



طيران أبو ظبي
ABU DHABI AVIATION



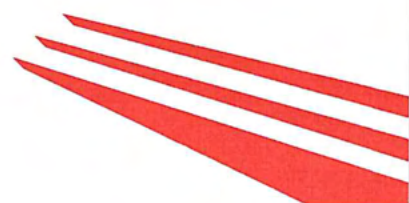
Abu Dhabi Aviation Integrated Report Year 2021



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DIRECTORS' REPORT

The directors are pleased to present their report and the audited consolidated financial statements of the Group for the period ended 31 December 2021.

Abu Dhabi Aviation (ADA) is the largest commercial helicopter operator in the Middle East, operating fifty five (55) helicopters (19 Augusta Westland AW139s, 2 Augusta Westland AW169s, 22 Bell 412s, 12 Bell 212s) and 4 fixed-wing aircraft (DHC-8).

ADA's strategic view is to diversify its activities within the aviation and non-aviation sectors. ADA provides services to the following aviation sectors:

- Flight Operations (Dry and Wet Lease).



- Flight Charter (Oil & Gas Support, Firefighting, Photography, Aerial Application, Pipeline Patrols, Long Line Missions and VVIP Flights for Heads of States).



- Medical Evacuation (24/7 HEMS and MEDEVAC – Offshore and Desert Evacuations).



- Search and Rescue support to the Armed Forces of the UAE.

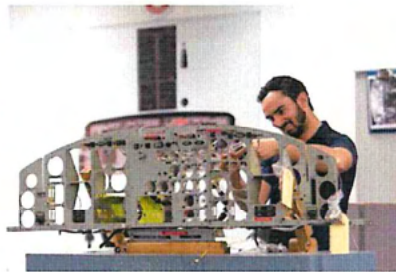


- Fixed Wing passenger transport.



ADA provides state-of-the-art technical support through its 612 m² MRO facility at Abu Dhabi Airport: - (GCAA, FAA, EASA, CARC and GACA)

- Heavy Maintenance (*Rotary and Fixed Wing*)
- Overhaul and Component Workshop
- Engine Support (*change, inspection and build up*)
- Avionics Support
- Structures Workshop
- Wheels and Brakes
- Refurbishment and Paintshop



Floats and Rafts Inspection and Overhaul



Battery Workshop



Continuing Airworthiness Management Organization (CAMO)

Approved CAMO under GCAA, CAR M, CARC and JCAR-Part M for a number of RW and FW aircraft types.

ADA has 100% ownership in **Abu Dhabi Aviation Training Centre LLC (ADATC)** for simulator training. The facility has nine bays scalable to eighteen bays at phase two. ADATC holds the following FFS simulators:

- AW139
- Bell 412
- King Air 350
- Embraer ERJ 145

ADATC also provides the following courses:

- Pilot Initial and Type Rating (*Ground and Flight*)
- Recurrent and Refresher (*Ground and Flight*)
- LOFT
- Airframe and Avionics
- GCAA EASA and GACA approved courses
- GCAA EASA and GACA Examiners
- NVG Training
- CRM, First Aid, Fire Fighting, Dangerous Goods and others



AgustaWestland Aviation Services LLC is a joint venture between ADA (70%) and the aircraft manufacturer Leonardo Helicopter (30%) to provide the following services:

- Helicopter MRO and Logistics
- Spare Parts Distribution Centre
- Component Repair and Overhaul
- Floats and Rafts Inspection, Repair and Overhaul



ADA has established **ADA International Real Estate LLC (ADAIRE)** to manage the Group's land and properties in the UAE and overseas.

The scope of work of ADAIRE includes:

- Asset Management
- Property Management
- Leasing Services
- Joint Ventures
- Private Equity
- Facilities Management Services
- Development Management Services
- Investments

Rawdhat



Jumeirah Garden City



Muneera



ADA has 100% ownership in **Maximus Air L.L.C. (MAX)**, the largest air cargo operator in the UAE and among the largest in the Middle East. It has a fleet of Antonov AN-124-100 and Ilyushin IL-76TD. The company provides end to end outsized cargo solutions including dangerous goods, equestrian and live animals.



Royal Jet L.L.C. (RJ) is jointly owned by Abu Dhabi Aviation PJSC (50%) and Presidential Flight Authority (50%).

The fleet includes seven (7) owned aircraft in addition to various leased and managed aircraft:



The company's core offerings are:

- Luxury VIP Aircraft Charter
- Medical Evacuation Services
- Charter Brokerage
- Aircraft Management and Acquisition Consultancy
- Fixed Base Operations (FBO)/VIP Terminal at Abu Dhabi International Airport and Seychelles

Other subsidiaries include ADA Real Estate Management and General Maintenance LLC (REMCO) and ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship LLC (ADAME).

The COVID pandemic had a significant impact on the aviation sector as a whole, but Abu Dhabi Aviation tried to mitigate the disruption by taking various initiatives on a timely basis. The results of these initiatives are apparent from the group's financial performance for the year. As a well-diversified company, ADA looked for other revenue streams such as investing in securities. Furthermore, the group benefited from the relationships with Original Equipment Manufacturers (OEM's) and executed certain deals which helped with the bottom-line results.

FINANCIAL AND OPERATIONAL REVIEW

Financial performance for the period ended 31 December 2021 is as follows:

	For the period ended 31 December 2021 AED'000	For the period ended 31 December 2020 AED'000	Increase/ (decrease)
Turnover	1,682,082	1,558,504	7.93%
Operating Profit	494,327	342,969	44.13%
Operating Profit - %	29.39%	22.01%	
Net profit	306,833	154,686	98.36%
Net profit - %	18.24%	9.93%	
EPS for the period	0.56	0.40	41.52%
	As at 31 December 2021 AED'000	As at 31 December 2020 AED'000	Increase/ (decrease)
Total Assets	5,525,386	4,977,148	11.02%
Total Liabilities	1,786,071	1,489,447	19.92%
Total Equity	3,739,315	3,487,701	7.21%

As a growth and diversification strategy, Abu Dhabi Aviation (ADA) is expanding its operations globally by signing a 5-year contract for AW139 helicopters with Bestfly in Angola and Sazma Aviation in Malaysia to support their oil and gas operations.

	ABU DHABI AVIATION (ADA, REMCO, ADATC, ADAIRE and ADAME)	ROYAL JET LLC	MAXIMUS AIR LLC
Revenue 2021	AED738.61 M	AED512.60 M	AED 430.87 M
Revenue 2020	AED 636.19 M	AED 320.08 M	AED 602.23 M
Variance %	16.10% 	60.15% 	28.45% 
Remarks	Additional Oil & Gas Offshore Flights as well as ad hoc flights	Due to high demand on charter flights	Due to less demand in logistics and charter sales



Nader Ahmed Mohammad Al Hammadi
Chairman
Date: 9 February 2022



ABU DHABI AVIATION

**Report and consolidated
financial statements for the year
ended 31 December 2021**

ABU DHABI AVIATION

Report and consolidated financial statements for the year ended 31 December 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI AVIATION

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Aviation ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key matter 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 discussed 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. The key audit matters remained similar from prior year.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition The Group reported revenue of AED 1,682.1 million for the year 31 December 2021 from services rendered to customers from aircraft operations, revenue from manpower services and revenue from sale of spares. There is an inherent risk around the accuracy of revenue recognised given the complexity of the business services and consequently we considered this to be a key audit matter. The amount of revenue and profit recognised in the year on various contracts with government entities is dependent on the customer's acceptance of the services which in certain circumstances is difficult to demonstrate. Consequently, significant judgement is applied in determining the measurement of revenue and the timing of revenue recognition. The following notes to the consolidated financial statements contain the relevant information related to the matters discussed above: Note 3 – Significant Accounting Policies Note 24 – Revenue Note 4 – Critical Accounting Judgments and Key Sources of Estimation Uncertainty	Our audit approach included a combination of test of controls and substantive procedures as follows: • Understanding the significant revenue processes and identifying the relevant controls, IT systems and reports; • Understanding the control environment and applications involved in the revenue recording process; • Performed tests of operating effectiveness of controls on occurrence, completeness and accuracy of revenue • Performing tests on the accuracy of customer bills on a sample basis; • Performing analytical procedures on significant revenue streams; • Assessing the appropriateness of the Group's accounting policy against the requirements of IFRSs and the compliance of revenue recognized therewith; and • Assessing the overall presentation, structure and content of revenue related disclosures in notes 3,4 and 24 to the consolidated financial statements to determine if they were in compliance with the requirements of IFRSs.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of aircraft related assets The carrying value of aircraft, property and equipment includes AED 1,890.5 million as of 31 December 2021 relating to aircraft related assets. We consider this to be a key audit matter because significant judgements and estimates are applied to conclude if there is any indication, including those indications related to the Covid-19 pandemic, that assets are impaired, which could include a notable decline in the financial performance and worsened economic/ financial prospects due to economic and other factors, and the extent of impairment, if any. The impairment of aircraft related assets is measured by comparing their carrying value to their estimated recoverable amount, being the higher of estimated fair value less costs of disposal and value in use at the individual cash generating units (CGU) level. The inherent risks associated with assessing the recoverable amount of aircraft related assets are significant. Management's measurement of recoverable amount requires significant judgement to be applied in the determination of CGUs and estimation of current and future market conditions, projected cash flows and discount rates. For the year ended 31 December 2021, the Group has recorded an impairment loss on DHC 300, DHC 400 and Bell 412 aircraft (separate CGUs) amounting to AED 29.9 million and on its G5000 fleet (separate CGU) amounting to AED 12.5 million. Refer to note 5 in the consolidated financial statements for disclosures made relating to this matter.	Our procedures included the following: We assessed the design and implementation of controls in this area. We assessed management's determination of the Group's CGUs based on our understanding of the Group's business. We analysed the Group's internal reporting to assess how earnings are monitored and reported and the consequent implication to CGU identification. Where value in use calculations were determined by management, our audit procedures included challenging management's estimation of the present value of the net cash flows expected to be generated from these assets based on the assumptions of their future utilisation, revenue generation and costs especially considering the impact of Covid-19 to the aviation industry. We challenged the appropriateness of estimates for each CGU based on our assessment of the historical accuracy of the Company's estimates in previous periods. We determined if the disclosures made in the financial statements for this matter were in accordance with the requirements of IFRSs.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
The Group's investment property portfolio amounted to AED 376.2 million as at 31 December 2021 and the net fair value loss recorded in the consolidated income statement is nil. The Group measures its investment properties at fair value. The determination of fair value of these investment properties is based on external valuations using an income approach. The Group's undiscounted future cash flows analysis and the assessment of the expected remaining holding period and income projections on the existing operating assets requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates. These have been impacted in the current year as a result of the Covid-19 pandemic. The valuation of the portfolio is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. In the event that the fair value of a real estate asset is higher or lower than its carrying amount, the Group will recognise a fair value adjustment in its consolidated statement of profit or loss and other comprehensive income. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on level 2 valuation methodologies and it requires management to apply significant judgements in determining the fair value of investment property. Refer to note 6 for disclosures relating to this matter.	We evaluated the design and implementation of controls in the determination of the fair value of investment properties. We agreed the total valuation determined by management to the amount reported in the consolidated statement of financial position. We tested the data used in the valuation models, on a sample basis. We involved our internal real estate valuation specialist to review selected properties valued and internally by management and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. This included an assessment of the impact of the Covid-19 pandemic on the valuation models. Where we identified estimates that were outside acceptable parameters, we discussed these with management to understand the rationale behind the estimates made. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of recoverable amounts. We assessed the disclosures made to determine if they were in accordance with the requirements of IFRSs.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Other Information

The Board of Directors is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 IFRSs and their preparation in compliance with the applicable provisions of the Articles of Association of the Company and UAE Federal Law No. (2) of 2015, 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 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- 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 evidenced 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

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 auditors' 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI AVIATION (continued)**

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015(as amended);
- The Group has maintained proper books of account,
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- As disclosed in note 7 to the consolidated financial statements, the Group has purchased shares during the financial year ended 31 December 2021;
- Note 12 to the consolidated financial statements discloses material related party balances, transactions and the terms under which they were conducted; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015(as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.
- There were no social contributions made during the year by the Group.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, 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 consolidated financial statements as at 31 December 2021:

- Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively issued in the United Arab Emirates; and
- and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
9 February 2022
Abu Dhabi
United Arab Emirates

**Consolidated statement of financial position
as at 31 December 2021**

	<i>Notes</i>	2021 AED'000	2020 AED'000
Assets			
Non-current assets			
Aircraft, property and equipment	5	2,153,491	2,302,589
Investment properties	6	376,228	375,610
Investments in financial assets	7	425,970	157,347
Right of use assets	8	104,883	112,091
Investment in a joint venture	9	68,424	62,732
Total non-current assets		3,128,996	3,010,369
Current assets			
Inventories		549,393	534,621
Trade receivables	11	706,773	736,931
Contract assets, prepayments and other current assets	13	258,850	109,118
Cash and bank balances	14	626,716	582,881
Assets classified as held for sale	5	251,684	-
Right of use assets	8	2,974	3,228
Total current assets		2,396,390	1,966,779
Total assets		5,525,386	4,977,148
Equity			
Share capital	15	444,787	444,787
Share premium		112,320	112,320
Reserves	16	1,947,274	1,948,014
Retained earnings		833,870	628,120
Equity attributable to owners of the Company		3,338,251	3,133,241
Non-controlling interest	18	401,064	354,460
Total equity		3,739,315	3,487,701
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	19	136,665	126,695
Term loans	20	443,252	539,825
Lease liabilities	21	131,064	137,922
Deferred income	22	154,362	143,353
Total non-current liabilities		865,343	947,795

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position (continued)
as at 31 December 2021

	<i>Notes</i>	2021 AED'000	2020 AED'000
Current liabilities			
Trade and other payables	23	145,583	113,787
Accrued expenses and other current liabilities		204,525	159,759
Advances from customer	5	291,855	-
Term loans	20	260,357	206,061
Lease liabilities	21	6,265	6,332
Deferred income	22	12,143	35,295
Provision for employees' end of service benefits	19	-	20,418
Total current liabilities		920,728	541,652
Total liabilities		1,786,071	1,489,447
Total equity and liabilities		5,525,386	4,977,148

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.



Nader Ahmed Mohammed Al Hammadi
Chairman

Signed by: Shaikh Ahmed Al Dhaheri
Signed at: 2022-02-09 10:40:58 +00:00
Reason: Witnessing Shaikh Ahmed Al Dh



Shaikh Ahmed Mohamed Sultan AlDhaheri
Vice Chairman



Ashraf Fahmy
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021**

	<i>Notes</i>	2021 AED'000	2020 AED'000
Revenue from contracts with customers	24	1,682,082	1,558,504
Direct operating costs	25	(1,187,755)	(1,215,535)
Gross profit		494,327	342,969
General and administrative expenses	26	(182,156)	(180,703)
Loss on change in fair value of investment property	6	-	(4,500)
Loss on disposal of aircraft, property and equipment		(3,688)	(1,957)
Loss on write off of aircraft, property and equipment		-	(5,864)
Impairment loss on aircraft, property and equipment	5	(42,430)	(21,266)
Impairment loss on investment property under construction	6	-	(12,377)
Net charge of impairment loss on trade receivables	11	5,825	(5,174)
Amortisation of deferred income	22	12,143	35,346
Share of profit of a joint venture	9	5,692	4,793
Finance income		6,794	9,823
Finance costs		(24,658)	(34,379)
Other income		15,161	14,184
Gain on financial asset at fair value through profit or loss	7	19,823	13,791
Profit for the year		306,833	154,686
Profit for the year attributable to:			
Owners of the Company		250,229	176,815
Non-controlling interest	18	56,604	(22,129)
		306,833	154,686
Basic and diluted earnings per share (AED)	27	0.56	0.40

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income (continued)
for the year ended 31 December 2021

	<i>Note</i>	2021 AED'000	2020 AED'000
Profit for the year		306,833	154,686
Other comprehensive income			
Items that may be reclassified			
subsequently to profit or loss			
Foreign currency translation differences		(740)	1,190
Other comprehensive income for the year		(740)	1,190
Total comprehensive income for the year		306,093	155,876
Total comprehensive income attributable to:			
Owners of the Company		249,489	178,005
Non-controlling interest	18	56,604	(22,129)
		306,093	155,876

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of changes in equity
for the year ended 31 December 2021**

	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 interest AED'000	Total AED'000
Balance at 1 January 2021	444,787	112,320	1,948,014	628,120	3,133,241	354,460	3,487,701
Profit for the year	-	-	-	250,229	250,229	56,604	306,833
Other comprehensive income for the year	-	-	(740)	-	(740)	-	(740)
Total comprehensive income	-	-	(740)	250,229	249,489	56,604	306,093
Dividends (<i>Note 17</i>)	-	-	-	(44,479)	(44,479)	(10,000)	(54,479)
Balance at 31 December 2021	444,787	112,320	1,947,274	833,870	3,338,251	401,064	3,739,315

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2021

	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 interest AED'000	Total AED'000
Balance at 1 January 2020	444,787	112,320	1,919,133	567,953	3,044,193	376,589	3,420,782
Profit for the year	-	-	-	176,815	176,815	(22,129)	154,686
Other comprehensive income for the year	-	-	1,190	-	1,190	-	1,190
Total comprehensive income	-	-	1,190	176,815	178,005	(22,129)	155,876
Transfer to legal reserve in subsidiaries (<i>Note 16</i>)	-	-	17,152	(17,152)	-	-	-
Dividends (<i>Note 17</i>)	-	-	-	(88,957)	(88,957)	-	(88,957)
Reclassification of translation reserve	-	-	10,539	(10,539)	-	-	-
Balance at 31 December 2020	444,787	112,320	1,948,014	628,120	3,133,241	354,460	3,487,701

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows
for the year ended 31 December 2021**

	<i>Notes</i>	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the year		306,833	154,686
<i>Adjustments for:</i>			
- Depreciation	5	143,938	156,819
- Amortisation of right of use asset	8	7,462	10,500
- Charge of impairment losses on trade receivables	11	4,934	12,640
- Recovery of impaired trade receivables	11	(10,759)	(7,467)
- Impairment loss on aircraft, property and equipment	5	42,430	21,266
- Impairment loss on investment property under construction	6	-	12,377
- Loss on write off of aircraft, property and equipment	5	-	5,864
- Provision for employees' end of service benefits	19	17,879	19,190
- Amortisation of deferred income	22	(12,143)	(35,346)
- Loss on change in fair value of investment property	6	-	4,500
- Net foreign currency translation difference	7	1,787	-
- Loss on disposal of aircraft, property and Equipment	5	3,688	1,957
- Share of profit of a joint venture	9	(5,692)	(4,793)
- Finance costs		19,148	24,084
- Finance income		(6,794)	(9,823)
- Gain on financial asset at fair value through profit or loss	7	(19,823)	(13,791)
- Interest expense on lease liabilities		5,510	10,295
		498,398	362,958
Changes in:			
- Inventories		(14,772)	(50,137)
- Trade receivables	11	35,983	(107,615)
- Contract assets, prepayments and other current assets	13	(149,732)	155,018
- Trade and other payables	23	31,796	(24,749)
- Accrued expenses and other current liabilities		43,411	(13,961)
- Advances from customer		291,855	-
Cash generated from operating activities		736,939	321,514
End of service benefits paid	19	(28,327)	(27,038)
Net cash generated from operating activities		708,612	294,476

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2021

	<i>Notes</i>	2021 AED'000	2020 AED'000
Cash flows from investing activities			
Acquisition of aircraft, property and equipment	5	(292,687)	(133,237)
Payments for investment properties	6	(618)	(74,356)
Purchase of investment in financial assets	7	(273,760)	(112,053)
Proceeds from disposal of aircraft, property and Equipment		45	1,548
Proceeds from disposal of investment in financial assets	7	23,173	-
Finance income received		6,794	9,823
Deposits with maturities over three months	14	81,466	149,692
Net cash used in investing activities		(455,587)	(158,583)
Cash flows from financing activities	32		
Proceeds from term loans		209,328	103,054
Repayment of term loans		(250,990)	(81,860)
Interest paid on lease liabilities		(5,510)	(10,295)
Payments for lease liabilities		(6,925)	(9,310)
Finance cost paid		(19,148)	(33,160)
Dividends paid	17	(54,479)	(88,957)
Net cash used in financing activities		(127,724)	(120,528)
Net increase in cash and cash equivalents		125,301	15,365
Cash and cash equivalents at 1 January		310,714	295,349
Cash and cash equivalents at 31 December	14	436,015	310,714

The accompanying notes form an integral part of these consolidated financial statements.

**Notes to the consolidated financial statements
for the year ended 31 December 2021****1 General information**

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, UAE.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- **Amendments to *Interest Rate Benchmark Reform in IFRS 9 and IFRS 7*:**
The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
- **Amendments to IFRS 16 *Leases* relating to Covid-19-Related Rent Concessions:**
The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2021.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs

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

IFRS 17 Insurance Contracts

1 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates and the impact of policy holders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

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

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

Effective date not yet decided

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

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

1 January 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

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

Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework* 1 January 2022

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

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

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract*

1 January 2022

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41

The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.

Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

1 January 2023

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

Amendments to IAS 1 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective (continued)

The above stated new standards and amendments are not expected to have any significant impact on financial statement of the Company.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statement of the Company.

3 Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and applicable provisions of the laws of the UAE.

These consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets and investment properties, which are carried at fair value. These consolidated 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 thousand, unless otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.
- The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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

Name of subsidiary	<u>Ownership interest</u>		Country of incorporation	Principal activities
	<u>31</u> December 2021	<u>31</u> December 2020		
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

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint 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.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Investment in joint ventures (continued)

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in a joint venture is included in the determination of the gain or loss on disposal of the joint venture. If a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the joint venture is disposed of.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Investment in joint ventures (continued)

When a Group entity transacts with an a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

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 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 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Revenue recognition

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 Company 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 Company sells services on a standalone basis. For items that are not sold separately the Company estimates standalone selling prices using other methods

The Group recognises revenue from the following major sources:

Helicopter and fixed wing operations, Commercial aircraft operation 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.

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.

Rental income / Others

Revenue 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Rental income / Others (continued)

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 Company 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 financial statements. The Company 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 (such as tablets and personal computers, small items of office furniture and telephones). 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.

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 purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Leases (continued)

(a) The Group as lessee (continued)

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 unchanged 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 periods 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.

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 contracts 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 nonlease components.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Interest / dividend income and interest expense

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

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; or
- 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.

Foreign currency

In preparing the financial statements of the Group entities, transactions in currencies other than the Company'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).

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Summary of significant accounting policies (continued)

Foreign currency (continued)

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 company 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 was granted to the Company. Deferred income is amortised on the basis of the agreed legal duration of the related investment of 25 years.

Deferred income relating to aircraft, property and equipment granted by the Abu Dhabi Government to Royal Jet L.L.C. is recognised at the nominal value of the assets. Deferred income is amortised on the basis of the estimated useful life of the asset.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Aircraft, property and equipment

Recognition and measurement

Items of aircraft, property and equipment are measured at cost, which includes capitalized 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. The estimated useful lives of the Group's property and equipment are disclosed in Note 5.

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. Surpluses arising on revaluation are transferred to a revaluation reserve. This reserve is released to distributable reserves when assets are sold or disposed of.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Aircraft, property and equipment (continued)

Depreciation (continued)

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

Commercial aircraft, rotatable parts and repairables	20-30 years
Cargo aircraft and spare engines	25 years
Fixed wing aircraft	15 years
Helicopters and major rotables	10-15 years
Fixed wing spares	15 years
Motor vehicles	4 years
Ground equipment	5 years
Furniture and office equipment	4-5 years
Housing complex	30 years
Buildings	30 years
Commercial aircraft facility leasehold improvements	3 years
Fixtures and fittings	10 years
Main rotor yokes	5,000 - 10,000 hours
Main rotor blades	4,000 hours
Aircraft overhaul	Number of engine hours as per overhaul

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.

Investment property under construction is carried at cost. Subsequent to completion, it is transferred to Investment property and measured at fair value.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Impairment of aircraft, property and equipment

At each reporting date, the Group reviews the carrying amounts of its aircraft, property and equipment 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). 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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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 measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle wherein the cost of inventories includes the invoiced cost, freight expenses, duties and other expenses incurred in bringing the inventories to their present condition and location. Allowance is made in the accounts for obsolete and slow-moving items based on management's judgement.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments

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.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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; 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.

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; and
- 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 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest 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.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

The debt instruments held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 31(a). The debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income - other' line item (note 10) in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note 25).

(iv) Financial assets at FVTPL (fair value through profit or loss)

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(iv) Financial assets 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 'Gain on investment through profit or loss' line item in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 31(a).

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 contract assets, 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.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets 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 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(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 organisations, 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.

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.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(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
- 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) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a. significant financial difficulty of the issuer or the borrower;
- b. a breach of contract, such as a default or past due event (see (ii) above);
- c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses (continued)

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.

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 collateralised 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 investments 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 investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

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.

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.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

3 Significant accounting policies (continued)

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.

Employee benefits

Short-term employee benefits

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.

Termination benefits for non UAE Nationals

For Group entities domiciled in the UAE, 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.

Termination benefits for UAE Nationals

With respect to its UAE national employees, the Company 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 Company'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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

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.

Impact of Covid 19 on Significant estimates and critical accounting judgements

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Group considers this outbreak to have had a minimal disruptive impact on the Group's businesses other than its commercial aircraft operations. The impact of this outbreak was incorporated in the significant estimates and judgements of the Group mainly on the macroeconomic forecasts of the Group's IFRS 9 estimates of expected credit loss allowances and measurement of impairment of non-financial assets.

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 financial statements.

Judgements in determining the timing of satisfaction of performance obligations

The Company 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, we have considered the nature of these goods and services as well as the nature of its performance.

Classification Joint venture

As describe in Note 9, AgustaWestland Aviation Services L.L.C. ("AWAS") is a joint venture of the Company and Agusta SpA. Although the Company owns a 70% ownership interest in AWAS, the Company 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. AWAS is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company 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 Company.

Classification of joint arrangement

The Company has entered into a cooperation and services arrangement with CAE Inc. where the contributions and profit sharing is based on 50-50% 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 2021 (continued)**

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

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

Classification of Subsidiary

The Company has a 50% ownership interest in Royal Jet LLC, with the other 50% owned by Presidential Flight Authority. Royal Jet LLC is accounted for as a subsidiary of the Group on the basis that the group is able to exert control over this entity as a result of majority Board representation and its reliance on the Company for technical support and operations.

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 property, 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. 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

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 receivables and contract assets

The Group recognises loss allowances for ECLs on trade receivables and contract assets. 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 receivables and contract assets 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.

The Group assumes that the credit risk on trade receivables and contract assets 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 receivables at 31 December 2021 is AED 75.4 million (2020: AED 82.2 million).

Allowance for obsolete and slow moving inventories

Management has estimated the recoverability of inventory balances which relates to spare parts and rotables (finished goods) and has considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history. Allowance for impairment of obsolete and slow-moving inventories as at 31 December 2021 is AED 29.3 million (2020: AED 29.3 million).

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).

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

Key sources of estimation uncertainty (continued)

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

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 2021, Abu Dhabi Aviation had recorded an impairment loss on DHC 300 , DHC 400 and Bell 412 fleet (separate CGUs) amounting to AED 29.9 million (2020 : AED 10.4 million). Royal Jet LLC has recorded an impairment loss on its G5000 fleet (separate CGU) amounting to AED 12.5 million (2020: AED 10.86 million). Details of the impairment losses are set out in Note 5 to the consolidated financial statements.

Impairment of investment in joint venture

Management regularly reviews its investment in joint ventures for indicators of impairment. This determination of whether investment in 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 investment is recognised as an expense in profit or loss. Management is satisfied that no impairment is required on its investment in joint ventures (Note 9).

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 2021 (continued)**

5 Aircraft, property and equipment

	Buildings	Commercial aircraft facility leasehold improvements	Helicopters, aircraft and major rotables	Cargo aircraft building	Cargo aircraft and spares	Commercial aircraft	Commercial aircraft rotable parts and repairables	Furniture and fittings	Others	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost											
Balance at 1 Jan 2020	140,110	13,236	2,029,860	15,017	177,110	1,231,612	21,916	19,135	388,304	16,411	4,052,711
Additions	-	75	15,390	-	21,297	-	859	57	6,834	88,725	133,237
Disposals	-	-	(8,334)	-	-	-	-	-	(3)	-	(8,337)
Transfers	-	-	77,752	-	-	-	4,074	-	-	(81,826)	-
Write off	-	-	-	-	-	-	-	-	(16,237)	(670)	(16,907)
Balance at 1 Jan 2021	140,110	13,311	2,114,668	15,017	198,407	1,231,612	26,849	19,192	378,898	22,640	4,160,704
Additions	-	3,119	9,184	-	5,487	-	2,872	57	4,836	267,132	292,687
Disposals	-	-	(5,823)	-	(14,700)	-	-	-	(552)	-	(21,075)
Transfers	-	-	140,283	-	-	-	-	-	26,353	(166,636)	-
Transfer to asset held for sale (iv)	-	-	-	-	-	(289,889)	-	-	-	-	(289,889)
Balance at 31 Dec 2021	140,110	16,430	2,258,312	15,017	189,194	941,723	29,721	19,249	409,535	123,136	4,142,427

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

5 Aircraft, property and equipment (continued)

	Buildings AED'000	Commercial aircraft facility leasehold improvements AED'000	Helicopters, aircraft and major rotables AED'000	Cargo aircraft building AED'000	Cargo aircraft and spares AED'000	Commercial aircraft AED'000	Commercial aircraft rotable parts and repairables AED'000	Furniture and fittings AED'000	Others AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation and impairment											
Balance at 1 Jan 2020	67,661	12,945	801,889	6,606	110,193	371,686	3,407	17,831	303,687	-	1,695,905
Charge for the year	3,767	267	54,928	600	9,186	57,578	1,392	482	28,619	-	156,819
Eliminated on disposals	-	-	(4,829)	-	-	-	-	-	(3)	-	(4,832)
Impairment	-	-	10,411	-	-	10,855	-	-	-	-	21,266
Write off	-	-	-	-	-	-	-	-	(11,043)	-	(11,043)
Balance at 1 Jan 2021	71,428	13,212	862,399	7,206	119,379	440,119	4,799	18,313	321,260	-	1,858,115
Charge for the year	3,767	312	71,736	600	16,733	24,178	1,660	593	24,359	-	143,938
Eliminated on disposals	-	-	(2,090)	-	(14,700)	-	-	-	(552)	-	(17,342)
Impairment	-	-	29,931	-	-	12,499	-	-	-	-	42,430
Transfer to asset held for sale (iv)	-	-	-	-	-	(38,205)	-	-	-	-	(38,205)
Balance at 31 Dec 2021	75,195	13,524	961,976	7,806	121,412	438,591	6,459	18,906	345,067	-	1,988,936
Carrying amount											
At 31 Dec 2020	68,682	99	1,252,269	7,811	79,028	791,493	22,050	879	57,638	22,640	2,302,589
At 31 Dec 2021	64,915	2,906	1,296,336	7,211	67,782	503,132	23,262	343	64,468	123,136	2,153,491

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

5 Aircraft, property and equipment (continued)

- i)* During the year, as the result of the decline in asset values and high operating costs of the G5000 fleet, the Group carried out a review of the recoverable amount of that fleet. These assets are used in the Group's Commercial Aircraft reportable segment. The review led to the recognition of an impairment loss of AED 12.5 million, which has been recognised in profit or loss. The Group also estimated the fair value less costs of disposal of the fleet, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is less than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their value in use which uses cash flow projections based on financial budgets approved by the directors covering the remaining useful life. The discount rate used in measuring value in use was 7 per cent per annum. Cash flows have been adjusted for impact of higher operating costs based on revised agreements with its vendors due to Covid 19, however beyond 2022, cashflows have been extrapolated using a steady 2 per cent per annum growth rate. This growth rate does not exceed the long-term average growth rate for the charter aviation market based on management experience.
- In 2020, the Group as the result of the operational losses due to Covid-19 of the G5000 fleet carried out a review of the recoverable amount of that fleet. The fair value less costs of disposal was higher than the value in use and hence the recoverable amount of the relevant assets was determined on the basis of their fair value less cost of disposal and an impairment was recorded amounting to AED 10.86 million.
- ii)* During the year, as the result of the operational losses of the DHC 300, DHC 400 and Bell 412 fleet, the Group carried out a review of the recoverable amount of that fleet. These assets are used in the Group's Helicopter and fixed wings reportable segment. The review led to the recognition of an impairment loss of AED 29.9 million, which has been recognised in profit or loss. The Group also estimated the fair value less costs of disposal of the fleet, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is higher than the value in use and hence the recoverable amount of the relevant assets has been determined by the management on the basis of their fairvalue less cost of disposal which is based on comparable prices of similar aircraft.
- iii)* During 2020, the Group estimated the fair value less costs of disposal of the fleet DHC 200, based on valuations performed by active market quotations. The fair value less costs of disposal was higher than the value in use and hence the recoverable amount of the relevant assets had been determined on the basis of their fair value less cost of disposal and an impairment was recorded amounting to AED 10.4 million.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

5 Aircraft, property and equipment (continued)

- iv) During the year, the Board of Royal Jet LLC has resolved to dispose one of the Group's commercial aircraft with carrying value of AED 251.7 million and is in the process of finalisation of the transaction.. The Group has received an advance payment amounting to AED 298 million which is disclosed under "Advances from customer" in the consolidated statement of financial position. The proceeds of disposal exceed the carrying amount of the asset and accordingly no impairment loss recognised on the classification of the asset as held for sale.
- v) The Group has conducted a review of certain aircraft resulting in an increase in the useful life of such items due to economic viability of those assets beyond the previously perceived useful life. The effect of the change in useful life resulted in a lower depreciation charge of AED 5.3 million for 2021 and it is expected that the depreciation charge for 2022 will be lower by AED 6.0 million. The aircraft are covered under government grants , and hence there is corresponding reduction in the deferred income charge by AED 5.8 in 2021 and it is expected that the deferred income charge for 2022 will be lower by AED 6.5 million (note 22)
- vi) Certain property and equipment with a carrying amount of AED 932.3 million (*2020: AED 1,130 million*) are mortgaged to the lending banks.
- vii) Aircraft, property and equipment is operated from the Group's base in the UAE.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

6 Investment properties

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

	2021	2020
	AED '000	AED '000
Balance at 1 January	375,610	318,131
Purchase of investment properties - Al Muneera	-	42,900
Investment properties – Al Rawdhat	140	123
Investment properties - Jumeirah Garden City Buildings	33	31,333
Investment properties – Zayed City Residential Complex	445	-
Decrease in fair value - Khalifa City	-	(4,500)
Impairment loss on investment property under construction	-	(12,377)
At 31 December	376,228	375,610

The fair value of the investment properties was arrived at on the basis of a valuation carried out on 31 December 2021 based on internal management assessment. Management believes that there is no significant change in fair value of investment properties as at 31 December 2021.

The fair value was derived using the market comparable approach based on recent market prices and income capitalization approach without any significant adjustments being made to the market observable data. As at 31 December 2021, all of the Group's investment properties were grouped in Level 2 of fair value hierarchy (31 December 2020 Level 2). During 2020 impairment loss on valuation of investment property under construction has been recognised during the period was AED 12.4 million.

There has been no change to the valuation technique during the year.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

6 Investment properties (continued)

	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	Level 2	Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7% percent (2020: 7% per cent).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Land located at Khalifa City	Level 2	Market Approach	Comparable market prices	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 Al Satwa	Level 2	Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6% percent.(2020 : 6%)	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 Muneera	Level 2	Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7% percent (2020: 7% per cent).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

7 Investments in financial assets

The Group's investments at the end of reporting date are detailed below.

	2021 AED '000	2020 AED '000
Equity securities – designated at FVTPL	284,195	34,598
Corporate debt securities - designated at FVTPL	141,775	122,749
At 31 December	425,970	157,347

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

7 Investments in financial assets (continued)

	2021 AED '000	2020 AED '000
Balance at 1 January	157,347	21,236
Purchase of investments in FVTPL	273,760	112,053
Disposal of investments in FVTPL	(23,173)	-
Change in fair value of investment - at FVTPL	19,823	13,791
Net foreign currency translation difference	(1,787)	10,267
At 31 December	425,970	157,347

The Group's investments represent the investments in shares and bonds of the following:

	2021 AED'000	2020 AED'000
Investment in Fixed Income SP - UAE	26,153	24,409
Investments in short term maturity bonds	538	443
Investments in corporate bonds – UK	33,949	26,822
Investments in corporate bonds – US	4,631	-
Investments in corporate bonds – European (EX-UK)	14,907	35,786
Investments in corporate bonds – Asia Pacific (EX-Japan)	4,437	4,717
Investment in high yield and emerging market bonds	54,577	51,240
Investment in multi class assets	25,132	-
Investment in multi class bonds	3,604	3,741
Investment in equities – US	2,904	5,033
Investment in equities – UK	805	-
Investment in equities – UAE	254,333	5,156
	425,970	157,347

Investments in financial assets amounting to AED 141.8 million (31 December 2020: AED 63.1 million) are mortgaged against term loan of the Group.

Refer to note 29 for information on the fair value hierarchy of the financial assets.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

8 Right of use asset

	Building AED '000	Aircraft AED '000	Total AED '000
Cost			
At 1 January 2020	129,817	9,030	138,847
Derecognised on end of lease term	-	(5,986)	(5,986)
At 1 January 2021	129,817	3,044	132,861
At 31 December 2021	129,817	3,044	132,861
Accumulated amortisation			
At 1 January 2020	7,535	5,493	13,028
Amortisation for the year	7,218	3,282	10,500
Derecognised on end of lease term	-	(5,986)	(5,986)
At 1 January 2021	14,753	2,789	17,542
Amortisation for the year	7,207	255	7,462
At 31 December 2021	21,960	3,044	25,004
Carrying value at 31 December 2021	107,857	-	107,857
Carrying value at 31 December 2020	115,064	255	115,319
		2021 AED '000	2020 AED '000
Non-current portion		104,883	112,091
Current portion		2,974	3,228
Carrying value at 31 December		107,857	115,319

The Group leases several assets including buildings. The average lease term is 25 years (2020: 25 years)

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

9 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 following table summarises the financial information of the joint venture and also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint ventures.

	2021 AED '000	2020 AED '000
Total assets	170,462	191,859
Total liabilities	(72,713)	(102,242)
Net assets	97,749	89,617
Revenue	112,745	100,583
Profit for the year	8,132	6,847

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2021 AED '000	2020 AED '000
Net assets	97,749	89,617
Carrying amount of interest in joint venture (70%)	68,424	62,732

10 Joint operations

The Group has a material joint operation with CAE Inc. (refer note 4 for critical judgement used by the management). The Group has a 50% per cent share in the ownership of simulators in an aviation training facility. The Group is entitled to a proportionate share of the profits earned and bears a proportionate share of the joint operation's expenses.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

11 Trade receivables

	2021	2020
	AED '000	AED '000
Trade receivables	775,898	810,204
Due from related parties (note 12)	6,262	8,962
	782,160	819,166
Less: Allowance for impairment losses recognised	(75,387)	(82,235)
	706,773	736,931

The change in allowance for impairment losses recognised on trade receivables is as follows:

	2021	2020
	AED '000	AED '000
At 1 January	82,235	81,346
Charge for the year	4,934	12,640
Write off	(1,023)	(4,284)
Recovery	(10,759)	(7,467)
At 31 December	75,387	82,235

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in Note 29.

Included in the Group's trade receivables are receivable from customers and related parties that are past due for more than 180 days with a carrying amount of AED 362.8 million (2020: AED 368.8 million) mostly due from Government related entities.

Ageing of trade receivables and due from related parties

	2021	2020
	AED '000	AED '000
Not past due	187,018	140,101
Due for 31 to 90 days	131,492	236,144
Due for 91 to 180 days	100,892	74,165
Due for more than 180 days	362,758	368,756
	782,160	819,166

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 2021 (continued)**

12 Related parties

Related parties comprise the Shareholders, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group's significant related party services provided transactions and balances are as follows:

Transactions and balances with related parties through the Company

	2021 AED'000	2020 AED'000
Services provided	96,576	78,944
Amounts due from related parties	2,196	1,355
Amounts due to related parties	16,895	28,189

Transactions and balances with related parties through Royal Jet L.L.C.

	2021 AED'000	2020 AED'000
Services provided	47,269	24,457
Amounts due from related parties	4,066	6,725
Amounts due to related parties	10,000	-

Transactions and balances with related parties through Maximus Airline L.L.C.

	2021 AED'000	2020 AED'000
Services provided	7,938	10,569
Amounts due from related parties	-	882

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

12 Related parties (continued)

Total transactions and balances with related parties

Transactions with related parties during the year were as follows:

	2021 AED'000	2020 AED'000
Services provided	151,783	113,970
Amounts due from related parties	6,262	8,962
Amounts due to related parties	26,895	28,189

Key management compensation

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24.

	2021 AED '000	2020 AED '000
Salaries and other short-term employee benefits	18,735	17,669
Directors' fees (<i>Note 26</i>)	12,984	8,891
Provision for employees' end of service benefits	1,144	1,194

13 Contract assets, prepayments and other current assets

	2021 AED '000	2020 AED '000
Contract assets (note 24)	164,339	54,570
Prepayments	55,838	26,934
Deposits and advances	24,892	22,779
Other receivables	13,781	4,835
	258,850	109,118

The directors of the Company always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under transportation service contracts.

The management has assessed the expected credit losses on the above contract assets to be AED nil (31 December 2020 (AED :nil)

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

14 Cash and bank balances

Bank balances and cash included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2021 AED '000	2020 AED '000
Cash on hand	5,365	4,160
Short term deposits	190,701	272,167
Balances at current accounts	430,650	306,554
Cash and bank balances	626,716	582,881
Less: deposits with maturities over three months	(190,701)	(272,167)
Cash and cash equivalents	436,015	310,714

Cash and bank balances include an amount of AED 12.7 million (2020: AED 7.9 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.

15 Share capital

The share capital structure is as follows:

	2021 AED '000	2020 AED '000
Authorised, issued and fully paid:		
444,787,200 shares of AED 1 each		
<i>(2020: 444,787,200 shares of AED 1 each)</i>	444,787	444,787

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

16 Reserves

	Revaluation reserve AED'000	Translation reserve AED'000	Fleet replacement reserve AED'000	Insurance reserve AED'000	Legal reserve AED'000	General reserve AED'000	Other reserves AED'000	Total AED'000
Balance at 1 Jan 2020	28,219	(16,345)	1,012,686	417,769	222,394	102,586	151,824	1,919,133
Foreign currency translation differences	-	1,190	-	-	-	-	-	1,190
Transfer to legal reserve in subsidiaries	-	-	-	-	-	-	17,152	17,152
Reclassification of translation reserve	-	10,539	-	-	-	-	-	10,539
Balance at 1 Jan 2021	28,219	(4,616)	1,012,686	417,769	222,394	102,586	168,976	1,948,014
Foreign currency translation differences	-	(740)	-	-	-	-	-	(740)
Balance at 31 Dec 2021	28,219	(5,356)	1,012,686	417,769	222,394	102,586	168,976	1,947,274

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

16 Reserves (continued)

(a) Revaluation reserve

As at 1 January 1993, on the basis of industry quotations, the Group revalued part of its fleet of helicopters and major rotables (note 5). A similar revaluation was performed on 1 January 1988. The revaluation reserve represents the surplus over net book value arising from the revaluations.

(b) 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 currency.

(c) Fleet replacement reserve

The fleet replacement reserve consists of amounts appropriated from profits, which in the opinion of the Board of Directors are required to ensure that sufficient reserves exist to replace the existing fleet of helicopters when necessary.

(d) Insurance reserve

The insurance reserve consists of amounts appropriated from profits, which in the opinion of the Board of Directors is required to enable the Group to provide for a portion of the insurance cover in respect of its helicopter fleet and fixed wing aircraft.

(e) Legal reserve

The Articles of Association of the Company require 10% of the annual profit to be transferred to a legal 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. (2) of 2015 concerning Commercial Companies and the subsidiaries' Articles of Association, 10% 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. The Group's legal reserve represents the Company's legal reserve computed on the basis disclosed above in addition to the Group's share of legal reserve of subsidiaries.

The statutory reserves of the subsidiaries have been transferred to the restricted reserve as these amounts are not available for distribution.

(f) General reserve

Transfers to and from the general reserve are made in accordance with the decision of the Board of Directors and approved by the shareholders.

17 Dividends

The Board of Directors in its meeting held on 9 February 2022 proposed cash dividend of AED 0.15 per ordinary share (15% of par value) amounting to AED 66.7 million (2020: AED 0.10 per ordinary share, (10% of par value) and amounting to AED 44.5 million. The Board of Directors will request approval of the shareholders for the cash dividends of the year 2021 at the annual general assembly meeting to be held on 10 March 2022.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

18 Non-controlling interest

	2021 AED '000	2020 AED '000
At 1 January	354,460	376,589
Share of profit for the year	56,604	(22,129)
Dividends	(10,000)	-
At 31 December	401,064	354,460

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

Royal Jet L.L.C

	2021 AED '000	2020 AED '000
NCI percentage	50%	50%
Non-current assets	744,125	906,918
Current assets	844,479	439,651
Non-current liabilities	(282,180)	(442,927)
Current liabilities	(504,297)	(194,722)
Net assets	802,127	708,920
Net assets attributable to NCI	401,064	354,460
Revenue	512,602	320,086
Profit/(Loss)	113,208	(44,259)
Other comprehensive income	-	-
Total comprehensive income	113,208	(44,259)
Profit allocated to NCI	56,604	(22,129)
Other comprehensive income allocated to NCI	-	-
Cash flows from operating activities	150,561	38,851
Cash flows (used in)/generated from investing activities	(73,997)	2,856
Cash flows used in financing activities	(97,382)	(70,877)
Net decrease in cash and cash equivalents	(20,818)	(29,170)

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

19 Provision for employees' end of service benefits

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

	2021 AED '000	2020 AED '000
At 1 January	147,113	154,693
Charge for the year	17,879	19,190
Payments made for the year	(28,327)	(27,038)
Transfer from related party	-	268
At 31 December	136,665	147,113
	2021 AED '000	2020 AED '000
Current portion	-	20,418
Non-current portion	136,665	126,695
At 31 December	136,665	147,113

In 2020, a subsidiary, Royal Jet LLC has restructured employment contracts of certain employees and transferred them to third parties. The end of service benefits of these employees was classified under current liabilities.

20 Term loans

	2021 AED '000	2020 AED '000
Current portion	260,357	206,061
Non-current portion	443,252	539,825
At 31 December	703,609	745,886

The movement in term loans is as follows:

	2021 AED '000	2020 AED '000
At 1 January	745,886	724,692
Drawdown during the year	209,328	103,054
Repayments during the year	(250,990)	(81,860)
Exchanges loss	(615)	-
At 31 December	703,609	745,886

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)****20 Term loans (continued)**AED 285 million term loan

In 2019, the Group has entered into a restructuring arrangement with a local bank to repay all outstanding payments which was obtained from another local bank in previous years. The previous loan was repaid from the funds drawn down from this new loan. The new loan is repayable in twenty semi-annual installments. The first principal repayment was made on 31 December 2019. The interest is calculated by reference to three-month EIBOR plus 1.25% per annum. As at 31 December 2021, the outstanding balance of this facility is amounted to AED 214.0 million (2020: AED 245 million).

GBP 29 million loan

During the year, , the Group has utilized an existing facility with a foreign bank to finance the purchases of corporate bonds amounting to AED 25.3 million (note 7). The loan is repayable on demand. The interest is calculated by reference to 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 2021, the outstanding balance of this facility is amounted to AED 87.8 million (2020: AED 63.1 million).

AED 200 million term facility

During the year, the Group has 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 facility amounting to AED 94 million as at 31 December 2021. The loans is repayable in 28 equal quarterly instalments. The interest is calculated by reference to six-month EIBOR 1.15% per annum during the first year on the utilized facility amount and 1% per annum thereafter. As at 31 December 2021, the outstanding balance of this facility is amounted to AED 83.9 million.

AED 90 million short-term loan

During the year, the Group has entered into an arrangement with a local bank to finance the purchases of new aircraft. The loan is repayable within six months from the drawdown date. The interest is calculated by reference to three-month EIBOR plus 1.35% per annum upto AED 40 million and three-month EIBOR plus 1.40% per annum for the amount above AED 40 million. As at 31 December 2021, the outstanding balance of this facility is amounted to AED 90 million.

297.7 million term loans of Royal Jet L.L.C.

Two term loans from a local bank amounting to AED 297.7 million to finance the acquisition of two commercial aircraft. The loans are repayable in 40 equal quarterly instalments. The interest is calculated by reference to three-month LIBOR plus 1.75% per annum. As at 31 December 2021, the outstanding balance of the term loan is amounted to AED 116.9 million (2020: AED 133.4 million). The term loans have been restructured during the period. As a part of restructuring, the Group has received concessions to defer the original contractual repayment terms as agreed with the respective bank.

AED 429.2 million term loan of Royal Jet L.L.C.

A term loan from a local bank amounting to AED 429.2 million to finance the acquisition of a commercial aircraft. The loan is repayable in 40 equal quarterly instalments. The interest is calculated by reference to three-month LIBOR plus 1.3% per annum. As at 31 December 2021, the outstanding balance of the term loan is amounted to AED 111 million (2020: AED 264.4 million).

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

21 Lease liabilities

	2021 AED '000	2020 AED '000
Balance at 1 January	144,254	153,564
Payments	(6,925)	(9,310)
Balance at 31 December	137,329	144,254
Current	(6,265)	(6,332)
Non-current	131,064	137,922
Maturity analysis		
1 year	14,855	15,119
2 year	14,855	14,855
3 year	14,855	14,855
4 year	14,855	14,855
5 years	14,855	14,855
Later than 5 years	171,919	190,378
	246,194	264,917
Less: unearned interest	(108,865)	(120,663)
	137,329	144,254

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.

22 Deferred income

	2021 AED '000	2020 AED '000
At 1 January	178,648	213,994
Amortisation of deferred income	(12,143)	(35,346)
At 31 December	166,505	178,648

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

22 Deferred income (continued)

Included in the consolidated statement of financial position as:

	2021 AED '000	2020 AED '000
Current portion	12,143	35,295
Non-current portion	154,362	143,353
Total deferred income	166,505	178,648

During 2014, the Presidential Flight Authority, a related party, transferred 5 commercial aircraft to the Group pursuant to a grant effective from 1 January 2014. The deferred income relating to the aircraft was recognised at AED 489.1 million. Previously, these commercial aircraft were under operating lease.

During 2017, deferred income amortised amounts to AED 52.3 million and is recognised to profit or loss to match the costs for which they are intended to compensate on a systematic basis.

During the 3rd Quarter of year 2017, the Group sold and leased back an aircraft, which resulted in the deferral of the proceeds in excess of fair value of the aircraft of AED 9.6 million.

During the year, the Group has conducted a review of certain aircraft under government grant resulting in an increase in the useful life due to economic viability to use beyond previously perceived useful life.. The effect of the change in useful life resulted in a lower depreciation charge of AED 5.3 million for 2021 and the deferred income charge by AED 5.8 million in 2021(note 5)

23 Trade and other payables

	2021 AED '000	2020 AED '000
Trade payables	118,688	85,598
Due to related parties (note 12)	26,895	28,189
	145,583	113,787

The average credit period for purchases of goods and services is 30 days (2020: 30 days). The Group has risk management policies in place to ensure that all payables are paid within the credit period.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

24 Revenue from contracts with customers

(i) Revenue streams

The Group has been established to own helicopter and fixed wing aircraft for use both within and outside the United Arab Emirates and undertake charter, commercial, air cargo and other related services.

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

	2021 AED '000	2020 AED '000
Revenue from contracts with customers	1,682,082	1,558,504

(ii) 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 33.

31 December 2021	Helicopter & fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Total AED'000
Fixed wing	5,858	402,200	193,303	-	-	-	601,361
Rotary wing	358,184	-	-	-	-	-	358,184
Sub-charter	-	84,276	221,690	-	-	-	305,966
Others	340,054	26,126	19,048	18,304	44,911	(31,872)	416,571
Total	704,096	512,602	434,041	18,304	44,911	(31,872)	1,682,082

31 December 2020	Helicopter & fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Total AED'000
Fixed wing	6,334	227,334	175,353	-	-	-	409,021
Rotary wing	294,126	-	-	-	-	-	294,126
Sub-charter	-	29,323	408,120	-	-	-	437,443
Others	307,171	63,429	21,928	14,238	38,424	(27,276)	417,914
Total	607,631	320,086	605,401	14,238	38,424	(27,276)	1,558,504

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

24 Revenue from contracts with customers (continued)

(iii) Contract balances

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

	2021 AED '000	2020 AED '000
Receivables, which are included in ‘trade receivables’ (note 11)	775,898	810,204
Contract assets (note 13)	164,339	54,570
Contract liabilities	12,611	13,075
	952,848	877,849

The contract assets primarily relate to the Group’s rights to consideration for work completed but not billed at the reporting date. The amount of contract assets during the period ended 31 December 2021 was not impacted materially by an impairment charge. The contract assets are transferred to 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.

25 Operating costs

	2021 AED '000	2020 AED '000
Operating and maintenance costs	553,142	654,860
Staff costs	314,758	318,068
Depreciation	136,094	148,813
Other expenses	183,761	93,794
	1,187,755	1,215,535

Operating and maintenance costs include inventories consumption amounting to AED 49.2 million (2020: AED 44.7 million).

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

26 General and administrative expenses

	2021 AED ‘000	2020 AED ‘000
Staff costs	102,841	101,873
Depreciation	15,031	8,006
Licensing and professional fees	11,215	11,765
Directors’ fees (note 12)	12,984	8,891
Others	40,085	50,168
	182,156	180,703

27 Basic and diluted earnings per share

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

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

	2021	2020
Profit attributable to owners of the Company (AED ‘000)	250,229	176,815
Weighted average number of shares in issue	444,787,000	444,787,000
Earnings per share (AED)	0.56	0.40

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

28 Granted plots of land

Future economic benefit established

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

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

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management

a) Classes and categories of financial instruments and their 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.

At 31 December 2021	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA Fixed Income Fund SP	26,153	-	-	26,153	-	26,153	-	26,153
Investments in short term maturity bonds	-	538	-	538	538	-	-	538
Investments in corporate bonds – UK	-	33,949	-	33,949	33,949	-	-	33,949
Investments in corporate bonds – US	-	4,631	-	4,631	4,631	-	-	4,631
Investments in corporate bonds – European (EX-UK)	-	14,907	-	14,907	14,907	-	-	14,907
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,437	-	4,437	4,437	-	-	4,437
Investment in high yield and emerging market bonds	-	54,577	-	54,577	54,577	-	-	54,577
Investment in multi-class assets	-	25,132	-	25,132	25,132	-	-	25,132
Investment in multi-class bonds	-	3,604	-	3,604	3,604	-	-	3,604
Investment in equities – US	2,904	-	-	2,904	2,904	-	-	2,904
Investment in equities – UK	805	-	-	805	805	-	-	805
Investment in equities – UAE	254,333	-	-	254,333	254,333	-	-	254,333
	284,195	141,775	-	425,970	399,817	26,153	-	425,970

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

a) Classes and categories of financial instruments and their fair values (continued)

At 31 December 2021	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets not measured at fair value								
Trade receivables	-	-	706,773	706,773	-	-	-	-
Contract assets and other current assets	-	-	178,120	178,120	-	-	-	-
Cash and bank balances	-	-	626,716	626,716	-	-	-	-
	-	-	1,511,609	1,511,609	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	145,583	145,583	-	-	-	-
Term loans	-	-	703,609	703,609	-	-	-	-
Lease liabilities	-	-	137,329	137,329	-	-	-	-
Accrued expenses and other current liabilities	-	-	204,525	204,525	-	-	-	-
	-	-	1,191,046	1,191,046	-	-	-	-

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

a) Classes and categories of financial instruments and their fair values (continued)

At 31 December 2020	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value								
Investment in Waha CEEMEA Fixed Income Fund SP	24,409	-	-	24,409	-	24,409	-	24,409
Investments in short term maturity bonds	-	443	-	443	443	-	-	443
Investments in corporate bonds – UK	-	26,822	-	26,822	26,822	-	-	26,822
Investments in corporate bonds – European (EX-UK)	-	35,786	-	35,786	35,786	-	-	35,786
Investments in corporate bonds – Asia Pacific (EX-Japan)	-	4,717	-	4,717	4,717	-	-	4,717
Investment in high yield and emerging market bonds	-	51,240	-	51,240	51,240	-	-	51,240
Investment in multi-class bonds	-	3,741	-	3,741	3,741	-	-	3,741
Investment in equities – US	-	5,033	-	5,033	5,033	-	-	5,033
Investment in equities – UAE	-	5,156	-	5,156	5,156	-	-	5,156
	24,409	132,938	-	157,347	132,938	24,409	-	157,347

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

a) Classes and categories of financial instruments and their fair values (continued)

At 31 December 2020	Carrying amounts				Fair values			
	FVTPL - equity instruments AED'000	FVTPL - debt instruments AED'000	Measured at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets not measured at fair value								
Trade receivables	-	-	736,931	736,931	-	-	-	-
Contract assets and other current assets	-	-	59,405	59,405	-	-	-	-
Cash and bank balances	-	-	582,881	582,881	-	-	-	-
	-	-	1,379,217	1,379,217	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	(113,787)	(113,787)	-	-	-	-
Term loans	-	-	(745,886)	(745,886)	-	-	-	-
Lease liabilities	-	-	(144,254)	(144,254)	-	-	-	-
Accrued expenses and other current liabilities	-	-	(159,759)	(159,759)	-	-	-	-
	-	-	(1,163,686)	(1,163,686)	-	-	-	-

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

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

a) Classes and categories of financial instruments and their fair values (continued)

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets/ Financial liabilities	Valuation technique(s) and key input(s)	Valuation technique(s) and key input(s)	Significant Unobservable input(s) and its relationship to fair value
Investment in Waha CEEMEA Fixed Income Fund SP	Market approach determined through NAV	NA	NA
Investments in short term maturity bonds	Quoted bid prices in an active market.	NA	NA
Investments in corporate bonds – UK	Quoted bid prices in an active market.	NA	NA
Investments in corporate bonds – US	Quoted bid prices in an active market.	NA	NA
Investments in corporate bonds – European (EX-UK)	Quoted bid prices in an active market.	NA	NA
Investments in corporate bonds – Asia Pacific (EX-Japan)	Quoted bid prices in an active market.	NA	NA
Investment in high yield and emerging market bonds	Quoted bid prices in an active market.	NA	NA
Investment in multi-class assets	Quoted bid prices in an active market.	NA	NA
Investment in multi-class bonds	Quoted bid prices in an active market.	NA	NA
Investment in equities – US	Quoted bid prices in an active market.	NA	NA
Investment in equities – UK	Quoted bid prices in an active market.	NA	NA
Investment in equities – UAE	Quoted bid prices in an active market.	NA	NA

Except as detailed in the following table, management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management

The Group's Board of Directors function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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") 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:

	<u>Assets</u>		<u>Liabilities</u>	
	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000
Pound sterling	<u>154,487</u>	<u>130,674</u>	<u>87,766</u>	<u>63,054</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management (continued)

(i) Market risk (continued)

Currency risk (continued)

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 2021, if GBP had weakened/strengthened by 5% against the AED with all other variables held constant, comprehensive income for the year would have been AED 3.3 million (2020: AED 3.4 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP denominated cash and cash equivalent. Profit is more sensitive to movement in GBP/AED exchange rates in 2020 than 2019 because of the increased in foreign currency rates.

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.

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 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:

	2021	2020
	AED'000	AED'000
Investment in financial assets	42,629	23,602

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 2021 would decrease/increase by approximately AED 3.5 million (2020: AED 4.5 million). The Group's sensitivity to interest rates has increased in line with the increase in interest bearing debt instruments.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

c) Financial risk management (continued)

(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.

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 520.4 million (2020: AED 558.3 million) which represents 67% (2020: 69%) respectively, of the total trade receivables at the end of reporting period. Included in the trade receivables balance at the end of the year is an amount of AED 6.3 million (2020: AED 9.0 million) due from related parties.

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 2021, 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management (continued)

(ii) Credit risk (continued)

The tables below detail the 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:

31 December 2021	External credit ratings	Internal credit ratings	Note	12 months or lifetime ECL	Gross carrying amount AED '000	loss allowance AED '000	Net carrying amount AED '000
Due from related parties	N/A	(i)	12	Lifetime ECL	6,262	-	6,262
Government receivables	N/A	(ii)	11	Lifetime ECL	520,407	(708)	519,699
Non-government receivables	N/A	(iii)	11	Lifetime ECL	255,491	(74,679)	180,812
Contract assets	N/A	(ii)	13	Lifetime ECL	164,339	-	164,339
Bank balances	Aa3	N/A	14	12 months ECL	626,716	-	626,716

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management (continued)

(ii) Credit risk (continued)

31 December 2020	External credit ratings	Internal credit ratings	Note	12 months or lifetime ECL	Gross carrying amount AED '000	loss allowance AED '000	Net carrying amount AED '000
Due from related parties	N/A	(i)	12	Lifetime ECL	8,962	-	8,962
Government receivables	N/A	(ii)	11	Lifetime ECL	558,274	(8,598)	549,676
Non-government receivables	N/A	(iii)	11	Lifetime ECL	251,930	(73,637)	178,293
Contract assets	N/A	(ii)	13	Lifetime ECL	54,570	-	54,570
Bank balances	Aa3	N/A	14	12 months ECL	582,881	-	582,881

- (i) For due from related parties, the Group has used simplified approach in IFRS 9 to measure loss allowance at lifetime ECL. The Group determines the expected credit losses 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.
- (ii) For trade receivables from government customers, 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 1.54% 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.
- (iii) For non-government trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the 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 29% against all receivables after individually assessing some customers based on their individual credit risk.

The loss allowance on corporate bonds measured at FVTOCI was recognised against other comprehensive income and accumulated in the investment revaluation reserve which is released to profit or loss account upon disposal of debt instruments. The carrying amount of the Group's financial assets at FVTPL as disclosed in note 7 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 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management (continued)

(ii) Credit risk (continued)

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

	2021	2020
	AED'000	AED'000
Trade receivables	706,773	736,931
Cash and bank balances	626,716	582,881
Contract assets and other current assets	178,120	59,405
	1,511,609	1,379,217

(iii) Liquidity risk

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.

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:

	Effective interest rate	Carrying value AED'000	Total AED'000	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000
2021							
Non-interest bearing instruments		145,583	145,583	145,583	-	-	-
Variable interest rate instruments	Note 20 and 21	840,938	840,938	201,457	65,165	397,183	177,133
		986,521	986,521	347,040	65,165	397,183	177,133

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

29 Financial instruments – Fair values and risk management (continued)

b) Financial risk management (continued)

(iii) Liquidity risk (continued)

	Effective interest rate	Carrying value AED'000	Total AED'000	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	More than 5 years AED'000
2020							
Non-interest bearing instruments		113,787	113,787	113,787	-	-	-
Variable interest rate instruments	Note 20 and 21	890,140	890,140	133,416	82,015	467,140	207,569
		1,003,927		247,203	82,015		
		<u>7</u>	<u>1,003,927</u>	<u></u>	<u></u>	<u>467,140</u>	<u>207,569</u>

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 Group's overall strategy remains unchanged from 2013. 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:

	2021 AED'000	2020 AED'000
Debt (i)	703,609	745,886
Cash and bank balances (<i>Note 14</i>)	(626,716)	(582,881)
Net debt	76,893	163,005
Equity (ii)	3,338,251	3,133,241
Net debt to equity ratio	2%	5%

(i) Debt is defined as long and short term loans (*Note 20*).

(ii) Equity includes all capital and reserves of the equity owners of the Company.

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)****30 Contingent liabilities**

As at 31 December 2021, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 76.4 million (*2020: AED 236 million*).

31 Commitments

As at 31 December 2021, the Group had estimated commitments for the acquisition of aircraft, property and equipment of AED 11.7 million (*2020: AED 142 million*).

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

	Liabilities			Equity	
	Term loans AED'000	Finance lease liability AED'000	Lease liabilities AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2021	745,886	-	144,254	628,120	1,518,260
Changes from financing cash flows					
Proceeds from term loans	209,328	-	-	-	209,328
Repayment of term loans	(250,990)	-	-	-	(250,990)
Payments for lease liabilities	-	-	(6,925)	-	(6,925)
Dividends paid	-	-	-	(44,479)	(44,479)
Total changes from financing activities	(41,662)	-	(6,925)	(44,479)	(93,066)
Other changes					
Total liability related changes	(615)	-	-	-	(615)
Total equity related changes	-	-	-	250,229	250,229
Balance at 31 December 2021	703,609	-	137,329	833,870	1,674,808

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

32 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities			Equity	
	Term loans	Finance lease	Lease liabilities	Retained	Total
	AED'000	liability	AED'000	earnings	AED'000
		AED'000	AED'000	AED'000	
Balance at 1 January 2020	724,692	-	153,564	567,953	1,446,209
Changes from financing cash flows					
Proceeds from term loans	103,054	-	-	-	103,054
Repayment of term loans	(81,860)	-	-	-	(81,860)
Payments for lease liabilities	-	-	(9,310)	-	(9,310)
Dividends paid	-	-	-	(88,957)	(88,957)
Total changes from financing activities	21,194	-	(9,310)	(88,957)	(77,073)
Other changes					
Total liability related changes	-	-	-	-	-
Total equity related changes	-	-	-	149,124	149,124
Balance at 31 December 2020	745,886	-	144,254	628,120	1,518,260

**Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)**

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

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

Information about reportable segments:

Particulars	Helicopter & fixed wing operations AED'000	Commercial aircraft operations AED'000	Air cargo AED'000	Investments AED'000	Others AED'000	Eliminations AED'000	Total AED'000
2021							
Revenue	704,095	512,602	434,041	18,305	44,911	(31,872)	1,682,082
Profit/(loss) for the year	100,645	113,206	113,565	32,557	6,606	(59,746)	306,833
2020							
Revenue	607,631	320,086	605,401	14,238	38,423	(27,275)	1,558,504
Profit/(loss) for the year	116,346	(39,758)	157,618	18,774	762	(99,056)	154,686

The segment assets and liabilities were as follows:

2021							
Assets	3,243,387	1,543,603	801,483	802,199	240,268	(1,105,554)	5,525,386
Liabilities	972,103	794,188	38,410	-	23,362	(41,992)	1,786,071
2020							
Assets	3,061,705	1,299,054	837,970	532,956	209,689	(964,226)	4,977,148
Liabilities	803,949	636,569	42,377	-	22,468	(15,916)	1,489,447

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 2021 (continued)****34 Subsequent events**

Subsequent to the year end the Company is in the process to enter into a sale and leaseback agreement for its aircraft held for sale at 31 December 2021. The terms of the lease agreement are yet to be finalised and is expected to be completed in 2022.

35 Approval of consolidated financial statements

The consolidated financial statements were approved by management and authorised for issue by the Board of Directors on 9 February 2022.

Abu Dhabi Aviation Governance Report 2021



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1. Statement of procedures taken to complete the corporate governance system, during the year 2021, and method implemented thereof

Abu Dhabi Aviation's governance framework is in accordance with the laws and regulations set by the UAE Securities and Commodities Authority, including the Decision of the Board of Directors of the Securities and Commodities Authority No. (3/R.M) for 2020 concerning approval of Joint Stock Companies' Governance Guide, and the company is keen to continue to comply with all applicable laws, regulations and directives issued by the Securities and Commodities Authority and the Abu Dhabi Stock Exchange.

Over the past years, the company has strengthened its governance practice and continued to do so during 2021, which was an exceptional year as the Company's Board of Directors closely followed the precautionary measures taken by the company's management to reduce the repercussions of the new Covid-19 pandemic and its impact on the company's business, and the company has taken many precautionary measures to protect its employees taking into account their health and safety and achieving the continuity of the company's activities in a smooth and effective manner throughout the year.

The board's meetings and committees were held remotely during that period, ensuring the active and continuous participation of the board members and committees and making appropriate decisions under the restrictions imposed during the Covid-19 pandemic period, and held the company's annual general assembly remotely on March 09, 2021 with the support of the Securities and Commodities Authority and the Company's Registrar (First Abu Dhabi Bank).

Abu Dhabi Aviation management continues to apply governance rules effectively and in a transparent manner based on the board's responsibility to the company's shareholders, protecting and enhancing the value of shareholders' rights through:

- The Board of Directors held eight meetings in 2021 with the obligation to disclose to the Abu Dhabi Stock Exchange the dates and results of those meetings.
- Board members are committed to annually disclosing their independence during 2021 and disclosing any change affecting their independence, including their membership in other boards of directors, where members signed a pledge for all positions they hold as at the end of 2021, as well as the statement of disclosure and independence signed by them at the first board meeting after the General Assembly in 2021.
- The committees of the Board of Directors exercised their functions optimally, where the audit committee held four meetings, and the nominations and remuneration committee and the investment committee held two meetings, while the Insiders Follow-up and Supervision Committee held one meeting, and during those meetings the committees carried out their tasks and reported to the Board of Directors the results and recommendations reached by the committees and follow-up implementation.
- The Investment Committee in the Company implemented the approved investment policy, reviewed the company's investments, and made the necessary decisions to diversify investments and improve its returns.
- The company's management is obliged to disclose quarterly and annual financial statements within the legal period allowed.

2. Statement of ownership and transactions of Board of members their spouses and children in the ADA'S shares during 2021

Board members abide by the provisions of article 17 of Cabinet Resolution No. (12) Of 2000 concerning the regulation as to the listing of securities and commodities, and furthermore, the article (36) of the Decision of the Board of Directors of the Securities and Commodities Authority No. (3) For 2000 concerning the regulations of disclosure and transparency is being followed, it also adheres to article (14) of the Board of Directors of the Securities and Commodities Authority No. (2) of 2001 concerning the regulation of trading, clearing, settlement, transfer of ownership and custody of securities, in addition to the trading control procedures issued by the Abu Dhabi Stock Exchange by obtaining the required approvals from the relevant regulatory authorities and complying with the transaction directives and prohibition periods as specified in this article. Furthermore, all members of the Board of Directors are obliged to disclose annual trading in the company's shares on their own account and to the account of their spouses and children.

The table below contains the statement of ownership of the board members (including their spouses and children) of the Company's shares as of 31 December 2021:

Ser.	Name	Position/Kinship	Total sales during 2021	Total purchases during 2021	Owned share as on 31 Dec.2021
1	Nader Ahmed Mohamed Al Hammadi	Chairman	None	None	229,336
	First-degree relatives	Chairman's spouses	None	None	50,600
	First-degree relatives	Chairman's Son	None	None	4,500
	First-degree relatives	Chairman's Son	None	None	5,400
2	Sheikh Ahmed Mohammed Al - Dhaheri	Vice Chairman	150,000	139,000	50,000
	First-degree relatives	Vice Chairman's spouses	None	None	100,511
3	Ahmed Ali Khalfan Al - Dhaheri	Board Member	None	2,003,245	2,345,273
4	Homaïd Abdulla Ali Al Shimmari	Board Member	None	None	None
5	Khalifa Yousif Abdulla Al Khoori	Board Member	None	None	3,443
	First-degree relatives	Spouse and children	None	None	None
6	Saif Saeed Mohammed Al-Dhaheri	Board Member	None	None	16,979
	First-degree relatives	Children	None	None	None
7	Abdulla Seddiq Mohamed Al Khoori	Board Member	None	None	None
8	Abdulmunim Saif Hamoud Al Kindi	Board Member	None	None	None
9	Mohammad Khalil Foulathi Al Khoori	Board Member	None	None	None

3. Formation of the Board of Directors

The Board of Directors consists of nine non-executive members by an independent majority, in accordance with the content of Resolution No. 3/R.M 2020 issued by the United Arab Emirates Securities and Commodities Authority, and pursuant to the provisions of the Company's articles of association, the term of the board members extends to three years.

The Board of Directors was elected in February 2020 for a period of three years, where the Chairman of the Board of Directors of the company H.E. Nader Ahmed Al Hammadi, and board member H.E. Homaid Abdulla Al Shimmari were appointed by the Abu Dhabi Executive Council by the Executive Council Resolution No. 28 of 2020 issued on 19/02/2020, with the Chairman and members of the Board of Directors and members being citizens of the United Arab Emirates.

The current board members have excellent skills, competencies and vast experience in the financial and business sector and they have the necessary capabilities to accurately analyze and understand the financial statements, what made them qualified and able to develop the strategy as the Members of the Board are provided with the required information and periodic reports to be discussed in the meetings of the Board of Directors on the financial position of the Company, the main topics related to the Company's activity, and any important matters.

They have actively and dynamically contributed to the formation of a cohesive and highly efficient board of directors to meet the challenges of a changing economic environment to create better shareholder value, enhance stakeholder confidence and maintain business sustainability.



Formation of the Board of Directors

The following table shows a list of council members and some information about them:

Board members

Experience and qualifications:

His Excellency Nader Ahmed Al Hammadi holds a Bachelor's degree in Science - Aircraft Electronics Engineering from Embry-Riddle Aeronautical University in Florida, USA and a postgraduate degree in Engineering Business Administration from Warwick University in London. He previously held several administrative positions at the Presidential Flight Authority, and he co-founded as well GAMEIRO Company and was appointed as CEO, in addition to his participation in the Board of Directors of "Golden Rim Resources", registered in the Australian market and based in Australia



H.E. Nader Ahmed Al Hammadi

Chairman of Board

Member since: 2008

Category: Non-executive/non-independent

Positions and memberships held:

- Managing Director and CEO of the Presidential Flight Authority.
- Chairman of Emirates Reem Investment Company (ERC).
- Chairman of vision group.
- Board Member of Emirates Driving Company.
- Board Member of Royal Jet.
- Board Member of Al Waha Capital.
- Member of the Board of Directors of Abu Dhabi Airports.
- Member of the Steering Committee for aviation sector development.

Experience and qualifications:

Sheikh Ahmed Mohamed Sultan Al Dhaheeri holds a Bachelor's Degree in Civil Engineering from the United Arab Emirates University.



Sheikh Ahmed Mohammed Sultan Al -Dhaheeri

Vice Chairman

Member since: 1999

Category: Non-executive/independent

Positions and memberships held:

- Vice Chairman of Abu Dhabi National Hotels Company.
- Member of the Board of Emirates Telecommunications Group.
- Member of the Board of First Abu Dhabi Bank.
- Member of the Board of Al Dhafra Insurance Company.
- Member of the Board of Abu Dhabi Refreshments Company LTD. (Pepsi Cola).
- Member of the Board of Al Dhaheeri Group.

Experience and qualifications:

Mr. Ahmed Ali Khalfan Al Dhaheri holds a Bachelor's Degree in Accounting from Seattle Pacific University in the United States of America, a Certified Public Accountant (CPA), and a Higher Diploma in Business Administration with distinction from the Higher Colleges of Technology. He previously worked as Deputy Chairman of the Board of Injaz Mena Investment and served as a Member of the Board of Al Qudra Holding, Abu Dhabi Chamber of Commerce and Industry, and Abu Dhabi Economic Council.

**Positions and memberships held:**

- Chairman of the Board of Ali and Company Sons (LLC).
- Chairman of the Board of Foodco Holding Company (PJSC).
- Chairman of the Board of Foodco National Foodstuff Company (PJSC).
- Vice Chairman of Al Waha Capital (PJSC).
- Member of the Board of Al Wathba Insurance Company (PJSC).
- Member of the Board of Al Ramz Corporation Investment and Development Company (PJSC).

Ahmed Ali Khalfan Al , Dhaheri

Member of the Board

Member since: 1999

Category: Non-executive/independent

Experience and qualifications:

His Excellency Homaïd Abdulla Ali Al Shimmari holds a Bachelor's degree in Aviation Engineering from Embry-Riddle Aeronautical University in USA, holds a Black Belt degree (Change Management Sigma 6) from (GE), formerly worked in the Air Force of the Armed Forces for the United Arab Emirates with the rank of Lieutenant-Colonel.

**Positions and memberships held:**

- Group Vice President and Chief Executive Officer for Institutional Affairs and Human Resources at Mubadala Investment Company.
- Chairman of Maximus Air.
- Chairman of the Advisory Council of Etihad Airways Engineering Company.
- Acting President of Khalifa University of Science, Technology and Research.
- Member of the Mubadala Investment Committee.
- Member of the Board of Al Waha Capital (PJSC).
- Member of the Board of the Graphene Engineering Innovation Center at the University of Manchester.

H.E Homaïd Abdulla Al- Shimmari

Member of the Board

Member since: 2011

Category: Non-executive/non-independent

Experience and qualifications:

Mr. Khalifa Yousif Abdulla Al Khoori holds a Master's Degree in Business Administration from the Grand Canyon University, United States of America. He previously served as Chairman of the HS Company for Corporate and Institutional Management. He is the founder and Chairman of Arte Casa LLC (UAE and Saudi Arabia) and Viola Communications Marketing LLC.

**Positions and memberships held:**

- Vice Chairman of Ras Al Khaimah Cement Company.
- Vice Chairman of Al-Qadra Holding Company.
- Member of the Board of Sawaeed Holding Company
- Board Member of Palms Sports.

Khalifa Yousif Abdulla Al Khoori

Member of the Board

Member since: 1999

Category: Non-executive/independent

Experience and qualifications:

Mr. Saif Saeed Mohammed Al Dhaheri holds a Bachelor's Degree in Literature, majoring in Sociology and Business Administration from the United Arab Emirates University. He was previously Director of Al Ain International Airport and Director of Finance and Administration at the Civil Aviation Department. He also served as a Committee Member for Tourism Development and Promotion in Al Ain City, and a Member of the Board in both the Marine Dredging Company and Abu Dhabi National Hotels Company.



Saif Saeed Mohammed Al Dhaheri

Member of the Board

Member since: 2011

Category: Non-executive/independent

Positions and memberships held:

- Chairman of the Conciliation and General Estimate Committee at the Judicial Department.

Experience and qualifications:

Mr. Abdulla Seddiq Mohamed Al Khoori holds a Bachelor of Science degree from South Eastern University in the United States of America. He previously served as a Chief Financial Officer at Abu Dhabi Distribution Company (ADDC) and served as a member of the Board of Directors of the National Hotels Corporation.

**Positions and memberships held:**

- Currently working in the management of his own companies.

Abdulla Seddiq Mohamed Al Khoori

Member of the Board

Member since: 1999

Category: Non-executive/independent



Experience and qualifications:

Mr. Abdulmunim Saif Hamoud Alkindi holds a Master's Degree in Business Administration from Brunel University and a Bachelor of Science in Mechanical Engineering (1982) from the United Kingdom. He previously served as CEO of Abu Dhabi Company for Onshore Oil Operations (ADCO), CEO of ADNOC Drilling, as well as a member of the Board of Directors of Spain's Cepsa.

**Positions and memberships held:**

- CEO of the Department of Human Resources, Technology and Institutional Support (ADNOC)
- Chairman of the Board of Trustees of ADNOC Academy.
- Vice Chairman of ADNOC Drilling.
- Member of the Board of ADNOC Sour Gas.
- Member of the Board of ADNOC Offshore.
- Member of the Board of ADNOC Logistics and Services.
- Member of the Board of ADNOC Gas Processing.

Abdulmunim Saif Hamoud Al-Kindi**Member of the Board****Member since: 2020****Category: Non-executive/independent****Experience and qualifications:**

Mr. Mohammed Khalil Foulathi Al Khoori, CFA Certified Financial Analyst, holds a Bachelor's degree in Applied Sciences, Specialty Business Management (Real Estate) and a High Diploma in Business and Management - Financial Services from the UAE's Higher Technical Colleges.

**Positions and memberships held:**

- Member of the Board of AXA Green Crescent Insurance Company.

Mohammed Khalil Foulathi Al-Khoori**Member of the Board****Member since: 2020****Category:****Non-executive/independent**

B-Women's Representation at the Board of Directors for the year 2021

There was no representation on the Board of Directors in 2021.

C-Reasons for Women not running for Board Membership

The door for candidacy to the Board Membership has been opened for the year 2020, but no female applied to run for office.

Remuneration of the Board Members

1. Total remuneration paid to the Board for 2020

The Board's remuneration has been disbursed for 2020 in the amount of AED 6,710,000 which was approved in the Annual General Assembly Meeting held on 09th March 2021.

2. Total proposed Remuneration of the Board Members for the year 2021 to be presented at the annual general assembly meeting for approval

Total proposed remuneration to be paid to board members for 2021 in accordance with the decision of the Board of Directors at the meeting held on February 09, 2022 is (AED 8,387,500). This is subject to approval by the next General Assembly.

3. Details of Allowances, Salaries or Additional Fees received by the Board Members other than Committee Attendance Allowances and Reasons thereof

None

4. Details of Allowances for Attending Meeting of Committees Emanating from the Board received by the Board Members for the fiscal year 2021

Attending Meeting of Committees Emanating from the Board of Directors				
Member	Committee	Number of meetings	The value of allowances	Total allowance value (AED)
Sheikh Ahmed Mohamed Sultan Al Dhaheri	Nominations and Remuneration Committee	2	30,000	90,000
	Audit Committee	4	60,000	
Ahmed Ali Khalfan Al Dhaheri	Nominations and Remuneration Committee	2	20,000	60,000
	Audit Committee	4	40,000	
Abdulla Seddiq Mohammed Al Khoori	Nominations and Remuneration Committee	2	20,000	60,000
	Audit Committee	4	40,000	
Khalifa Yousif Abdulla Al Khoori	Investment Committee	2	30,000	30,000
Saif Saeed Mohammed B Al-Dhaheri	Investment Committee	2	20,000	20,000
Abdulmunim Saif Hamoud Al Kindi	Investment Committee	2	20,000	20,000
Mohamad Khalil Foulathi Al Khoori	Investment Committee	2	20,000	20,000

*Note that the Board did not allocate any allowance to its Members for meeting attendance

C- Number of the Board meetings held during the fiscal year 2021 along with their convention dates, personal attendance times of all members, and members attending by proxy

Meeting No.	Date of meeting	Number of attendees	Number attendees by proxy	Names of absent members
1	February 10, 2021	9	None	None
2	March 23, 2021	8	Mr. Ahmed Ali Al-Dhaheri granted an agency to Sheikh Ahmed Al-Dhaheri	None
3	April 29, 2021	7	Mr. Saif Saeed Al Dhaheri granted an agency to Sheikh Ahmed Al-Dhaheri	Mr. Khalifa Yousif Al Khoori did not attend the meeting because of his association with other dates.
4	August 3, 2021	8	None	H.E. Homaïd Abdulla Al-Shimmari did not attend the meeting because of his association with other dates.
5	September 7, 2021	8	Mr. Ahmed Ali Al-Dhaheri granted an agency to Sheikh Ahmed Al-Dhaheri	None
6	October 20, 2021	8	None	Mr. Khalifa Yousif Al Khoori did not attend the meeting because of his association with other dates.
7	November 1, 2021	8	None	H.E. Homaïd Abdulla Al-Shimmari did not attend the meeting because of his association with other dates.
8	December 6, 2021	8	None	Mr. Mohammed Khalil Foulathi Al Khoori did not attend the meeting because of his association with other dates.

***Due to the spread of Covid-19 virus, Board meetings were held virtually**

***Note that all Board Members who did not attend some of the board Meetings provided excuses that were accepted by the Board of Directors**

D- Number of Board resolutions passed by circulation during the fiscal year 2021

The Board of Directors did not issue any decisions circulation during the fiscal year 2021.

E-Statement of Board duties and powers exercised by Board members or the executive management members during 2021 based on the an authorization from the Board

The Board of Directors and Executive Management have different responsibilities, where the Board of Directors sets the framework for executive management, who in turn is responsible for the company's day-to-day. The Board sets the company's vision, strategic goals, and objectives, provides oversight of its management and holds management accountable for its implementation. The senior executive management acts within the delegation of authorities and limits set by the Board.

The General Manager, Deputy General Manager, Chief Financial Officer and Executive Director of the Company shall conduct the day-to-day business in accordance with the best governance practices, statute provisions and powers delegated to it by the Board



of Directors by a valid agency for the General Manager for a three-year period ending December 08, 2024, and the Board and executive management have authorized the following:

General Manager, Deputy General Manager and Chief Financial Officer

- Carrying out all transactions with all government departments, including the right to submit and receive documents and to refer to all relevant entities.
- Signing before all governmental, federal and local authorities, public and private corporations, and legal responsibility according to the limits
- Setting goals and monitoring the overall implementation and performance of the company.
- Periodic review of the company's organizational and functional structures and their adoption in accordance with the company's internal credit matrix.
- Specific amounts of money are signed in partnership between the General Manager, deputy general manager and chief financial officer in accordance with the company's approved financial matrix.
- Conducting day-to-day business in accordance with the best practices of the governance system and the powers delegated by the board of directors.

D- Details of Transactions carried out between the Related Parties (Stakeholders) during the year 2021

Abu Dhabi Aviation follows the rules and regulations of the Securities and Commodities Authority on the definition of related parties and transactions in general. In particular, those related to SCA's Board of Directors Decision No. (3/R.M) of concerning approval of Joint Stock Companies' Governance Guide.

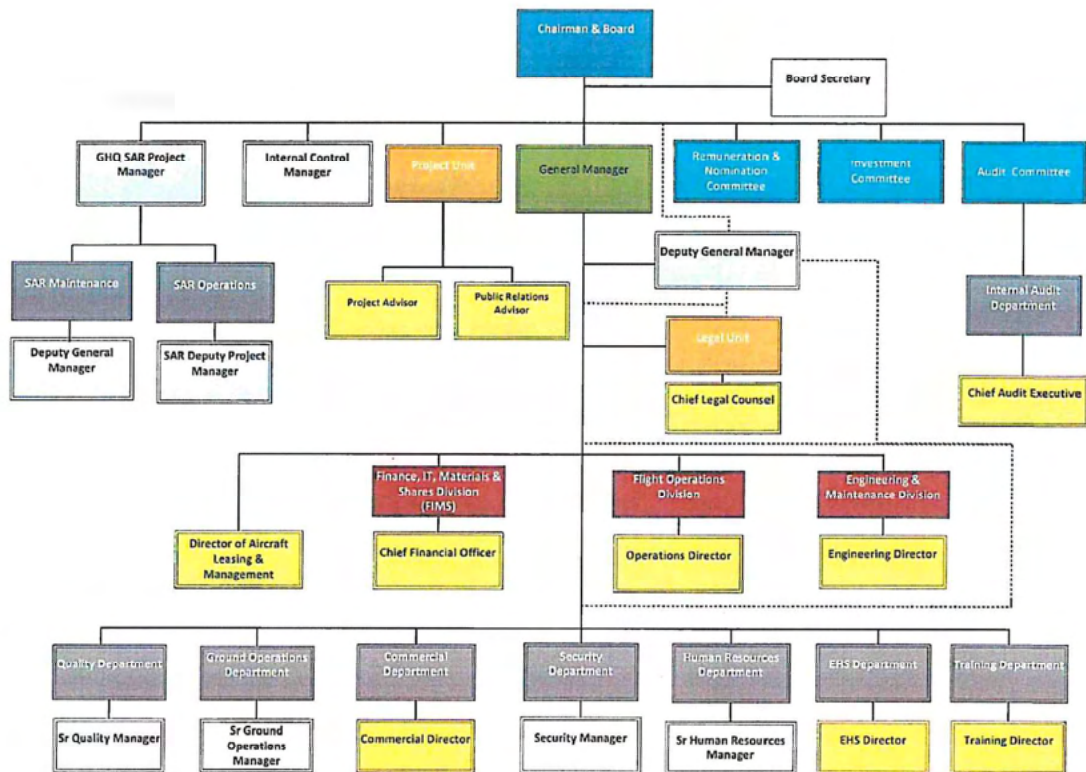
The related parties are defined as, ADA Chairman and Board, ADA Executive Management and employees, and the companies in which any of whom own 30% or more of the capital, as well as its subsidiaries, sister or affiliated companies, and therefore you will find below the transactions with the relevant parties during 2021 in AED



Transactions between the Group Companies and Related Parties during the Year 2021			
Transaction Type	Related Parties	Service Type	Grand Total (AED 000)
Services provided to Related Parties by Royal Jet L.L.C.	Presidential Flight	Aviation Services	47,269
	Abu Dhabi Aviation		
Sums due by Related Parties through Royal Jet L.L.C.	Presidential Flight	Aviation Services	4,066
Sums due to Related Parties through Royal Jet L.L.C.	Presidential Flight	Aviation Services	10,000
Aviation Services provided to Related Parties by Abu Dhabi Aviation	Agusta Westland Aviation Services Company	Aircraft Part Maintenance	96,576
	Presidential Flight	Management and Maintenance of Fixed Wing Aircraft	
Sums due by Related Parties through Abu Dhabi Aviation	Agusta Westland Aviation Services Company	Aircraft Part Maintenance	2,196
Sums due to Related Parties through Abu Dhabi Aviation	Agusta Westland Aviation Services Company	Supply and Repair of Aircraft Parts	16,895
Services provided to Related Parties through Maximus Aviation	Presidential Flight	Aviation Services	7,938
Salaries and Other -Short Term Benefits to Senior Management Staff	Abu Dhabi Aviation Staff	Salaries and Benefits	18,735
	Royal Jet Staff		
	Maximus Aviation Staff		
Board Member fees	Abu Dhabi Aviation	Board Members fees	12,984
	Royal Jet		
	Maximus Aviation		
	Abu Dhabi Aviation Training Center - ADATC		
	ADA International Real Estate		
Provisions for End-of-Service Gratuity of Senior Management Staff	Abu Dhabi Aviation Staff	Provisions for End-of-Service Gratuity of Senior Management Staff	1,144
	Royal Jet Staff		
	Maximus Aviation Staff		



Y. The Company Full Organizational Structure



R. Detailed Statement of the Senior Executives in the First and Second Ranks of the company, their Positions, Dates of Appointment, Total Salaries and Bonuses paid them during the year 2021

Position	Date of Appointment	Total salaries Bonuses Paid for the year 2021 (Dirham)	Total Bonuses Paid for year 2021 (Dirham)	Any other cash/in kind Remuneration for the year 2021 or Fall Due in the Future
General Manager	07/11/1988	1,823,908	Not determined yet	None
Deputy General Manager	06/07/2004	1,528,765	Not determined yet	None
GHQ,SAR Project Manager	08/10/2006	1,602,032	Not determined yet	None
Chief Financial Officer	08/05/2009	1,212,163	Not determined yet	None
Engineering Director	02/07/2017	975,800	Not determined yet	None
Operations Director	14/09/1997	1,053,587	Not determined yet	None
Commercial Director	24/04/2017	934,750	Not determined yet	None
Chief Audit Executive	01/03/2009	1,089,981	Not determined yet	None
Chief Legal Counsel and Head of Contracts	21/09/2010	492,742	Not determined yet	None
Chief Legal Counsel and Head of Contracts	02/04/2017	256,179	Not determined yet	None
Senior Quality Manager	04/09/2016	797,557	Not determined yet	None
Training Director	30/06/2004	901,000	Not determined yet	None
Environment, Health and Safety Director	15/03/2003	910,932	Not determined yet	None
Senior Human Resources Manager	14/08/2002	934,000	Not determined yet	None



4. External Auditor

A. Profile of the Company's Auditor to Shareholders

The Board of Directors has made a recommendation for the selection of the external auditor and has been reviewed by the General Assembly for opinion and ratification of the recommendations.

At its meeting on March 09, 2021, the General Assembly decided to approve the re- appoint Deloitte & Touche as an external auditor for the company for fiscal year 2021. Deloitte is the world's largest service company with more than 300,000 employees. Deloitte has worked as trusted customer advisors in the Middle East for the past 92 years. Deloitte provides auditing services, financial advisory, risk and tax advisory and related services to customers in Sector Public and private.

B. Statement of fees and costs for the audit or services provided by the external auditor

Audit Firm Name	Deloitte & Touche
Partner Auditor Name	Mohammad Khamees Al Tah
Number of Years spent as External Auditor of the Company	3 Years
Number of Years spent by the Partner Auditor auditing the Company Accounts	3 Years
Total Fee for the Audit and (Interim and Annual) Financial Statements Review for the Year 2021	Dirhams 210,000
Fees and Costs of other Special Services other than Financial Statements Audit for the Year 2021	Dirhams 422,721
Details and Nature of Other Services Provided (if any), but if no other services were provided, please state expressly	- ICV local value added certificate fee - Due diligence report fees for the possible acquisition of a company (the acquisition has not been made)
Statement of Other Services provided by an External Auditor other than the Company External Auditor during the year 2021 (if any), and if none please state expressly	None

No reservations were made by the Auditors of the Company regarding the interim and annual financial statements for the year 2021.

5. Audit Committee

- a. Sheikh Ahmed Mohamed Sultan Al Dhaheri, Chairman of the Audit Committee, acknowledges his responsibility for the Committee System in the Company, for his review of its working mechanism, and for ensuring the Committee efficiency.

b. **Names of the Audit Committee Members**

- | | |
|--|---------------------------|
| - Sheikh Ahmed Mohamed Sultan Al Dhaheri | Chairman of the Committee |
| - Mr. Ahmed Ali Khalfan Al Dhaheri | Member |
| - Mr. Abdulla Seddiq Al Khoori | Member |

Terms of Reference & Tasks of the Audit Committee:

1. Reviewing the Company financial and accounting policies and procedures
2. Monitoring the accuracy of the Company financial statements and reports (annual, semi-annual and quarterly) and reviewing the same as part of their regular duty during the year. The Audit Committee particularly focuses on the following:
 - Any changes in accounting policies and practices
 - Highlighting aspects that are subject to the Management discretion
 - Material adjustments resulting from the audit
 - Assuming the continuity of the Company business
 - Complying with the accounting standards set by the Authority
 - Comply with the listing and disclosure rules and other legal requirements related to the preparation of financial reports
3. Coordination with the Company's Board, the Executive Management, Chief Audit Executive, Financial Director or the Director in charge of the same duties in the Company, in order to perform its duties
4. Reviewing any important and unusual items, received or that must be included in such reports and accounts, and granting the necessary attention to any issues raised by the Company Financial Director, the Manager in charge of the same duties, the Compliance Officer or the Auditor
5. Submitting a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the Auditor, and in the event that the Board does not agree to the recommendations of the Audit Committee in this regard, the Board must include in the Governance Report a statement explaining the recommendations of the Audit Committee and the reasons that led the Board not to take them into account
6. Establishing and implementing the contracting policy with the Auditor, and submitting a report to the Board specifying the issues it deems necessary to take action on, and providing its recommendations for the measures to be taken
7. Ensuring that the Auditor fulfills the conditions stipulated in the laws, regulations and decisions in force, and in the Company Articles of Association, and following-up on and monitoring its independence
8. Meeting with the Auditor of the Company accounts without the presence of any member of the Senior Executive Management or their representatives, at least once a year, and discussing with them the nature and scope of the audit process and the scope of its efficiency in accordance with the approved auditing standards
9. Discussing all matters related to the Company Auditor task, its work plan, its correspondence with the Company, its notes, suggestions, reservations, and any fundamental inquiries that the Auditor raises to the Senior Executive Management regarding

accounting records, financial accounts or control systems, following up on the Company Management response thereto and providing the necessary facilities for the Auditor to carry out its duties

10. Ensuring that the Board responds in a timely manner to the inquiries and substantial issues included in the Auditor letter

11. Reviewing and evaluating the Company Internal Audit and Risk Management Systems

12. Discussing the Internal Audit System with the Board, and ensuring that it fulfills its duty to establish an efficient Internal Control System

13. Reviewing the results of the main investigations in the internal audit matters assigned thereto by the Board or carried out on the initiative of the Committee and the approval of the Board

14. Reviewing the Auditor evaluation of the internal audit procedures and ensuring that there is coordination between the Internal Auditor and the External Auditor

15. Ensuring the availability of the necessary resources for the internal audit function, and reviewing and monitoring the efficiency of that division

16. Reviewing the internal audit reports and following- up on the implementation of corrective measures to the observations mentioned therein

17. Putting in place controls that enable the Company employees to confidentially report any potential violations in the financial reports, internal audits, or other issues, and measures ensuring the organization of independent and fair investigations of such violations

18. Monitoring the Company compliance with the rules of professional conduct

19. Reviewing the dealings of the relevant parties with the Company and ensuring that there are no conflicts of interest, and making recommendations in this respect to the Board before such dealings are entered into

20. Ensuring the implementation of business rules related to its duties and the powers entrusted thereto by the Board

21. Submitting reports and recommendations to the Board on the abovementioned issues

22. Looking into any other issues determined by the Board

A. Audit Committee Meetings during the year 2021

Meeting No.	Meeting Date	Number of attendees	Names of absent members
1	February 10, 2021	3	None
2	April 29, 2021	3	None
3	August 02, 2021	3	None
4	November 1, 2021	3	None

6. Nominations and Remuneration Committee

- a. **Sheikh Ahmed Mohamed Sultan Al Dhaheer, Chairman of the Nomination & Remuneration Committee, acknowledges his responsibility for the Committee System in the Company, for his review of its working mechanism, and for ensuring the Committee efficiency.**

b. Names of the Nomination and Remuneration Committee Members

- | | |
|--|---------------------------|
| - Sheikh Ahmed Mohamed Sultan Al Dhaheri | Chairman of the Committee |
| - Mr. Ahmed Ali Khalfan Al Dhaheri | Member |
| - Mr. Abdulla Seddiq Al Khoori | Member |

Terms of Reference & Tasks assigned thereto:

1. Laying down a nomination policy for membership of the Board and the Executive Management, aiming to take into account the diversification of the sexes by qualifying and encouraging women by means of incentive and training incentives and programs, and to provide the Authority with a copy of this policy and any amendments thereto
2. Organizing and following-up on nomination procedures for membership of the Board in accordance with the laws and regulations in force and the provisions of this resolution
3. Ensuring the constant independence of independent members
4. Preparing the policy related to the granting of rewards, benefits, incentives and salaries to the members of the Company's Board and Staff, and reviewing the same annually. The Committee must verify that the rewards and benefits granted to the Company Senior Executive Management are reasonable and in line with the Company performance
5. Reviewing on an annual basis the appropriate skills required for the membership of the Board and preparing a description of the capabilities and qualifications needed for such membership, including determining the time that the member should allocate to his work on the Board
6. Reviewing the structure of the Board and making recommendations regarding the changes that can be made
7. Determining the competencies and skills required for the Company at the level of Senior Executive Management and Staff and the basis for their selection
8. Preparing the Company Human Resources and Training Policy, monitoring its implementation and reviewing it annually

a. Nominations and Remuneration Committee Meetings during the year 2021

Meeting No.	Meeting Date	Number of attendees	Names of absent members
1	February 10, 2021	3	None
2	August 02, 2021	3	None

7. Insiders Follow-up and Supervision Committee

- a. Sheikh Ahmed Mohamed Sultan Al Dhaheri, Chairman of the Committee, acknowledges his responsibility for the Insiders Follow-Up and Supervision System in the Company, for his review of its working mechanism, and for ensuring the Committee efficiency**

b. Names of the Insiders Follow-up and Supervision Committee Members

- | | |
|--|---------------------------|
| - Sheikh Ahmed Mohamed Sultan Al Dhaheri | Chairman of the Committee |
| - Mr. Ahmed Ali Khalfan Al Dhaheri | Member |
| - Mr. Abdulla Seddiq Al Khoori | Member |

Terms of Reference & Tasks assigned thereto:

1. Managing, following-up and supervising insider transactions, their shareholdings, and keeping a special register for them
2. Keeping a special and comprehensive register that includes the names of permanent and temporary insiders, and of those who are entitled to have access to the Company internal information before publication
3. Keeping official declarations of permanent and temporary insiders having access to the Company internal information
4. Submitting periodic reports on insider transactions to Abu Dhabi Securities Exchange
5. Notifying all insiders of the required controls and legal liability by way of having them deliver and sign official declarations

Summary of the Committee Work Report during the year 2021

During the year 2021, the Committee updated the Insider Register and circulated the rules for their dealings. The Committee also announced the periods during which the insiders had to stop dealing trading in the Company shares, in addition to signing official declarations confirming their possession of private internal data and information and their pledge to assume legal liability for any leakage

8. Any other Committee(s) approved by the Board of Directors

a. Investment Committee

- b. Mr. Khalifa Yousif Abdullah Al Khouri, Chairman of the Investment Committee, acknowledges his responsibility for the Committee System in the Company, for his review of its working mechanism, and for ensuring the Committee efficiency**

c. Names of the Investment Committee Members

- | | |
|---|---------------------------|
| - Mr. Khalifa Yousif Abdulla Al Khoori | Chairman of the Committee |
| - Mr. Saif Saeed Mohammed Al Dhaheri | Member |
| - Mr. Abdulmunim Saif Hamoud Al Kindi | Member |
| - Mr. Mohamed Khalil Foulathi Al Khoori | Member |

One of its terms of reference and the tasks assigned to it

The Investment Committee is specialized in discussing, studying, analysing and submitting the available investment opportunities to the Board of Directors, supported by detailed information, thorough scientific analysis and sufficient justifications with recommendations to help the Board make the appropriate investment decision, ensuring at every time that the investment is balanced between investment integrity, profitability and ease of liquidity in the medium and long term.

d. Investment Committee Meetings during 2021

Meeting No.	Date of the meeting	Number of attendees	Names of absent members
1	February 22, 2021	4	None
2	September 5, 2021	4	None

e. The Board of Directors has allocated allowances for attending investment committee meetings as follows:

Chairman of the Committee:	AED 15,000
Member:	AED 10,000

9. Internal Control System

A- Recognition by the Board of Directors of its responsibility for the company's internal control system and for reviewing its mechanism of action and ensuring its effectiveness

The Board of Directors is responsible for overseeing the company's internal control system and reviewing its effectiveness and efficiency.

This system aims to assess the means and procedures of risk in the company and to apply the rules of governance properly and to verify the commitment of the company and its employees to the provisions of applicable laws, regulations and decisions.

The Internal control Department reports on the extent to which the policies issued by the Board of Directors and its committees are implemented through periodic and annual reports, and the most important objectives, tasks and powers of the Internal Control Department identified by the Board of Directors are as follows:

- ❖ Ensure the validity and integrity of the work procedures in all departments of the company.
- ❖ Determine the company's compliance with governance requirements and professional conduct rules.
- ❖ Ensure that the organizations and companies dealing with the company and employees of the company are committed to applying the rules of governance, institutional discipline and professional behavior.
- ❖ Prevent, detect and correct errors and irregularities.
- ❖ Ensure that employees comply with the company's laws, regulations and policies.
- ❖ Review the means to ensure the integrity of assets and verify the actual existence of the asset.
- ❖ Cooperation with the external auditor to implement the general assembly resolutions.
- ❖ Executive management cooperates with internal control to achieve the objectives of the Board of Directors.
- ❖ Ensure the accuracy and integrity of accounting records so that they can be relied upon in policy-making and senior decisions.

According to the above, the Board of Directors acknowledges its responsibility for the company's internal control system, which has sufficient powers to apply governance rules in all the company's business and achieves transparency and fair accountability.

B- The name of the director of the Internal Control Department and his qualifications and the date of appointment

Mr. Ashraf Fahmy was appointed as Director of internal control in 2009, holds a Bachelor of Commerce and Chartered Accountant, a member of the British Association of Chartered Accountants and a Microsoft-certified computer systems and applications designer.

C. Compliance officer's name, qualifications and appointment date

Mohsin Khalid was appointed as Compliance Officer in 2018, and he holds a Master's Degree in Professional Accountancy from University of London, Bachelor's Degree in Economics from Punjab University, Certified Internal Auditor (CIA) from the Institute of Internal Auditors, Chartered Certified Accountant (ACCA) from the Association of Chartered Certified Accountants and a UAE Chartered Accountant (UAECA) from Accountants and Auditors Association, UAE. He has more than fifteen years of practical experience in the field of auditing and risk management.

D How the Internal Oversight Department deals with any major problems with the company or that have been disclosed in annual reports and accounts

The Internal Oversight Department has assessed the company's risk management methods and procedures, reviewed internal policy regulations, ensured that the company's governance rules are applied, continuously verified the company's compliance with laws and decisions, and periodically reported to the Board of Directors. The company supports a whistleblowing policy that allows any employee, customer or supplier to report any financial, professional, legal or ethical irregularities in complete confidentiality.

In order to comply with the rules & regulations, MBG Management Consultancies was appointed to conduct an assurance review on the ICOFR framework of Abu Dhabi Aviation in June 2021 by performing the following:

- Process GAP Analysis was performed
- Risk assessment was carried out based on actual risks posed by the company
- An assessment of controls within the relevant processes and sub processes was performed via sample testing methods.
- Risk Control Matrix (RCM) Register was submitted for entity-level controls as well as for all in-scope business processes.
- Conducted a limited scope Information Technology General Controls (ITGC) review within the context of ICOFR, as highlighted in the ADAA's Resolution referred to earlier.
- Final GAP report was also submitted

MBG could not identify any risk indicator that can be considered significant nor affecting ADA's ability to fairly and objectively report its financial performance, noting that the Company did not face any major problems in 2021.

E. Number of reports issued by the Internal Control department of the Company's Board of Directors

The Internal Control department has issued one report in 2021

10. Details of violations during the year 2021 and explaining their causes, how to address them and avoid future recurrence

During the 2021, the company was not subject to any fines or restrictions by the Securities and Commodities Authority or any legal authority in relation to any financial market issue.

11. The company's contributions to community development and environmental conservation during 2021

Abu Dhabi Aviation is keen to carry out its corporate social duties by supporting and sponsoring major sporting events that contribute to the progress and advancement of the community. At the same time, it is keen to support government institutions by supporting important sports activities and events hosted by Abu Dhabi as an official sponsor.

The company does not lose sight of applying best practices and conforming to the standards of security, health and safety related to the protection of the environment and compliance with all laws and regulations applicable in the United Arab Emirates to preserve the environment, and made sure to provide a safe working environment for its employees and all those who work for it. The company's contributions include but are not limited to:

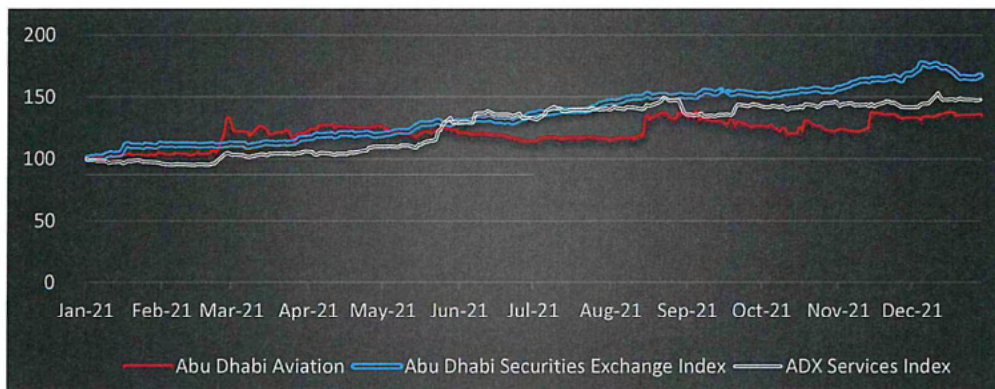
- Participation and sponsorship of the 50th National Day of the United Arab Emirates.
- Participating in the revival of Martyr's Day.
- Co-sponsoring and supporting the Al Wathba Community Cycling Team.
- Official sponsor at The Defense Exhibition 8X and 2021 with the aim of supporting and developing the national defense industry, which is an important sector to drive economic development in the UAE.
- Sponsor of the 2022 UAE Tour.
- Patron of the Abu Dhabi Desert Rally.
- Abu Dhabi Air Fleet is used to disseminate awareness messages to promote community awareness during the Corona Pandemic to help educate the public about the state's precautionary measures to combat Covid-19.
- Participation in a large and important pavilion at Dubai Air Show 2021. In order to drive growth in the commercial and luxury helicopter aviation sector, shipping and maintenance.
- Signing a memorandum of understanding with Zayed Higher Foundation for stakeholders to enhance the cooperation between the two sides on empowering the owners of the concerns by providing the foundation with special bumpers for aircraft wheels designed and developed by members of Zayed Higher Foundation for owners of concerns, and has already received 40 pieces of aircraft wheel bumpers, which abu dhabi air has subjected to international safety standards and proved effective and efficient.
- Allocation of a helicopter in cooperation with the Ministry of Health to contribute to the establishment of covid-19 screening stations and facilitate the work of the medical team through rapid air transport to all emirates of the country.
- The company's engineering management and air operations team has been keen to work uninterruptedly during the most difficult months of 2018-2022 to ensure that ADNOC and other government companies' air operations do not stop
- Official sponsor at ADNOC Marathon.

12. General information

A. Statement of the company's share price on the market (closing price - highest price - lowest price) at the end of each month during the fiscal year 2021

Month	Number of shares traded	Trading value	Number of trades	Highest price	Lowest price	Closing price
01	1,736,803	6,386,936.53	73	3.750	3.610	3.710
02	69,309,636	260,727,196.98	432	4.350	3.700	4.350
03	58,395,007	257,223,877.82	367	4.990	4.040	4.350
04	48,923,130	221,460,855.12	183	4.600	4.350	4.560
05	31,268,676	136,967,642.33	243	4.550	4.240	4.420
06	11,302,617	49,068,328.22	254	4.470	4.130	4.130
07	6,030,846	25,403,410.56	195	4.250	4.070	4.200
08	22,063,606	104,068,690.38	772	5.090	4.120	4.900
09	14,330,551	68,266,482.05	466	5.050	4.500	4.560
10	13,520,846	61,131,016.71	1,060	4.960	4.270	4.410
11	11,575,248	52,736,638.52	566	5.000	4.350	4.800
12	1,539,330	7,576,974.82	137	4.990	4.700	4.900
Total	289,996,296	1,251,018,050.04	4,748			

B. Statement of the comparative performance of the company's shares with the general market index and the sector index to which the company belongs during 2021



C. Statement of the distribution of shareholders' ownership as of 31 December 2021 (individuals, companies, governments) classified as follows: local, Gulf, Arab, and foreign:

M	Shareholder Classification	Percentage of shares owned			
		Individuals	Companies	Government	Total
1	local	44.13%	23.79%	30.00%	97.92%
2	Arabic	0.025%	0.25%	0.00%	0.27%
3	foreign	0.003%	1.81%	0.00%	1.81%
	Total	44.16%	25.84%	30.00%	100.00%

D. Statement of shareholders who own 5% or more of the company's capital as of December 31, 2021 as follows:

Name	Number of shares owned	Percentage of shares owned by the company's capital
Al Mamoura Diversified Global Holding	133,436,160	30.00%
Shimera Investment LLC	24,971,000	5.6141%

E. A statement of how shareholders will be distributed according to the size of the property as of 31 December 2021 as follows:

Equity ownership (shares)	Number of shareholders	Number of shares owned	Percentage of shares owned by capital
Less than 50,000	417	5,329,828	1%
From 50,000 to less than 500,000	241	40,822,762	9%
From 500,000 to less than 5,000,000	108	155,566,091	35%
More than 5,000,000	11	243,068,519	55%
Total	777	444,787,200	100%

F. Statement of the procedures adopted regarding Investor Relation Controls

In accordance with the decision of the Chairman of the Securities and Commodities Authority No (03 / RM) of 2020 regarding the adoption of the Public Joint stock Company Governance Manual and the decisions and circulars issued by the Authority related to investor relation controls, and since Abu Dhabi Aviation Company is keen on implementing in an optimal manner all rules and regulations related to this matter, so the Company developed last year the Investor Relations Unit, strengthened the role of that Unit and used the best means of communication with the Company. It also developed and updated its website completely and accurately, including with regard to the Investor Relations Unit (Investor Relations Page) through which the Company seeks to empower investors and those interested to have direct access to the latest information, especially information related to financial statements, annual reports, earnings, stock prices and other disclosures and governance.

The Investor Relations page aims to strengthen communication channels and encourage information sharing in order to enable investors and financial analysts to access clear insights in accordance with the highest standards of transparency and reliability and to provide access to the latest information that confirms the commitment to transparency and the application of institutional discipline standards.

Investor Relations Officer Name: Ms. Suhaila Mohammed Al Mazrouei, Manager of Investor Relations

Contact information:

- ❖ Mobile No. +971 504445116
- ❖ Phone: +971 25051177 or +971 25051215
- ❖ Fax: +971 25757775
- ❖ E-mail: s.almazrouei@abudhabiaviation.com
- ❖ Electronic link of the Investor Relations Page on the Company's Website: <https://ada.ae/investor-relations-2/>

G. Statement of the special resolutions presented at the 2021 General Assembly Meeting and the actions taken in this regard.

No special resolutions were presented at the General Assembly held during the year 2021.

H. Name and Appointment Date of Board Meetings Reporter

- ❖ Name: Ms. Suhaila Mohammed Al Mazroui
- ❖ Appointment date: 2012
- ❖ Qualifications and Experience: Ms. Suhaila Al Mazrouei holds a Master's Degree in Business Administration from Abu Dhabi University, a Bachelor's Degree in Accounting from Al Ghurair University, and a Diploma in Business Administration and Computer Information Systems from the Emirates College of Technology. She previously worked as an Administrative Officer in the Company's Human Resources Department and as an Accountant. She currently holds the position of Investor Relations Manager Board Secretary.

Statement of her Duties and Work Tasks during 2021:

- Informing the Board Members of meeting dates through invitations and agenda sent to them at least one week before the meeting.
- Reminding the Board Members of periodic meeting dates, circulating any updated information and decisions to the Members for their review and approval.
- Preparing the meeting minutes, decisions to be issued by the Board, relevant correspondence drafts, then re-editing, printing, and verifying the same, and duly following up on their signature and distribution.
- Providing the relevant departments with the decisions pertaining to them.
- Providing the Board Members with the decisions issued by the Board.
- Coordinating the meeting dates of Committees emanating from the Board and coordinating with such Committee Chairmen and Members for drawing the minutes and presenting their recommendations and decisions to the Board.

- Informing the competent authorities (Abu Dhabi Securities Exchange and Securities and Commodities Authority) of the Board meetings and results in addition to any other disclosures that may affect the Company's share.
- Communicating with investors and the competent authorities and responding to any questions or inquiries about the Company.
- Performing any other tasks assigned to her by the Board.

I. Statement of the major events and important disclosures that the company encountered during 2021.

In April 2021, Abu Dhabi Aviation signed a letter of intent with Falcon Aviation Services to examine the possibility of acquiring the entire Falcon Aviation Services company, and the negotiations ended with the Decision of Abu Dhabi Aviation' Board of Directors not to proceed with the acquisition due to the failure of the parties to reach an agreement on the value of the acquisition.

J. Statement of the transactions the company made with the related parties during 2021, equivalent to 5% or more of its Share Capital.

None.

K. Statement of Emiratization Percentage in the Company by the end of 2021

2019	2020	2021
9%	9.5%	9.5%

L. Statement of Innovative Projects and Initiatives undertaken by the Company or currently under development during the year 2021

None.



Nader Ahmed Al Hammadi

Chairman of the Board

Signed by: Sheikh Ahmed Al Dhaheri
Signed at: 2022-02-09 10:43:30 +00:00
Reason: Witnessing Sheikh Ahmed Al Dhaheri



Sheikh Ahmed Sultan Al Dhaheri

**Chairman of the Nominations and
Remuneration Committee
Chairman of the Audit Committee**



Ashraf Fahmy

Internal Control Manager

Date: 09/02/2022

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www.ada.ae
info@ada.ae

P.O. Box 2723
Abu Dhabi, UAE



Sustainability Report 2021

"Making People Feel At Home"



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About Abu Dhabi Aviation

Abu Dhabi Aviation (ADA) is the largest helicopter operator in the Middle East and currently operating a fleet of Leonardo AW139, Bell 412 and Bell 212, Eurocopter EC135 and Bombardier DHC-8 aircraft. ADA has a main base in Abu Dhabi with international operating locations in the Middle East, Europe and Africa.

The Company has established in 1976 by virtue of an Amiri Decree and started operations and added fixed-wing aircraft in 1991. A third-party maintenance facility was opened in 1994. ADA is owned by Government of the Emirate of Abu Dhabi (30%) and UAE Nationals and Foreign Shareholders (70%). ADA currently has approximately 1,100 employees.

The ADA Group continues to expand its business into other markets, including a 50% equity holder of Royal Jet, an international VIP Charter Airline and 100% ownership of Maximus Air. In 2016, ADA opened Abu Dhabi Aviation Training Centre LLC (ADATC), a state-of-the-art helicopter and training simulator facility.

The Company exceeded a million helicopter flight hours with an enviable safety-record especially given the extremely high number of offshore takeoffs and landings – many of the company offshore helicopters averaging six to seven cycles per hour. This level of activity demand the highest caliber of flight and maintenance crews supported by noteworthy safety and compliance program.

Abu Dhabi Aviation is a public joint – stock registered in Abu Dhabi Securities Exchange. The Company's registered office is located at Abu Dhabi International Airport next to Terminal 2, Abu Dhabi Aviation Terminal PO Box 2723, Abu Dhabi, UAE.

[3 Abu Dhabi Aviation Sustainability Report 2021](#)

MISSION

To provide innovative solutions globally, while exceeding shareholder, customer and employee expectations.

VISION

One team, propelling ADA safely and profitably into the future.

VALUES

- Safety
- Teamwork
- Quality
- Integrity and Ethics
- Customer Focus

GOALS

- Safety is ADA's top priority & fundamental core value and is never compromised.
- We value innovative, timely, efficient, cost-effective, reliable and best quality services.
- We are committed to achieving the highest levels of customer satisfaction.
- We value the contribution that our team makes in achieving our mission and we support and encourage teamwork to ensure a high level of competence, expertise and competitiveness.
- Trust, responsibility, transparency, commitment and accountability, are the pillars of our existence.

Message from the Chairman

We are proud of what the aviation industry has become in the United Arab Emirates and this was attributed to the huge political, economic and infrastructure development in the country. Since 1976, Abu Dhabi Aviation has grown from a single client operation into the largest commercial helicopter operator in the Middle East and North Africa, providing highly specialized aviation services in the most challenging environments around the world.

The core of our success has been attributable to an ongoing investment in employing and retaining highly qualified, skilled and dedicated employees, allowing us to approach One Million helicopter flight hours, while maintaining an enviable safety record.

What has been important to our success is ever increasing engagement with our strategic partners in the Oil and Gas industry, and in the formation of established Joint Ventures, both domestically and internationally. As we expand further, Abu Dhabi Aviation will continue to strive to provide aviation services that set the standard, both regionally and globally, utilizing approved aviation solutions that take the client's interests as a priority.

I would like to take this opportunity to thank Abu Dhabi Aviation for their team effort, our clients for their trust, and our shareholders for their dedication and support, all of which has contributed to the success we have attained, and I am confident that we will continue to excel in the years to come.

H.E. Nader Ahmed Al Hammadi
Chairman of the Board



ADA Group Review

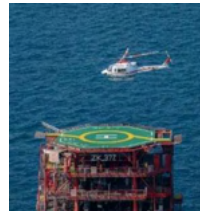
Abu Dhabi Aviation (ADA) is the largest commercial helicopter operator in the Middle East, operating fifty five (55) helicopters (19 Augusta Westland AW139s, 2 Augusta Westland AW169s, 22 Bell 412s, 12 Bell 212s) and 4 fixed-wing aircraft (DHC-8).

ADA's strategic view is to diversify its activities within the aviation and non-aviation sectors. ADA provides services to the following aviation sectors:

- Flight Operations (Dry and Wet Lease).



- Flight Charter (Oil & Gas Support, Firefighting, Photography, Aerial Application, Pipeline Patrols, Long Line Missions and VVIP Flights for Heads of States).



5 Abu Dhabi Aviation Sustainability Report 2021

- Medical Evacuation (24/7 HEMS and MEDEVAC – Offshore and Desert Evacuations).

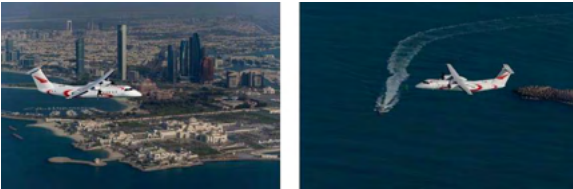


- Search and Rescue support to the Armed Forces of the UAE.



ADA Group Review

- Fixed Wing passenger transport.



ADA provides state-of-the-art technical support through its 612 m² MRO facility at Abu Dhabi Airport: - (GCAA, FAA, EASA, CARC and GACA)

- Heavy Maintenance (Rotary and Fixed Wing)
- Overhaul and Component Workshop
- Engine Support (change, inspection and build up)
- Avionics Support
- Structures Workshop
- Wheels and Brakes
- Refurbishment and Paintshop



Floats and Rafts Inspection and Overhaul



Battery Workshop



Continuing Airworthiness Management Organization (CAMO)

Approved CAMO under GCAA, CAR M, CARC and JCAR-Part M for a number of RW and FW aircraft types.

ADA Group Review

ADA has 100% ownership in **Abu Dhabi Aviation Training Centre LLC (ADATC)** for simulator training. The facility has nine bays scalable to eighteen bays at phase two. ADATC holds the following FFS simulators:

- AW139
- Bell 412
- King Air 350
- Embraer ERJ 145

ADATC provides also the following courses:

- Pilot Initial and Type Rating (Ground and Flight)
- Recurrent and Refresher (Ground and Flight)
- LOFT
- Airframe and Avionics
- GCAA EASA and GACA approved courses
- GCAA EASA and GACA Examiners
- NVG Training
- CRM, First Aid, Fire Fighting, Dangerous Goods and others



ADA has established **ADA International Real Estate LLC (ADAIRE)** to manage the Group's land and properties in the UAE and overseas.

The scope of work of ADAIRE includes:

- Asset Management
- Property Management
- Leasing Services
- Joint Ventures
- Private Equity
- Facilities Management Services
- Development Management Services
- Investments

Jumeirah Garden City



Rawdhat



Muneera



ADA Group Review

AgustaWestland Aviation Services LLC is a joint venture between ADA (70%) and the aircraft manufacturer Leonardo Helicopter (30%) to provide the following services:

- Helicopter MRO and Logistics
- Spare Parts Distribution Centre
- Component Repair and Overhaul
- Floats and Rafts Inspection, Repair and Overhaul



ADA has 100% ownership in Maximus Air L.L.C. (MAX), the largest air cargo operator in the UAE and among the largest in the Middle East. It has a fleet of Antonov AN-124-100 and Ilyushin IL-76TD. The company provides end to end outsized cargo solutions including dangerous goods, equestrian and live animals.

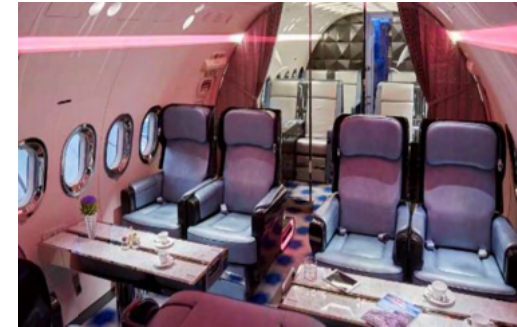


ADA Group Review

Royal Jet LLC. (RJ) is jointly owned by Abu Dhabi Aviation PJSC (50%) and Presidential Flight Authority (50%).

The fleet includes (8) aircraft:

- (6) Boeing Business Jets BBJ
- (2) Global 5000



The company's core offerings are:

- Luxury VIP Aircraft Charter
- Medical Evacuation Services
- Charter Brokerage
- Aircraft Management and Acquisition Consultancy
- Fixed Base Operations (FBO)/VIP Terminal at Abu Dhabi International Airport and Seychelles

Other subsidiaries include ADA Real Estate Management and General Maintenance LLC (REMCO) and ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship LLC (ADAME).

Sustainability Strategy and Framework

Sustainability is the fundamental of everything we do. We strive hard to operate responsibly and transparent by living our vision as one team, propelling ADA safety and profitably into the future. We are committed to provide positive impact on our communities, while at the same time maintaining sustainable success.

ADA framework has four key pillars: Economic, Human, Social, and Environmental. ADA believe that an effective framework will help achieve its strategic business objectives.

Our Covid-19 Response

The COVID pandemic had a significant impact on the aviation sector as a whole, but Abu Dhabi Aviation has successfully mitigated the disruption by taking various initiatives on a timely basis.

Due to regulations and COVID-19 risk, ADA introduced paperless environment, electronic document management and digital signatures in addition to embracing video-calls. Productivity was not adversely affected and ADA is operating as normal.

From safety point of view, the company took various actions to mitigate the risks of COVID-19, including disinfecting premises (offices, hangar and staff compound), fumigating aircraft, installing thermal imaging cameras, staff segregation into separate working bubbles and making the use of PPE mandatory in the workplace.

Our Covid-19 Response

EMPLOYEES



- Directed support staff to remotely work from home
- Give support for those stuck overseas
- No salary cuts or redundancies
- Directed virtual meetings as much as possible
- Staff segregation and making the use of PPE mandatory in the workplace
- Disinfecting premises (offices, hangar and staff compound)
- Providing a quarantine facility for covid positive employees

SHAREHOLDERS

- Maintain strong cash position and reserves
- ADA looked for other revenue streams such as investing in securities

COMMUNITIES

- Abu Dhabi Aviation launched helicopter messages to spread Covid-19 Awareness by having a helicopter fly across all the emirates displaying messages in Arabic and English urging community members to stay at home, maintain social distancing and avoid gatherings.
- Coordinated transport missions for covid patients

CUSTOMERS

- Installing thermal imaging cameras and sanitizers in all entry points
- Fumigating aircraft
- Keeping the customers informed in all forms of communications.

MAPPING OUT

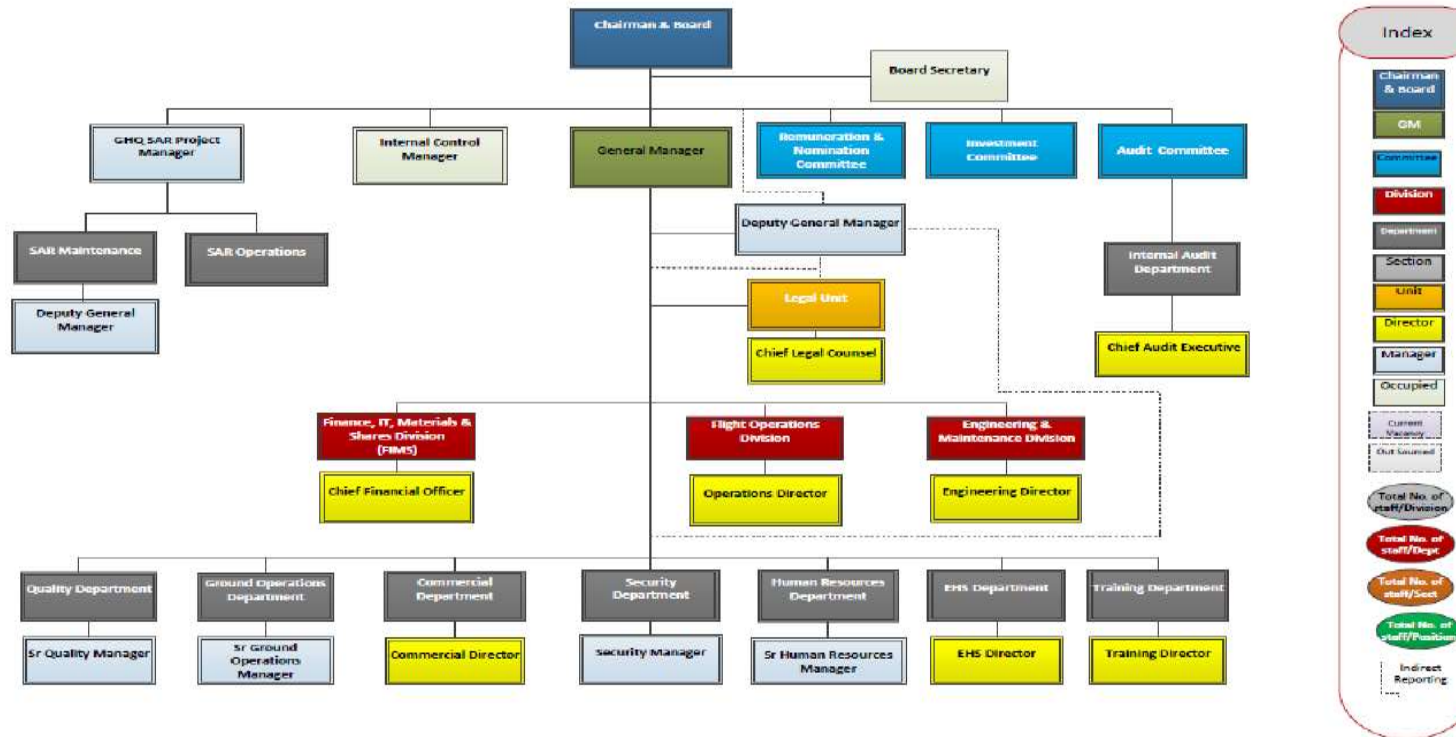
ADA employees needed more than ever to be motivated and engaged to perform well, however they also need to be mindful about their mental wellbeing. It is the time to demonstrate strong leadership, an inclusive and innovative workplace culture to enable a collective mindset shift. Our leaders will need to revisit and establish realistic goals and programs, update action plans, set accountability for results, and implement ongoing changes in the business processes.

Corporate Governance

Abu Dhabi Aviation has been developing and implementing an efficient and effective organizational structure at the level of the company's various departments and divisions, to ensure a high level of coordination and administrative interaction, as shown below the organizational structure of the company and approved by the company's board of directors, as follows:

ADA Strategic Organization Structure View

Version 9 Date: 01 January 2022



Board of Directors

The Board of Directors are all UAE Nationals. The BOD has been active in building a strong corporate governance culture that plays an important role in defining and implementing the standards of responsibility that enable the management to manage the Company to the best benefits of shareholders.



Corporate Governance

Audit, Nomination and Remuneration Committee Members

Name	Position
Sheikh Ahmed Mohamed Sultan Al Dhaheri	Chairman of the Committee
Mr. Ahmed Ali Khalfan Al Dhaheri	Member
Mr. Abdulla Seddiq Al Khoori	Member

Investment Committee Members

Name	Position
Mr. Khalifa Yousif Abdulla Al Khoori	Chairman of the Committee
Mr. Saif Saeed Mohammed Al Dhaheri	Member
Mr. Abdulmunim Saif Hamoud Al Kindi	Member
Mr. Mohamed Khalil Foulathi Al Khoori	Member

Ownership Structure

Share Capital	444,787,200
Listing Date	December 15, 2000
Company Type	Public Joint Stock Company (PJSC)
Auditor	Deloitte & Touche (M.E.)

The issued capital is distributed as follows:

- (30%) Government of the Emirate of Abu Dhabi
- (70%) Shareholders, the ownership of non-UAE nationals shall not exceed 30% of the Company's Share Capital

Group Financial Performance

	For the period ended 31 December 2021	For the period ended 31 December 2020	Increase/ (decrease)
Turnover	1,682,082	1,558,504	7.93%
Operating Profit	494,327	342,969	44.13%
Operating Profit - %	29.39%	22.01%	
Net profit	306,833	154,686	98.36%
Net profit - %	18.24%	9.93%	
EPS for the period	0.56	0.40	41.52%
	As at 31 December 2021	As at 31 December 2020	Increase/ (decrease)
Total Assets	5,525,386	4,977,148	11.02%
Total Liabilities	1,786,071	1,489,447	19.92%
Total Equity	3,739,315	3,487,701	7.21%

	ABU DHABI AVIATION (ADA, REMCO, ADATC, ADAIRE and ADAME)	ROYAL JET LLC	MAXIMUS AIR LLC
Revenue 2021	AED738.61 M	AED512.60 M	AED 430.87 M
Revenue 2020	AED 636.19 M	AED 320.08 M	AED 602.23 M
Difference %	16.10% 	60.15% 	28.45% 
Remarks	Additional Oil & Gas Offshore Flights as well as ad hoc flights	Due to high demand on charter flights	Due to less demand in logistics and charter sales

Dividend Payment:

2019 – 20%

2020 – 10%

Human Development

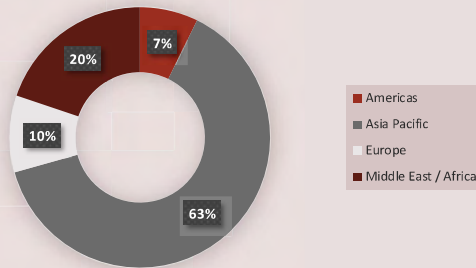
ADA Employee Nationalities by Region FY 2020

Americas	69
Asia Pacific	606
Europe	91
Middle East / Africa	189

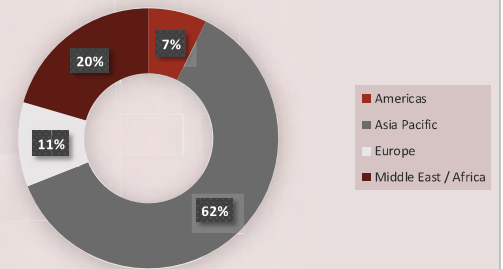
ADA Employee Nationalities by Region FY 2021

Americas	70
Asia Pacific	592
Europe	101
Middle East / Africa	197

ADA EMPLOYEE NATIONALITIES BY REGION FY 2020



ADA EMPLOYEE NATIONALITIES BY REGION 2021



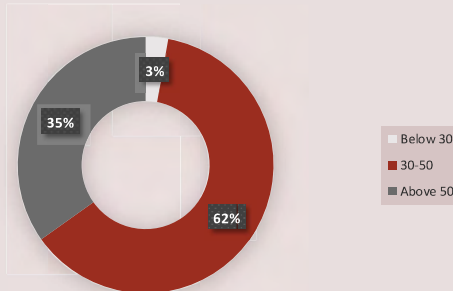
ADA Employees by Age FY 2020

Below 30	28
30-50	614
Above 50	343

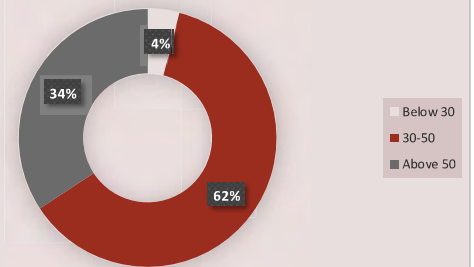
ADA Employeeeb by Age FY 2021

Below 30	38
30-50	594
Above 50	329

ADA EMPLOYEES BY AGE FY 2020



ADA EMPLOYEES BY AGE FY 2021



Human Development

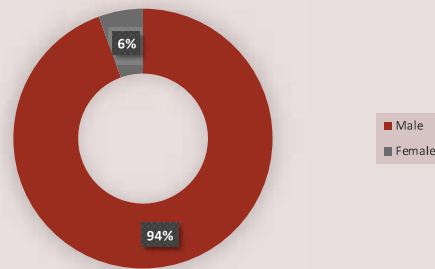
ADA Employees by Gender FY 2020

Male	904
Female	53

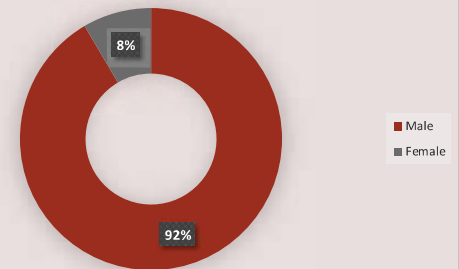
ADA Employees by Gender FY 2021

Male	904
Female	57

ADA EMPLOYEES BY GENDER FY 2020



ADA EMPLOYEES BY GENDER FY 2021



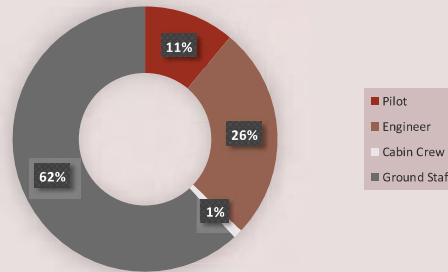
ADA Employeeb by Job Category FY 2020

Pilot	106
Engineer	249
Cabin Crew	11
Ground Staff	591

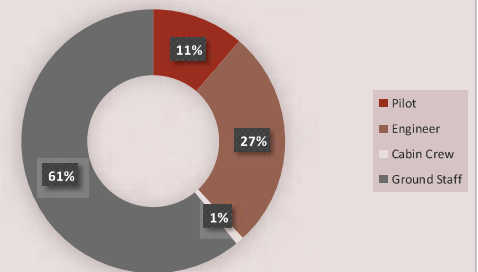
ADA Employeeb by Job Category FY 2021

Pilot	109
Engineer	257
Cabin Crew	10
Ground Staff	585

ADA EMPLOYEES BY JOB CATEGORY FY 2020

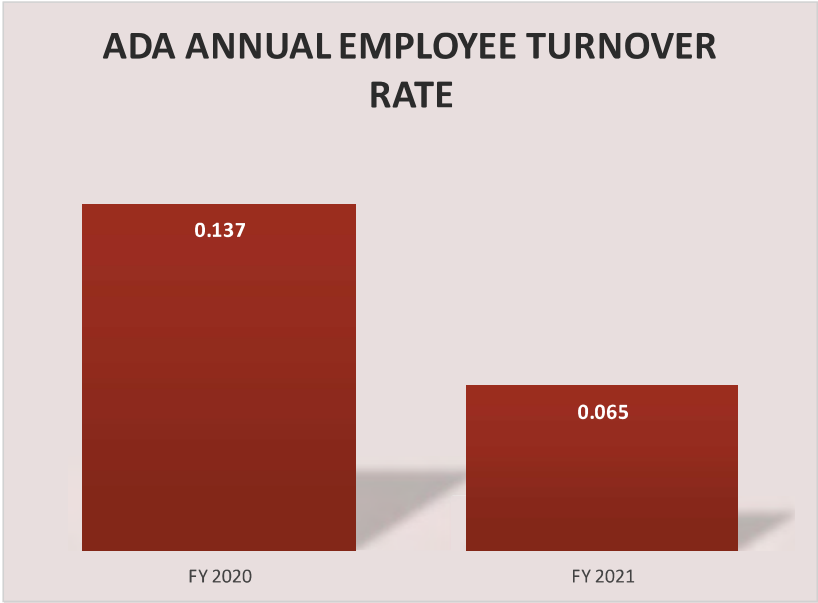


ADA EMPLOYEES BY JOB CATEGORY FY 2021



Human Development

ADA Annual Employee Turnover Rate	
FY 2020	13.7%
FY 2021	6.5%



Social Development

Abu Dhabi Aviation is keen to carry out its corporate social duties by supporting and sponsoring major sporting events that contribute to the progress and advancement of society. At the same time, it is keen to support government institutions in promoting sports activities and events hosted by the capital, Abu Dhabi, as an official sponsor. In addition to cooperating in the development of sports events and activities in line with Abu Dhabi Vision 2030.

- Official sponsor of the ADNOC Marathon, ADNOC's strategic partner in Abu Dhabi Aviation (26 November 2021)
- Participation in the commemoration of Martyr's Day (30 November 2021)
- Participation and sponsorship of the fiftieth (50th) National Day of the United Arab Emirates (2 December 2021)
- Signing a memorandum of understanding with the Zayed Higher Organization for People of Determination to enhance cooperation between the two sides regarding empowering people of determination by providing the Foundation with special fenders for aircraft wheels designed and developed by employees of the Zayed Higher Organization for People of Determination. Abu Dhabi Aviation has already received and tested 40 pieces of aircraft wheel fenders, which have been subjected to international safety standards and have proven their effectiveness and efficiency (21 December 2021)

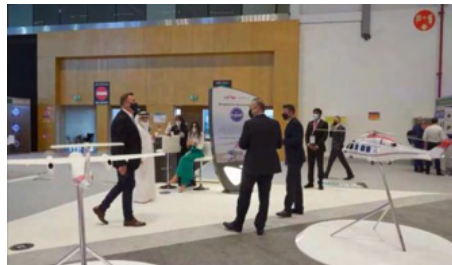
Social Development

IDEX AND NADEX 2021 (21 TO 25 FEBRUARY 2021)

Abu Dhabi Aviation is the official sponsor at IDEX and NADEX 2021 with the aim of supporting and developing the national defense industries sector, which constitutes an important sector for advancing economic development in the UAE.



Abu Dhabi Aviation pavilion



Commercial Director and CFO welcoming the visitors



Social Responsibility

UAE TOUR 2021 (21 TO 27 FEBRUARY 2021)

His Excellency Mr. Nader Ahmed Al Hammadi, Chairman of Abu Dhabi Aviation, said, "We are pleased to participate in the UAE Tour 2021. Abu Dhabi Aviation has set its sights on supporting sports and athletes and has not failed to participate in such events for years." Al Hammadi pointed out that Abu Dhabi is witnessing a quantum leap in international tournaments, stressing that this comes as a translation of the directives of His Highness Sheikh Khalifa bin Zayed and Crown Prince Sheikh Mohammed bin Zayed, may God protect them.

He added that Abu Dhabi Aviation's participation in the UAE Tour 2021 is in support of sporting activities and events hosted by the capital; in addition to cooperation in the development vision of sporting activities and activities in line with Abu Dhabi Vision 2030. Abu Dhabi Aviation is also keen to carry out its corporate social duties by supporting and sponsoring major sporting events that contributes to the progress and advancement of the community.

Through its fleet, capabilities, and expertise, Abu Dhabi Aviation is going to provide two vertical planes for local and international TV channels to depict the entire tour, which is going to also depict UAE's heritage, historical and touristic landmarks. Abu Dhabi Aviation aircraft will accompany the competitors in all stages of the tour.

Abu Dhabi Aviation's Chairman praised the great role played by the Abu Dhabi Sports Council headed by His Highness Sheikh Nahyan bin Zayed Al Nahyan, in hosting the most prominent global sporting events that have great impact in spreading the culture of sport and inspiring individuals, especially young people to practice sports to reach a healthier and happier society.



Social Responsibility

ABU DHABI TRIATHLON CHAMPIONSHIP 2021 (5 – 6 NOVEMBER 2021)

Abu Dhabi Aviation announced its sponsorship of the Abu Dhabi World Triathlon Championship, hosted by the Abu Dhabi Sports Council, under the sponsorship of the National Health Insurance Company.

His Excellency Nader Ahmed Al Hammadi, Chairman of the Abu Dhabi Aviation, stated that Abu Dhabi Aviation, with its fleet, capabilities and expertises, offers to make the event a success through filming the entire tour by its two Bell 412 helicopters. “Local and international TV channels will rely on the footage filmed on our fleet, through which it will highlight the heritage, historical and tourist landmarks of the Emirates. In addition, our fleet will accompany participants in all stages of the global race, especially that the championship occupies a high place in the global sporting events calendar due to the great turnout from the elite class of professionals, which confirms the capital’s position as a global destination that attracts the most important sporting events in the world.”

He adds, “Abu Dhabi Aviation’s participation in this championship is in support of the sports activities and events hosted by the capital Abu Dhabi, in addition to cooperation in the development vision of sports events and activities in line with Abu Dhabi Vision 2030.” Emphasizing that Abu Dhabi is witnessing a quantum leap in world championships it hosts, which comes as a translation of the directives of the higher leadership.

The Chairman of the Board of Directors of Abu Dhabi Aviation stressed that the contribution to supporting and sponsoring sporting events is within the company’s important social corporate responsibility strategy which contributes to the community, the emirate, and the country.

HE Al Hammadi praised the great role played by the Abu Dhabi Sports Council by hosting and participating in the most prominent international sporting events that have great impact, and added that the country was able to occupy a prominent position in the world of sport of all kinds.



Social Responsibility

ABU DHABI DESERT CHALLENGE 2021

Abu Dhabi Aviation is the sponsor of the Abu Dhabi Desert Rally, a strategic partner in the global sports event's support, alongside the government and private companies held on 5 to 11 November 2021.

As the rally sweep across the spectacular Al Dhafra dunes, Abu Dhabi Aviation helicopters provided potentially life-saving aerial Search And Rescue support for the medical crews on permanent standby to be taken to the aid of competitors in trouble.

His Excellency Nader Ahmed Al Hammadi, Chairman of Abu Dhabi Aviation stated: "Abu Dhabi Aviation seeks to secure elements of strength and safety for the success of this year's Abu Dhabi Desert Challenge by providing air support for the global event by participating in three advanced helicopters (Bell 412 and 212) that will be used for logistical support and air ambulance purposes, in addition to search and rescue operations. This makes the participation of the Abu Dhabi Aviation's aircraft vital in giving contestants and observers a sense of safety. Our presence is considered a key element of the rally's success given the harsh environmental conditions represented by the Emirates desert, especially that the Abu Dhabi Desert Challenge is the longest desert rally in the Middle East. The company has set its sights on supporting sports and athletes and has not failed to participate in this event for years. We offer our expertise over 47 years to make this major global sporting event a success, through our modern aircraft, and highly experienced pilots and engineers."



Social Responsibility

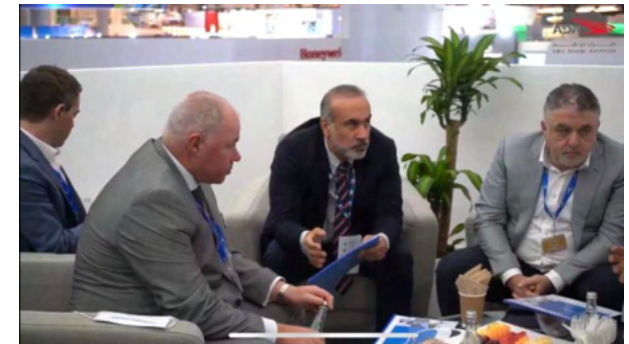
DUBAI AIRSHOW 2021

Abu Dhabi Aviation participated in Dubai Airshow 2021 that took place from 14th to 18th November 2021.

During the exhibition, Abu Dhabi Aviation displayed its wide range of aviation services that it provides to the leading local and international entities in the aviation sector. It aims to drive growth in commercial and luxury helicopters, freight and maintenance sectors.



Senior Commercial & Marketing Executive welcoming the visitors



Business conversation with the CFO.

Environmental Development

1. Introduction

Abu Dhabi Aviation (ADA) as a commercial entity must manage waste in an efficient and cost-effective manner contingent upon the UAE Federal Environmental Law and Abu Dhabi Emirate Waste Management Regulation. The Company implements various sustainable practices that make the management of waste more economically sound, compliant with applicable legislations, and better for the environment.

Waste management in the UAE is coordinated through local the authorities. The Government of Abu Dhabi established the Centre of Waste Management (Tadweer) in 2008. It is responsible for the policy, strategy and contractual systems of waste management across the emirate.

The UAE aims to reduce the adverse per capita environmental impact of cities and industries, by paying special attention to air quality, general and other waste management concerns.

The UAE issued Cabinet Resolution No. (39) regarding the executive regulations of Federal Resolution No. (12) of 2018 on the integrated waste management that seeks to regulate the waste management process and standardize the mechanisms and methods of proper waste disposal in line with best practices with the aim of protecting the environment and reducing risks to human health.

In practice, ADA generates various types of waste, including: general solid waste, construction and debris, waste from aircraft flights (deplaned waste), compostable waste, hazardous and industrial waste, and lavatory waste.

This report focuses on the management practices implemented by the Company for the collection, storage, treatment and disposal of wastewater generated from its aircraft paint stripping and cleaning activities. Wastewater generated by these activities are categorized as hazardous industrial wastewater.

Environmental Development

ADA Waste Management Policy Statement

This Waste Management Policy forms part of Abu Dhabi Aviation's Environment, Health and Safety Management System (EHSMS) and underpins the Company's EHS Policy. The Policy aims to reduce the adverse environmental impacts of our waste, to reduce landfill waste and to ensure disposal of waste materials is done in an environmentally responsible manner.

The Company is committed to the implementation of an effective Waste Management Programme that meets or exceeds all legislative and regulatory requirements, particularly, the UAE Federal Law (24), Abu Dhabi Law (21) and Abu Dhabi Occupational Health and Safety Management System Framework (OSHAD SF). This Waste Management Policy is based on following priority order of action:

■ **Reduce:** Through purchasing policy, operational activity and by raising awareness, reduce the waste that will be created for disposal.

■ **Re-use:** Before discarding items, take action to re-use in the first instance within the Company and if this is not applicable, with external nominated organizations and contractors. Every opportunity to reuse items must be explored before being discarded as waste.

■ **Recycle:** Where opportunities exist and where regulations apply, waste recycling must be encouraged and implemented to minimize the amounts of waste destined for landfill.

■ **Treatment:** Where waste are sent for treatment to render safe or reduce hazardous properties prior to recycling or disposal the Company shall ensure that segregation, storage, handling, transport and treatment processes comply with legislation.

■ **Disposal:** Where the production of waste is unavoidable the Company shall ensure that segregation, storage, handling, transport and disposal processes comply with legislation.

All Company employees are responsible for the way their conduct impacts on this Policy and should ensure that the waste they create is dealt with in accordance with this Policy. This Policy will be reviewed annually in respect of changing regulations, legislation and new opportunities which present themselves to the Company.

Mohammed Ibrahim Al Mazrouei
General Manager

Environmental Development

2. Characteristics of hazardous industrial wastewater

Hazardous substances are defined by the following characteristics: **ignitability, corrosivity, reactivity, and toxicity**. Hazardous substances may interfere with the municipal wastewater treatment operation, contaminate groundwater or contaminate surface waters.

- **Ignitability.** Highly flammable liquids and vapors contained in some airport industrial wastes are fire and explosion hazards, particularly when discharged freely to sewers, natural bodies of water, or the ground. Vapors from volatile solvents, fuels, and oils may travel considerable distances in sewers and certain soils and form explosive concentrates in low, enclosed places. Wastes with a high solid content may cause deposits that form explosive gas during decomposition.
- **Corrosivity.** Corrosive wastes can dissolve metals and other materials or burn human skin. Wastes generated during rust removal and acid or alkaline cleaning, as well as waste lead acid, lithium, and nickel-cadmium batteries, are corrosive wastes.

■ **Reactivity.** Wastes which are reactive are unstable or undergo rapid or violent chemical reaction with water or other materials. Wastes generated from cyanide plating operations and from processes involving oxidizers, such as bleaches, are reactive wastes.

■ **Toxicity.** Certain aviation industrial wastes are toxic to human beings, livestock, and aquatic life, either by direct contact or through the contamination of water supplies. Pollutants contained in metal finishing wastes, such as cyanide and chromium, and certain organic compounds, such as degreasing solvents, are highly toxic at low concentrations in water. Mixed solutions of metal wastes can be much more toxic than simple solutions of corresponding or greater concentration. The formation of sludge deposits in streams by certain airport industrial wastes can create a potential health hazard to prospective users of the stream and restrict or prohibit its use for recreational or agricultural purposes.

Environmental Development



ADA Waste Management Supervisor conducting inspection

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Project Information – Waste Management

Start of construction:	December 2018
Start of operation:	March 2019
Location:	ADA Maintenance Facility
Address:	Abu Dhabi International Airport, UAE
Total wastewater collected 2019:	172,000 kg
Total wastewater collected 2020:	159,153 kg
Total wastewater collected 2021:	114,880 kg (January to September 2021)
Maintenance and monitoring:	REMCO and Waste Management

Environmental Development



Paint stripping and cleaning facility



Process workflow – hazardous wastewater generation, storage and collection

Environmental Development

3. Environmental impacts of hazardous wastewater

■ **Interference with waterway purification or municipal wastewater operation.** The discharge of airport industrial wastes to surface waters or to a municipal drainage system may have numerous adverse consequences. There are measures and procedures to address situations where there would be adverse consequences due to the discharge of airport industrial wastes to such waters or facilities. This may include reviewing spill prevention and countermeasure plans and notifying facility authorities of potential problems.

■ **Waterway self-purification.** The self-purification of waterways depends largely on a sufficient supply of oxygen to support the life and activity of fish and other aquatic organisms. Oils and greases form mats and slicks that hinder re-oxygenation of streams. Wastes with heavy organic loads will result in the consumption of dissolved oxygen when they biodegrade, and may form sludge deposits that could interfere with stream self-purification processes.

■ **Municipal wastewater operation.** Increases in the organic loading to a municipal drainage system may cause the total loading to exceed its headwork loading capacity; thereby, decreasing the plant's efficiency or violating the discharge permit. Emulsified oil and grease may adversely impact receiving waters. Toxic metals and toxic organic compounds may interfere with biological activity and may complicate sludge disposal. Acids and alkalies may corrode pipes, pumps, and treatment units and may interfere with settling and biological activity. Flammable materials may cause fires and may lead to explosions.

■ **Contamination of ground water.** Disposal of airport industrial wastes by land application may be constrained where there is the potential for ground water contamination. Future stringent groundwater regulations may have an impact on airport deicing operations and industrial wastes. These practices are generally unacceptable in areas where affected ground water is used as a source of drinking water.

Environmental Development

4. Chemicals used in paint stripping and cleaning

■ Organic solvents and phenols

These wastes, generated during paint application and removal and the cleaning of aircraft, can create explosion and toxicity hazards, interfere with sewage treatment, and pollute potable water. Solvents also interfere with bacterial activity in sludge digestion. Solvents and phenols, in particular, produce objectionable tastes and odors in water supplies.

The concentration of phenol specified in the ambient water quality criteria for toxicity protection of human health is 3.5 ppm. The concentrations of several common industrial solvents, specified in ambient water quality criteria for carcinogenicity protection of human health, are 0.00019 ppm for methylene chloride, 0.00094 ppm for 1,2-dichloroethane, and 0.0027 ppm for trichloroethylene.

Chemical Information	
Paint stripping product:	Ardrox 2526
Recommended use:	Paint stripper
Classification:	Toxic, corrosive, harmful, carcinogenic (3), mutagenic (3)
Characterization:	Mixture of organic solvents
Environmental precaution:	Do not flush into surface water or sanitary sewer system. Avoid subsoil penetration.
Other cleaning solvents used:	C28/15, CN13-GPRO, Alkaline Cleaner, Bondrite A-AK 5948-DPM, C-IC 33

Environmental Development

5. Collection system standards and requirements

■ **Tank collection system.** ADA implements the following environmental and safety standards pertaining to tank systems:

- a) Collection facility does not generate any extreme heat, explosions, fire, fumes, mists, dusts, or gases, damage the structural integrity of the tank, or threaten human health or the environment in any way;
- b) Hazardous wastes or reagents that may cause corrosion, erosion, or structural failure are not collected in a tank;
- c) The containment system has the capacity to contain 10% of the total volume capacity;
- d) Continuously fed tanks have a waste-feed cutoff or bypass system;
- e) Ignitable, reactive, or incompatible wastes are not collected into a tank.

■ **Environmental Service Provider (ESP).** The contracted ESP responsible for the collection, treatment and disposal holds a valid environmental and commercial permits from the Competent Authorities in UAE.

■ **Inspection Timetables.** The collection tank is inspected at least once each operating day. The construction materials and the surrounding area of the tank system are inspected for visible signs of corrosion or leakage at least weekly.

■ **Personnel awareness.** Employees (including ESP staff) involved in the activity are thoroughly familiar with proper waste handling and emergency procedures relevant to their responsibilities during normal facility operations and emergencies.

■ **Contingency plan and emergency procedures.** ADA has a contingency plan, as outlined in the ERP Manual, that is designed to minimize hazards in the case of a sudden or non-sudden release, fire, explosion, or similar emergency. The Waste Management Supervisor is the designated ERP coordinator responsible for responding to an emergency at site.

Environmental Development

6. Collection, treatment and disposal process

(a) Acceptance criteria

Prior to transportation of the contaminated wastewater from the ADA facility to the ESP water treatment plant, the ESP will require a laboratory analyses to ensure that the composition of the wastewater stream to be treated is within the specifications of the water treatment plant. If concentrations exceed the specifications, the ESP may refuse to collect and treat the contaminated wastewater. Wastewater is collected from ADA facility by the ESP using a 4,500 GL tanker.

(b) Treatment process

The Water Treatment Plant is designed to process contaminated wastewater streams throughout a series of industrial processes, through: oil waste separation; contaminated sludge through flotation, sludge thickening and filter pressing; and treated final effluent through aeration, filtering, ultra filtration and buffering processes before being discharged to the Municipality sewer mains operated by the Abu Dhabi Sewerage Services Company (ADSSC).

Component	Concentration
pH	2-13
Total Suspended Solids	0-10.000 mg/l-1
Total Dissolved Solids	0-7.500 mg/l-1
COD	0.60.000 mg/l-1
Biological Oxygen Demand	0-30.000 mg/l-1
Oil	0 -50.000 mg/l-1
Ammonia	≤ 100 mg/l-1
Sulphate	≤ 1000 mg/l-1
Aluminium	≤ 500 mg/l-1
Chloride	≤ 2000 mg/l-1
Cadmium	≤ 20 mg/l-1
Chromium	≤ 20 mg/l-1
Copper	≤ 400 mg/l-1
Phosphor	≤ 50 mg/l-1
Lead	≤ 60 mg/l-1
Manganese	≤ 50 mg/l-1
Mercury	≤ 0.01 mg/l-1
Nickel	≤ 150 mg/l-1
Iron	≤ 200 mg/l-1
Zinc	≤ 500 mg/l-1

Table 1. Chemical concentrations limit prior acceptance by treatment facility. Limits based on RSB Abu Dhabi Trade Effluent Control Regulation 2010.

Environmental Development

(c) Waste oil

Waste oil generated through the oil separation process will be temporarily stored within an aboveground storage tank, provided with an adequate secondary system in order to prevent any spillage within the premises in the event of tank failure. Waste oil will be subsequently diverted and transported to a recycling facility, authorized to operate by the Tadweer.

(d) Treated effluent

Prior to the discharge of the treated effluent within the sewer mains operated by the ADSSC, a full set of laboratory analyses will be undertaken by an approved laboratory under the responsibility of the ESP's Treatment Plant Supervisor in order to ensure that the composition of the treated effluent is within the limits imposed by ADSSC. Limits imposed by ADSSC for discharged within the sewer mains are shown on the opposite table.

(e) Sludge

Sludge generated by the Water Treatment Plant through flotation, thickening and pressing processes will be temporarily stored in open container prior to be diverted to the Al Dhafra Engineered Landfill facility.

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Component	Concentration
pH	6-9
Total Suspended Solids	≤ 500 mg/l-1
Total Dissolved Solids	≤ 3000 mg/l-1
COD	≤ 3000 mg/l-1
Biological Oxygen Demand	≤ 1000 mg/l-1
Oil	≤ 50 mg/l-1
Ammonia	≤ 40 mg/l-1
Sulphate	≤ 1000 mg/l-1
Aluminium	≤ 5 mg/l-1
Chloride	≤ 500 mg/l-1
Cadmium	≤ 0.2 mg/l-1
Chromium	≤ 1 mg/l-1
Copper	≤ 1 mg/l-1
Phosphor	≤ 50 mg/l-1
Lead	≤ 1 mg/l-1
Manganese	≤ 1 mg/l-1
Mercury	≤ 1 mg/l-1
Nickel	≤ 150 mg/l-1
Iron	≤ 2 mg/l-1
Zinc	≤ 2 mg/l-1

Table 2. Chemical concentrations limit prior final disposal to sewage system. Limits based on RSB Abu Dhabi Trade Effluent Control Regulation 2010.

Environmental Development

(f) Waste manifest and record-keeping

A waste manifest will be generated as requested by the CWM, and copies retained by the waste originator. The assigned ESP and the disposal facility will specify the following information: waste originator, waste transporter, final disposal, nature of the waste, and quantity of the waste. The ADA Waste Management Section will keep a logbook for the purpose of tracking and maintaining a record of collection and disposal. Waste manifest record will be submitted to Tadweer through their online system (Bolisaty).

(g) Ongoing compliance and performance monitoring

Internal control and performance monitoring is carried out by the Waste Management Supervisor. Monthly and quarterly waste management reports are submitted to Management and EHS Department. Incident and hazard reporting is carried out through the Company Safety Reporting System.



ESP wastewater collection truck at ADA Maintenance Facility.



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