,000**	-
Repayment of term loans		**(18,026)**	(25,537)
Finance costs paid		**(9,953)**	(9,056)
Payments for finance lease liabilities		**(526)**	(484)
Dividends paid	*14*	**(88,957)**	(75,614)
Decrease in due to a related party		**-**	(1,598)
Net cash used in financing activities		**(67,462)**	(112,289)
Net decrease in cash and cash equivalents		**(23,771)**	(137,065)
Cash and cash equivalents at 1 January		**158,713**	121,628
Cash and cash equivalents at 31 March	*9*	**134,942**	(15,437)

The notes set out on pages 9 to 21 form an integral part of these consolidated financial statements.

The independent auditors' report on review of these condensed consolidated interim financial statements is set out on page 1.

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

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of the laws of the UAE. These condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for investments and investment properties, which are carried at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these condensed consolidated interim financial statements are described in *note 3* of the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

3 Significant accounting policies

The accounting policies applied by the Group in the presentation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its audited financial statements as at and for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time (except as explained below), IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have a significant impact on the condensed consolidated interim financial information of the Group.

The adoption of the new and amended standards and interpretations did not have any material impact on the financial position or performance of the Group during the period.

i. IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group has not applied the requirements of IFRS 15 to the comparative period presented.

Rendering of services

The Group is involved in providing aviation services, as well as performing related services. The Group recognises revenue when the services are provided and the amount of the revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is recognised at the point, provided the revenue and costs can be measured reliably, the recovery is probable and there is no continuing management involvement with the services to be rendered.

Under IFRS 15, revenue will be recognised when a customer receives the services. For some contracts wherein the related services are performed, the revenue from these contracts will be recognised as the services are provided to the customer.

3 Significant accounting policies *(continued)*

i. IFRS 15 *Revenue from Contracts with Customers* (continued)

Rendering of services *(continued)*

The Group's assessment indicates that for each contract they have separate performance obligation and transaction price is determinable. Revenue will be recorded as each performance obligation is settled. The Group has fixed price contracts and the right to receive revenue is unconditional.

Therefore, the adoption of IFRS 15 did not have a significant impact on the timing of revenue recognition and the amount of revenue to be recognised.

ii. IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 *Financial Instruments: Recognition and Measurement.*

Financial assets

The Group had early adopted IFRS 9, 'Financial Instruments: Classification and measurement' in 2009 in advance of its effective date. The Group had chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group had assessed its existing financial assets) as this was the first reporting period end since the Standard was issued on 12 December 2009. The Group has also adopted amendments to classification and measurement of financial instruments issued as part of IFRS 9 (2014).

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the contract. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. The Group subsequently measures financial assets either at amortised cost or fair value.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Classification of financial assets

On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

3 Significant accounting policies *(continued)*

ii. IFRS 9 *Financial Instruments* (continued)

Financial assets *(continued)*

Classification of financial assets (continued)

The Group had the following financial assets as at 31 March 2018: 'cash and cash equivalents', 'loans and receivables' and financial assets at fair value through other comprehensive income (FVTOCI).

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

Loans and receivables

Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

However, for investments in equity instruments that are not held-for-trading, at initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at Fair value through other comprehensive income (FVTOCI). Investments in equity instruments at FVTOCI, are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed off, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'other income' line item in the profit or loss.

3 Significant accounting policies *(continued)*

ii. IFRS 9 *Financial Instruments (continued)*

Financial assets *(continued)*

Impairment of non-derivative financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which determine on a probability-weighted basis.

The new impairment model applies to the financial assets measured at amortised cost or FVTOCI, except for investment equity instruments, and to contract assets.

Under IFRS 9, loss allowance is measured on either of the following bases:
12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group determines that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. The Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

Financial liabilities and equity instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

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

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.

3 Significant accounting policies *(continued)*

ii. IFRS 9 *Financial Instruments* *(continued)*

Financial liabilities and equity instruments *(continued)*

The Group's financial liabilities comprise trade and other payables, accrued expenses and other current liabilities, due to a related party, term loans, finance lease liabilities and other non-current liability, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

iii. Property and equipment

The Company has reassessed the useful life of buildings and the changes have been applied prospectively as from 1 January 2018.

The estimated useful life for buildings in the current year and comparative period is as follows:

	Life in years
Buildings	30 (2017: 25 years)

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

Name of subsidiary	**Ownership interest** 31 March 2018	31 December 2017	**Country of incorporation**	**Principal activities**
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 Millenium 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

4 Property and equipment

During the period ended 31 March 2018, the Group incurred AED 89 million (*31 December 2017: AED 107.8 million*) on the acquisition of property and equipment. Depreciation of property and equipment during this period amounted to AED 38.8 million (*31 December 2017: AED 177.9 million*).

During the period ended 31 March 2018, the Group disposed of certain assets with a carrying amount of AED 11.8 million for total proceeds of AED 12.9 million. Property and equipment is primarily operated from the Group's base in the United Arab Emirates.

5 Investment properties

Investment properties represent investment in a property owned by Royal Jet L.L.C. located in Khalifa City, Abu Dhabi, a property of the Company located in London, United Kingdom, premises located in Al Rawdhat, Abu Dhabi and two properties in Satwa Redevelopment Zone, Dubai. Property in London is registered in the name of Herbal Hill Gardens Limited, a company incorporated in Gibraltar for the purpose of owning the investment property and wholly owned by the Group.

		31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Balance at 1 January		**355,614**	161,252
Increase in fair value – London		**-**	74
Investment properties – Al Rawdhat		**-**	182,800
Investment property under construction	*(note 5.1)*	**44,802**	-
Net foreign currency exchange difference		**5,346**	11,488
		405,762	355,614

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2017, 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 31 March 2018.

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 31 March 2018, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy *(31 December 2017: Level 2).*

5.1 Investment property under construction represents two plots in Satwa Redevelopment Zone, Dubai. The purchase of these plots was completed in March 2018. At this point AED 40.4 million of advances paid in previous periods for this purchase was transferred from current assets to Investment properties and the remaining balance of AED 4.4 million due on completion was paid during the period as a final settlement to the sale and purchase agreement.

6 Investments

	31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Financial assets at fair value through other comprehensive income	**54,740**	54,740
Balance at 1 January	**54,740**	-
Purchase of investments	**-**	54,740
	54,740	54,740

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

Investment in Abu Dhabi Commercial Bank (ADCB) bonds	**54,740**	54,740

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 31 March 2018 has been accounted for using the equity method.

8 Trade receivables

	31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Trade receivables (net of provisions)	**414,181**	428,951
Due from related parties	**39,650**	25,926
	453,831	454,877

9 Cash and deposits with banks

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

	31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Deposits	**278,044**	331,058
Bank current accounts	**144,729**	169,019
Cash in hand	**1,438**	3,077
Cash and deposits with banks in the condensed consolidated interim statement of financial position	**424,211**	503,154
Less: bank overdrafts used for cash management purposes	**(11,225)**	(13,383)
Less: deposits with maturities over three months	**(278,044)**	(331,058)
Cash and cash equivalents in the condensed consolidated interim statement of cash flows	**134,942**	158,713

Cash and deposits with banks include an amount of AED 14.1 million *(31 December 2017: AED 13.6 million)* held in foreign banks abroad and the remaining balance is held within the UAE.

10 Asset held for sale

As at 31 March 2018, management has one aircraft as Asset held for sale. Management is committed to sell this aircraft and expects to complete this transaction in 2018.

11 Share capital

	31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Issued and fully paid:		
444,787,200 shares of AED 1 each	**444,787**	444,787

12 Term loans

AED 50 million term loan of Abu Dhabi Aviation
During the period ended 31 March 2018, a term loan from a local bank amounting to AED 50 million was obtained to finance 50% of the purchase cost of two AW139 helicopters. The loan is repayable in twenty four equal quarterly installments. The first principal repayment will start from six months from the date of loan drawdown. Residual balance of principal or interest, if any, is to be settled on the final maturity date. The interest is calculated by reference to three month EIBOR plus 1.40% 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 2017.

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 31 March	
	2018 (unaudited)	2017 (unaudited)
Profit attributable to Owners of the Company (AED'000)	**48,344**	37,589
Weighted average number of shares in issue (AED'000)	**444,787**	444,787
Earnings per share (AED)	**0.11**	0.08

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 89.0 million *(2017: AED 75.6 million)* were approved by the shareholders at the annual general meeting held on 13 March 2018.

15 Contingent liabilities

As at 31 March 2018, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 60.1 million *(31 December 2017: AED 55.1 million)*.

Notes to the condensed consolidated interim financial statements
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16 Commitments

Capital commitments
As at 31 March 2018, the Group had estimated commitments for the acquisition of property and equipment of AED 86.2 million *(31 December 2017: AED 92.4 million)*.

Operating commitments
The Group is committed to pay annual maintenance fees of AED 750,000 over the lease term of the related residential complex along with the lease installment payment. Operating commitments including annual maintenance fees and others fall due as follows:

	31 March 2018 (unaudited) AED'000	31 December 2017 (audited) AED'000
Due in less than one year	**18,348**	16,457
Later than one but not later than five years	**12,710**	16,164
Later than five years	**13,875**	13,500
	44,933	46,121

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.

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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
31 March 2018 (unaudited)							
Revenue	**150,152**	**134,863**	**93,189**	**-**	**6,853**	**(3,930)**	**381,127**
Profit / (loss) for the period	**16,133**	**19,910**	**21,367**	**2,975**	**320**	**(2,406)**	**58,299**
31 March 2017 (unaudited)							
Revenue	151,598	130,458	111,792	-	-	(1,763)	392,085
Profit for the period	16,817	7,566	15,937	1,052	-	-	41,372

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
31 March 2018 (unaudited)							
Assets	**3,004,204**	**1,444,504**	**647,668**	**460,502**	**193,919**	**(1,054,445)**	**4,696,352**
Liabilities	**893,263**	**929,496**	**35,723**	**-**	**156,895**	**(309,187)**	**1,706,190**
31 December 2017 (audited)							
Assets	3,036,101	1,442,382	683,072	355,614	194,514	(1,012,678)	4,699,005
Liabilities	807,958	947,284	37,705	-	160,362	(269,778)	1,683,531

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

18 Related parties

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

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

	Three months ended 31 March	
	2018 (unaudited) AED'000	2017 (unaudited) AED'000
Revenue	**43,852**	61,673
Finance cost on finance lease of aircraft	**30**	54
Key management compensation		
Salaries and other short term employee benefits	**4,516**	4,436
Directors' fees	**2,963**	1,745
Provisions for employees' end of service benefits	**440**	257

19 Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by management and authorised for issue by the Board of Directors on 30 April 2018.