



## **Dubai Aerospace Enterprise (DAE) Ltd**

### **Results for the six months ended June 30, 2020**

#### **CONFERENCE CALL DETAILS**

DAE will host a conference call at 09.00 EST / 14.00 BST / 17.00 GST on Wednesday August 5, 2020 to review our results for the six months ended June 30, 2020.

The call can be accessed live by dialling (UAE) 8000 357 02 653, (Ireland) +353 1 246 5621, (UK) +44 330 336 9411, (USA) +1 646 828 81 44 and referencing confirmation ID: 9295489.

Further information can be found on our website <http://www.dubaiaerospace.com>.

## **FORWARD-LOOKING STATEMENTS**

*This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended. These forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words “anticipate”, “assume”, “believe”, “budget”, “continue”, “could”, “estimate”, “expect”, “future”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “will” and similar terms and phrases to identify forward-looking statements. Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realised. Some of these expectations may be based upon assumptions or judgements that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realised or otherwise materially affect our financial condition, results of operations and cash flows. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. All amounts expressed in “\$” or “dollars” refer to U.S. dollars.*

## RESULTS ANNOUNCEMENT

We present management's discussion and analysis of the financial condition and results of operations for the six months ended June 30, 2020 which should be read in conjunction with the unaudited condensed consolidated financial statements (the "financial statements") of Dubai Aerospace Enterprise (DAE) Ltd ("DAE") and its subsidiaries (together and hereinafter "we" or "us"). References to "June 30, 2020" are to the six months ended June 30, 2020 and to "June 30, 2019" are to the six months ended June 30, 2019.

### FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

- Operating profit for the six months ended June 30, 2020 was \$304.6 million compared to \$401.3 million for the six months ended June 30, 2019. During the six months ended June 30, 2020 there was a decrease in lease revenue, lower gain on disposal of aircraft and increased loss allowance for trade receivables offset by a decrease in depreciation and amortisation expense.
- Adjusted EBITDA was \$584.5 million for the six months ended June 30, 2020 decreasing from \$688.4 million for the six months ended June 30, 2019.
- Profit for the six months ended June 30, 2020 was \$121.7 million compared to \$197.1 million for the six months June 30, 2019.
- Total assets were \$12,690.3 million as at June 30, 2020 compared to \$13,537.1 million as at December 31, 2019.

### OPERATIONAL HIGHLIGHTS

- The operational highlights for the six months ended June 30, 2020 and June 30, 2019 are summarised below:
  - Purchases – we purchased no aircraft (June 30, 2019: eight aircraft).
  - Sales – we disposed of ten aircraft (June 30, 2019: 18 aircraft).
  - Total aircraft in the fleet at June 30, 2020 was 351 which consists of the following:
    - 279 owned aircraft – including six aircraft on finance lease (December 31, 2019: 289 which included seven aircraft on finance lease and 10 aircraft classified as Held-for-sale("HFS")).
    - 71 managed aircraft - managed on behalf of various third parties (December 31, 2019: 65 aircraft).
    - One committed aircraft (December 31, 2019: three aircraft).
- Available liquidity was \$2,817.5 million at June 30, 2020 increasing from \$2,403.5 million as at December 31, 2019.
- During H1 2020 the Group received full and early repayment of the Notes receivable from the shareholder of approx. \$813.6 million. In addition, DAE repurchased \$250.1 million of shares.
- Fitch Ratings affirmed DAE's investment grade unsecured debt ratings in early July.
- During Q2 2020 DAE continued to provide support to our customers impacted by COVID-19 pandemic. Up to June 30, 2020 the Group had granted rent deferral requests to 29 customers totalling aggregate rent of approximately 12.9% of annual reported revenue. Further details are included below.

### SUBSEQUENT EVENTS

- There have been no significant events subsequent to the period end.

## RESULTS OF OPERATIONS

The following discussion of our results of operations is based on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position which have been extracted from our financial statements for the six months ended June 30, 2020.

### Results of operations (in millions of USD)

	Six months ended	
	June 30, 2020	June 30, 2019
<b>Consolidated statement of comprehensive income</b>		
Total revenue	\$ 672.6	\$ 735.2
Gain on disposal of aircraft	9.9	33.2
<b>Expenses</b>		
Depreciation and amortisation	(279.9)	(287.1)
General and administrative expenses	(38.6)	(40.7)
Cost of providing engineering maintenance services	(22.5)	(25.4)
Loss allowance for trade receivables	(27.9)	(8.3)
Aircraft maintenance	(9.0)	(5.6)
<b>Operating profit</b>	<b>304.6</b>	<b>401.3</b>
Net finance costs	(172.7)	(188.2)
<b>Profit before income tax</b>	<b>131.9</b>	<b>213.1</b>
Income tax expense	(10.2)	(16.0)
<b>Profit for the period</b>	<b>121.7</b>	<b>197.1</b>

	As of	
	June 30, 2020	Dec 31, 2019
<b>Consolidated statement of financial position (Extract)</b>		
Total cash and cash resources	\$ 723.9	\$ 366.0
Aircraft held-for-lease	11,126.7	11,310.0
Assets held-for-sale	-	293.4
<b>Total assets</b>	<b>12,690.3</b>	<b>13,537.1</b>
Total loans and borrowings	7,821.9	8,295.5
Total equity	2,867.5	3,053.6
<b>Total equity and liabilities</b>	<b>12,690.3</b>	<b>13,537.1</b>

	As of	
	June 30, 2020	June 30, 2019
<b>Adjusted EBITDA calculation <sup>(1)</sup></b>		
<b>Profit for the period</b>	\$ 121.7	\$ 197.1
<b>Add back</b>		
Net finance costs	172.7	188.2
Income tax expense	10.2	16.0
Depreciation and amortisation	279.9	287.1
<b>Adjusted EBITDA</b>	<b>584.5</b>	<b>688.4</b>

	As of	
	June 30, 2020	Dec 31, 2019
<b>Net debt to equity <sup>(2)</sup></b>	<b>2.51x</b>	<b>2.64x</b>
<b>Total aircraft in the fleet</b>	<b>351</b>	<b>357</b>

All financial information above has been rounded for presentation purposes. Any percentages are based on unrounded figures.

(1) We define Adjusted EBITDA as profit for the applicable period, excluding net finance costs, income tax expense and depreciation and amortisation. Adjusted EBITDA is not a financial measure calculated under International Financial Reporting Standards ("IFRS"). We use Adjusted EBITDA to assess financial and operating performance and we believe this non-IFRS measure is helpful in identifying trends in our performance. Our method of calculating Adjusted EBITDA may differ from similarly named non-IFRS measures of other companies.

(2) Net debt to equity is calculated by dividing net loans and borrowings less cash and cash equivalents by total equity.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

DAE is a global aerospace company headquartered in Dubai. DAE conducts its activities through two divisions: (i) Aircraft Leasing (DAE Capital) and (ii) Engineering (DAE Engineering). The aircraft leasing division is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors. The engineering division consists of an 80% ownership stake in Joramco, a provider of commercial aircraft maintenance, repair and overhaul (MRO) services. DAE is 100% owned, directly and indirectly, by Investment Corporation of Dubai ("ICD"), the investment arm of the Government of Dubai.

#### Aircraft leasing business (DAE Capital)

We are one of the largest aircraft leasing companies in the world. At June 30, 2020 we had a total fleet of 351 aircraft which was made up of 279 owned aircraft (including six aircraft on finance lease) and 71 managed aircraft. In addition, we also have one new, fuel-efficient aircraft on order from Boeing. These aircraft are on lease to 112 lessees in 55 countries. Our managed portfolio as at June 30, 2020 increased to 71 aircraft from 65 as at December 31, 2019.

As of June 30, 2020 the aggregate book value of our owned fleet, including finance lease receivables, was \$11,213.2 million. As of June 30, 2020 95.7% of our leases were subject to fixed lease rates as a percentage of lease revenue and our future contracted lease rental income amounted to \$6,842.4 million.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 32.8% of our portfolio based on lease revenue as of June 30, 2020. Emirates, a related party, is our largest customer contributing 16.0% of lease rental income during the six months ended June 30, 2020.

#### Analysis by aircraft type for the leasing business

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio <sup>(3)</sup>	Total
A320 family	97	36	-	133
A330-200	15	1	-	16
A330-300	8	3	-	11
A350-900	4	-	-	4
<b>Total Airbus</b>	<b>124</b>	<b>40</b>	<b>-</b>	<b>164</b>
B737 family	73	25	-	98
B787	12	-	-	12
B777	3	-	-	3
B777F	12	-	1	13
Legacy Boeing	2	4	-	6
<b>Total Boeing</b>	<b>102</b>	<b>29</b>	<b>1</b>	<b>132</b>
ATR 72-600	53	2	-	55
<b>Total</b>	<b>279</b>	<b>71</b>	<b>1</b>	<b>351</b>
Narrow body	170	63	-	233
Wide body	56	6	1	63
Turboprop	53	2	-	55
<b>Total</b>	<b>279</b>	<b>71</b>	<b>1</b>	<b>351</b>

(3) Committed portfolio includes aircraft to be delivered to the owned fleet only.

## COVID-19

Revenues for our customers have been disrupted in significant, unprecedented and unforeseen ways as governmental authorities around the world put in place necessary isolation measures to contain the spread of COVID-19. We have received requests for assistance in different shapes and sizes, and we continue to evaluate these on a case-by-case basis and to seek solutions that create value for both the airline and DAE.

As of June 30, 2020 we have granted deferral requests to 29 customers; the aggregate rent deferred for these customers represents 12.9% of annual reported revenue. In addition, we are currently evaluating rent deferral requests from 28 customers; the aggregate rent deferral requests from these customers total 6% of annual reported revenue.

As we support our airline customers, we have seen an anticipated increase in our net trade and other receivables balance which has increased to \$189.3 million as at June 30, 2020 from \$69.1 million as at December 31, 2019. During H1 2020 we have seen a corresponding increase in our loss allowance for trade receivables, increasing to \$42.4 million at June 30, 2020 compared to \$14.5 million at December 31, 2019. We hold security exceeding \$600 million in the form of cash or letters of credit – however we expect this charge to increase in future periods due to the continued disruption caused by COVID-19. DAE continues to have access to \$2.8 billion of available liquidity to support the on-going operation of the Group as needed.

## Environment, Social and Governance Framework

DAE is committed to maintaining an effective Environment, Social and Governance Framework (“ESG”) and this is demonstrated across our business activities. DAE Capital has a young fleet with an average age of 6.3 years. By investing in aircraft with technologically advanced design features, greater fuel efficiency and reduced harmful emissions, we are helping our airline customers reduce their global environmental footprint. Across our business units and office locations, DAE demonstrates its commitment to environmental responsibility with high building energy ratings, use of energy efficient lighting, water conservation initiatives and a continued focus on recycling and reducing waste.

DAE staff are encouraged to communicate using the latest conferencing facilities leading to reduced travel between offices, and to commute to work using public transport, walking or cycling where appropriate to do so. We have a multi-cultural, diverse working environment with over 20 nationalities and as at end of June 30, 2020 our DAE Capital business had a ratio of 59% male employees and 41% female employees. Through our Community Giving initiative we support a number of charities linked to our local offices and encourage staff to engage in physical and mental well-being activities. We maintain a robust corporate governance framework via our internal boards and committees.

## Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

### Total revenue

#### Total Revenue (in millions of USD)

	Six months ended	
	June 30, 2020	June 30, 2019
Lease revenue	\$ 633.6	\$ 673.2
Maintenance revenue	30.1	38.6
Amortisation of lease incentives and other lease costs	(29.8)	(20.8)
<b>Net lease revenue</b>	<b>633.9</b>	<b>691.0</b>
Engineering maintenance service revenue – Joramco	31.5	38.8
<b>Total lease and engineering maintenance service revenue</b>	<b>665.4</b>	<b>729.8</b>
Other income	7.2	5.4
<b>Total revenue</b>	<b>672.6</b>	<b>735.2</b>

Total revenue was \$672.6 million for the six months ended June 30, 2020 compared to \$735.2 million for the six months ended June 30, 2019 due to the reasons outlined below.

Net lease revenue decreased to \$633.9 million for the six months ended June 30, 2020 from \$691.0 million for the six months ended June 30, 2019. This decrease was due primarily to a decrease in the number of revenue-generating aircraft in the fleet, increased amortisation of lease incentives and other lease costs and decreased maintenance income, during the six months ended June 30, 2020 compared to the prior period. Maintenance income reduced due to lower maintenance reserve releases on transitioning aircraft compared to the prior period. Amortisation of lease incentives increased due to higher contributions expected on future maintenance events.

Engineering maintenance service revenue - Joramco revenues decreased to \$31.5 million for the six months ended June 30, 2020 compared to \$38.8 million for the six months ended June 30, 2019.

#### *Gain on disposal of aircraft*

Gain on disposal of aircraft was \$9.9 million for the six months ended June 30, 2020 compared to \$33.2 million for the six months ended June 30, 2019. During the six months ended June 30, 2020 we sold ten owned aircraft, compared to 18 owned aircraft during the six months ended June 30, 2019. Of the ten aircraft sold, eight aircraft were sold to third parties where management of the aircraft was retained by DAE. The average age of the aircraft sold was 14.3 years.

Fluctuations in the gain or loss on disposal of aircraft are not only a function of the number of disposals, but are also dependent on the type and age of aircraft, accounting adjustments for revenue earned from the economic closing date to the transfer of title to the buyer, as well as the prevailing market trading conditions in the underlying period.

#### *Expenses*

Expenses for the six months ended June 30, 2020 increased to \$377.9 million compared to \$367.1 million for the six months ended June 30, 2019.

The increase was due to an increase in the loss allowance for trade receivables of \$19.6 million which was due to increased trade receivables due to the COVID-19 pandemic. Loss allowance was previously classified with lease revenue and have been presented within expenses for the first time, the comparative period has been represented to conform with current period presentation. Further information can be found in the condensed consolidated financial statements note 11.

This increase was primarily offset by lower depreciation and amortisation expense for the six months ended June 30, 2020 compared to the prior period, primarily due to a lower number of aircraft in the fleet.

During the six months ended June 30, 2020 we changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the period.

#### *Net finance costs*

Net finance costs decreased to \$172.7 million for the six months ended June 30, 2020 from \$188.2 million for the six months ended June 30, 2019.

Finance income decreased by \$20.7 million to \$13.4 million which related primarily to lower interest earned on the notes receivable, which were repaid in full during the six months ended June 30, 2020. There was also lower interest on bank accounts and short-term investments during the six months ended June 30, 2020.

Finance expense decreased by \$36.2 million to \$186.1 million, primarily due to savings in interest expense which reduced primarily due to the decrease in total loans and borrowings from \$9.1 billion as at

June 30, 2019 to \$7.8 billion as at June 30, 2020. There was also lower amortisation of debt issuance cost during the six months ended June 30, 2020.

#### *Income tax expense*

Our tax charge is primarily driven by tax arising on the group's Irish activities. During the six months ended June 30, 2020 we recorded a tax expense of \$10.2 million compared to \$16.0 million for the six months ended June 30, 2019. The decrease was primarily due to a reduction in profits attributable to the Group's activities carried out in Ireland during the six months ended June 30, 2020.

#### *Profit for the period*

Profit for the six months ended June 30, 2020 was \$121.7 million compared to \$197.1 million for the six months ended June 30, 2019 due to reasons outlined above.

#### **Consolidated Cash Flows**

The following table presents our consolidated cash flows for the six months ended June 30, 2020 and the six months ended June 30, 2019. Cash and cash equivalents shown below refer to unrestricted cash.

<b>Consolidated cash flow (Extract)</b> <b><i>(in millions of USD)</i></b>	<b>Six months ended</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Net cash generated from operating activities	\$ 432.2	\$ 658.8
Net cash from investing activities	832.8	(232.5)
Net cash used in financing activities	(875.0)	(401.9)
Net increase / (decrease) in cash and cash equivalents	390.0	24.4
Cash and cash equivalents at the beginning of the period	228.5	192.9
<b>Cash and cash equivalents at the end of the period</b>	<b>618.5</b>	<b>217.3</b>

For the six months ended June 30, 2020 net cash generated from operating activities was \$432.2 million, a decrease from \$658.8 million for the six months ended June 30, 2019.

For the six months ended June 30, 2020 net cash from investing activities was \$832.8 million, compared \$232.5 million used in investing activities for the six months ended June 30, 2019. This movement mainly relates to repayment of notes receivables by the shareholder, lower number of aircraft acquired offset by lower proceeds from sale of aircraft.

Net cash used in financing activities for the six months ended June 30, 2020 was \$875.0 million compared to \$401.9 million for the six months ended June 30, 2019. This movement was due to increased net repayments of borrowings, increased share repurchases and higher debt repurchases offset by a decrease in net financing costs during the six months ended June 30, 2020 compared to the prior period.

Our cash and cash equivalents as at June 30, 2020 was \$618.5 million up from \$217.3 million as at June 30, 2019. Our total cash and cash resources, which includes restricted cash, was \$723.9 million as at June 30, 2020 which represents an increase of \$373.6 million compared to \$350.3 million as at June 30, 2019.



## **Loans and borrowings, Liquidity and Capital Resources**

### *Loans and borrowings*

Our total loans and borrowings decreased to \$7,821.9 million as at June 30, 2020 from \$8,295.5 million at December 31, 2019. The decrease was primarily due to the repayment of certain loans and principal amortisation during the six months ended June 30, 2020.

During the six months ended June 30, 2020 we repurchased \$187.1 million of senior unsecured notes. At June 30, 2020 our level of unsecured debt was 62.0%, which is in line with December 31, 2019. The average cost of debt as at June 30, 2020 decreased to 4.1% from 4.5% as at December 31, 2019 and the weighted average debt maturity as at June 30, 2020 was 4.2 years compared to 4.6 years at December 31, 2019.

<b>Loans and Borrowings</b> <b><i>(in millions of USD)</i></b>	<b>Aircraft Collateral</b>	<b>As at</b> <b>June 30, 2020</b>
<b>Unsecured</b>		
Senior unsecured notes	-	\$ 2,667.1
Unsecured facilities (incl. term loans)	-	1,417.8
Revolving credit facilities	-	808.1
<b>Total unsecured</b>	-	<b>4,893.0</b>
<b>Secured</b>		
Recourse loans (incl. ECA, Ex-Im & EDC)	94	\$ 2,649.1
Non-recourse loans	5	160.9
Term loans	9	193.3
<b>Total secured</b>	<b>108</b>	<b>3,003.3</b>
Capitalised issuance costs	-	(74.4)
<b>Net loans and borrowings</b>	<b>108</b>	<b>7,821.9</b>

In addition to the 108 aircraft used as collateral on our secured facilities, 171 aircraft were unencumbered with a total net book value of \$6,507.4 million at June 30, 2020. Further information of the loan facilities can be found in the condensed consolidated financial statements note 14.

Our unsecured revolving credit facilities at June 30, 2020 was \$3,005.0 million of which \$2,199.0 million was undrawn and available.

We expect to meet our contractual payment obligations on future capital expenditure through a combination of equity, cash flows from operations, commercial debt raising activities and the utilisation of revolving credit facilities in aggregate.

### *Liquidity and Capital Resources*

Our total equity decreased to \$2,867.5 million as at June 30, 2020 from \$3,053.6 million as at December 31, 2019 due primarily to the repurchase of shares and movement in other reserves offset by profit after tax for the six months ended June 30, 2020.

Our Net Debt to Equity ratio was 2.51:1 times as at June 30, 2020 compared to 2.64:1 times as at December 31, 2019. Available liquidity was \$2,817.5 million at June 30, 2020 increasing from \$2,403.5 million as at December 31, 2019.

We believe that the sources of liquidity mentioned above, together with cash generated from operations, will be sufficient to operate our business and repay our debt maturities for at least the next 12 months.

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**Dubai Aerospace Enterprise (DAE) Ltd**

**Unaudited condensed consolidated interim financial  
statements for the six month period ended 30 June 2020**

# Dubai Aerospace Enterprise (DAE) Ltd

## Unaudited condensed consolidated interim financial statements for the six month period ended 30 June 2020

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## **Report on review of interim condensed consolidated financial statements to the shareholders of Dubai Aerospace Enterprise (DAE) Ltd**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Aerospace Enterprise (DAE) Ltd (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed consolidated statement of cash flows and changes in equity for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (‘IAS 34’) as issued by the International Accounting Standards Board (‘IASB’). Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers  
4 August 2020

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## Dubai Aerospace Enterprise (DAE) Ltd

### Condensed consolidated statement of profit or loss and other comprehensive income

*In thousands of US Dollars*

	Note	Unaudited 3 months ended 30 June 2020	Unaudited 3 months ended 30 June 2019	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019
<b>Revenues</b>					
Revenue	6	320,495	366,209	665,351	729,830
Other income		1,740	1,356	7,228	5,354
<b>Total revenue</b>		<b>322,235</b>	<b>367,565</b>	<b>672,579</b>	<b>735,184</b>
Gain on disposal of aircraft		1,964	4,585	9,852	33,151
<b>Expenses</b>					
Depreciation and amortisation		(139,843)	(144,624)	(279,885)	(287,138)
General and administrative expenses		(18,245)	(19,766)	(38,584)	(40,603)
Cost of providing engineering maintenance services		(7,716)	(10,485)	(22,475)	(25,382)
Loss allowance for trade receivables	11	(21,712)	(702)	(27,876)	(8,302)
Aircraft maintenance		(5,985)	(2,119)	(9,023)	(5,580)
<b>Operating profit</b>		<b>130,698</b>	<b>194,454</b>	<b>304,588</b>	<b>401,330</b>
Finance income	7	4,639	15,490	13,400	34,140
Finance expense	7	(87,233)	(106,517)	(186,078)	(222,339)
<b>Net finance cost</b>		<b>(82,594)</b>	<b>(91,027)</b>	<b>(172,678)</b>	<b>(188,199)</b>
<b>Profit before income tax</b>		<b>48,104</b>	<b>103,427</b>	<b>131,910</b>	<b>213,131</b>
Income tax expense	8	(3,059)	(5,379)	(10,168)	(16,061)
<b>Profit for the period</b>		<b>45,045</b>	<b>98,048</b>	<b>121,742</b>	<b>197,070</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to condensed consolidated interim statement of profit or loss:</i>					
Unrealised gain / (loss) on interest rate hedges		319	(28,844)	(61,537)	(46,421)
Income tax relating to components of other comprehensive income		13	921	3,787	1,606
<b>Total comprehensive income for the period</b>		<b>45,377</b>	<b>70,125</b>	<b>63,992</b>	<b>152,255</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		45,922	98,224	122,365	196,692
Non-controlling interests		(877)	(176)	(623)	378
		<b>45,045</b>	<b>98,048</b>	<b>121,742</b>	<b>197,070</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Company		46,254	70,301	64,615	151,877
Non-controlling interests		(877)	(176)	(623)	378
		<b>45,377</b>	<b>70,125</b>	<b>63,992</b>	<b>152,255</b>

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

# Dubai Aerospace Enterprise (DAE) Ltd

## Condensed consolidated statement of financial position

In thousands of US Dollars

	Note	Unaudited 30 June 2020	Audited 31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Aircraft held for lease	9	11,126,675	11,309,997
Property, plant and equipment		108,096	110,023
Deposits for aircraft purchases	10	138,266	138,679
Intangible assets		5,504	6,276
Goodwill		44,668	44,668
Finance lease receivables	16	78,040	91,825
Notes receivable	17	-	810,375
Other non-current assets		149,642	175,351
Investments		36,525	35,269
		<b>11,687,416</b>	<b>12,722,463</b>
<b>Current assets</b>			
Cash and cash equivalents	12	618,452	228,461
Restricted cash	12	105,374	137,525
Inventories		11,612	10,555
Derivative financial assets		-	1,884
Trade and other receivables	11	189,301	69,134
Prepayments		8,372	6,663
Finance lease receivables	16	8,433	9,650
Current tax asset		1,226	20
Other current assets		60,126	57,315
Assets held-for-sale		-	293,385
		<b>1,002,896</b>	<b>814,592</b>
<b>Total assets</b>		<b>12,690,312</b>	<b>13,537,055</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	13		
Authorised and issued share capital		1,927,770	1,927,770
Additional paid-in-capital		517,884	517,884
Treasury shares		(1,142,057)	(892,001)
Other reserves		(109,808)	(52,058)
Retained earnings		1,664,108	1,541,743
		<b>2,857,897</b>	<b>3,043,338</b>
Non-controlling interests		9,627	10,250
<b>Net equity</b>		<b>2,867,524</b>	<b>3,053,588</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	14	6,770,600	7,196,201
Deferred tax liabilities		296,238	289,748
Maintenance reserves and security deposits	15	1,052,350	1,120,650
Lease liabilities		31,146	32,436
Deferred revenue		40,494	54,644
		<b>8,190,828</b>	<b>8,693,679</b>
<b>Current liabilities</b>			
Loans and borrowings	14	1,051,303	1,099,342
Trade and other payables		162,669	305,757
Derivative financial liabilities		107,726	44,837
Maintenance reserves and security deposits	15	238,329	211,104
Lease liabilities		3,386	3,312
Deferred revenue		68,547	65,458
Liabilities held-for-sale		-	59,978
		<b>1,631,960</b>	<b>1,789,788</b>
<b>Total liabilities</b>		<b>9,822,788</b>	<b>10,483,467</b>
<b>Total liabilities and equity</b>		<b>12,690,312</b>	<b>13,537,055</b>

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

# Dubai Aerospace Enterprise (DAE) Ltd

## Condensed consolidated statement of cash flows

*In thousands of US Dollars*

	Unaudited 30 June 2020	Unaudited 30 June 2019
<b>Cash flows from operating activities</b>		
Profit for the period	121,742	197,070
Adjustments for:		
Depreciation and amortisation	279,885	287,138
Gain on disposal of aircraft	(9,852)	(33,151)
Net finance cost	156,180	165,704
Amortisation of fair value discounts and financing fees	16,498	22,495
Income tax	10,168	16,061
Changes in operating assets and liabilities		
Movement in in trade and other receivables	(120,167)	(1,316)
Movement in finance lease receivables	15,002	11,239
Movement in maintenance reserves and security deposits	(41,075)	52,475
Movement in other assets and liabilities	3,805	(58,942)
<b>Net cash from operating activities</b>	<b>432,186</b>	<b>658,773</b>
<b>Cash flows from investing activities</b>		
Acquisition of aircraft held for lease	(8,084)	(541,272)
Acquisition of property plant and equipment	(2,985)	(3,251)
Proceeds from sale of aircraft	29,815	455,674
Repayment of notes receivable	813,591	-
Deposits paid for aircraft purchases	413	(143,643)
<b>Net cash from / (used in) investing activities</b>	<b>832,750</b>	<b>(232,492)</b>
<b>Cash flow from financing activities</b>		
Movement in restricted cash	32,151	82,814
Proceeds from borrowings	460,000	1,719,576
Repayment of borrowings	(748,723)	(1,799,870)
Repurchase of share capital	(250,056)	(107,000)
Debt repurchased	(183,803)	(86,634)
Net financing costs	(174,802)	(201,872)
Payment of debt issuance costs	(9,712)	(8,920)
<b>Net cash used in financing activities</b>	<b>(874,945)</b>	<b>(401,906)</b>
<b>Net increase in cash and cash equivalents</b>	<b>389,991</b>	<b>24,375</b>
Cash and cash equivalents at the beginning of the period	<b>228,461</b>	<b>192,950</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>618,452</b>	<b>217,325</b>

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



## Dubai Aerospace Enterprise (DAE) Ltd

### Condensed consolidated statement of changes in equity

<i>In thousands of US Dollars</i>	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Attributable to the equity holders of the Company	Non-controlling interests	Total equity
<b>Unaudited</b>								
<b>At 31 December 2019</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(892,001)</b>	<b>(52,058)</b>	<b>1,541,743</b>	<b>3,043,338</b>	<b>10,250</b>	<b>3,053,588</b>
Profit for the period	-	-	-	-	122,365	122,365	(623)	121,742
Other comprehensive income	-	-	-	(57,750)	-	(57,750)	-	(57,750)
<b>Total comprehensive income for the period</b>	-	-	-	(57,750)	122,365	64,615	(623)	63,992
Purchase of own shares	-	-	(250,056)	-	-	(250,056)	-	(250,056)
<b>At 30 June 2020</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(1,142,057)</b>	<b>(109,808)</b>	<b>1,664,108</b>	<b>2,857,897</b>	<b>9,627</b>	<b>2,867,524</b>

<i>In thousands of US Dollars</i>	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Attributable to the equity holders of the Company	Non-controlling interests	Total equity
<b>Unaudited</b>								
<b>At 31 December 2018</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(85,000)</b>	<b>(10,329)</b>	<b>1,165,157</b>	<b>3,515,482</b>	<b>9,356</b>	<b>3,524,838</b>
Profit for the period	-	-	-	-	196,692	196,692	378	197,070
Other comprehensive income	-	-	-	(44,815)	-	(44,815)	-	(44,815)
<b>Total comprehensive income for the period</b>	-	-	-	(44,815)	196,692	151,877	378	152,255
Purchase of own shares	-	-	(357,001)	-	-	(357,001)	-	(357,001)
<b>At 30 June 2019</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(442,001)</b>	<b>(55,144)</b>	<b>1,361,849</b>	<b>3,310,358</b>	<b>9,734</b>	<b>3,320,092</b>

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

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 1. Corporate information

Dubai Aerospace Enterprise (DAE) Ltd (“DAE or the “Company”) (the Company and its subsidiaries are together referred to as the “Group”) is the parent company of the Group. The Company is limited by shares and was incorporated on 19 April 2006 in the Dubai International Financial Centre (“DIFC”) under the Companies Law, DIFC law No. 5 of 2018. The Company’s registered office is at Precinct 4, Level 3, Gate Precinct Building, DIFC, PO Box 506592, Dubai, United Arab Emirates.

The Company is privately owned by Investment Corporation of Dubai (“ICD”), ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority (“DSOA”). ICD Hospitality & Leisure LLC and DSOA are subsidiaries of ICD. ICD directly and indirectly owns 100% of the Company and is therefore the ultimate controlling party of the Group. ICD is controlled by the Government of Dubai.

DAE is made up of two divisions:

- A. DAE Capital – a provider of aircraft leasing and financing services to the global aviation industry; and
- B. DAE Engineering – a provider of commercial maintenance, repair and overhaul services. DAE Engineering division consists of an 80% ownership stake in Joramco.

The operational highlights for the six month period ended 30 June 2020 (the “period”) are summarised below:

- Purchases – the Group purchased no aircraft during the period (2019: six).
- Sales – the Group disposed of ten aircraft during the period (2019: 17).
- The total number of owned aircraft at 30 June 2020 was 279, no aircraft were classified as held-for-sale (31 December 2019: 289 including 10 aircraft classified as held-for-sale). The Group also managed 71 aircraft as at 30 June 2020 (31 December 2019: 65).
- As a result of the spread of the COVID-19 virus the Group is dealing with requests for support from certain airline customers. During the period, 29 deferral agreements were concluded. Further details are included in note 5 to the interim consolidated financial statements and the accompanying management discussion and analysis of financial condition and results of operations.

The condensed consolidated interim financial statements have been reviewed, not audited.

The condensed consolidated interim financial statements were approved 4 August 2020 and signed by:

/s/ Firoz Tarapore

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Firoz Tarapore  
Chief Executive Officer

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been presented in US Dollars (“USD”), which is the functional currency of the Group. All values are rounded to the nearest USD thousands, except when otherwise indicated. The functional currency of all the subsidiaries is USD, except for one whose functional currency is Jordanian Dinar (JOD) which is pegged to the USD.

As at 30 June 2020, the current liabilities of the Group exceeded its current assets by \$629.1 million. The shortfall will be met by a combination of the operating cash flows of the Group and utilisation of available credit facilities. As such, the Directors are of the opinion that the going concern basis of accounting is appropriate for the condensed consolidated interim financial statements for the six month period 30 June 2020.

### 3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2019. A number of new and amended standards became applicable for the current period ended 30 June 2020. These new and amended standards did not have a material impact on the Group.

### 4. Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty with the exception of the matter disclosed in the following paragraph were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2019.

During the six month period ended 30 June 2020 the Group changed the estimated useful economic life of freighter aircraft and ATR 72-600s from 25 to 30 years, in order to more appropriately reflect the period of expected economic use. This change did not result in a material change in the depreciation charge for the period.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 5. Risk management and fair value estimation

The group is exposed to a variety of risks which involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. DAE's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on DAE's financial performance.

#### Risks and uncertainties

In preparing these condensed consolidated interim financial statements, the risk and uncertainties borne by the Group were the same as those disclosed in the consolidated financial statements as at, and for the year ended, 31 December 2019, other than the developments outlined below, therefore the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

Since the start of January 2020, the world has been monitoring and reacting to the COVID-19 virus. As of 30 June 2020, the virus has spread across the globe resulting in widespread restrictions on the ability of people to travel. Global financial markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale, and which is expected to be material for the airline sector, and by extension the aircraft leasing sector.

As a result, the Group is dealing with requests for support from certain of its airline customers, which include rent deferrals, lease modifications or other concessions. Deferral agreements had been concluded with 29 customers as at 30 June 2020. These agreements allow for deferrals of lease payments to future periods. The aggregate rent deferred for these customers totals 12.9% of annual reported revenue. In addition, we are currently evaluating rent deferral requests from 28 customers; the aggregate rent deferral requests from these customers totals 6% of annual reported revenue.

As a result of COVID-19 the Group's trade and other receivables have increased to USD 189.3 million and a loss allowance for trade receivables of USD 42.4 million has been recognised, see details in Note 11. The impact of COVID-19 on the global aviation industry could also negatively impact the valuation of the Group's aircraft held for lease, see further detail in Note 9.

In the event that the Group's customer defaults under these deferral agreements or the COVID-19 pandemic is pro-longed the Group's results could be negatively impacted by aircraft impairments or increased loss allowances for trade receivables. Management are closely monitoring the impact of the outbreak on the activities of the Group.

The impact of COVID-19 is not expected to have an impact on the going concern basis of accounting. The Group has access to significant cash balances and expects to generate sufficient operating cash flows to service its obligations. In addition, as at 30 June 2020, the Group also has access to USD 2.2 billion of available credit facilities.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 5. Risk management and fair value estimation (continued)

#### Fair value estimation

The levels of fair value hierarchy are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivatives and investments are carried at fair value and fall into Level 2 of the fair value hierarchy. Derivatives comprise interest rate swaps. The fair value of financial assets is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each financial asset. This analysis reflects the contractual terms of the financial assets, including the period to maturity, and uses observable market based inputs including interest rates, foreign-exchange rates, and implied volatilities. There were no changes made to any of the valuation techniques applied as at 31 December 2019.

### 6. Revenue

*In thousands of USD*

	30 June 2020	30 June 2019
Lease rental income	633,802	691,066
Provision of engineering maintenance services	31,549	38,764
<b>Total revenue</b>	<b>665,351</b>	<b>729,830</b>

During the period, contingent rental income, included within lease rental income, comprising the release of maintenance reserves, net of the derecognition of maintenance right assets of USD 4.3 million (2019: USD 13.6), totalled USD 30.1 million (2019: USD 38.6 million).

Lease rental income also includes a net charge associated with the amortisation of lease incentive assets of USD 24.6 million (2019: USD 14.3 million) and other lease costs of USD 5.2 million for the period (2019: USD 6.5 million).

In addition, loss on allowance for trade receivables, which was previously included within lease rental income, is now disclosed separately in the condensed consolidated statement of profit or loss and other comprehensive income. Further details in note 11.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 6. Revenue (continued)

The distribution of lease rental income by the operator's geographic region is as follows:

	30 June 2020 USD'000	30 June 2020 %	30 June 2019 USD'000	30 June 2019 %
MEASA (Middle East/Africa/South Asia)	263,913	42	311,826	45
Asia/Pacific	183,563	29	180,436	26
Europe	92,800	14	115,020	17
Americas	93,526	15	83,784	12
<b>Total lease revenue</b>	<b>633,802</b>	<b>100</b>	<b>691,066</b>	<b>100</b>

### 7. Finance income and expense

*In thousands of USD*

	30 June 2020	30 June 2019
Interest on notes receivable	3,216	23,477
Interest on bank accounts and short-term investments	2,792	4,388
Gains on financial instruments	3,307	3,245
Interest from investments	720	-
Finance lease income	3,365	3,030
<b>Total finance income</b>	<b>13,400</b>	<b>34,140</b>
Interest on borrowings	(164,689)	(200,871)
Amortisation of debt issuance costs	(16,048)	(19,954)
Lease expense*	(1,120)	(439)
Net foreign exchange loss	(1,072)	(303)
Other charges	(3,149)	(772)
<b>Total finance expense</b>	<b>(186,078)</b>	<b>(222,339)</b>
<b>Net finance cost</b>	<b>(172,680)</b>	<b>(188,199)</b>

Gains on financial instruments relate to gains on the repurchase of senior unsecured notes and breakage gains on the early repayment of certain loans.

Amortisation of debt issuance costs during the period ended 30 June 2020, also includes a charge of USD 1.5 million relating to the acceleration of debt issuance costs amortisation on the early repayment and restructuring of certain facilities (2019: USD 6.5 million).

\* Lease expense of USD 0.4 million for the period ended 30 June 2019 has been reclassified to conform to current period's presentation, it was previously shown as other charges.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 8. Income tax expense

<i>In thousands of USD</i>	30 June 2020	30 June 2019
<b>Current tax expense</b>		
Current period	(109)	1,831
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	10,277	14,230
<b>Total income tax expense</b>	<b>10,168</b>	<b>16,061</b>

### Reconciliation of effective tax rate

<i>In thousands of USD</i>	30 June 2020	30 June 2019
Profit for the period	121,742	197,070
Income tax expense	10,168	16,061
Profit before income tax	<b>131,910</b>	<b>213,131</b>
Income subject to tax in United Arab Emirates at 0%	-	-
Income subject to tax in Ireland at 12.5%	9,469	15,701
Income subject to tax in US	(340)	1,830
Income taxable at other rates	(1,803)	(3,334)
Interest not deductible	1,992	-
Impact of losses not recognised	1,147	2,480
Tax arising on permanent items	(297)	(616)
<b>Total income tax expense</b>	<b>10,168</b>	<b>16,061</b>

The income tax expense for the six month period ended 30 June 2020 was primarily driven by tax arising on the Group's Irish activities at 12.5%. A tax benefit arose as a result of losses arising in other jurisdictions, primarily Ireland and Hungary, however based on current income projections, a portion of these losses has not been recognised. The interest not deductible amount of USD 2.0 million relates to a restriction on interest deductions under Hungarian thin capitalisation rules. The 2019 equivalent amount was USD 2.4 million and was presented within tax losses not recognised in the period ended 30 June 2019. The reduction in the effective tax rate relates primarily to an increase in the percentage of Group's profits attributable to the UAE as well as a reduction in the losses for which no tax benefit was recognised.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 9. Aircraft held for lease

	Aircraft and engines USD'000	Maintenance right asset USD'000	Lease discount USD'000	Total USD'000
<b>Cost</b>				
At 31 December 2018	12,043,677	824,138	(34,589)	12,833,226
Additions	884,501	-	-	884,501
Transfers	64,747	(64,747)	-	-
Transfers to assets held-for-sale	(974,434)	(97,806)	6,632	(1,065,608)
Derecognition	(6,002)	(26,169)	777	(31,394)
Disposals	(72,461)	-	-	(72,461)
<b>At 31 December 2019</b>	<b>11,940,028</b>	<b>635,416</b>	<b>(27,180)</b>	<b>12,548,264</b>
Additions	13,246	-	-	13,246
Transfers	41,403	(41,403)	-	-
Transfers from assets held-for-sale	91,541	10,961	-	102,502
Transfer from finance lease receivable	11,162	-	-	11,162
Derecognition	-	(9,059)	-	(9,059)
Disposals	(96,782)	(5,914)	-	(102,696)
<b>At 30 June 2020</b>	<b>12,000,598</b>	<b>590,001</b>	<b>(27,180)</b>	<b>12,563,419</b>
<b>Depreciation</b>				
At 31 December 2018	1,065,004	68,424	(8,375)	1,125,053
Charge for the year	514,975	43,317	(6,349)	551,943
Transfers to assets held-for-sale	(398,496)	(15,040)	2,794	(410,742)
Derecognition	(6,002)	(5,940)	777	(11,165)
Disposals	(16,822)	-	-	(16,822)
<b>At 31 December 2019</b>	<b>1,158,659</b>	<b>90,761</b>	<b>(11,153)</b>	<b>1,238,267</b>
Charge for the period	255,331	16,850	(2,065)	270,116
Transfers from assets held-for-sale	18,330	1,122	-	19,452
Derecognition	-	(4,755)	-	(4,755)
Disposals	(84,144)	(2,192)	-	(86,336)
<b>At 30 June 2020</b>	<b>1,348,176</b>	<b>101,786</b>	<b>(13,218)</b>	<b>1,436,744</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>10,781,369</b>	<b>544,655</b>	<b>(16,027)</b>	<b>11,309,997</b>
<b>At 30 June 2020</b>	<b>10,652,422</b>	<b>488,215</b>	<b>(13,962)</b>	<b>11,126,675</b>

As of 30 June 2020, the Group owned 279 aircraft and no aircraft were classified as held-for-sale (31 December 2019: 289 aircraft including 10 aircraft held-for-sale), within this the Group had 273 aircraft held for lease on an operating lease basis (31 December 2019: 282 aircraft) and six aircraft recognised as finance lease receivables (31 December 2019: 7 aircraft). During the period, the Group sold ten aircraft (30 June 2019: 18 aircraft). As a result of these sales the advance from customer balance recognised within trade and other payables reduced to USD 76.4 million as at 30 June 2020 from USD 255.6 million as at 31 December 2019. The Group purchased no aircraft in the period (30 June 2019: 8 aircraft). During the period ended 30 June 2020, the Group transferred one aircraft from finance lease receivables to aircraft held for lease and one aircraft from held-for-sale to aircraft held for lease.



# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 9. Aircraft held for lease (continued)

During the period, the Group derecognised USD 4.3 million (30 June 2019: USD 13.6 million) of maintenance right assets related to aircraft which were redelivered to the Group during the period. An amount of USD 7.7 million has been recognised as a maintenance reserve release in relation to these aircraft (30 June 2019: USD 21.1 million). These amounts are netted within revenue in the consolidated statement of comprehensive income.

The Group's obligations under its secured loans are secured by charges over, amongst other things, certain of the Group's aircraft and related assets details of which are included in note 14.

As at 30 June 2020, management performed an impairment test and did not identify any impairment for the Group's aircraft in accordance with IAS 36 *Impairment of Assets*. This assessment was based on management's current estimate of market values, based on current external appraisal data, and contractual and estimated future cash flows. The spread of COVID-19 and its impact on the airline sector could impact these estimates in future periods and is being assessed by management on an on-going basis.

### 10. Deposits for aircraft purchases

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
Beginning of the period / year	138,679	70,663
Additions	-	146,322
Transferred to aircraft held for lease	-	(78,306)
Other	(413)	-
<b>End of the period / year</b>	<b>138,266</b>	<b>138,679</b>

Deposits for aircraft purchases represent payments made by the Group for the purchase of aircraft in accordance with the payment schedules as set out in the purchase agreements.

In connection with these purchase agreements, the Group took delivery of no aircraft during the period (31 December 2019: 11 aircraft) for which the total amount of deposits for aircraft purchases reclassified to aircraft held for lease amounted to USD nil (31 December 2019: USD 78.3 million).

### 11. Trade and other receivables

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
Trade receivables	230,129	79,204
Less: allowances for impairment	(42,350)	(14,474)
Trade receivables, net	187,779	64,730
Other receivables	1,522	4,404*
<b>Total trade and other receivables</b>	<b>189,301</b>	<b>69,134</b>

\*Accrued income of USD 4.0 million has been reclassified to other receivables, it was previously shown as trade receivables for the year ended 31 December 2019.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 11. Trade and other receivables (continued)

The movement in the allowance for impairment is as follows:

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
At the beginning of the period/year	14,474	11,737
Allowances for impairment	27,876	9,479
Written off / offset	-	(6,742)
<b>At the end of the period/year</b>	<b>42,350</b>	<b>14,474</b>

The majority of the Groups exposure to credit risk relates to the leasing of aircraft. The recovery of trade receivables is highly dependent upon the financial strength of the commercial aviation industry. The expected credit loss (“ECL”) associated with the trade receivables balance is based on a 24-month historic loss rate applied to the net exposure after cash deposits and letters of credit. Specific additional provisions are recognised where evidence of actual lessee distress is available.

During the six month period ended 30 June 2020 the Group recognised a charge related to allowance for impairment of trade and other receivables of USD 27.9 million (30 June 2019: USD 8.3 million). The charge for the period relates to a number of lessees and is based on security held and the current impact of COVID-19. The charge for the prior period related primarily to the bankruptcy of one airline based in MEASA. The charge is presented separately in the condensed consolidated statement of profit or loss and other comprehensive income and prior period charge has been reclassified from lease rental income to loss allowance for trade receivables to conform to the current period presentation.

Details of deposits held as collateral are disclosed in note 15.

### 12. Cash and cash resources

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Cash and cash equivalents	618,452	228,461
Restricted cash	105,374	137,525
<b>Total cash and cash resources</b>	<b>723,826</b>	<b>365,986</b>

Cash and cash resources subject to withdrawal restrictions (“restricted cash”) represent balances securing the Group’s obligations under third party credit facilities. Certain amounts received from lessees in respect of aircraft subject to certain funding arrangements are required to be held in segregated accounts to support, amongst other things, certain maintenance related payments including major airframe overhauls, engine overhauls, engine life limited parts replacements, auxiliary power unit overhauls and landing gear overhauls, as well as interest and principal payments on the related debt facility.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 13. Capital and reserves

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Authorised, issued and paid-up capital	1,927,770	1,927,770
Additional paid-in capital	517,884	517,884
Treasury shares	(1,142,057)	(892,001)
Other reserves	(109,808)	(52,058)
Retained earnings	1,664,108	1,541,743
<b>Attributable to equity holders of the parent</b>	<b>2,857,897</b>	<b>3,043,338</b>
Non-controlling interests	9,627	10,250
<b>Total equity</b>	<b>2,867,524</b>	<b>3,053,588</b>

The authorised and issued share capital of the Company at 30 June 2020 comprised of 1,927,770 ordinary shares of USD 1,000 par value each (31 December 2019: 1,927,770 ordinary shares of USD 1,000 par value each).

The movement in retained earnings relates to the profit generated by the Group during the period.

The movement in other reserves contains the movement in fair value reserves during the period.

In March 2020, the Group repurchased ordinary shares held by ICD Hospitality & Leisure LLC and Dubai Silicon Oasis Authority for USD 250.1 million. These shares are reported within equity as treasury shares in the condensed consolidated statement of financial position.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 14. Loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings are:

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
Principal	7,839,337	8,314,728
Accrued and unpaid interest	51,756	60,283
Fair value hedges	5,165	1,223
<b>Total borrowings</b>	<b>7,896,258</b>	<b>8,376,234</b>
Debt issuance costs	(74,355)	(80,691)
<b>Net borrowings</b>	<b>7,821,903</b>	<b>8,295,543</b>

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
<b>Non-current liabilities</b>		
Borrowings	6,829,675	7,262,702
Debt issuance costs	(59,075)	(66,501)
<b>Non-current borrowings</b>	<b>6,770,600</b>	<b>7,196,201</b>

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
<b>Current liabilities</b>		
Borrowings	1,066,583	1,113,532
Debt issuance costs	(15,280)	(14,190)
<b>Current borrowings</b>	<b>1,051,303</b>	<b>1,099,342</b>

The movement in loans and borrowings, excluding debt issuance costs is summarised as below:

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
At the beginning of the period/year	8,376,234	9,359,309
Loan drawdowns	460,000	2,969,196
Loan repayments	(748,723)	(3,844,236)
Debt repurchased	(187,108)	(86,634)
Amortisation of fair value discounts	(450)	(2,564)
Movement in fair value hedge	3,942	4,582
Movement in accrued interest	(8,527)	(5,654)
Revaluation of loans	890	-
Finance lease reclassification*	-	(17,765)
<b>At the end of the period/year</b>	<b>7,896,258</b>	<b>8,376,234</b>

\* As a result of the adoption of IFRS 16, the Group reclassified finance lease liabilities from Loans and borrowings to lease liabilities.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 14. Loans and borrowings (continued)

Details of outstanding loans are as follows:

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
Senior unsecured notes	2,667,135	2,857,552
Revolving credit facilities	808,054	1,132,663
Unsecured facilities (including term loans)	1,417,834	1,169,438
Recourse obligations (including ECA, Ex-Im & EDC)	2,649,065	2,844,667
Non-recourse obligations	160,873	167,014
Term loan 2014	193,297	204,900
<b>Total borrowings</b>	<b>7,896,258</b>	<b>8,376,234</b>

### 15. Maintenance reserves and security deposits

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
<b>Non-current maintenance reserves and security deposits</b>		
Maintenance reserves	891,185	946,241
Security deposits	161,165	174,409
<b>Total</b>	<b>1,052,350</b>	<b>1,120,650</b>

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
<b>Current maintenance reserves and security deposits</b>		
Maintenance reserves	227,346	198,179
Security deposits	10,983	12,925
<b>Total</b>	<b>238,329</b>	<b>211,104</b>

### Maintenance reserves

<i>In thousands of USD</i>	30 June 2020	31 Dec 2019
<b>Maintenance reserves</b>		
At the beginning of the period/year	1,144,420	1,120,256
Additions	95,853	425,383
Reimbursed / paid	(87,498)	(193,304)
Released	(34,244)	(161,344)
Reclassified to liabilities held-for-sale	-	(46,571)
<b>At the end of the period/year</b>	<b>1,118,531</b>	<b>1,144,420</b>

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 15. Maintenance reserves and security deposits (continued)

#### Security deposits

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
At the beginning of the period/year	187,334	204,146
Additions	4,118	51,068
Repaid	(19,304)	(54,473)
Reclassified to liabilities held-for-sale	-	(13,407)
<b>At the end of the period/year</b>	<b>172,148</b>	<b>187,334</b>

Security deposits relate to cash security received from lessees as collateral. Security deposits are refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

In addition, the Group holds security on lease obligations in the form of letters of credit in the amount of USD 437.1 million as of 30 June 2020 (31 December 2019: USD 403.3 million).

### 16. Leases

#### Operating leases

##### Group as a lessor

As at 30 June 2020, the Group owns 279 aircraft (31 December 2019: 289 aircraft). Future minimum annual rentals to be received under the leases are as follows:

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
Within one year	1,169,252	1,221,005
After one year but not more than five years	3,708,092	3,935,188
More than five years	1,965,093	2,199,792
<b>Total</b>	<b>6,842,437</b>	<b>7,355,985</b>

During the term of most leases, lessees pay an additional amount based on usage to fund the estimated costs of scheduled major maintenance of the airframe and engines. These amounts are accounted for as maintenance reserves and are disclosed under note 15.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 16. Leases (continued)

#### Finance leases

##### Group as lessor

As at 30 June 2020, the Group owned six aircraft under finance lease agreements (31 December 2019: 7 aircraft). During the six month period end 30 June 2020 one aircraft was transferred from finance lease receivable to aircraft held for lease. The Group's finance lease receivables are secured by the Group's title to the leased assets.

*In thousands of USD*

	30 June 2020	31 Dec 2019
Finance leases – gross receivables	101,094	118,354
Unearned finance lease	(23,054)	(26,529)
<b>Total non-current receivables</b>	<b>78,040</b>	<b>91,825</b>
Finance leases – gross receivables	14,520	16,180
Unearned finance lease	(6,087)	(6,530)
<b>Total current receivables</b>	<b>8,433</b>	<b>9,650</b>

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments are as follows:

*In thousands of USD*

	30 June 2020		31 Dec 2019	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	14,520	8,433	16,180	9,650
After one year but not more than five years	58,080	39,860	64,930	44,877
More than five years	43,014	38,180	53,424	46,948
<b>Total</b>	<b>115,614</b>	<b>86,473</b>	<b>134,534</b>	<b>101,475</b>
Less: unearned finance income	(29,141)	-	(33,059)	-
<b>Total</b>	<b>86,473</b>	<b>86,473</b>	<b>101,475</b>	<b>101,475</b>

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The finance lease receivables at the end of the reporting period are neither past due nor impaired.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 17. Related party transactions

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control and the key management personnel of the Group. Related parties may be individuals or other entities.

a) Transactions with related parties included in the condensed consolidated interim statement of profit or loss and other comprehensive income are as follows:

- During the period, the Group received an amount of USD 102.1 million (30 June 2019: USD 129.3 million) being aircraft lease rentals from companies under common control.
- The Group also provided engineering maintenance services to companies under common control amounting to USD 3.0 million (30 June 2019: USD 2.2 million).
- Finance income on notes receivable from shareholders during the period amounts to USD 3.2 million (30 June 2019: USD 23.5 million). During the period ended 31 March 2020, USD 813.6 million of notes receivable were repaid and the remaining balance is nil.
- Finance expense for the period in respect of loans from related companies under common control amounts to USD 19.1 million (30 June 2019: USD 26.6 million).

b) Compensation of key management personnel for the period:

<i>In thousands of USD</i>	<b>30 June 2020</b>	<b>30 June 2019</b>
Salaries and benefits	7,000	6,744
<b>Total</b>	<b>7,000</b>	<b>6,744</b>



# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 18. Capital commitments

At 30 June 2020 the Group had committed to purchase one aircraft from Boeing due to deliver in 2020.

A portion of the aggregate purchase price for the purchase of aircraft will be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which must be financed.

### 19. Prior period figures

Certain immaterial amounts for the previous period/year have been reclassified to conform to current period's presentation.

- In the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2020, the loss allowance on trade receivables is presented as a separate item, this was previously presented within revenue and accordingly the 30 June 2019 comparative of USD 8.3 million within the interim financial statements has been reclassified to conform to the current period presentation.

### 20. Subsequent events

There were no significant events subsequent to 30 June 2020.