

**Corporate Governance  
Report of  
2014**

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## **Company Profile**

Abu Dhabi Aviation is a national public stock company incorporated in the Emirate of Abu Dhabi – United Arab Emirates by virtue of the Decree No. 3 of 1982 amended by the Law No. 10 of 1985, Law No. 8 of 1999 and Law No. 11 of 2004. The current capital of the company is Dhs. 444,787,200/-. The Company retains 30% of the capital as a support for the company. The mother company and its affiliates were established to acquire helicopters and aircrafts to be used in and outside the United Arab Emirates, to engage in the lease of aircrafts, commercial and private aviation, air cargo and other related activities. It is worth noting that the company is listed in Abu Dhabi Securities Market.

Abu Dhabi Aviation is one of the largest helicopters operators in the Middle East and North Africa. The Company owns 59 aircrafts consisting of 56 helicopters and 3 aircrafts. The Company attained international rewards in the field of aviation such as safe flight reward and completed one million hours of safe flying. The Abu Dhabi Aviation Company also owns 50% of Royal Jet and 95% of Maximus. The Company is in the process to establish a large simulator center in the Middle East for pilots training which shall be inaugurated in Sept. 2015. The Company also established AWAS Company for helicopters maintenance and other provider for aircrafts spare parts in partnership with Agusta West Land International. Since in its inception Abu Dhabi Aviation Company has been immensely developed and become a major competitor for most of the international companies in the field of helicopters. Its aircrafts and services are located in Brazil, India, Afghanistan, Spain, Saudi Arabia and Jordan.

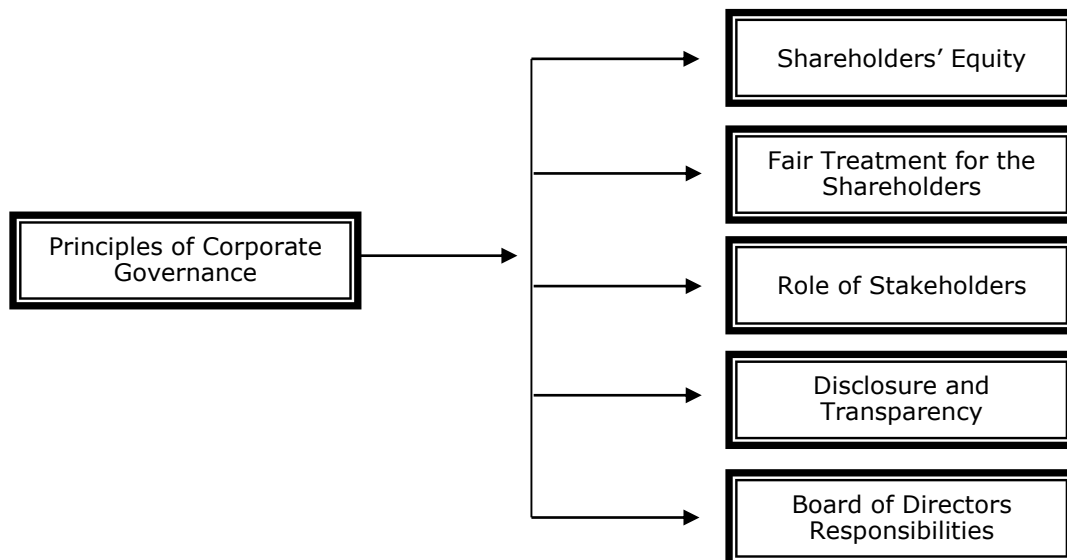
Some of the activities and services performed by the company in favor of other companies are:

- Support to oil and gas companies in Abu Dhabi and abroad.
- Medical evacuation services for Saudi Red Crescent.
- Search and rescue operations – logistics support for the army and police.
- Provision of well equipped helicopters for VIPs to facilitate their movement in the state.
- Management and maintenance of Dash 8 aircraft owned by the presidential flights.

**Introduction:**

Corporate Governance is known as “the system through which the companies are managed and their businesses are controlled. It is also known as a set of relationship between the company management, its board of directors, shareholders and other stakeholders. The Corporate Governance provides the structure through which the company objectives, and means for achievement of such objectives are defined as well as the means of control of performance. It has also been defined as “A set of rules and practices by which the companies are managed and controlled. It represents a good model for corporate governance with the aim to strike the proper balance between ownership and management. It also helps to achieve the balance between performance and commitment. The corporate governance is concerned with the distribution of rights and responsibilities among the concerned parties in the company (such as employees, shareholders, clients, suppliers, auditors and legislators). It also identifies the rules and regulations necessary for the decision-making and procedures for effective company management with less risk which helps in achieving the company objectives within a framework of community care alongwith the regulations, rules and market in which the company shares are listed. The Governance also helps to follow-up the procedures, polices and decisions which achieve the shareholders objective.

**The core principles of the Corporate Governance are as follows:**



The Governance operates to achieve many objectives such as:

- Ensure the principles of separation between ownership, management, control of performance and improvement of the economic efficiency of the companies.
- Create a structure through which the company objectives method of achieving such objectives and follow-up of performance are defined.
- To monitor the review and amendment of laws applied to the company performance were the control responsibility is transferred to both parties being the Board of Directors and the Shareholders.
- Avoid confusion between the functions and responsibilities of the Executive Directors, the functions and responsibilities of the Board Members.
- To assess the performance of the top management, enhance accountability and degree of trust.
- Possibility for the participation by the shareholders, employees, creditors, lenders and play the role of controllers as to the company's performance.
- Avoid any accounting or financial problems so as to support the company business stability and achieve growth and economic stability.

The implementation of institutions disciplinary standards for the Governance brings many benefits to the companies including without limitation to encourage the companies to ensure best use of their resources. The Company helps in the achievement of sustainable growth, encourage productivity and less cost on the capital. The banks grants the companies which apply governance controls, loans with less percentages. The Governance also helps in soliciting foreign investments and in the stability of the stock markets in the state.

#### **First – The steps taken to complete the company governance system in 2014 and method of application**

Abu Dhabi Aviation has the pleasure to submit the sixth report on corporate governance in 2014. This reflects the development and consistency of the governance standards and procedures within all the company departments. As a result such standards and controls have become the optimal way for controlling the relationship between the investors, board of directors, committees derived from the board, executive management and clients. Abu Dhabi Aviation has been one of the first companies in the state to implement such standards and controls since the promulgation of the resolution by securities and

committees authority in this respect in the year 2007 by adopting the basic values of the corporate governance as a logo for the company policy. These are:

- Transparency
- Fairness
- Accountability
- Responsibility

The above is applied to the relationship between the company management on the one hand and the stakeholders and related parties in the company on the other hand, by coping with the latest management techniques and establishing a structure which allows a great deal of freedom under the power of law.. This is compounded by the adoption of the institutional development policies, international standards of transparency, clarity and accuracy of the financial statements and disclosures to face any challenges in the flight sector so as to reach the highest objective in achieving higher rates of profitability for the shareholders and growth at all levels. This also includes the maintenance of high safety and instability rates base on international approach in line with our values and traditions.

The company board of directors is committed to support highest standards of corporate governance to achieve the best interest of the company shareholders. The board of directors believes in applying highest standards of corporate governance so as to enhance Abu Dhabi Aviation performance, its commitment to responsibility, transparency, accountability and full compliance with the rules and regulations governing the company business.

The company is committed to adopt best standards and practices of corporate governance which shows the commitment of the board members and the executive management to the rules and values of governance. The following has been adopted:

- 1- Continue holding meetings and training courses for the company managers and employees.
- 2- Implement of procedural rules of corporate governance.
- 3- Take part in workshops and training courses.
- 4- Amend the articles of association to be in line with the Ministerial Resolutions No. 518 of 2009 as well as the Ministerial Resolution No. 238 of 2014 concerning the amendment of the Company Articles of Association which are published in the Gazette No. 566 of June 2014.
- 5- The company management is assumed by board of directors consisting of a chairman and 8 members. The chairman and one board member shall be appointed by the executive council of the

- Emirate of Abu Dhabi while the 7 members are elected by the general meeting of the company for 3 years through secret balloting. The board of directors shall elect one of its members as a chairman of the board.
- 6- The position of the chairman of the board, managing director, executive chairman or general manager should not be combined.
  - 7- Committees shall be derived from the board of directors. These are the audit committee, nomination and remuneration committee, investment committee and the functions and responsibilities of each committee shall be defined.
  - 8- Establish an internal control department, define its functions and draw-up the internal control system.
  - 9- The work rules regarding the dealings of the stakeholders and have the same approved by the board of directors, enforce and circulate it to all members of the board and other staff of the company.
  - 10- The board of director members, senior management and all the company employees shall in the performance of their tasks abide by the rules of professional conduct and internal controls of the company which were already circulated.
  - 11- The board of directors shall select an external auditor base on recommendation by the auditing committee and put up such proposal to the general meeting which was appoint the external auditor and fix his annual fees.
  - 12- Identify the rules of disclosure of information to the securities and commodities authority at Abu Dhabi Securities Market and define those who are in-charge of the disclosure and communicate with the investors.
  - 13- Participate and communicate with the functions and activities which serve the interest of the community.

Within the year 2014 there has been a full and accurate commitment by the board of directors and all the company employees with all the information and results by the disclosure through the proper channels. Abu Dhabi Aviation has always been on top of the companies within the state in the disclosure of the quarterly and annual results with full commitment to the satisfaction of all the requirements by the authority or the stock market as soon as possible.

### **Second – Statement of transactions by the board members and their relatives in the company securities during 2014**

The business rules regarding the transaction of stakeholders were already approved by the board of directors in order to control the trading in the company shares by stakeholders and prevent any leak of

information which were not yet published to all investors in order to achieve:

- Equality among the investors in having an access to the internal information of the company.
- Enhancement of transparency in the disclosure and increase trust in the company share.
- To avoid any suspicion on the stakeholders regarding any personal gains by using the internal information of the company.

The rules for transaction by the board members, senior management and all the employees in the company in the securities issued by Abu Dhabi Aviation or any affiliates or sister companies were already circulated.

All the stakeholders in Abu Dhabi Aviation Company such as the board members and executive management in the company, managers, departmental heads and all employees have complied with the rules of the stakeholders dealings during the period as well as with the requirement of disclosure according to the law and regulations concerning their dealings in securities issued by Abu Dhabi Aviation Company.

During the year 2014 some transactions were traded in the company shares as follows:

- Sheikh Ahmad Moh'd Sultan Suroor Al Dhaheri  
He sold 250,000 shares in Feb. 26, 2014  
He sold 134,000 shares in Feb. 27, 2014

### **Third - Board of Directors Structure**

The current board of directors consists of 9 executive members 6 of them are independent members. The chairman and one member of the board were appointed as representative for Abu Dhabi Government under the Resolution No. 53 of 2014 issued by the executive committee of the executive council on March 23, 2014 for 3 years.

The remaining 7 members were elected at the general meeting held on March 25, 2014 for 3 years. All the independent members have signed on the declaration to be given by the independent board of directors member.



### **a- Distribution and Positions of the Board Members**

No.	Member	Title at the Board	Type of Membership Executive, Non-executive - Independent	Duration of Membership since
1	H.E. Nader Ahmad Moh'd Al Hamadi	Chairman of the Board	Non-executive – Non-dependent	2008
2	Sheikh Ahmad Moh'd Sultan Al Dhaheri	Deputy Chairman	Non-executive – Independent	1999
3	H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Board Member	Non-executive – Independent	1999
4	H.E. Hemaïd Abdullah Al Shamari	Board Member	Non-executive – Non-dependent	2011
5	H.E. Khalifa Yousef Abdullah Khouri	Board Member	Non-executive – Non-dependent	1999
6	H.E. Saif Saeed Moh'd Al Dhaheri	Board Member	Non-executive – Independent	2011
7	H.E. Saeed Ali Sali Al Kuwaiti	Board Member	Non-executive – Independent	2011
8	H.E. Abdullah Siddiq Khouri	Board Member	Non-executive – Independent	1999
9	H.E. Yousef Abdulaziz Ahmad Al Harmoudi	Board Member	Non-executive – Non-dependent	2011

### **Qualification and Experience of the Board Members**

Member	Experiences and Qualifications
H.E. Nader Ahmad Moh'd Al Hamadi	Holder of BSC in Flight Engineering with a higher degree in Business Administration previously worked as Maintenance and Engineering Section Head with the Presidential flights, Projects Manager and Flight Engineer with GAMCO.
Sheikh Ahmad Moh'd Sultan Al Dhaheri	Holder of BSC in Civil Engineering previously worked as Executive Director with the Department of Services and Commercial Buildings
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Holder of BSC in Accountancy, CPA and higher diploma in Business Administration previously worked as Deputy Chairman of the Board in Injaaz Investments, Member of the Board at Al Qoudra Holding and Member of Abu Dhabi Chamber of Commerce and Industry
H.E. Hemaïd Abdullah Al Shamari	Holder of BSC in Flight Engineering previously worked with the Armed Forces in Abu Dhabi
H.E. Khalifa Yousef Abdullah Khouri	Holder of Master Degree in Business Administration previously worked as the Chairman of the Board with Methaq Insurance Company, Deputy

	Chairman of the Board with HS Group for Companies and Establishments Management
H.E. Saif Saeed Moh'd Al Dhaheri	Holder of Bachelor Degree Majoring Sociology and Business Administration previously worked as the Director of Al Ain International Airport, Finance and Administration Manager with the Civil Aviation Department. He also occupy the position of Member of Tourist Development and Promotion Committee in Al Ain City, he also worked as Member of the Board of Directors with Marine Dredging Company and Abu Dhabi National Hotels Company.
H.E. Saeed Ali Sali Al Kuwaiti	Holder of BSC in Military Sciences - Staff College (UK), Master Degree in Military Sciences - Master Academy (Egypt) worked with the Armed Forces in Abu Dhabi and ex-member of the Board of Directors in Abu Dhabi Hotels Company and Red Crescent Authority.
H.E. Abdullah Siddiq Khouri	Holder of BSC in Sciences previously worked as a Financial Controller with ADNOC-FOAD and ex-member of the Board of Directors in National Hotels Company.
H.E. Yousef Abdulaziz Ahmad Al Harmoudi	Holder of Master Degree in Finance and Administration from South New Hampshire University previously worked as Portfolio Director with Abu Dhabi Investment Authority.

**Membership of the Board of Directors in Public Stock Companies, Business Companies and Government Authorities**

Member	Membership in Stock Company	Membership in Business Companies and Government Authorities
H.E. Nader Ahmad Moh'd Al Hamadi	Member of the Board of Directors of Asmak Company	CEO of Presidential Flight Chairman of the Board of Vision Group and Tomouh Properties Company Board Member of Royal Jet
Sheikh Ahmad Moh'd Sultan Al Dhaheri	Deputy Chairman of the Board of Directors in Abu Dhabi National Hotel Company Board Member in National Bank of Abu Dhabi Board Member of Emirates Telecommunications Corporation	Chairman of the Board of Suroor Engineering for Development Member of the National Consultative Council in the Emirate of Abu Dhabi
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Chairman of the Board of Directors in FUDCO Board Member of Al Wathba Insurance Company Board Member of Oasis Capital Company	Deputy Chairman of the Board at Ali and Sons Company
H.E. Hemaïd Abdullah Al Shamari	Chairman of the Board of Directors in Abu Dhabi Ship Building Company	CEO of Flight Industry Unit in Mubadalah Company Chairman of the Board of Emirates Military Industries Company Chairman of the Board in Maximus Chairman of the Board at Advance Military Center for Maintenance, Repair and Overhaul Chairman of the Board of Strata Manufacturing Company Chairman of the Board of Abu Dhabi Investment for Self Systems Member of the Board in Mubadalah Petroleum Company Member of the Board in Biajo Aero Industries Member of the Board in Aero Cap Holdings Board Member in Royal Jet Board Member in the Investment Committee of Mubadalah Company

H.E. Khalifa Yousef Abdullah Khouri	Board Member at Arkan Building Materials Board Member at Ras Al Khaimah Cement Company	Chairman of Veala Marketing Communications Company Board Member in Al Qudra Holding Company Board Member and Executive Director of Al Rayan Investment
H.E. Saif Saeed Moh'd Al Dhaheri	N/A	Member of Conciliation Committee at the Judicial Department
H.E. Saeed Ali Sali Al Kuwaiti	Board Member of Al Ain Ahalia Insurance Company	Chairman of Emirates Steel Structures Factory at Al Ain and Management of his own Companies
H.E. Abdullah Siddiq Khouri	N/A	At present he is managing his own companies
H.E. Yousef Abdulaziz Ahmad Al Harmoudi	Board Member at National Bank of Abu Dhabi	Head of Cash Department with the Accounts and Financial Services Department with Abu Dhabi Investment Council

## **b- Statement of the Following**

### **1- Total Remunerations of the Board Members paid in 2013**

The remunerations of the board members are allocated by the shareholders at the ordinary general meetings of the company according to Article 118 of the Companies Law No. 8 of 1984, Article No. 7 of the Ministerial Resolution No. 518 of 2009 and Article No. 32 of the Company Articles of Association.

The remunerations of the board members consist of a percentage in the net profit as provided for in Article 58 of the Article of Association. The company may also pay additional expenses, fees or monthly salary as decided by the board of directors for any of its members if such member works in any committee, exert more efforts or additional work in serving the company in addition to his normal duties as a member of the board of directors. In all cases, the remuneration of the board member should not be more than 10% of the net profit after the deduction of depreciations, reserve and distribution of profit for not less than 5% of the capital to the shareholders.

The remunerations for the board members in 2013 was determined at the ordinary general meeting of the company held on March 25, 2014 by allocating Dhs. 5 Million as remunerations for the board of directors at the rate of Dhs. 800,000 to the chairman, Dhs. 700,000 for the deputy chairman and Dhs. 500,000 to each member.

### **2- Total Remunerations to the Member of the Proposed Board of Directors for 2014**

As to the year 2014 the proposal regarding the remunerations to the board members shall be presented to the general meeting to be held during the year 2015 for a total amount of Dhs. 5 Million as remunerations to the board members for 2015.

**3- Statement of the Allowances for Attending the Meetings of the Board and the Committees derived from the Board for the Financial Year Ending in 2014**

It is worth noting that the board of directors of the company did not allocate any allowances to the members for attending the meetings.

As to the Board Committees, by virtue of the board of directors resolution granting the chairman and members of the committees of the board of directors the allowance for attending the meetings shall be as follows:

- Chairman of the committee shall receive an allowance equal to Dh. 9,000 for each attended meeting.
- Member of the committee shall be granted an allowance of Dh. 7,000 for each attended meeting.

In 2014, 6 meetings were held by the audit committee, 3 meetings were held by the nomination and remuneration committee while the investment committee did not hold any meeting during the year 2014. Therefore, the following has been paid:

**Audit Committee:**

Sheikh Ahmad Moh'd Sultan Al Dhaheri	Committee Chairman	Dhs 54,000	Attended six meetings
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Committee Member	Dhs. 42,000	Attended six meetings
H.E. Abdullah Siddiq Khouri	Committee Member	Dhs. 35,000	Attended five meetings

**Nomination and Rewards Committee**

Sheikh Ahmad Moh'd Sultan Al Dhaheri	Committee Chairman	Dhs 27,000	Attended three meetings
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Committee Member	Dhs. 21,000	Attended three meetings
H.E. Abdullah Siddiq Khouri	Committee Member	Dhs. 14,000	Attended two meetings

**c- Number of Meetings of the Board of Directors held during the Financial Year ending on December 31, 2014 and Personal Attendance Frequency for all the Member**

During 2014 the board of directors held 5 meetings according to the Resolution No. 518 of 2009 regarding the governance and standards of institutions discipline, Article 3 of Section No. 6 and the Company Articles of Association. Details of the meetings held in 2014 are as follows:

Meeting Name	First 24/02/2014	Second 28/04/2014	Third 23/07/2014	Fourth 02/11/2014	Fifth 18/11/2014	Attendance
H.E. Nader Ahmad Moh'd Al Hamadi	√	√	√	√	√	5/5
Sheikh Ahmad Moh'd Sultan Al Dhaheri	√	√	√	√	√	5/5
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	√	√	√	√	√	5/5
H.E. Hemaïd Abdullah Al Shamari	√	x	√	x	x	5/2
H.E. Khalifa Yousef Abdullah Khouri	√	√	√	√	√	5/5
H.E. Saif Saeed Moh'd Al Dhaheri	√	√	√	√	√	5/5
H.E. Saeed Ali Sali Al Kuwaiti	√	x	x	√	√	5/3
H.E. Abdullah Siddiq Khouri	√	√	√	√	√	5/5
H.E. Yousef Abdulaziz Ahmad Al Harmoudi	√	√	√	√	√	5/5

N.B.: Four meetings were held by circulation on 27/1/2014, 29/1/2014, 8/5/2014 and 26/5/2014.

All the board members who were absent from certain meetings of the board regretted and the same was accepted by the board of directors.

**d- Functions and Responsibilities delegated by the Board of Directors to the Executive Management**

- 1- To run the company business in line with the company strategic objectives and policies as set out by the board of directors and according to the provisions of the law and other regulations related to the company business and activities.
- 2- Provide the board of directors with accurate periodic reports on the company finance and business, the actions taken at the risk management and the internal control system, to enable the company board of directors to review the objectives, plans and policies and to question the executive management for its performance.

- 3- Provide the board members with any necessary information and documents required for the board of directors meetings which should be provided timely to the board members.
- 4- Give recommendations regarding any suggestions deemed necessary for the company business.
- 5- Provide the control authorities (Ministry of Economy, Securities and Commodities Authority and Abu Dhabi Securities and Commodities Market, etc...) with any information, data or documents as stipulated in the law, rules, instructions and resolutions issued thereunder.

**e- Transactions between the Group Companies and Related Parties (Stakeholders)**

The transactions of the group companies with the related authorities were disclosed according to the definition of the International Accounting Standard No. 24 – in the Note No. 10 of the audited financial statements:

- Commercial transactions between the group companies and related parties for a total amount of Dhs. 238.88 Million.
- Payables to the group companies for a total amount of Dhs. 29.15 Million.
- Receivables from the group companies for a total amount of Dhs. 49.66 Million.

**f- Detailed Statement of the Names of the Senior Executive Officers in the Company and the Total of Salaries and Bonuses paid to them during 2014**

No.	Name	Title	Date of Employment	Salaries during 2014 (Dh)	Bonuses and Allowances in 2014
1	Moh'd Ibrahim Moh'd Al Mazrouie	Director General	07/11/1988	Dhs. 1,128,694	Dhs. 1,480,716
2	Ahmad Ismael Al Khouri	Business Development Consultant	08/10/2006	Dhs. 652,194	Dhs. 996,300

**Fourth - External Auditor**

**a- External Auditor Overview**

Deloitte and Touche Company is handling the external auditing for the company. It is the most outstanding international auditing company approved in UAE. It handles the auditing of the company accounts by an assignment from the general meeting.

On international level Deloitte is concerned with accounts and projects review, management of risks, information security and privacy, quality

and soundness of statements in addition to specialized services in the field of International Financial Reports Standards, technology and other specializations.

The company employs more than 500 specialized employee working at its branches in Abu Dhabi, Dubai, Sharjah, Fujairah and Ras Al Khaimah. The company provides excellent services to the banking, insurance sectors and financial institutions as well as the property, industrial and commercial companies and contractors in the field of services, tourism and energy.

### **b- External Auditors Remunerations**

It was agreed by the company general meeting on March 25, 2014 to reappoint Deloitte and Touche as an external Auditor of the company in 2014 to carry out the auditing activities known in the public stock companies.

The auditor's remuneration was fixed at Dhs. 220,000 per annum by the general meeting of the company.

Name of the Auditing Office	Deloitte and Touche
Number of years spent as external auditor for the company	12 years with the change of the partner every 4 years. The partners was changed in 2014.
Total fees for auditing the financial statements of 2014 (in Dirhams)	Dhs. 220,000
Remunerations and cost of services other than the auditing of the financial statements in 2014 (in Dirhams)	N/A
Details and nature of other provided services	-

\* (No other external auditor has provided other services to the company during the year 2014. A proposal shall be put up for the appointment of KPMG Company as an external auditor for the year 2015. The general meeting shall be held on March 22, 2015 to fix their remunerations.

### **Fifth - Auditing Committee**

According to the report of the governance committee submitted to the company board of directors the board decided in the Decision No. 6/2 at the Board Member No. 2 of 2014 to establish an audit committee consisting of the board members in accordance with the rules of corporate governance and in line with the requirements of governance.

#### **a- Names of the Auditing Committee Members**

No.	Name	Membership
1	Sheikh Ahmad Moh'd Sultan Al Dhaheri	Committee Chairman
2	H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Financial Economic Expert and Member of the Committee
3	H.E. Abdullah Siddiq Khouri	Member

**Functions and Responsibilities of the Auditing Committee:**

- 1- Establish and implement contracting policy with the external auditor and put up a report to the board of directors stating the issues which it is extremely important to take actions in respect thereof along with the recommended steps to be taken.
- 2- Follow-up and control the independency of the external auditor, extend of his objectivity and discussions on the nature and scope of auditing and its efficiency according to the approved auditing standards.
- 3- Ensure soundness of the company financial statements and reports (annual, bi-annual and quarterly) and review the same as part of its normal course of business during the year.
- 4- Review the financial control systems, internal control and risk management in the company.
- 5- Review the letter of the external auditor, his action plan and any substantial queries raised by the auditor to the management regarding the accounting records, financial accounting and control regulations and approval of the same.
- 6- Establish the rules which enable the company employees to report any potential irregularities in the financial reports, internal auditing or others in a secret manner and the steps to be taken in conducting any independent and fair investigations on such irregularities.
- 7- Ensure the company compliance with the rules of professional conduct.
- 8- Review the internal auditing system in the company, ensure the performance of its duties in establishing an effective internal control system.
- 9- Supervise the independency qualifications of the internal auditing employees and compliance in the company and approve an annual auditing plan for the internal auditor.

During 2014 a meeting was held between the internal and external auditors in the company in Wednesday, Oct. 22, 2014.

It is worth noting that the Internal Audit Department in the Company was established in 2009. This Department reports directly to the Audit Committee and enjoy full independency. It files reports to the Management on the internal audit operations, follow-up and compliance by all the group companies' managements. Mr. Mohannad Abdulhadi was assigned as Chief Audit executive (CAE) of the group owing to his academic qualification and long experience in auditing and business



risks. He is a holder of BSC Degree in Accounting, certifies Internal Auditor and member of the American Internal Auditors Society.

All the internal auditing operations of the group companies were carried out according to the auditing plan of 2014 which was ratified by the members of the audit committee. The process of audit follow-up and compliance in Abu Dhabi Aviation Company and Royal Jet and maximus is continuing throughout the year. At present a follow-up process is being conducted to complete all snags and remarks discovered during the internal audit process at certain departments of Abu Dhabi Aviation, Royal Jet and Maximus.

The record of potential risks expected to be faced by the group shall be updated in the first quarter of 2015 as the latest updating of such record was conducted in 2012.

**b- Number of meetings held by the Audit Committee during the financial year ending on Dec. 31, 2014 and frequency of personal attendance by all members**

**During 2014 the Auditing Committee held six meetings as follows:**

Meeting Name	First 10/02/2014	Second 24/02/2014	Third 28/04/2014	Fourth 23/07/2014	Fifth 02/11/2014	Sixth 18/11/2014	Attendance
Sheikh Ahmad Moh'd Sultan Al Dhaheri	√	√	√	√	√	√	6/6
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	√	√	√	√	√	√	6/6
H.E. Abdullah Siddiq Khouri	x	√	√	√	√	√	6/5

**Sixth - Nomination and remuneration Committee**

By a decision from the Governance Committee submitted to the company board of directors the board decided through the Decision No. 6/2 at the board meeting No. 2 of 2014 to establish a nomination and remuneration committee consisting of the board members and in accordance with the corporate governance regulations and governance requirements.

**a- Names of the Members of the Nomination and remuneration Committee**

Name	Membership
Sheikh Ahmad Moh'd Sultan Al Dhaheri	Chairman of the Committee
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	Member
H.E. Abdullah Siddiq Khouri	Member

**Functions and Responsibilities of the Nomination and remuneration Committee:**

- 1- Continuously ensure the independency of the independent members.
- 2- Establish a policy for granting bonuses, benefits, salaries and allowances to the board members and employees. The same should be reviewed on annual basis. The Committee shall verify that all the bonuses and benefits granted to the senior executive management of the company are reasonable and consistent with the company performance.
- 3- Identify the company requirements of qualified cadre at the level of the senior executive management and staff and the rules for their selection.
- 4- Establish a policy for human resources and training in the company, ensure its implementation and review on annual basis. Any amendments to the staff structure should be reviewed.
- 5- Organize and follow-up the nomination process for the board membership in line with the applicable laws and regulations, provisions of the decision No. 518 of 2009 concerning the governance requirements and standards of corporate discipline.

**b- Number of the meetings held by Nomination and remuneration Committee during the financial year ending on Dec. 31, 2014 and frequency of personal attendance for all the members**

**During 2014 the Nomination and remuneration Committee held three meetings as follows:**

Meeting	First	Second	Third	Attendance
Name	10/02/2014	24/02/2014	28/04/2014	
Sheikh Ahmad Moh'd Sultan Al Dhaheri	√	√	√	3/3
H.E. Ahmad Bin Ali Khalfan Al Dhaheri	√	√	√	3/3
H.E. Abdullah Siddiq Khouri	x	√	√	3/2

**Seventh - Internal Control System**

**a- A declaration by the directors of its responsibility for the internal control system in the company, review of its mechanism and ensure its efficiency**

The board of directors has acknowledged the establishment of the Internal Control department in accordance with the corporate governance requirements as per the provisions of Article 8 of the Ministerial Resolution of 2009. This Department enjoys adequate independency in performing its tasks and reports directly to the board

of directors. The board also acknowledges its responsibility for the internal auditing system within the company as well as the review of this system to ensure its efficiency.

This system aims at assessing the risks means and procedures in the company, implementing the governance rules in a proper manner and ensuring the company and its staff compliance with the applicable laws, rules and instructions regularizing its operation, policies and its internal procedures as well as the review of the financial statements presented to the senior management at the company which are used in preparing the financial lists examining and reviewing all the documents and records used by the company to ensure their adequacy and correctness with the aim to achieve all the contemplated objectives. In order to achieve such objectives full authority should be provided to the internal controller and his staff to have unrestricted access to all functions, documents, records, properties of the company and all data and dealings by the company staff and employees. The reports are filed to the board of directors and the internal controller is reporting directly to the board and has direct relationship with all the departmental managers and section heads of the company in relation to all the matters of internal control such as:

- 1) Ensure the company and its staff compliance with the applicable laws and regulations adopted in regularizing the company business.
- 2) Supervise the implementation of governance rules.
- 3) Submit proposals and recommendations to the management in relation to risk management.
- 4) Make an assessment of all the means and procedures of risk management.
- 5) Administrative control to ensure accuracy, improvement and enhancement of performance.
- 6) Accounting control which means all the procedures followed to ensure the accuracy of data and accounts as well as the soundness of accounting remedy before presenting the data to the management in the company.

The internal control system is reviewed on annual basis by the board of directors. Such review was conducted in the last year and the results were positive. The company did not involve in any major problems in 2014 which could have been reported by the internal control system.

**Name and Qualification of the Internal Control Department Manager:**

Name: Mr. Ashraf Fahmi

Qualifications: More than 23 years of experience in corporate accounting and manager of Internal Control Department in the company. Holder of BSC in Commerce, Chartered Accountant and Member of the British Chartered Accountants Society, Designer of Computer Systems and Applications approved by Microsoft.

**Name and Qualification of the Compliance Officer:**

Name: Mr. Arnel V. Laigo

Qualifications: More than 6 years of experience in Risk Management and Auditing. Holder of BSC in Accountancy and Certified Internal Auditor.

**Eighth - Irregularities during the Financial Year**

Abu Dhabi Aviation Company is compliant with all the applicable laws, regulations and resolution in the United Arab Emirates. The Company has never been exposed to any irregularities or violation of the law and regulations.

**Ninth - Company Contributions during 2014**

During 2014 Abu Dhabi Aviation Company continued its commitment to providing safe work environment for its employees and all those who work for it. The effective management of environment, health, security and safety is still representing a substantial element in all the company main activities. The following are some of the company contributions without limitation:

- Participation and sponsorship of the 43<sup>rd</sup> National Day of the United Arab Emirates.
- Participation and sponsorship of Abu Dhabi Aviation Exhibition 2014.
- Participation in Abu Dhabi Desert Rally of 2014.
- Abu Dhabi Aviation sponsors the International Stocks Market Forum of 2014.
- Participation and sponsorship of Rifling 2014.
- Sponsorship of Al Ain Club for Wilderness Aircrafts Amateurs 2014.
- Participation and sponsorship in the Unified House 2014 (Spirit of the Union).
- Sponsorship for Open Waters Swimming UAE President Cup (Spirit of the Union 2014).
- Study Financial Support for the UAE Citizens.

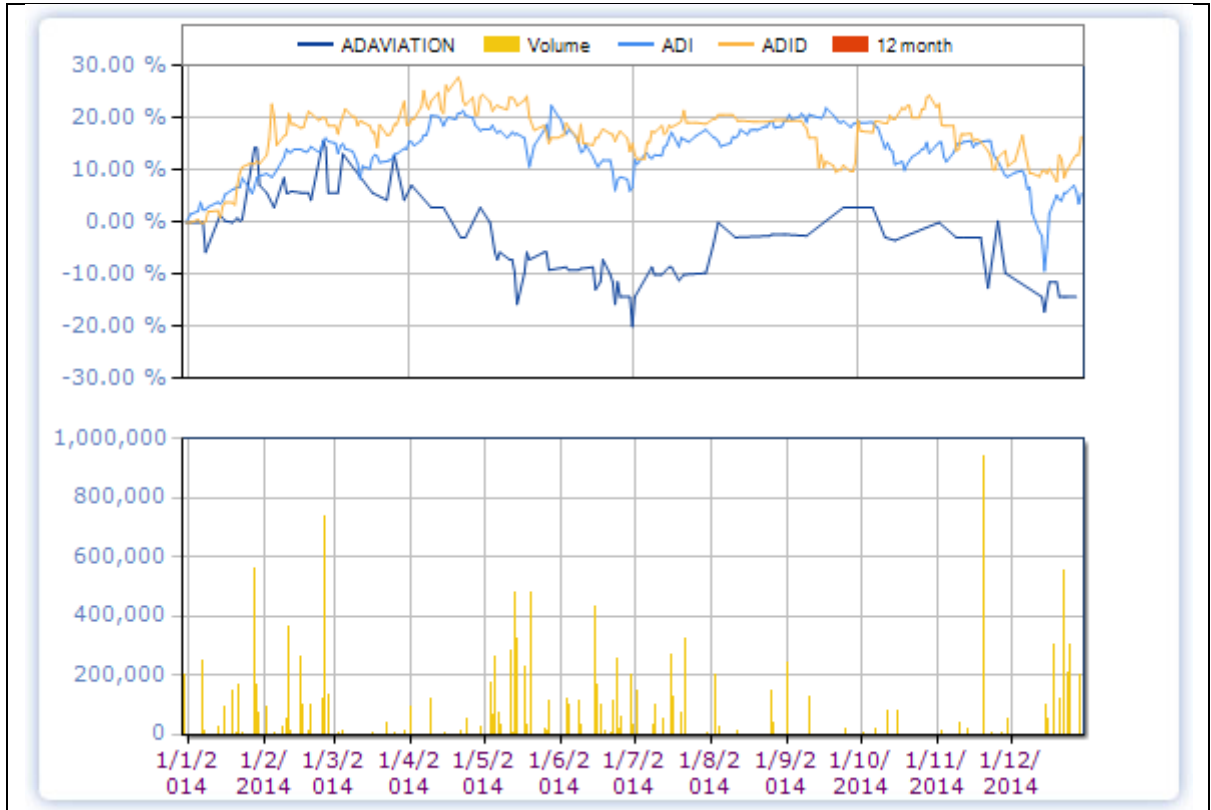
- Partnership with the International Companies for the Transfer of Knowledge and Technology to the UAE such as the Partnership with the Italian Agosta and the American Flight Safety.
- Contract with a Company Responsible for Waste Recycling.

### **Tenth - General Information**

#### **a- Price of the company share at Abu Dhabi Securities Market (Closing Price, Highest Price, Lowest Price) at the end of each month during the Financial Year 2014**

Date	No. of Traded Shares	Trading Value	No. of Transactions	Highest Price	Lowest Price	Closing Price
30/01/2014	1,489,647.00	5,566,848.58	37	4	3.3	3.75
27/2/2014	1,994,743.00	7,593,318.98	43	4.19	3.5	3.7
30/03/2014	70,938.00	263,618.10	7	3.96	3.65	3.65
30/4/2014	297,041.00	1,077,945.90	13	3.75	3.4	3.6
28/5/2014	2,564,638.00	8,270,272.45	37	3.5	2.95	3.18
30/6/2014	1,722,454.00	5,363,926.10	38	3.25	2.95	3
31/7/2014	1,150,291.00	3,614,159.25	28	3.5	2.8	3.16
27/8/2014	424,648.00	1,436,737.84	15	3.5	3.33	3.42
25/9/2014	387,888.00	1,325,750.02	9	3.6	3.4	3.6
16/10/2014	185,192.00	640,719.20	8	3.6	3.38	3.38
30/11/2014	1,056,474.00	3,581,357.14	16	3.51	3.06	3.16
29/12/2014	1,829,000.00	5,534,200.00	27	3.1	2.9	3
	<b>13,172,954.00</b>	<b>44,268,853.56</b>	<b>278</b>			

**b- Statement of comparative performance of the company share with the general market index and the index of the sector to which the company belongs**



Full in 2014	No. of Transactions	Trading Value	Market Value
<b>Abu Dhabi Aviation</b>	<b>278</b>	<b>13,172,954.00</b>	<b>44,268,853.56</b>
<b>Services Sector</b>	<b>47,124</b>	<b>3,079,676,291.00</b>	<b>9,006,550,579.87</b>

**c- Distribution of Shareholders Equity as at Dec. 31, 2014 (Individuals, Companies, Governments)**

Total		Individuals		Companies		Abu Dhabi Investment Council	
No. of Shares	No. of Shareholder	No. of Shares	No. of Shareholder	No. of Shares	No. of Shareholder	No. of Shares	No. of Shareholder
404,787,200	715	241,246,047	685	70,104,993	29	133,436,160	1

**d- Shareholders who own 5% and above of the company capital**

Neither of the company shareholders be they individual or companies own 5% or more except Abu Dhabi Investment Council which owns 30% of the company capital.

From the previous presentation it appears that the company shares are distributed as follows:

30% of the company shares equal to 133,436,160 shares owned by the Government of Abu Dhabi Emirate represented by Abu Dhabi Investment Council.

54.24% of the company shares equal to 241,246,047 shares owned by shareholders who are UAE citizens.

15.76% of the company shares equal to 70,104,993 shares owned by 29 UAE national companies.

According to the company articles of association the company shares can only owned by UAE citizenship holders.

**e- Main events of the company during 2014**

The company did not experience any main events during 2014 that might have affected the company.

**Chairman of the Board of Directors**