

**ABU DHABI AVIATION PJSC**

**Review report and condensed consolidated interim  
financial information for the nine-month period ended  
30 September 2024 (unaudited)**

## **ABU DHABI AVIATION PJSC**

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### **Review report and condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (unaudited)**

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## Review report on condensed consolidated interim financial information to the Board of Directors of Abu Dhabi Aviation PJSC

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### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Aviation PJSC (the “Company”) and its subsidiaries (together the ‘Group’) as at 30 September 2024 and the related condensed consolidated interim statement of profit or loss and comprehensive income for the three-month and the nine-month periods then ended and the condensed consolidated interim statement of changes in equity and cash flows for the nine-month period then ended, and notes comprising of material accounting policy information and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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### Scope of review

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

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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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### Other matter

The comparative information in the condensed consolidated interim statement of financial position as at 31 December 2023 and the comparative information in the condensed consolidated interim statement of profit or loss and comprehensive income for the three-month and the nine-month periods ended 30 September 2023, and the condensed consolidated interim statement of changes in equity and cash flows for the nine-month period then ended, and related explanatory notes have not been audited or reviewed.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi

..... 7 November 2024 .....

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

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of financial position

	<i>Note</i>	<i>As at</i>	
		<i>30 September 2024</i>	<i>31 December 2023</i>
		<i>AED'000</i> <i>(Unaudited)</i>	<i>AED'000</i> <i>(Unaudited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Aircraft, property and equipment	5	1,693,822	607,951
Intangible assets		12,973	12,402
Investment properties	6	351,293	3,642
Financial assets at fair value through profit or loss	7	563,484	-
Right of use assets	14	738,701	754,904
Investment in a joint venture	8	102,203	-
Investment in an associate	8	765,691	-
<b>Total non-current assets</b>		<b>4,228,167</b>	<b>1,378,899</b>
<b>Current assets</b>			
Inventories	25	1,113,527	432,361
Trade and other receivables	9	5,209,520	6,057,166
Advances, prepayments and other current assets	10	1,171,208	1,074,807
Other financial assets at amortised cost	11	880,192	-
Cash and cash equivalents	11	2,398,280	2,016,731
<b>Total current assets</b>		<b>10,772,727</b>	<b>9,581,065</b>
<b>TOTAL ASSETS</b>		<b>15,000,894</b>	<b>10,959,964</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	1,096,787	1,735,050
Share premium	13	3,489,349	-
Contributed share capital		347,768	347,768
Reserves		315,860	311,891
Retained earnings		1,823,192	2,023,922
<b>Equity attributable to owners of the Company</b>		<b>7,072,956</b>	<b>4,418,631</b>
Non-controlling interests	12	1,121,369	-
<b>Total equity</b>		<b>8,194,325</b>	<b>4,418,631</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		467,229	319,510
Borrowings	15	237,863	-
Lease liabilities	14	802,774	806,828
Deferred tax liabilities		13,198	-
Deferred government grants		43,567	-
<b>Total non-current liabilities</b>		<b>1,564,631</b>	<b>1,126,338</b>

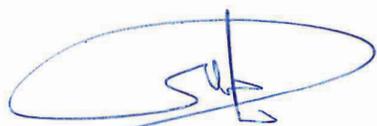
The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of financial position (continued)

	Note	As at	
		30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Unaudited)
<b>Current liabilities</b>			
Bank overdraft	11	64,589	-
Trade and other payables	16	4,249,404	4,674,919
Provisions		75,140	133,156
Borrowings	15	723,048	489,541
Lease liabilities	14	32,545	106,093
Contract liabilities		62,162	11,286
Deferred government grants		5,622	-
Income tax provision	24	29,428	-
<b>Total current liabilities</b>		<b>5,241,938</b>	<b>5,414,995</b>
<b>Total liabilities</b>		<b>6,806,569</b>	<b>6,541,333</b>
<b>Total equity and liabilities</b>		<b>15,000,894</b>	<b>10,959,964</b>

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



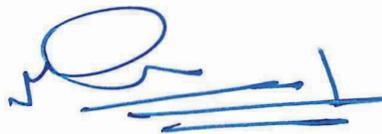
Nader Ahmed Mohammed Al Hammadi  
Chairman



Sheikh Ahmed Mohammed Sultan Al Dhaheri  
Vice-Chairman



Mohamed Saeed Salem Kaddas Alremeithi  
Chief Executive Officer



Ashraf Fahmy  
Group Chief Financial Officer

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of profit or loss

	<i>Note</i>	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue from contracts with customers		<b>1,850,786</b>	1,419,922	<b>5,081,477</b>	4,793,149
Direct operating costs		<b>(1,655,978)</b>	(1,441,304)	<b>(4,697,041)</b>	(4,719,794)
<b>Gross profit/(loss)</b>		<b>194,808</b>	(21,382)	<b>384,436</b>	73,355
General and administrative expenses		<b>(163,578)</b>	(94,111)	<b>(367,129)</b>	(273,603)
Reversal/(provision) for impairment on trade and other receivables		<b>45,852</b>	(23,434)	<b>114,230</b>	(40,812)
Gain on bargain purchase	<b>1</b>	-	-	<b>596,841</b>	-
Amortisation of deferred income		<b>1,403</b>	-	<b>2,340</b>	-
Other income		<b>56,643</b>	54,143	<b>98,152</b>	239,965
Net change in the fair value of financial assets through profit or loss	<b>7</b>	<b>33,371</b>	-	<b>35,924</b>	-
Share of profit of a joint venture	<b>8</b>	<b>4,254</b>	-	<b>8,364</b>	-
Share of profit of an associate	<b>8</b>	<b>19,958</b>	-	<b>43,075</b>	-
Finance income		<b>35,526</b>	18,750	<b>68,180</b>	58,212
Finance costs		<b>(12,537)</b>	(3,083)	<b>(43,035)</b>	(24,857)
<b>Profit/ (loss) before income tax</b>		<b>215,700</b>	(69,117)	<b>941,378</b>	32,260
Income tax expense	<b>24</b>	<b>(17,246)</b>	-	<b>(20,739)</b>	-
<b>Profit/ (loss) for the period</b>		<b>198,454</b>	(69,117)	<b>920,639</b>	32,260
<b>Profit/ (loss) for the period attributable to:</b>					
Owners of the Company		<b>190,974</b>	(69,117)	<b>904,295</b>	32,260
Non-controlling interests		<b>7,480</b>	-	<b>16,344</b>	-
		<b>198,454</b>	(69,117)	<b>920,639</b>	32,260
Basic and diluted earnings/ (loss) per share (AED)	<b>17</b>	<b>0.174</b>	(0.106)	<b>1.004</b>	0.049

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of comprehensive income

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2024 AED'000 Unaudited</i>	<i>2023 AED'000 Unaudited</i>	<i>2024 AED'000 Unaudited</i>	<i>2023 AED'000 Unaudited</i>
<b>Profit/ (loss) for the period</b>	<b>198,454</b>	<b>(69,117)</b>	<b>920,639</b>	<b>32,260</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequent to profit or loss</i>				
Foreign currency translation differences	<u>3,427</u>	-	<u>3,969</u>	-
Other comprehensive income for the period	<u>3,427</u>	-	<u>3,969</u>	-
<b>Total comprehensive income/ (loss) for the period</b>	<b>201,881</b>	<b>(69,117)</b>	<b>924,608</b>	<b>32,260</b>
<b>Total comprehensive income/ (loss) attributable to:</b>				
Owners of the Company	<u>194,401</u>	<u>(69,117)</u>	<u>908,264</u>	<u>32,260</u>
Non-controlling interests	<u>7,480</u>	-	<u>16,344</u>	-
	<b>201,881</b>	<b>(69,117)</b>	<b>924,608</b>	<b>32,260</b>

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of changes in equity

	<i>Share capital</i> <i>AED'000</i>	<i>Share premium</i> <i>AED'000</i>	<i>Contributed share capital</i> <i>AED'000</i>	<i>Reserves</i> <i>AED'000</i>	<i>Retained earnings</i> <i>AED'000</i>	<i>Equity attributable to the owner of the Company</i> <i>AED'000</i>	<i>Non- controlling interests</i> <i>AED'000</i>	<i>Total Equity</i> <i>AED'000</i>
At 1 January 2023 (Unaudited)	1,735,050	-	347,768	311,891	2,189,967	4,584,676	-	4,584,676
Profit for the period	-	-	-	-	32,260	32,260	-	32,260
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	32,260	32,260	-	32,260
At 30 September 2023 (unaudited)	<u>1,735,050</u>	<u>-</u>	<u>347,768</u>	<u>311,891</u>	<u>2,222,227</u>	<u>4,616,936</u>	<u>-</u>	<u>4,616,936</u>
At 1 January 2024 (Unaudited)	1,735,050	-	347,768	311,891	2,023,922	4,418,631	-	4,418,631
Reverse acquisition (Note 1)	(638,263)	3,489,349	-	-	(1,105,025)	1,746,061	1,105,025	2,851,086
Profit for the period	-	-	-	-	904,295	904,295	16,344	920,639
Other comprehensive income for the period	-	-	-	3,969	-	3,969	-	3,969
Total comprehensive income for the period	-	-	-	3,969	904,295	908,264	16,344	924,608
At 30 September 2024 (unaudited)	<u><b>1,096,787</b></u>	<u><b>3,489,349</b></u>	<u><b>347,768</b></u>	<u><b>315,860</b></u>	<u><b>1,823,192</b></u>	<u><b>7,072,956</b></u>	<u><b>1,121,369</b></u>	<u><b>8,194,325</b></u>

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

# ABU DHABI AVIATION PJSC

## Condensed consolidated interim statement of cash flows

		<i>Nine months period ended 30 September</i>	
	<i>Note</i>	<i>2024</i> <i>AED '000</i> <i>(Unaudited)</i>	<i>2023</i> <i>AED '000</i> <i>(Unaudited)</i>
<b>Cash flows from operating activities</b>			
Profit before income tax		941,378	32,260
<i>Adjustments for:</i>			
Depreciation of aircraft, property and equipment	5	46,979	26,734
Depreciation of right-of-use assets	14	21,442	25,035
Amortisation of intangible assets		1,600	1,259
Provision for impairment of aircraft, property and equipment		-	6,212
Provision/(reversal) for slow moving and obsolete inventories		9,953	(4,494)
Provision for employees' end of service benefits		48,615	37,914
(Reversal)/ provision of expected credit losses on trade and other receivables		(114,230)	40,812
Gain on disposal of aircraft, property and equipment		(3,836)	-
Net change in the fair value of financial assets through profit or loss	7	(35,924)	-
Net change in fair value of investment property	6	(3,390)	-
Share of profit from a joint venture	8	(8,364)	-
Share of profit from an associate	8	(43,075)	-
Gain on bargain purchase	1	(596,841)	-
Gain on termination of lease	14	(58,221)	-
Amortisation of deferred income		(2,340)	
Finance costs		18,506	5,076
Finance income		(68,180)	(58,212)
Interest on lease liabilities	14	24,529	19,490
<b>Operating cash flows before payment of employees end of service benefits and changes in working capital</b>		<b>178,601</b>	<b>132,086</b>
Payment of employees' end of service benefits		(37,599)	(31,090)
<i>Changes in working capital:</i>			
Inventories		(78,228)	(131,882)
Trade and other receivables		1,675,180	(843,932)
Advances, prepayments and other current assets		12,517	144,912
Trade and other payables		(627,285)	(172,181)
Provisions		(111,246)	7,161
Contract liabilities		36,580	(259)
Net movement in restricted cash		(52,700)	(5,186)
<b>Net cash generated from/(used in) operating activities</b>		<b>995,820</b>	<b>(900,371)</b>
<b>Cash flows from investing activities</b>			
Purchase of aircraft, property and equipment	5	(187,529)	(117,307)
Purchase of investment property	6	(1,560)	-
Purchase of intangible assets		(2,178)	(8,310)
Purchase of investments in financial assets	7	(101,779)	-
Purchase of other financial assets at amortised cost		(873,798)	-
Cash received upon acquisition of subsidiary		477,074	-
Proceeds from disposal of aircraft, property and equipment		4,769	-
Proceeds from disposal of financial assets through profit or loss	7	27,791	-
Proceeds from disposal of intangible assets		6	-
Finance income received		56,038	52,037
Dividend income received		3,215	-
<b>Net cash used in investing activities</b>		<b>(597,951)</b>	<b>(73,580)</b>

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

## ABU DHABI AVIATION PJSC

### Condensed consolidated interim statement of cash flows (continued)

		<u>Nine months period ended 30 September</u>	
	<i>Note</i>	<b>2024</b> <b>AED'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>AED'000</b> <b>(Unaudited)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	<b>15</b>	<b>164,030</b>	-
Repayment of borrowings		<b>(137,979)</b>	-
Finance costs paid		<b>(23,751)</b>	-
Interest paid on lease liabilities		<b>(24,529)</b>	(5,089)
Principal elements of lease liabilities		<b>(58,680)</b>	(19,676)
<b>Net cash used in financing activities</b>		<b>(80,909)</b>	<b>(24,765)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		<b>2,013,729</b>	2,442,737
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>2,330,689</b>	1,444,021

#### Non-cash transactions:

1. Transfer of a provision for impairment of property and equipment (Note 5) amounted to AED 1,037 thousand for the period ended 30 September 2024 (30 September 2023: AED 6,212 thousand)
2. Transfer of development work in progress to amounts due from related parties and other receivables amounting to AED 302,890 thousand in relation to the delivery of 9 aircraft for the Blackhawk contract for the period ended 30 September 2023.

The notes on pages 9 to 60 are an integral part of this condensed consolidated interim financial information.

# ABU DHABI AVIATION PJSC

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## Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024

### 1 General information

Abu Dhabi Aviation PJSC (the “Company”) is a national shareholding company incorporated in Abu Dhabi, United Arab Emirates by the Decrees and Laws No. 3, No. 10, No. 8, No. 9 and No. 11 of the years 1982, 1985, 1999, 2003 and 2004, respectively. The Company’s shares are listed on the Abu Dhabi Securities Exchange (ADX). The Company has its registered office at P.O. Box 2723, Abu Dhabi, United Arab Emirates.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 (“Companies Law”) was issued and came into effect on 2 January 2022 which is applicable to the Group.

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

During the year 2022, the Group had received an offer from ADQ Aviation and Aerospace Services LLC (“ADQ Aviation”), a wholly owned subsidiary of Abu Dhabi Developmental Holding Company PJSC (“ADQ”) to combine its shareholdings in Advanced Military Maintenance Repair and Overhaul Centre LLC (“AMMROC”), Etihad Airways Engineering LLC (“EYE”) and Global Aerospace Logistics LLC (“GAL”) (together referred to as the “Perimeter assets”) with the Group. The Company’s Ultimate Parent is the Government of Abu Dhabi.

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

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

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

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

### Reverse acquisition

Under the terms of the transaction ADA (the “legal acquirer”) issued 652,000,000 new ADA shares, representing 59% of the shares of the merged group to ADQ shareholders in return for transferring the entire share capital of the Perimeter assets of ADQ Aviation (“legal acquiree”), which subsequently resulted in the ADQ Aviation shareholders having control over the new consolidated group.

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

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 1 General information (continued)

##### Reverse acquisition (continued)

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

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

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

This resulted in an adjustment of AED 638,263 thousand within share capital and also an adjustment to earnings per share for the previous period. This condensed consolidated interim financial information is therefore a continuation of the financial statements of ADQ Aviation Group (the accounting acquirer) and the comparative figures in this condensed consolidated interim financial information also represent the ADQ Aviation Group.

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

#### A. Consideration transferred

The acquisition date fair value of the equity instruments issued is used to determine the consideration for the business combination. The quoted market price of ADA's shares provides a more reliable basis for measuring the consideration effectively transferred than the estimated fair value of the shares in ADQ Group, and the consideration is measured using the market price of ADA's shares as on 1 May 2024.

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

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

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

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 1 General information (continued)

##### B. Acquisition-related costs

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

##### C. Non-controlling interest

The non-controlling interest at the acquisition date represents the minority interest in Global Aerospace Logistics LLC (GAL) and has been recognised at the proportionate share of the acquired net identifiable assets of GAL at the acquisition date attributable to owners of non-controlling interest (Note 12).

##### D. Consideration and purchase price allocation

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

#### Provisional attributed fair values as at 1 May 2024:

	<u>AED'000</u>
<b>Assets</b>	
Aircraft, property and equipment	947,292
Investment properties	342,701
Intangible assets	-
Investments in financial assets	447,227
Right of use assets	91,043
Investment in a joint venture	93,839
Investment in an associate	722,616
Inventories	612,891
Trade and other receivables	713,304
Advances, prepayments and other current assets	56,218
Cash and bank balances	477,074
<b>Total assets acquired</b>	<b><u>4,504,205</u></b>
<b>Liabilities</b>	
Provision for employees' end of service benefits	136,339
Borrowings	451,818
Lease liabilities	125,103
Deferred government grants	51,532
Deferred income	14,296
Trade and other payables	206,596
Provisions	53,230
Income tax provision	17,364
<b>Total liabilities acquired</b>	<b><u>1,056,278</u></b>
<b>Fair value of identifiable net assets acquired</b>	<b><u>3,447,927</u></b>
<b>Net consideration transferred for the reverse acquisition</b>	<b><u>2,851,086</u></b>
<b>Gain on bargain purchase</b>	<b><u>596,841</u></b>

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**1 General information** (continued)

**D. Consideration and purchase price allocation** (continued)

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

**E. Revenue and profit contributed by the accounting acquirees**

The acquired business contributed revenues of AED 481,079 thousand and net profit of AED 179,058 thousand for the period from 1 May 2024 to 30 September 2024. If the acquisition had occurred on 1 January 2024, consolidated pro forma revenue and net income for the year ended 30 September 2024 would have been AED 5,586,937 thousand and AED 1,159,621 thousand respectively.

**F. Cash and cash equivalents contributed by the accounting acquirees**

On 1 May 2024 the acquired business contributed net cash and cash equivalents of AED 477,074 thousand.

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

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

**2.1 New and amended International Financial Reporting Standards (IFRSs) applied with no material effect on the interim condensed consolidated financial information.**

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

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

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

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

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

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

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

The new disclosures include information about the following:

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

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

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

**2.1 New and amended International Financial Reporting Standards (IFRSs) applied with no  
material effect on the interim condensed consolidated financial information** (continued)

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

(\*effective upon adoption by applicable regulatory authority)

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

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet  
effective and not early adopted**

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

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

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

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

These amendments:

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

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

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet  
effective and not early adopted** (continued)

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

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

**3 Material accounting policies**

**Statement of compliance**

These condensed consolidated interim financial information for the nine-month period ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information complies with IFRS as issued by the International Accounting Standards Board (IASB).

**Basis of preparation**

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentational currency. All values are rounded to the nearest AED thousands, unless otherwise stated.

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

The condensed consolidated interim financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with ADQ Aviation Group's annual consolidated financial statements for the year ended 31 December 2023. The results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 3 Material accounting policies (continued)

##### Basis of consolidation

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

<i>Name</i>	<i>Percentage holding</i>		<i>Country of incorporation</i>	<i>Principal Activities</i>
	<i>30 September 2024</i>	<i>31 December 2023</i>		
Maximus Air – Sole Proprietorship L.L.C.	100%	-	UAE	Air cargo
Herbal Hill Gardens Limited	100%	-	Gibraltar	Investment properties ownership
Maximus Airlines L.L.C	100%	-	Ukraine	Air cargo services
ADA International Real Estate Owned by Abu Dhabi Aviation – Sole Proprietorship Co. L.L.C.	100%	-	UAE	Real estate lease and management services
Abu Dhabi Aviation Training Centre L.L.C*	100%	-	UAE	Aviation training
ADA Millennium Consulting – Owned by Abu Dhabi Aviation Sole Proprietorship L.L.C.	100%	-	UAE	Advisory and implementation consultancy services to aviation, manufacturing, hospitality, oil and gas and private equity sectors
Global Aerospace Logistics LLC	50%	50%	UAE	Professional and technical assistance services, maintenance of aircraft and engines, the sale of aircraft, spare parts and accessories thereof.
Etihad Airways Engineering L.L.C	100%	100%	UAE	Maintenance, repair and overhaul to airlines and aviation operators
Advanced Military Maintenance, Repair and Overhaul Centre LLC	100%	100%	UAE	Repair, maintenance and overhaul services in respect of fixed and rotary wings, military aircraft and sale of spare parts related to military aircraft.

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Business combinations**

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

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

**(i) Subsidiaries**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Business combinations** (continued)**(ii) Changes in ownership interests**

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

**Income taxes**

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

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

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

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Investment in joint venture and an associate**

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

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

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

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

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

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

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

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

**Interests in joint operations**

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Interests in joint operations** (continued)

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

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

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

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

**Revenue from contracts with customers**

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

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

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

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

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

*Step 2 – Identify the performance obligations in the contract.*

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

*Step 3 – Determine the transaction price*

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Revenue from contracts with customers** (continued)

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

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

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

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

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

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

*Performance-based logistics (“PBL”) services*

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

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

*Other maintenance, repair and overhaul services*

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

*Sale of materials*

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

*Helicopter and fixed wing operations and air cargo*

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Revenue from contracts with customers** (continued)*Rental income/others*

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

*Contract assets and liabilities*

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

**Leases***(a) The Group as lessee*

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

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Leases** (continued)

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an 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 condensed consolidated interim statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Aircraft, Property and Equipment' policy.

Extension and termination options are included in property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Leases** (continued)

*Lessor accounting*

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

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

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

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

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

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

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

**Interest/dividend income and interest expense**

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

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

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

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

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

**Foreign currency**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Foreign currency** (continued)

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

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

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

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

**Borrowing costs**

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

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

**Deferred government grants**

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Deferred government grants** (continued)

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

**Aircraft, property and equipment***Recognition and measurement*

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

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

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

*Subsequent expenditure*

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

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

*Depreciation*

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

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

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Aircraft, property and equipment** (continued)*Capital work in progress.*

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

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

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

**Intangible assets**

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

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

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

	<b>Years</b>
Intellectual property	4 - 7
Customer contracts	2 - 5
Software	2 - 5

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

**Investment properties**

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

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

At each reporting date, the Group reviews the carrying amounts of its investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Investment properties** (continued)

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

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

**Inventories**

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

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

**Development work in progress**

Development work in progress consists of components ordered for certain kits that are principally to be used in maintenance activities in future, sale, with revenue being recognised at the time of delivery of fully completed kits, with the development work in progress being stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the purchase of the components of these kits. Net realisable value is the estimated selling price in the ordinary course of the business less variable selling expenses. Management is satisfied that revenue recognition is at the time of delivery of the fully completed kits for the aircraft in the future. Accordingly, all related costs incurred are recorded as development work in progress.

**Cash and cash equivalents**

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

**Other financial assets at amortised cost**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Financial instruments**

**Financial assets and financial liabilities**

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

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

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

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

*Classification of financial assets*

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

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

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

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

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

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

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

(i) *Amortised cost and effective cost method*

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Financial instruments** (continued)**Financial assets and financial liabilities** (continued)*(i) Amortised cost and effective cost method (continued)*

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.

*(ii) Debt instruments classified as at FVTOCI*

The debt instruments held by the Group are classified as at FVTOCI. 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 instrument 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.

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Financial instruments** (continued)

**Financial assets and financial liabilities** (continued)

(iii) *Equity instrument designated as at FVTOCI* (continued)

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 investment's 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 in profit or loss.

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

(iv) *Financial assets at FVTPL*

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

Specifically:

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

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

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

**Impairment of financial assets**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Financial instruments** (continued)**Impairment of financial assets** (continued)

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

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

*(i) Significant increase in credit risk*

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

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

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Financial instruments** (continued)

**Impairment of financial assets** (continued)

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

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

(ii) *Definition of default*

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

when there is a breach of financial covenants by the debtor; or

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.

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.

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**3 Material accounting policies** (continued)**Financial instruments** (continued)**Impairment of financial assets** (continued)*(iv) Measurement and recognition of expected credit losses (continued)*

The Group recognises an impairment gain or loss in condensed consolidated interim 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 condensed consolidated interim 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 collateralized borrowing for the proceeds received.

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

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

*Financial liabilities measured subsequently at amortised cost*

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

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

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

**Derecognition of financial liabilities**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Financial instruments** (continued)

**Derecognition of financial liabilities** (continued)

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

*Financial liabilities and equity instruments*

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

*Debt and equity instruments*

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

*Equity instruments*

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

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

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

**Trade payables**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Dividends**

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

**Value added tax**

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

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

**Offsetting**

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

**Provisions**

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

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

*Onerous Contracts*

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

**Provision for employees' end of service benefits**

*Short-term employee benefit*

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**3 Material accounting policies** (continued)

**Provision for employees' end of service benefits** (continued)

*Termination benefits for non-UAE Nationals*

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

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

*Termination benefits for UAE Nationals*

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

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

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

**4 Critical accounting judgment and key sources of estimation uncertainty**

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

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

**Critical judgements in applying the Group's accounting policies**

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**4 Critical accounting judgments and key sources of estimation uncertainty** (continued)**Critical judgements in applying the Group's accounting policies** (continued)*Judgements in determining the timing of satisfaction of performance obligations*

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

*Determination of control over investment in joint venture and subsidiaries*

As describe in Note 8, AgustaWestland Aviation Services L.L.C. ("AWAS") is a joint venture of the Group and Agusta SpA. Although the Group owns a 70% ownership interest in AWAS, the Group does not have control or significant influence over AWAS as it is contractually agreed with Agusta SpA that the relevant activities of AWAS require unanimous consent of the parties sharing control and equal voting power. AWAS is a limited liability Group whose legal form confers separation between the parties to the joint arrangement and the Group itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, AWAS is classified as a joint venture of the Group.

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

*Classification of properties*

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

*Significant increase in credit risk*

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

*Business model assessment*

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)**4 Critical accounting judgment and key sources of estimation uncertainty** (continued)**Critical judgements in applying the Group's accounting policies** (continued)*Business model assessment (continued)*

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

*Accounting acquirer*

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

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

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

*PBL Contract*

## (a) Key Performance Indicators (KPI)

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

## (b) Total contract value

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

## (c) Obligation after the end of the PBL contract

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**4 Critical accounting judgment and key sources of estimation uncertainty**

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

*PBL Contract (continued)*

*(d) Determination of principal or agency relationship*

Management has considered all relevant factors and circumstances in determining whether the Group is acting as a principal or as an agent with respect to its contracts with the Customer. As per the terms of the contracts, the Group's position is that of a principal rather than an agent. Thus, the Group recognised revenue based on the gross amount charged to the ultimate customer.

*(e) Determination of existence of customer contract and revenue recognition*

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

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

**Key sources of estimation uncertainty**

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

*Allowance for impairment losses on trade and other receivables*

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

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

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

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

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**4 Critical accounting judgment and key sources of estimation uncertainty**

**Key sources of estimation uncertainty** (continued)

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

The Group assumes that the credit risk on trade and other receivables has increased significantly based on significant judgement. Specific factors management considers include the age of balance, background of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management has estimated the recoverability of trade receivables balances and has considered the allowance required for impaired receivables. Allowance for impairment losses on trade and other receivables at 30 September 2024 is AED 375,629 thousand (31 December 2023: AED 648,685 thousand).

*Allowance for obsolete and slow-moving inventories*

Management has estimated the recoverability of inventory balances which relates to spare parts and rotables and has considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history. Allowance for impairment of obsolete and slow-moving inventories as at 30 September 2024 is AED 234,609 thousand (31 December 2023: AED 193,899 thousand).

*Useful lives of aircraft, property and equipment*

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

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

Aircraft classified under aircraft, property and equipment and capital work in progress are assessed for impairment by comparing the carrying value to their estimated recoverable amount, being the higher of their estimated fair value less costs of disposal and value in use at individual CGU level. For the period ended 30 September 2024, the impairment is AED 1,037 thousand (31 December 2023: AED 21,230 thousand).

*Impairment of investment in a joint venture*

Management regularly reviews its investment in a joint venture for indicators of impairment. This determination of whether the investment in a joint ventures is impaired, entails management's evaluation of the investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and into the foreseeable future. The difference between the estimated recoverable amount and the carrying value of the investment is recognised as an expense in profit or loss. Management is satisfied that no impairment is required on its investment in a joint venture (Note 8).

*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 condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

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

**Key sources of estimation uncertainty** (continued)

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

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

*Carrying value of provision for defined end of service benefit obligation*

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 5 Aircraft, property and equipment

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Aircraft, property and equipment at net carrying value	<u>1,693,822</u>	<u>607,951</u>

Movement of the aircraft, property and equipment is as follows:

At 1 January	607,951	504,008
Acquisition of a subsidiary (Note1)	947,292	-
Additions during the period/year	187,529	163,236
Disposals during the period/year	(934)	(94)
Impairment during the period/year	(1,037)	(21,230)
Depreciation charge for the period/year	(46,979)	(37,969)
At 30 September/31 December	<u>1,693,822</u>	<u>607,951</u>

Aircraft, property and equipment is primarily operated from the Group's base in the United Arab Emirates. During the period, depreciation charge relating to aircraft, property and equipment amounted to AED 46,979 thousand (30 September 2023: AED 26,734 thousand).

#### 6 Investment properties

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
At 1 January	3,642	3,724
Acquisition of a subsidiary (Note 1)	342,701	-
Change in fair value during the period/year	3,390	(82)
Additions during the period/year	1,560	-
	<u>351,293</u>	<u>3,642</u>

Investments properties were initially recognised at cost at the acquisition date and subsequently revalued based on external valuations performed by the valuations expert. Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of investment properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards.

The fair value was derived using the market comparable approach based on recent market prices and income capitalisation approach without any significant adjustments being made to the market observable data. As at 30 September 2024, all of the Group's investment properties were grouped in Level 2 and 3 of fair value hierarchy (31 December 2023: Level 3). There was no impairment loss on valuation of investment property recognised during the period (30 September 2023: AED Nil).

Cash flow projections of property rent, and operating expenses have been estimated based on rentals yields achieved by the Group of 8% (31 December 2023: 8%)

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 7 Financial assets at fair value through profit or loss

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Equity securities - designated at FVTPL	296,442	-
Debt securities - designated at FVTPL	267,042	-
	<u>563,484</u>	<u>-</u>

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Balance at 1 January	-	-
Acquisition of a subsidiary (Note1)	447,227	-
Purchase during the period/year	101,779	-
Disposal during the period/year	(27,791)	-
Change in fair value during the period/year	35,924	-
Net foreign currency translation difference	6,345	-
	<u>563,484</u>	<u>-</u>

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Investment in equities – UAE	247,227	-
Investment in developed market equities - US	13,493	-
Investment in emerging market equities – Asia	1,550	-
Investment in equities – US	343	-
Investment in fixed income SP – UAE	33,829	-
Investment in developed government bonds	5,029	-
Investment in high yield and emerging market bonds	27,162	-
Investment in corporate bonds – US	5,448	-
Investment in short term maturity bonds	2,026	-
Investment in corporate bonds – UK	34,850	-
Investment in corporate bonds – European (EX-UK)	4,200	-
Investment in multi class bonds	184,141	-
Investment in multi class assets	2,994	-
Investment in alternate commodities	594	-
Investment in alternative trading strategies	598	-
	<u>563,484</u>	<u>-</u>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 8 Investments in a joint venture and an associate

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Investment in AgustaWestland Aviation Services LLC (Joint venture)	102,203	-
Investment in Royal Jet LLC (Associate)	765,691	-
	<u>867,894</u>	<u>-</u>

#### Investment in a joint venture

The Group has a 70% equity shareholding with equal voting power in AgustaWestland Aviation Services L.L.C. (AWAS), a joint venture established in the Emirate of Abu Dhabi, UAE as a limited liability company. AWAS is engaged to undertake repairs, overhaul, customisation, modification and upgrading of helicopters, and sale of helicopter spare parts and accessories. The Group's share of the results, assets and liabilities as at 30 September 2024 has been accounted for using the equity method.

#### Investment in AgustaWestland Aviation Services LLC

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
At 1 January	-	-
Acquisition of a subsidiary (Note 1)	93,839	-
Share of profit for the period/year	8,364	-
	<u>102,203</u>	<u>-</u>

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
<b>Statement of financial position</b>		
Non-current assets	3,202	-
Cash and cash equivalents	20,173	-
Other current assets (excluding cash)	234,776	-
Financial liabilities (excluding trade payables)	(86,568)	-
Other current liabilities (including trade payables)	(21,705)	-
Other non-current liabilities	(3,874)	-
<b>Net assets</b>	<u>146,004</u>	<u>-</u>

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

	<i>For the nine- month period ended 30 September 2024 (Unaudited) AED'000</i>	<i>For the nine- month period ended 30 September 2023 (Unaudited) AED'000</i>
<b>Statement of profit or loss:</b>		
Income	110,960	-
Expenses	(92,723)	-
Depreciation	(203)	-
Other expenses	(4,904)	-
Income tax for the period/year	(1,182)	-
	<u>11,948</u>	<u>-</u>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 8 Investments in a joint venture and an associate (continued)

##### Investment in AgustaWestland Aviation Services LLC (continued)

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Acquisition of subsidiary (Note 1)	134,056	-
Profit for the period/year	11,948	-
Closing balance	146,004	-
Share of interest in joint venture at 70%	102,203	-
Carrying Value	<u>102,203</u>	<u>-</u>

##### Investment in an associate

Set out below is the investment in an associate of the group as at 30 September 2024 which, in the opinion of the directors, is material to the Group.

##### Investment in Royal Jet LLC

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
At 1 January	-	-
Net assets related to the acquisition of a subsidiary (Note 1)	722,616	-
Share of profit for the period	43,075	-
	<u>765,691</u>	<u>-</u>

The associate's summarised financial information is as follows:

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
<b>Statement of financial position</b>		
Non-current assets	944,935	-
Cash and cash equivalents	57,768	-
Other current assets (excluding cash)	712,736	-
Financial liabilities (excluding trade payables)	(161,254)	-
Other current liabilities (including trade payables)	(230,833)	-
Other non-current liabilities	(85,264)	-
Net assets	<u>1,238,088</u>	<u>-</u>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 8 Investments in a joint venture and an associate (continued)

The associate's summarised financial performance is as follows:

	<i>For the nine- month period ended 30 September 2024 (Unaudited) AED'000</i>	<i>For the nine- month period ended 30 September 2023 (Unaudited) AED'000</i>
<b>Statement of profit or loss</b>		
Income	445,407	-
Expenses	(324,787)	-
Other expenses	(24,534)	-
Finance costs, net	(4,620)	-
Income tax for the period/year	(5,318)	-
	<u>86,148</u>	<u>-</u>

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
<b>Opening net assets</b>	-	-
Net assets retained in associate	1,151,940	-
Profit for the period/year	86,148	-
Closing balance	<u>1,238,088</u>	<u>-</u>
Share of interest in associate at 50%	619,044	-
Fair value gain of interest retained in associate	146,647	-
Carrying value	<u>765,691</u>	<u>-</u>

#### 9 Trade and other receivables

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Trade receivables	368,835	119,109
Unbilled receivables	133,484	120,726
Other receivables	90,666	64,497
	<u>592,985</u>	<u>304,332</u>
Less: Provision for impairment on trade and other receivables	(24,945)	(37,941)
	<u>568,040</u>	<u>266,391</u>
Due from related parties (Note 9(a))	4,641,480	5,790,775
	<u>5,209,520</u>	<u>6,057,166</u>

The average credit period of trade receivables is 60 - 90 days (31 December 2023: 60 - 90 days). No interest is charged on trade and other receivables. The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer.

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 9 Trade and other receivables (continued)

##### 9(a) Due from related parties

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Billed related party receivables	1,518,338	2,207,253
Less: Provision for impairment of billed related party receivables	<u>(311,118)</u>	<u>(290,823)</u>
	1,207,220	1,916,430
Unbilled related party receivables	3,473,827	4,194,266
Less: Provision for impairment of unbilled related party receivables	<u>(39,567)</u>	<u>(319,921)</u>
	<u>3,434,260</u>	<u>3,874,345</u>
	<u><b>4,641,480</b></u>	<u><b>5,790,775</b></u>

#### 10 Advances, prepayments and other current assets

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Prepayments	44,888	9,762
Deposits and advances	969,366	976,975
Other current assets	<u>156,954</u>	<u>88,070</u>
	<u><b>1,171,208</b></u>	<u><b>1,074,807</b></u>

The other current assets include restricted cash of AED 52 million related to a legal case (Note 18).

#### 11 (a) Cash and cash equivalents

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Cash on hand	4,203	1,325
Cash in bank	1,457,465	1,358,200
Term deposits (with less than three months to maturity)	<u>936,612</u>	<u>657,206</u>
	<u><b>2,398,280</b></u>	<u><b>2,016,731</b></u>

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Cash and cash equivalents	2,398,280	2,016,731
Less: restricted cash	(3,002)	(3,002)
Less: bank overdrafts	<u>(64,589)</u>	<u>-</u>
Cash and cash equivalents in the condensed consolidated interim statement of cash flows	<u><b>2,330,689</b></u>	<u><b>2,013,729</b></u>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 11 (a) Cash and cash equivalents (continued)

The cash and cash equivalents disclosed above include restricted cash of AED 3 million (31 December 2023: AED 3 million) as cash collateral for performance and advance payment guarantee for a specific customer contract.

Cash and deposits with banks include an amount of AED 1.95 million (31 December 2023: AED Nil) 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 has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

The interest rates on term deposits range between 0.09% and 5.8% (2023: 0.09% and 5.5%) per annum.

#### 11 (b) Other financial assets at amortised cost

During the period ended 30 September 2024, the Group placed short-term investments amounting to AED 880 million at an average interest rate of 5.3% p.a. These investments are not highly liquid and are exposed to significant risk of changes due to early termination costs imposed by the banks and held by the Group for the investment purposes and not merely for cash management.

#### 12 (a) Share capital

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Authorised, issued and fully paid	<u>1,096,787</u>	<u>1,735,050</u>

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

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

#### 12 (b) Non-controlling interest

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

	<i>AED'000</i>
Net assets at of GAL at the acquisition date	<u>2,210,050</u>
% of NCI	<u>50%</u>
NCI to be recognised at the acquisition date	<u>1,105,025</u>
Profit for the period attributable to NCI	<u>16,344</u>
NCI as at 30 September 2024	<u>1,121,369</u>

#### 13 Share premium

In accordance with IFRS 3 and under the principles of reverse acquisition, the equity structure appearing in these condensed consolidated interim financial information reflects the capital structure (number of shares) of the legal acquirer (ADA), including the shares issued by ADA to ADQ Aviation to effect the business combination (Note1). This results in the creation of 'Share premium' as at 1 May 2024, being the difference between the capital structure of the legal acquirer (ADA) and the capital structure of the accounting acquirer (ADQ Aviation Group).

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 13 Share premium (continued)

The share premium has been computed as follows:

	<i>AED'000</i>
Fair value of the legal acquirer at acquisition (444 million shares at AED 6.41)	2,851,086
Add: Share capital of the legal acquiree	1,735,050
Value of equity post-acquisition	4,586,136
Less: Capital structure of the legal acquirer	(1,096,787)
Share premium as at 30 September 2024	<u>3,489,349</u>

#### 14 Lease liabilities and right of use assets

##### Lease liabilities

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Current portion	32,545	106,093
Non-current portion	802,774	806,828
<b>Total</b>	<u>835,319</u>	<u>912,921</u>

At 1 January	912,921	882,844
Acquisition of a subsidiary (Note 1)	125,103	-
Addition during the period/year	400,945	29,936
Termination during the period/year	(544,970)	(314)
Payments during the period/year	(83,209)	(32,654)
Interest on lease liabilities	24,529	33,109
As at end of the period/year	<u>835,319</u>	<u>912,921</u>

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.

##### Right of use assets

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
At 1 January	754,904	758,858
Acquisition of a subsidiary (Note 1)	91,043	-
Modifications during the period/year	393,543	-
Additions during the period/year	7,402	29,937
Termination during the period/year	(544,970)	(307)
Gain on termination	58,221	-
Depreciation during the period/year	(21,442)	(33,584)
As at end of the period/year	<u>738,701</u>	<u>754,904</u>

In February 2024, the Group terminated the existing MRO land lease agreement having met the conditions precedent related to the settlement and termination agreement, which led to the repayment of outstanding rent of AED 60 million and a termination fee of AED 36 million, which has been included in the gain of termination of AED 58 million in the condensed consolidated interim statement of profit or loss.

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 15 Borrowings

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

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Current portion	723,048	489,541
Non-current portion	237,863	-
Total	<u>960,911</u>	<u>489,541</u>

Movement in borrowings during the period/year is as follows:

Opening balances	489,541	489,541
Acquisition of subsidiary (Note1)	451,818	-
Drawdowns	164,030	-
Repayments	(144,478)	-
Total	<u>960,911</u>	<u>489,541</u>

Borrowings consist of eight facilities of which AED 489 million is interest free and the remaining are subject to interest from the respective financial institutions based on the 3-month EIBOR. These facilities were obtained towards the purchase of aircraft and for other operational demands. Property and equipment with a carrying amount of AED 256 million (2023: AED Nil) are mortgaged to the lending banks. As at 30 September 2024, the Group was in compliance will all applicable covenants for certain bank borrowings.

In 1993, a subsidiary of the Group, received an interest-free loan of AED 504 million from the Government of Abu Dhabi. Under a revised agreement in 1994, the loan is repayable in annual installments of 80% of the subsidiary's profits, starting from 1996. The total payments made until 2023 amounted to AED 15.5 million, with the remaining balance classified as a short-term liability.

#### 16 Trade and other payables

	<i>30 September 2024 (Unaudited) AED'000</i>	<i>31 December 2023 (Unaudited) AED'000</i>
Trade payables	243,158	142,909
Due to related parties	520,358	828,381
Accrued expenses	3,362,289	3,207,307
VAT payables, net	-	23,686
Other payables	123,599	472,636
	<u>4,249,404</u>	<u>4,674,919</u>

#### 17 Basic and diluted earnings per share

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2024 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Profit/ (loss) attributable to Owners of the Company	<u>190,974</u>	(69,117)	<u>904,295</u>	32,260
Weighted average number of shares in issue	<u>1,096,787</u>	652,000	<u>900,367</u>	652,000

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 17 Basic and diluted earnings per share (continued)

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

	<i>As at</i>			
	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Earnings/ (loss) per share (AED)	<b>0.174</b>	(0.106)	<b>1.004</b>	0.049

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

#### 18 Contingent liabilities

As at 30 September 2024, the Group had outstanding contingent liabilities in respect of letters of guarantee amounting to AED 5,472,715 thousands (31 December 2023: AED 5,391,808 thousands) and letters of credit amounting to AED 10,943 thousands (31 December: AED 10,943 thousands)

An amount of AED 52 million has been ring-fenced towards the settlement of the execution order issued by the Abu Dhabi Courts in respect to a legal case against one of the Group's subsidiaries. Accordingly, the Group has made a provision of AED 52 million (31 December 2023: AED 107 million).

#### 19 Commitments

##### (i) Capital commitments

As at 30 September 2024, the Group had estimated capital commitments for the acquisition of aircraft, property and equipment of AED 284,908 thousand (31 December 2023: Nil).

##### (ii) Other commitments

As at 30 September 2024, the Group had commitments issued in the normal course of business of AED 382,288 thousands (31 December 2023: AED 406,881 thousands).

#### 20 Segment information

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

For operating purposes, the Group is organised into three major reporting segments:

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

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

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

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 20 Segment information (continued)

Information regarding these segments is presented below:

	<i>General aviation AED'000</i>	<i>Maintenance, repair and overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
<b>30 September 2024 (unaudited)</b>					
Revenue	471,293	4,641,119	10,764	(41,699)	5,081,477
Bargain purchase	-	-	596,841	-	596,841
Profit for the period	140,077	134,375	646,187	-	920,639
<b>30 September 2023 (unaudited)</b>					
Revenue	-	4,793,149	-	-	4,793,149
Profit for the period	-	32,260	-	-	32,260
	<i>General aviation AED'000</i>	<i>Maintenance, repair and overhauls AED'000</i>	<i>Investments AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
<b>30 September 2024 (unaudited)</b>					
Assets	3,676,211	10,461,606	988,615	(125,538)	15,000,894
Liabilities	1,037,873	5,851,185	43,049	(125,538)	6,806,569
<b>31 December 2023 (Unaudited)</b>					
Assets	-	10,959,964	-	-	10,959,964
Liabilities	-	6,541,333	-	-	6,541,333

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**20 Segment information** (continued)

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.

**21 Related parties**

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The Group, in the ordinary course of business, enters into transactions with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

The Group has elected to use the exemption under IAS 24 ‘Related Party Disclosures’ for Government related entities on disclosing certain transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi and entities it owns and controls. The Group provides services in the normal course of business to entities owned and controlled by the Government of Abu Dhabi. Management approves prices and terms of payment for these transactions, and these are carried out at mutually agreed rates.

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

	<i><b>30 September 2024 (Unaudited) AED’000</b></i>	<i><b>31 December 2023 (Unaudited) AED’000</b></i>
<i>Due from related parties</i>		
Entities under common control (Note 9)	<u><b>4,641,480</b></u>	<u>5,790,775</u>
<i>Due to related parties</i>		
Entities under common control (Note 16)	<u><b>520,358</b></u>	<u>526,591</u>

	<i><b>30 September 2024 (Unaudited) AED’000</b></i>	<i><b>31 December 2023 (Unaudited) AED’000</b></i>
Revenue	4,075,441	2,868,479
Key management compensation	21,943	13,476
Directors’ remuneration	11,987	2,481
Provisions for employees’ end of service benefits	2,071	332

**22 Seasonality of results**

No income of a seasonal nature was recorded in the condensed consolidated interim statement of profit or loss for the nine months period ended 30 September 2024 and 2023.

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 23 Financial instruments – fair value and risk management

##### (a) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 30 September 2024 (31 December 2023: Nil), including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 September 2024	Carrying amounts			Fair value hierarchy				
	<i>FVTPL – equity instruments</i> <i>AED'000</i>	<i>FVTPL – debt instruments</i> <i>AED'000</i>	<i>Measured at amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Investment in Waha CEEMEA fixed income fund SP	33,829	-	-	33,829	-	33,829	-	33,829
Investments in short term maturity bonds	-	2,026	-	2,026	2,026	-	-	2,026
Investments in corp bonds – UK	-	34,850	-	34,850	34,850	-	-	34,850
Investments in corp bonds - US	-	5,448	-	5,448	5,448	-	-	5,448
Investment in high yield and emerging market bonds	-	27,162	-	27,162	27,162	-	-	27,162
Investment in multi-class assets	-	2,994	-	2,994	2,994	-	-	2,994
Investments in developed government bonds	-	5,029	-	5,029	5,029	-	-	5,029
Investments in corporate bonds – European (EX-UK)	-	4,200	-	4,200	4,200	-	-	4,200
Investment in equities - US	343	-	-	343	343	-	-	343
Investment in equities – UAE	247,227	-	-	247,227	247,227	-	-	247,227
Developed Market Equities – US	13,493	-	-	13,493	13,493	-	-	13,493
Emerging market - Asia	1,550	-	-	1,550	1,550	-	-	1,550
Alternatives – commodities	-	594	-	594	594	-	-	594
Alternative trading strategies	-	598	-	598	598	-	-	598
Investment in multi class bonds	-	184,141	-	184,141	184,141	-	-	184,141
<b>Total</b>	<b>296,442</b>	<b>267,042</b>	<b>-</b>	<b>563,484</b>	<b>529,655</b>	<b>33,829</b>	<b>-</b>	<b>563,484</b>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 23 Financial instruments – fair value and risk management (continued)

##### (a) Fair value measurement (continued)

30 September 2024	Carrying amounts			Fair value hierarchy				
	<i>FVTPL – equity instruments</i> <i>AED'000</i>	<i>FVTPL – debt instruments</i> <i>AED'000</i>	<i>Measured at amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b>Financial assets not measured at fair value</b>								
Trade receivables	-	-	368,835	368,835	-	-	-	-
Unbilled receivables	-	-	133,484	133,484	-	-	-	-
Other receivables	-	-	7,150	7,150	-	-	-	-
Cash and cash equivalents	-	-	2,394,077	2,394,077	-	-	-	-
Other financial assets at amortised cost	-	-	880,192	880,192	-	-	-	-
Due from related parties	-	-	4,641,480	4,641,480	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,425,218</b>	<b>8,425,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Trade payables	-	-	243,158	243,158	-	-	-	-
Borrowings	-	-	960,911	960,911	-	-	-	-
Lease liabilities	-	-	835,319	835,319	-	-	-	-
Accrued expenses	-	-	3,362,289	3,362,289	-	-	-	-
VAT payables	-	-	-	-	-	-	-	-
Other payables	-	-	123,599	123,599	-	-	-	-
Due to related parties	-	-	520,358	520,358	-	-	-	-
Bank overdraft	-	-	64,589	64,589	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,110,223</b>	<b>6,110,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ABU DHABI AVIATION PJSC

### Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2024 (continued)

#### 23 Financial instruments – fair value and risk management (continued)

##### (a) Fair value measurement (continued)

31 December 2023

	<i>Carrying amounts</i>				<i>Fair value hierarchy</i>			
	<i>FVTPL – equity instruments</i>	<i>FVTPL – debt instruments</i>	<i>Measured at amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>Financial assets not measured at fair value</b>								
Trade receivables	-	-	119,109	119,109	-	-	-	-
Unbilled receivables	-	-	120,726	120,726	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	2,015,406	2,015,406	-	-	-	-
Other financial assets at amortised cost	-	-	-	-	-	-	-	-
Due from related parties	-	-	5,790,775	5,790,775	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,046,016</b>	<b>8,046,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Trade payables	-	-	142,909	142,909	-	-	-	-
Borrowings	-	-	489,541	489,541	-	-	-	-
Lease liabilities	-	-	912,921	912,921	-	-	-	-
Accrued expenses	-	-	3,207,307	3,207,307	-	-	-	-
VAT payables	-	-	23,686	23,686	-	-	-	-
Other payables	-	-	774,426	774,426	-	-	-	-
Due to related parties	-	-	526,591	526,591	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,077,381</b>	<b>6,077,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**23 Financial instruments – fair value and risk management** (continued)

**(b) Financial risk management**

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

*(i) Market risk*

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

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

*Currency risk*

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

When reporting foreign currency risk internally to key management personnel, a sensitivity rate is used and represents management's assessment of the reasonably possible change in foreign exchange 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.

*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.

*(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.

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**23 Financial instruments – fair value and risk management** (continued)

**(b) Financial risk management** (continued)

*(ii) Credit risk* (continued)

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 4,641 million (2023: AED 5,791 million) which represents 89% (2023: 96%) respectively, of the total trade receivables at the end of reporting period.

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

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 30 September 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statement of financial position.

As at 30 September 2024, maximum exposure to credit risk was as follows:

	<b>30 September 2024</b>	31 December 2023
	<b>AED'000</b>	AED'000
Trade receivables	<b>5,209,520</b>	6,057,166
Cash and cash equivalents	<b>2,394,077</b>	2,015,406
Other current assets (excluding supplier advances and prepayments)	<b>82,956</b>	6,685
	<b><u>7,686,553</u></b>	<u>8,079,257</u>

*(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 as disclosed in the condensed consolidated interim statement of financial position.

**Notes to the condensed consolidated interim financial information  
for the nine-month period ended 30 September 2024** (continued)

**23 Financial instruments – fair value and risk management** (continued)

**c) Capital risk management**

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

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

**24 Income taxes**

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

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

	<i>As at</i>			
	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>	<i>AED’000</i>
Current tax	17,246	-	20,739	-
Deferred tax	-	-	-	-
Income tax expense	<u>17,246</u>	<u>-</u>	<u>20,739</u>	<u>-</u>

The income tax provision amounting to AED 29 million as at 30 September 2024 (31 December 2023: AED Nil) includes the income tax provision of AED 9 million which relates to the acquisition of a subsidiary.

For determining the tax expense for the period, the accounting profit has been adjusted for tax purposes. Adjustments for tax purpose include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to 2.2%, different from the UAE corporate tax rate of 9% due to the effect of tax-deductible profits.

***Deferred taxes analysed by type of temporary difference:***

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

**25 Inventories**

Inventories as at 30 September 2024 of AED 1,114 million includes purchases of AED 1,561 million, acquisition of a subsidiary of AED 613 million, consumption of AED 1,482 million and provision for slow-moving and obsolete goods of AED 204 million. The net movement of AED 10 million was recorded against provision for slow moving and obsolete goods during the period ended 30 September 2024.

**26 Approval of condensed consolidated interim financial information**

The condensed consolidated interim financial information was approved by management and authorised for issue by the Board of Directors on 7 November 2024.