The Emirates Group

Report and Accounts

1997-1998

Emirates

DNATA

H.H. Sheikh Maktoum bin Rashid Al-Maktoum,
Vice President & Prime Minister of the UAE and Ruler of Dubai

H.H. General Sheikh Mohammed bin Rashid Al-Maktoum

Crown Prince of Dubai, UAE Minister of Defence

It is significant and appropriate that we should feature His Highness Sheikh Mohammed on the cover of the annual report of Emirates' most successful year yet - for he has been the motivating force behind the airline's success. Sheikh Mohammed started the airline (even choosing its name and livery) and today the dream of creating a quality international airline has been realised.

Under the guidance of His Highness Sheikh Maktoum bin Rashid Al-Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Emirates continues to grow, supporting Dubai's tourism and commercial activities as we develop into a truly global airline.

Chairman's Review

H.H. Sheikh Ahmed bin Saeed Al-Maktoum - Chairman of the Emirates Group

Sheikh Ahmed presented with TTG Europa's "Best Airline to the Middle East" award by Neil Thackray, of publishers Miller-Freeman.

It was the best year ever for the Emirates Group with a record profit of Dh 371 million, enabling us to declare a dividend to the Government of Dubai of Dh 40 million.

These fine results are the culmination of our efforts to constantly improve all departments of the company, not just to increase revenue but to enhance service, comfort, security and convenience for our customers.

I am often asked, "What is the reason for the success of the Emirates Group?" My reply is always the same: we have good people, we have good equipment and we never accept second best. Sounds simple but it is, of course, extremely difficult to achieve, requiring management of the highest order and continuous improvement.

At the time of the last annual report, Emirates had won 123 awards. Today we have over 150. Naturally, we were pleased when we won these awards but not just for the glamour and razzmatazz surrounding them, but also for the vote of confidence from our customers. We have made substantial investments in the new inflight entertainment system for our Boeing 777s and will continue to be the market leader with our choice of the Matsushita IFE system with infra red touch screens for all further new aircraft. Behind the scenes, particularly in Dnata, we have also invested in our service to speed up baggage delivery with the formation of a Quick Transfer Unit and the purchase of Rapid Delivery Vehicles.

The other awards which made us proud were the upgrading of the ISO9002 to ISO9001 for the Dnata Air Cargo Terminal Operations, adding to our unique ISO9002 for cabin crew training, with our engineering department also receiving this quality standards recognition.

We have strengthened the safety, training and overall quality control activities within the Group with the formation of a new division called Group Safety, Training and Standards, reporting directly to the Group Managing Director.

H.H. Sheikh Ahmed bin Saeed Al-Maktoum

Group Managing Director's Review

Maurice Flanagan - The Group Managing Director

As His Highness has said, 1997/98 was an excellent year for the Group, Emirates, the airline division, achieved another record profit of Dh 262 million, an increase of 135% over the previous year and Dnata also achieved strong growth with a net income of Dh 109 million bringing the total Group profit to Dh 371 million.

There were several significant milestones during the year. We carried 3.7 million passengers and 200,000 tonnes of freight for the first time, whilst at the airport Dnata handled 9.3 million passengers and 426,800 tonnes of cargo.

Maurice Flanagan and staff at the Airline of the Year Awards ceremony where Emirates won five golds including the top award.

Although the acquisition of new aircraft increased Emirates capacity by 26% compared to 1996/97, in what turned out to be quite a difficult year we managed to increase our load factor. As was general throughout the airline industry, there was continuing pressure on yield which dipped by 2.3% but this was offset by a reduction in unit costs by 4.9%.

This was a first class all round performance by the Group, not only by high-profile Emirates but also by Dnata with its airport, cargo and travel services which continue to make a vital contribution to the overall revenue. Cost-control and revenue production programmes went hand in hand as we developed many different major projects such as a Safety Review, Year 2000 Compliance, the Performance Matters programme, various staff activities, and the acquisition of a stake in Air Lanka. And we won the Inter-Airline Cricket Championship for the third successive year!

This report tells a remarkable story of how each department has sought and exploited opportunities to enhance both business and human factors.

We ended the previous fiscal year by announcing the order for 16 A330-200 aircraft and started this year by deciding to order two extra Increased Gross Weight Boeing 777-200's to be delivered towards the end of 1998 in response to irresistible demand. We are currently evaluating the A340-500 and the Boeing 777-200X, with a view to commencing ultra long-haul operations in 2002. These aircraft would enable Emirates to fly non-stop for example, from Dubai to Sydney and Dubai to New York, should we decide that this type of operation should be included in our medium-term strategy.

During the year we opened three new services to Dar es Salaam, Baku and Malta, the latter becoming our 44th destination.

The turmoil in Southeast Asia led to a shortfall in our results in the last quarter of the year but we believe the steps we are taking will enable us to weather this storm.

But running an airline is more than just making a profit and we decided that it was time in our development, after 13 hectic years, to bring in experienced consultants to carry out a Safety Check throughout the Group - the fact that objectively we did not appear to need one is irrelevant. We chose the British Airways subsidiary, Speedwing, who have spent an initial six months reviewing all aspects of our business. They have focused in the first phase on Flight Operations, Engineering, Dnata Cargo and Dnata Airport Services. Behind the scenes, too, is a development team from different areas of the Group undertaking the redesign and implementation of ongoing systems.

After completing a preliminary inventory and assessment of our Year 2000 compliance, the Group has launched Stage Two of the programme to ensure that Millenium Bug risks are eliminated or managed to safe levels. It is a huge task which involves not only every department in the company, but also suppliers of goods and services.

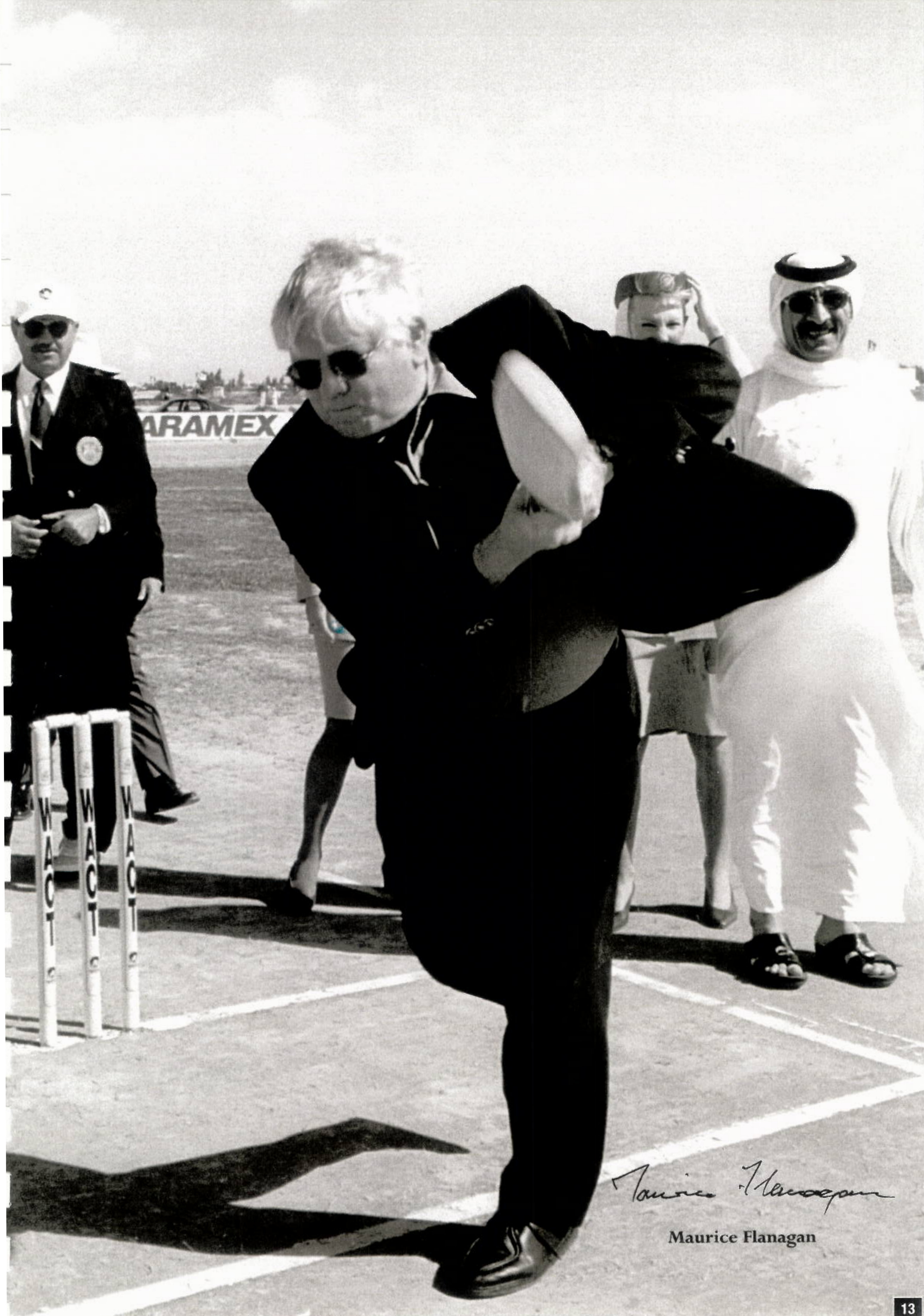
We have opened a new Technical Centre, the largest and most up-to-date in the Middle East region, we are expanding our flight simulator facilities in Dubai - both areas attracting significant Third Party custom - and we are looking forward to the expansion of the cargo complex at the airport to cope with the explosion of freight both for Dnata, the handler for all airlines, and Emirates.

On the last day of the year we acquired the first tranche of our 40% stake in Air Lanka and took over management control of the airline for a 10-year period. This is part of Sri Lanka's privatisation programme and we were granted this opportunity against tough competition following exhaustive and comprehensive studies conducted by the Government and its professional advisers.

We were delighted with all the awards we received, including the Executive Travel's Airline of the Year. We have now won three different international versions of Best Airline but we never let ourselves forget we are only as good as the last flight.

Our reputation rests upon the quality and dedication of our staff in which we are indeed fortunate. I thank them for their hard work and loyalty.

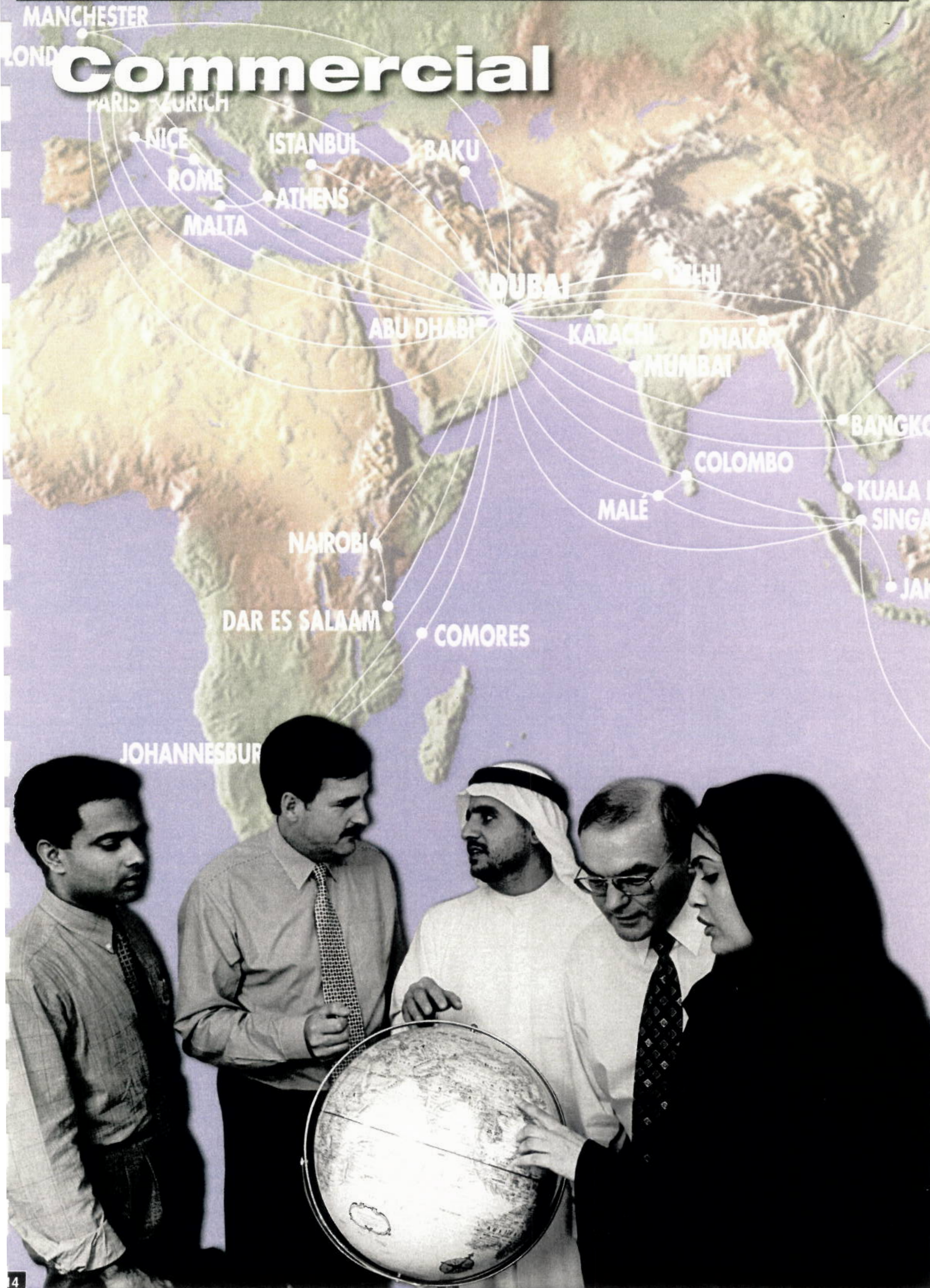
Outstanding performances by staff were recognised by the Chairman's Awards.



Maurice Flanagan

Maurice Flanagan

Commercial


MANCHESTER
NICE
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ISTANBUL
ATHENS
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DUBAI
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KARACHI
DHAKA
MUMBAI
COLOMBO
MALÉ
NAIROBI
DAR ES SALAAM
COMORES

It is very satisfying to report a 24.2% growth in revenue and a profit for the 10th successive year despite the downturn in the last quarter, due to the Southeast Asian meltdown.

Passenger numbers grew by 22.9% to 3.7 million.

Once again management and staff showed that the airline has truly come of age responding to socio-economic conditions in a professional way to protect the airline's market share while enhancing the service levels for our customers. The arrival of more Boeing 777s brought the Boeing fleet to seven and though we sold one of our Airbuses we completed the year with a fleet of 22 aircraft, an increase in capacity of 26% over the previous year, yet we still managed to achieve a seat factor of 70%. We were satisfied with the performance of the Rolls Royce-powered 777 and due to increased demand, we have ordered two more which will be delivered in October and November 1998.

Initial reports from the A330-200 indicate impressive results and we believe we have chosen another winner with our order of 16 of these aircraft with delivery from January 1999.

During the year, we started services to three new countries - Azerbaijan with Baku our first gateway in the CIS lands; Tanzania (Dar es Salaam) and Malta (Valletta) - and now serve 44 destinations.

Dar es Salaam - a new destination

The Commercial Division was reorganised during the year with the establishment of a Network Passenger Sales Development Department, a unit set up to develop and co-ordinate the implementation of Emirates world-wide passenger sales strategy. Sales force automation has received high priority and most sales executives now operate in a mobile "virtual office" environment with laptop computers, enhancing customer contact management and giving instant access to important data. In line with Emirates' objective to increase leisure business to Dubai, a visa department was established with the co-operation of the Department of Immigration to facilitate the processing of visas for visitors to the Dubai Shopping Festival '98. This facility will continue making it easier for passengers travelling to Dubai on Emirates to obtain visas.

The Staff Travel Department was transferred to Commercial and will become a commercially driven unit whilst increasing the focus on service delivery.

Emirates moved to a new office in Paris at 5 Rue Scribe in the Opera area and started to expand its sales operation into former Eastern Europe by appointing new General Sales Agents in Prague and Bucharest. A new GSA was also appointed in Spain.

We purchased office property in India and Pakistan and in Australia started our own operation, replacing the General Sales Agency.

Mohi-din Binhendi, Director General of Dubai Civil Aviation, was in the Emirates VIP inaugural delegation which received this colourful welcome at Malta.

SkyCargo

In a nutshell, the first three quarters surpassed our expectations but the last quarter was below planned levels due to the currency turmoil in the Asian countries and the reduction of imports from Europe.

But it was a brave and aggressive performance from SkyCargo with a total of 200,138 tonnes carried, a quantum leap from last year making a contribution of 15.9% to the airline's total revenue. This represents a growth of 25.3% in tonnage and 23.3% in revenue.

It is significant that a confident SkyCargo is predicting a 9.8% growth even in the difficult 12 months to come and in spite of concern for the Asian economies.

To achieve business objectives a more proactive role in the management of the supply chain was undertaken. We concentrated on the development and refinement of value-added services to anticipate and satisfy customer needs. A major project was commissioned to specify the detailed functionality of the Skynet Cargo System to provide automated reservations, tracking, Internet connectivity and distribution and management information systems. Implementation is planned for March 1999.

Emirates SkyCargo handling operations at Dubai Airport are scheduled to move, in February 1999, to a dedicated specialist cargo facility with an annual through-put of 400,000 tonnes.

There were more awards with Emirates winning the Best Air Cargo Carrier in the East and the West - from the Asian Cargo News and Air Cargo News.

During the year we continued to operate all-cargo services using a leased B747-200F from Atlas Air on the Dubai/Hong Kong/Dubai route and, in co-operation with KLM, on the Amsterdam/Dubai/Amsterdam route.

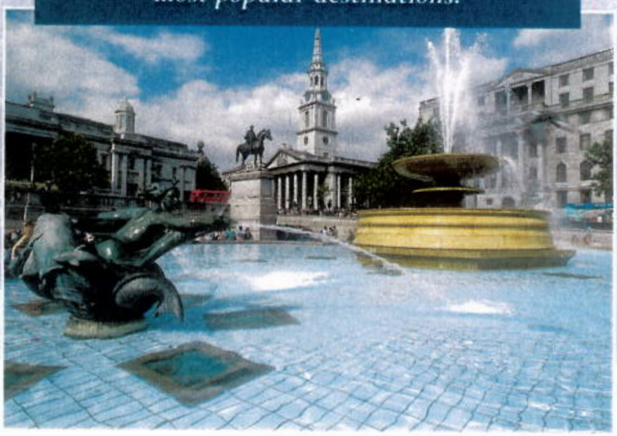
We appointed a GSA in Scandinavia and increased our off-line locations to six.

Destination and Leisure Management

Nothing symbolises the division's innovation and market leadership more than the announcement of the Al Maha eco-tourism resort which is now under construction in the desert with opening planned for January 1999.

The Destination and Leisure Management (DLM) division, consisting of Emirates Holidays, Arabian Adventures (and now Al Maha Hotel and Resort) showed a strong performance with total sales of Dh 269 million.

The UK is one of Emirates Holidays' most popular destinations.



To cater for its increasing business, DLM has embarked on the construction of its own office building on the Sheikh Zayed Road, Dubai and will move in September 1998, saving costs and enhancing the efficiency of various departments. The building will include the largest holiday travel shop in the region and a multi-purpose room with audio visual equipment for consumer promotions and training of staff.

It is expected that several milestones will be achieved in the next fiscal year. For the first time over 100,000 passengers will be serviced and sales will be in excess of Dh 300 million.

Emirates Holidays, now established as the largest tour wholesaler in the Gulf and Middle East region, managed to further develop the holiday market and increase market share.

Some 35,000 holidaymakers entrusted Emirates Holidays with their holiday plans: 42% of them came from the UAE while non-GCC markets made up a 27% share. The Top Destinations are the UAE, UK, Maldives, Egypt, Thailand, India, Turkey, South Africa and Singapore. Fastest growing destinations have been Greece, Malaysia, Lebanon and Australia.

Arabian Adventures, the largest destination management company in the UAE, has gained further market shares with close operation with leading international travel organisations.

Of the 59,000 passengers who booked tours with Arabian Adventures, 80% came from those on package holidays, 13% were enjoying stopovers in Dubai and 7% were members of incentive groups. Major markets have been the GCC, Germany, South Africa and UK. The most popular safari was the "Dune Dinner" and the runner-up was the Dubai City Tour.

One of the highlights of the year for Arabian Adventures was the direct involvement in the organisation and operation of the world's largest workshop for travel agents, the DERTOUR Reiseakademie.

Next year's highlights will include the expansion of our operation in other Gulf countries and organising a major car launch event with 1,900 participants from overseas.

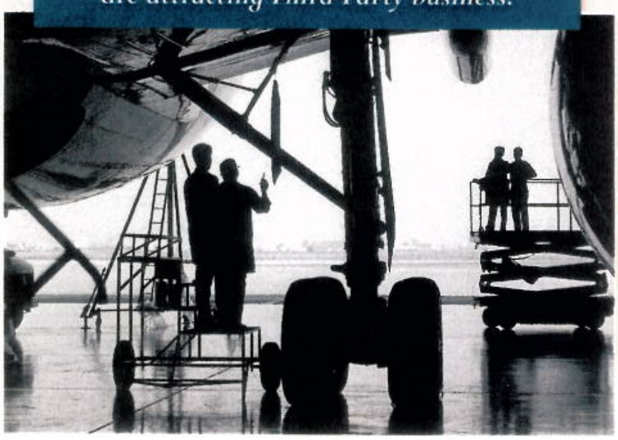
Operations

Engineering

In a record-breaking year, Emirates Engineering once again bested the industry demonstrating our unique achievement of the highest aircraft daily utilisation, coupled with one of the best technical despatch reliability records for the Airbus and Boeing 777 fleets.

Emirates Engineering moved into new facilities, the Emirates Technical Centre, which is the largest and most advanced aircraft repair complex in the Middle East. It will provide services ranging from heavy maintenance checks on our aircraft to sophisticated avionics repairs on computers. There are three wide-body bays capable of accommodating the largest aircraft in the industry. Hangers are fitted with the latest docking system, which is computerised and adjusts itself to the size and shape of the aircraft being maintained.

State-of-the-art maintenance facilities are attracting Third Party business.



There is an elaborate range of workshops including module change facilities for Rolls Royce Trent 800 and General Electric CF6-80 engines. In addition there are workshops for avionics, cabin interiors, wheels and brakes overhaul plus an aircraft painting shop. The first C check of an Emirates Boeing 777 was carried out in May 1998 in the new Technical Centre.

The commissioning of this facility, together with our JAR 145 approval, enhances Emirates ability to secure Third Party business.

Flight Operations

Flight Operations had its busiest year since the airline commenced operations in 1985.

The Emirates workforce now stands at 320, representing 42 nationalities, and will expand to just under 400 pilots by the end of 1998.

During the year we welcomed to our ranks five more UAE National Cadet Pilots, who graduated from a sixteen month training course with British Aerospace Flying College at Prestwick in Scotland, and are now under training to become First Officers with Emirates. The Prestwick course comprises more than 1,000 hours of classroom tuition, and 300 hours of flying training, which finishes on a jet simulator, operating as an Emirates crew. After that, the graduate pilot's introduction to the actual airline is smooth and seamless, and he will fly under supervision for about a year before being signed off as a fully fledged Emirates First Officer.

The order for a fleet of sixteen new Airbus A330-200 aeroplanes meant that we needed a brand new flight simulator. Work commenced in January 1998 to prepare its new home in the Emirates Training College. It will arrive from the manufacturer, CAE of Montreal, Canada, in July '98, and will be ready for training in September, giving us time to train for the first two A330s which arrive in January 1999.

Emirates now has nine other major International Airlines as valued customers for our flight simulators, which 'fly' on average for twenty hours a day, 365 days a year. In the financial year 1997/98, these Third Party sales contributed revenue of over Dh 10 million.

A new dark-blue uniform was introduced for flight deck personnel in October 1997.

Inflight Services

Up to 17 channels of video entertainment, even in Economy Class, on our Boeing 777s

It was a year of continuing excellence for the Emirates inflight service product climaxing with the award of the Airline of the Year 1998.

The carrier also won a gold award for "Best Cabin Crew", which was a welcome reward for the enormous effort which has been invested in recruitment (using the latest psychometric testing methods) and training.

Today our cabin crew number some 1,452 representing 58 nationalities from all over the world. On any Emirates' flight one can expect approximately six languages to be spoken by the crew.

The crew are based in Dubai where they are housed in modern accommodation, up to three sharing a three bedroomed apartment, with sporting facilities available.

A new uniform, designed by Paco Rabanne was introduced in October 1997, setting new standards for style, appearance and wearability. For the first time, the hostesses have the choice of skirt or slacks with a pullover for colder climates.

A final decision was made on the furnishings for the interiors of our new Airbus A330-200 aircraft which will begin replacing the existing Airbus fleet from January 1999.

We are now in the process of launching an air-to-ground service recovery facility using the aircraft fax machine to make immediate arrangements for specific customer requirements at the next destination or correct any customer service shortfalls.

Airport Services

Dnata Airport Services continued its rapid growth with a 12.7% increase in passengers at Dubai International Airport to over nine million and 16.5% increase in cargo handled. It was significant that the participation of staff in the quality team (QAT) programme improved customer service and productivity in all areas of ground operations, passenger and Marhaba services.

Against a background of the major reconstruction at the airport, the Red Cap (Dispatchers) operation continued to grow in size and respect by the airlines' captains and management personnel.

The Dnata Movement Control Centre is now in operation equipped with up-to-the-minute communication equipment. Ground Operations, Passenger Services and Engineering staff are represented in the centre.

The Baggage Reconciliation System (BRS) was successfully implemented and has already produced baggage delivery accuracy to a level which is being commended by the major airlines. The new departure control system (MACS) and multi-access check-in system (DMACS) have enhanced facilities for inflight handling and passenger services.

All departments have been planning and organising for the opening of the new Terminal Two, including manpower, ground support equipment and IT facilities. Twenty-seven carriers moved into the new terminal on May 1st 1998.

In a move to improve customer service for all airlines operating from Dubai International Airport, Dnata introduced dedicated flight supervisors from January 1998 responsible for handling and planning of departure flights from pre-check-in to post departure.

Also at the airport a Visa Services Unit to receive original visas and distribute to passengers on arrival is now totally staffed by UAE nationals.

In the coming year some of the highlights will include a Special Handling Unit for passengers requiring wheelchairs, stretchers and other special care plus an STPC (stopover) facility.

The addition of more Rapid Delivery Vehicles has improved baggage delivery times - now the average times are first bag on arrivals belt 12 minutes after actual time of arrival and last bag 25 minutes after ATA.

DNATA Engineering

Dnata Engineering saw the introduction of the towbar-less pushback tractors, the first in the Middle East. They are very popular with the operational staff and airlines. Dnata now has two and plans to move to fully towbar-less operations as the conventional units are gradually replaced.

Agencies

Dnata Agencies, the travel division of the Emirates Group provides a wide range of services to the public, the travel trade and the aviation industry. We are the General Sales Agent (GSA) for 33 airlines, retail through 28 Travel Shops, distribute travel products through our own computer network, provide specialist implants in key companies and operate extensive Outbound Tour programmes.

Dnata World Travel (DWT), the largest IATA accredited travel management service company in the Middle East, is part of a global network of leading business travel corporations under the joint venture company, Business Travel International (BTI). The Retail and Leisure divisions market an extraordinary range of air travel and holiday programmes to all corners of the world, with something to please every budget, taste and preference. The Meetings and Conventions division, World of Events by Dnata, organises, promotes and markets local and overseas meetings/conventions.

The awards came rolling in throughout the year with Malaysia Airlines, Eva Air, Kuwait Airways, Philippine Airlines, Lufthansa German Airlines and Emirates all recognising Dnata Agencies for its outstanding sales performance. Galileo Systems have also recognised Dnata Agencies for excellence.

As the Regional Managing Partners for BTI, Dnata Agencies started two years ago with only three partners. Today we are proud to have 14 partners in 13 countries in this region. The recent alliance between BTI UAE, the corporate travel arm of Dnata Agencies, and Omeir Travel Agency, BTI Abu Dhabi was one of the most significant partnerships.

Launched and pioneered by Dnata Agencies two years ago, World of Events by Dnata proved to be a great success not only in the local Dubai market but with the other BTI partners in the Middle East and West Asian region. Lately, Dnata Agencies has entered into a joint venture with Hogg Robinson BTI, to develop an Events Management structure to be available to 42 BTI partners across the globe. The main focus will be to actually develop ownership properties and products for sale and handling across the five continents.

Axis remains the largest travel agents' network in the Middle East comprising all GCC countries, Egypt, Lebanon, Jordan, Syria, Yemen, Pakistan, Sri Lanka and Maldives and the product range consists of hotels, apartments, car hire, theme parks, cruises, coach tours and transportation. Both Jetset and Axis will form elements of the 'Holidays by Dnata' division.

In line with our drive to deliver quality service to clients and improve our competitive edge, we will be looking at a fully integrated front and back office system that effectively integrates with Galileo. It is envisaged that this system will initially be installed for the Dubai market, following which it will be made available to our offices in other markets such as the U K.

An enhanced executive travel card known as Privilege Card has been introduced and is being offered to the top executives of our corporate clientele.

Government Travel Services successfully met their commitments during last year offering specialised service to all their corporate and government clientele and handling travel/ground arrangements for the delegates arriving as attendees to the local government-sponsored exhibitions and conferences.

A Marine Travel Division will start from November '98. It will exclusively handle the specialised business of ship's crew travel.

A solution to clients who have high travel expenditure but not enough to justify an implant is offered by the Satellite Ticket Printer (STP) from July 1998. The STP will be installed in the client's office, in order to print automated tickets with a touch of a button from a remote Business Travel location. This will reduce delivery time to clients to zero.

Cargo

It was a challenging year for Dnata Cargo in its operation of the Dubai Cargo Terminal with some 426,800 tonnes of cargo being handled - which is 22% more than the designed capacity of 350,000 tonnes. But it was a successful year, too, with our again being awarded the Best Cargo Terminal Operator and the upgrading of ISO9002 certified quality management system to ISO9001. In fact Dnata Cargo is the only terminal operator in the world with ISO9001.

Freightworks continued to expand.

In a major move, Dnata Cargo is constructing a new cargo terminal located on the north side of the airport scheduled for completion in November 1998. This new cargo handling facility will have the dual role of not only providing dedicated facilities for cargo charter handling and storage, but also offering full Air Cargo Terminal functionality to all users of the newly established Airport Free Zone. Dnata Cargo is also working closely with the Department of Civil Aviation to upgrade facilities in the existing Cargo Terminal and convert two existing engineering hangers into a dedicated cargo complex - one hanger will be converted into a 12,000 square metre Emirates Sky Cargo Centre and the other will become a 7,000 square metre Express and Mail Centre - as a result of which the total cargo throughput capacity will be increased from the current 350,000 tonnes to 1,000,000 tonnes annually by the end of next year. This is part of the Dubai Airport 20-year plan for cargo expansion in which the Division is actively involved.

Trans Guard, the UAE-wide Cash-In Transit Service, acquired two new state-of-the-art armoured vehicles bringing the fleet to four and introduced new services aimed at the Dubai bullion and jewellery trade.

Cargo Agencies (recently re-named CargoPartners) expanded its GSA portfolio to represent 27 airlines including Air Namibia and Evergreen International Airlines. In the coming year, CargoPartner will introduce full or partial operational station management, off airport off-line cargo feeder services to neighbouring airports and charter brokerage services.

FreightWorks, the leading UAE total logistics provider with an international agency network, showed an overall business growth of 30%. During the year it introduced LOMIS (Logistics Operations Management Information System) offering the latest front and back office total logistics automation for the business unit. In the next fiscal year, FreightWorks will set up a new company DLC - Dubai Logistics Centre - jointly with KLM, Emirates and Itochu which will offer warehousing and distribution services in the region in addition to launching its international franchise product.

Dnata Emery showed a 7% improvement compared to last year and for the first time entered the exhibition market, securing Airbus Industries' forwarding and site handling contract for Dubai Airshow '97. Projects for next year will involve entering the sea/air transhipment market in Dubai and exploring the opportunities for warehousing distribution in Dubai with current multinational accounts.

Finance

On the international scene, the Finance Department brought to a successful conclusion the financing programme for the seven B777 aircraft. With the delivery of EMJ aircraft, the project was completed, the largest single financing project ever undertaken for a UAE corporate amounting to $820 million and involving no less than 20 financial institutions worldwide.

On the domestic front, Emirates' revenue accounting system (RAPID - which has been completely developed in-house) continues to score dramatic productivity gains with a 30% increase in revenue documents being handled without any increase in manpower.

The expert knowledge of our revenue accounting staff on the RAPID system has been of great assistance to Mercator (Emirates' IT services division) in demonstrating the system to other airlines and in securing sales of the package so far to Royal Brunei, Air Zimbabwe and Air New Zealand.

Another system attracting interest from other airlines is Emirates fully integrated branch accounting system (COMET), which has also been developed completely in-house and has now been implemented at 30 overseas stations. It continues to give rise to major manpower productivity benefits.

In October 1997, we went "live" with a software package (ENCORE) providing line managers with an "on-line" facility containing up to date departmental cost information and analysis.

We were also involved in negotiations for the purchase of a 40% equity stake in Air Lanka.

Our management accounting team was actively involved in the "due diligence" process on the Air Lanka project and in the preparation of a new ten-year plan for the airline.

In addition, our treasury team designed a complex debt structure to accommodate the re-fleeting of Air Lanka having regard to the constraints of balance sheet and foreign exchange risk in a "soft currency" environment.

Internal Audit

The department has a staff of 20 auditors, most of whom are Chartered Accountants, Certified Public Accountants, Certified Information Systems Auditors or Certified Internal Auditors.

Commitment to the highest internal auditing standards is underlined by the fact that several members of the Emirates Group Audit Department have won international awards for professional achievement and hold prominent positions on such international professional bodies as the International Association of Airline Internal Auditors (Chairperson of the Executive Committee for 1998/99) and the Institute of Internal Auditors (Member of the International Relations Committee).

The coming year will see the launch of the "Risk Analysis Skills Transference" programme by which the auditors will assist the line managers in improving their skills of managing the Group's business risks more effectively.

Human Resources

On 31st March, 1998 the Group had 9,982 employees, a net increase of 786 over the previous year. Of this total, Dnata employed 4,670, Emirates 4,174 and outstation employees were 1,138.

The Group continues to be a popular employer. Some 60,375 job applications were received in 1997/98, an increase of 70% compared to the previous year.

Using employee self-service and other automated systems to streamline administrative processes, Human Resources have been able not only to serve in-house customers but also find time for more strategic planning and implementation.

The Human Resources home page on the Corporate Intranet has given us the ability to move information faster and cheaper, with increased flexibility, efficiency and productivity providing us a convenient electronic system for distributing and communicating policies and procedures, job postings, performance schemes and company benefits.

The availability of employee information and the ability to open performance reviews on the PC has further empowered our managers. As managers become more self-service oriented, they depend less on Human Resources which frees up time for more strategic partnerships.

The Performance Matters! initiative is succeeding and Group employees have adapted themselves to accept and appreciate it. Training for all head office departments has been completed and all outstation staff will soon finish their training.

The automated system, HR Review, allows managers and supervisors to open staff reviews electronically and provides access to employees to view these reviews whenever they want.

The Mabrouk Scheme is a three tier scheme which enables managers and supervisors to recognise employees and provide them with an appreciation for significant achievements. Bronze awards are meant to be given for one-off significant achievements and the Silver awards are meant to be given for more significant contributions at a department level. The highest and most prestigious award for an employee in the company is the Chairman's Award.

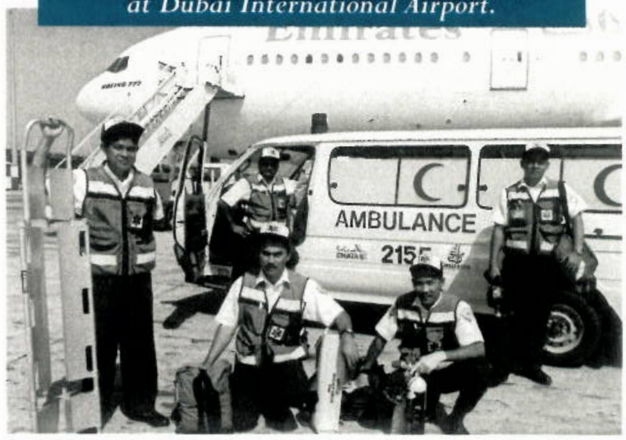
Health

The Emirates Group Clinic has continued to expand its services to staff and families over the past year. As well as looking after increasing numbers of staff, it is planned to open in the coming year a number of speciality clinics for their families.

In the fiscal year, we introduced a team of Emergency Medical Technicians to provide emergency medical help for any of our staff who might be injured while working on the ramp at Dubai airport. They are now actively teaching First Aid to our airport personnel and involved in a number of important occupational health measures to improve the general health and well-being of staff.

We have placed semi-automatic heart defibrillators on all our aircraft and given intensive training to senior cabin crew on their use in an emergency. Our equipment and training received full approval from the UAE Ministry of Health. We are one of the few major international airlines - and the first in the Middle East - to take this highly responsible and pro-active step to offer our passengers access to such life saving equipment in an emergency.

The Emirates Group Emergency Medical Technicians team on the ramp at Dubai International Airport.



Safety, Training and Standards

Towards the end of the financial year a new division within the Emirates Group was formed - Group Safety, Training and Standards - headed by Mohammed Al Khaja, the former Operations Director, reporting directly to the Group Managing Director.

Announcing the division, H.H. Sheikh Ahmed, the chairman, commented "Safety and security in the airline and airport industry are becoming even more vital topics, with training and development already recognised as helping the top companies prepare their people in the best way to serve the customer and organisation."

The division will include Engineering Quality Assurance, Group Security, Group Safety, Training and Development, National Development Training, Engineering Training, Safety and Emergency Training and Operations Training Facilities.

Training

During the year, training programmes ranged from targeting front line staff, like cabin crew and Dnata passenger services to personnel from Security and Emirates Engineering. There were also experiential courses on leadership, in the desert and in Switzerland.

Significant progress was made in the area of national recruitment and development with the Emirates Group named as Employer of the Year 1997/98 by the Higher Colleges of Technology.

Procurement & Logistics

Emphasis was placed on pursuing system and process improvements within the department. As an example of this, the requisitioning process of a number of non-aircraft related items was successfully automated, with the user accessing the system via the LAN. Following the success, the inclusion of other items is under development with a planned implementation during the first quarter of this financial year.

At a time when the Group has a long term commitment to a fleet replacement programme of new A330s for the existing A300/A310 aircraft, significant infrastructure projects have also been launched to support the growth including the new Engineering Centre, the expansion of the Emirates Training College, Al Maha Hotel and Resort, Destination and Leisure Management headquarters, and the Al-Ramool warehouse centre. These are in addition to the critical exercise of vendor selection for Buyer Furnished Equipment for the new aircraft. Such activity has placed vigorous demands across the spectrum of Procurement & Logistics and the department has responded to ensure that these deliveries are in accordance with the Group requirements.

Whilst 1997/98 has been a year of unabated activity, focus is now on 1998/99 during which period Procurement & Logistics will implement strategies to maintain its contribution and efforts towards the Group's continued success.

Customer Affairs & Service Audit

The need to listen and act on customer views and concerns has been a priority for the Emirates Group since inception. As our markets grow and customer expectations rise, we provide the opportunity for and encourage customers to give feedback on their travel experiences. This information is used to assist senior management in the strategic development of Emirates' services and products.

Customer Affairs & Service Audit acts as a catalyst for change and improvement in the pursuit of service excellence. During the past twelve months, stronger focus has been put on service audit activities and service recovery. A Manager Customer Relations has been appointed in the United Kingdom - a key market in the Emirates network - as well as a Customer Affairs Manager specific to the Arab community.

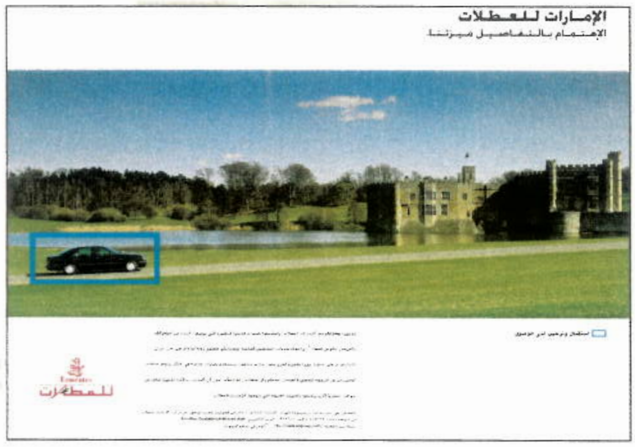
The goal of Customer Affairs & Service Audit is to win friends for the Group through effective and mature customer relations and market-directed improvement.

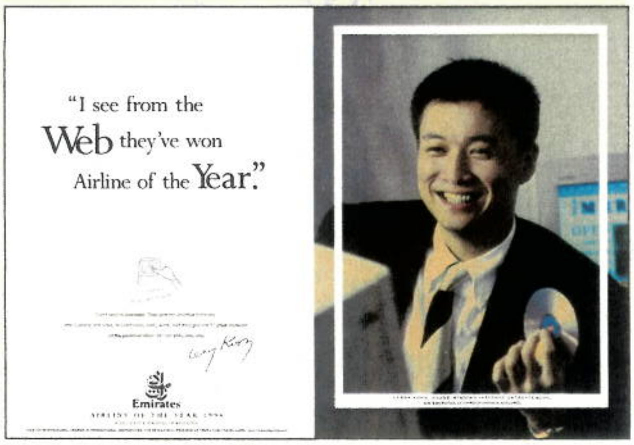
Corporate Communications

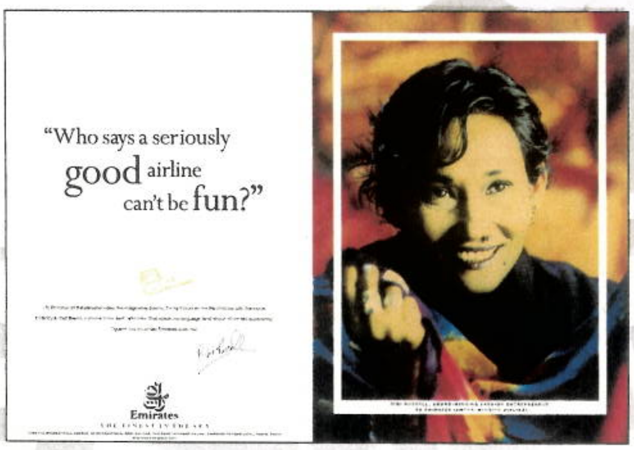
Media Relations

High spots of the year were the TV and press coverage we received in Australia in connection with the Chairman's first visit to the Melbourne Cup, the introduction of the new uniforms and the launch of Al Maha Hotel and Resort. Through the year Emirates was featured in hundreds of newspapers and magazines throughout the world. We also concentrated on TV and radio coverage with good results in France, Malta, Turkey, Germany, Switzerland and the UAE.

During the year more than 200 journalists were brought to Dubai and some 50 travelled onwards to other destinations.







Advertising

Research into the effectiveness of our current campaign - both qualitative and quantitative - was conducted in co-operation with Fortune, Newsweek, CNN/Eurosport and Carlton TV in the UK. Other markets researched included South Africa, the UAE and Singapore.

As a result of the findings from these surveys we improved our "award-winners" campaign. In fact, the campaign itself won, for the second year in a row, an award for the Best Travel Campaign in Europe.

We launched a full range of new corporate promotional literature consisting of product and service leaflets and sales presenters for Airbus and Boeing 777.

For SkyCargo we implemented a new corporate and tactical campaign.

Emirates Holidays launched "It's the details that make the difference" campaign with their first 30-second commercials on UAE TV and in cinemas and internationally on Pan Arab and Pan Asian satellite TV stations, together with press, radio and outdoor advertising in the GCC.

The Advertising Department worked closely with Destination & Leisure Management to develop the corporate identity and branding for the Al Maha Hotel and Resort, including newsletters, web site, and brochures for the World Travel Market and ITB exhibitions.

For Dnata, Advertising developed vibrant new bus designs for Dnata Travel, rebranded and relaunched Events by Dnata as World of Events by Dnata and produced a detailed brochure for Business Travel International. For the first time, AXIS was given a major press advertising thrust, supported by collateral material.

Among the 200 different items of print material were new Airport Services and TransGuard brochures while for Mercator we developed a strongly branded family of product brochures.


Emirates
2:03.85

Promotions

Most prestigious event of the year was our sponsorship of the Dubai World Cup, the richest horse race in the world, in which Emirates and Dubai shared the world TV limelight as Silver Charm and Swain battled to a photofinish.

The hardest task of the year was the creation of a full-scale replica of a suite at the yet-to-be-built Al Maha Hotel and Resort, for the ITB Travel Fair in Berlin, including a complete bathroom and furnishings. The finished article drew crowds to our stand in Berlin.

Biggest reception of the year in which we were involved was the Gala Party for exhibitors at the Dubai Air Show where for the fourth time Emirates co-hosted 4,500 guests, with Dubai Civil Aviation and Dubai Duty Free, with Rod Stewart as the star turn.

Most exciting of the events were the Offshore Powerboat Championships and the PGA Desert Classic.

Newest promotion is the announcement of Emirates becoming a Global Partner of the Cricket World Cup in England in May-June 1999.

Audio Visual

We introduced a three-monthly video news magazine as part of our Internal Awareness Drive and produced trade show and promotional videos tailored to specific events.

As support for Media Relations, the Audio Visual unit released a range of editable footage to TV stations covering most aspects of the Emirates Group including current TV commercials.

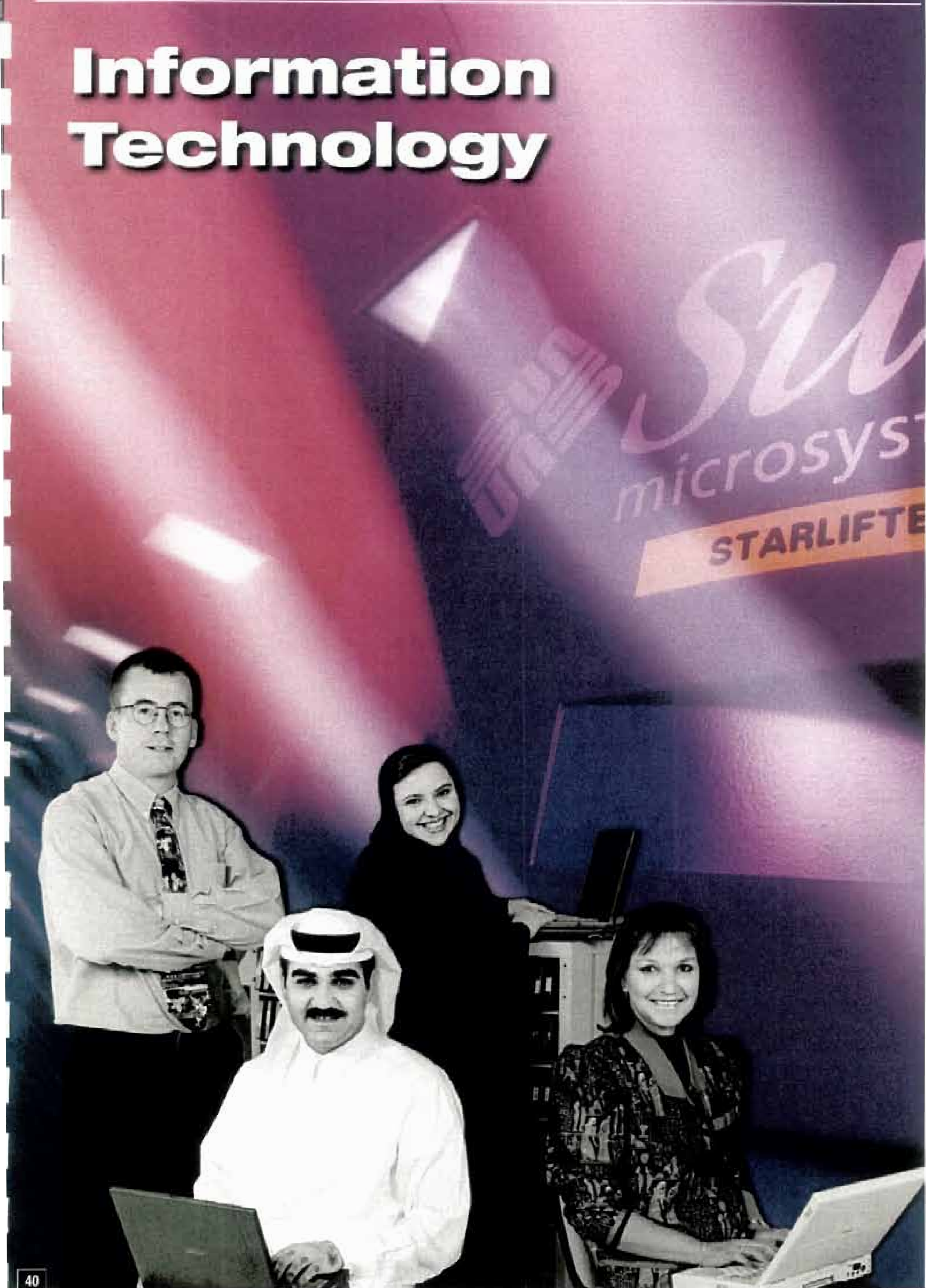
The unit also produced promotional support videos, non-reliant on existing video library resources, for Dnata Airport Services and for promoting the Al Maha Hotel and Resort.

Further steps were taken in the implementation of a computerised image database intended to support head office and offices throughout the network with an easy reference access to our corporate photographic resource.

Internet www.ekgroup.com

Our web site was enhanced with the addition of interactivity in the form of timetables and air waybill tracking. A completely new website was developed for the Al Maha Hotel and Resort at www.al-maha.com and a new site for Emirates Holidays is currently under production. The Digital Publications Unit is being expanded to place the Group at the forefront of our competitors.

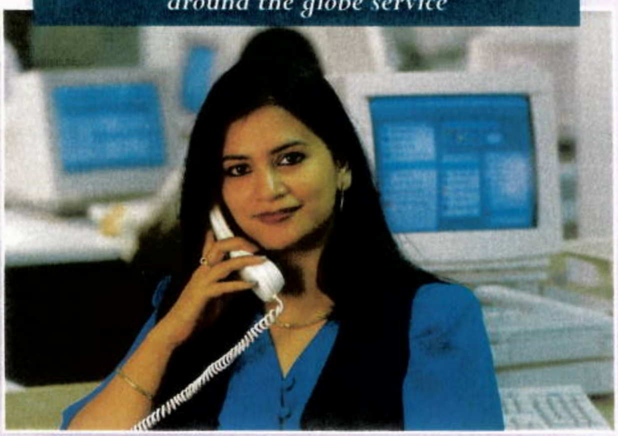
Information Technology



This has been both a challenging and a rewarding year for Mercator, the IT services division of the Emirates Group.

With the continuing growth of the airline and airport operations, the need for faster and more integrated communications has become essential. As a result of a very successful Research & Development programme, a communications revolution has taken place and Emirates is now one of the very few international airlines to be fully Internet based. Whereas other airlines have had to duplicate their networks - proprietary airline reservations and office systems - Mercator has been able to integrate these, and therefore avoid major cost increases.

Mercator offers around the clock, around the globe service



The advantages are that its Global Connect programme for automating and integrating overseas offices is more easily justified and can proceed at a faster rate. Local area networks in European sales offices are already benefiting from significant service and productivity improvements. PC laptops for sales force automation have been introduced into all regions and are putting the sales team into an advantageous position with timely access to sales performance and market intelligence data. By the year 2000, the whole of the Emirates Group should be operating on one integrated Internet infrastructure, managed from Mercator's communications centre in Dubai.

Of increasing concern to the business world are the issues relating to the threat of software failure due to year 2000 millennium bugs. The aviation industry is taking these issues very seriously and the Emirates Group has established a major assessment and qualification programme, co-ordinated by Mercator. Whilst we are confident of having our own systems and services tested and Year 2000 compliant, we are also taking a leading role in industry and community forums to ensure that external services are equally compliant. This will continue to be a focus of our attention in the run-up to the new millennium.

Growth of external sales of Mercator services and products have exceeded all expectations during the year. There have been significant revenue increases from the Galileo distribution in the UAE. In December, Mercator became the Galileo National Development Centre of Pakistan and has since introduced its services to agents in Karachi, Lahore and Islamabad. On the product side, the in-house developed system, RAPID, was successfully tendered by Mercator in a number of international projects. As a result of these, Mercator is currently in the process of working with five major airlines to implement the system in their accounting operations. RAPID is unique in that it has the functionality to manage both passenger and cargo revenue accounting and is now regarded as a 'best of breed' solution.

Mercator's organisation is gearing up to meet these expanding commitments, which, in the long run, will enable it to improve its services and quality to Emirates, Dnata and their associated companies. It will seek alliances and partnerships to control risk and expenditure. Resources are likely to be increasingly scarce in the coming year as worldwide Year 2000 demands increase and, therefore, measures have been taken to establish development centres in the Indian sub-continent.

Corporate structure

Group

Chairman	H.H. Sheikh Ahmed bin Saeed Al-Maktoum
Group Managing Director	Maurice Flanagan
Group Deputy Managing Director	Sultan Dhiyab Saqer Al Nahyan
Chief Director (Group Services)	Gary Chapman
Company Secretary	G.G.K. Nair
Finance Director	Dermot Mannion
Director Group Safety, Training and Standards	Mohammed Al Khaja
Head of Corporate Development	Khalid Al Kamda
Head of Corporate Communications	Mike Simon
Senior General Manager Customer Affairs & Service Audit	Richard Ng
Senior General Manager Information Technology	Hugh Pride
Senior General Manager Procurement & Logistics	Ahmed Al Mulla
General Counsel	Chris Walsh
Group Medical Officer	Dr. Alasdair G. Beatton
Chief Internal Auditor	Neeraj Kumar
General Manager of Chairman's Office	Ali Mubarak Al Soori
Chief of Group Security	Abdulla Al Hashimi

Emirates

Chairman	H.H. Sheikh Ahmed bin Saeed Al-Maktoum
Group Managing Director	Maurice Flanagan
Chief Director (Airline)	Tim Clark
Commercial Operations Director	Ghaith Al Ghaith
Senior General Managers:	
Projects	Capt. L. Smith
Flight Operations	Capt. G. Jenkins
Commercial Operations (West Asia & Pacific Rim)	Keith Longstaff
Commercial Operations (Europe & North America)	Nigel Page
Commercial Operations (Middle East, Africa & CIS)	Shoaib Khoory
Inflight Services	Don Foster
Engineering	Iftikhar Mir
Planning & Development	George Rickabaugh
Cargo	Ram Menen
Ground Services	Mohammad Mattar
Head of Destination & Leisure Management	Hans Haensel
Head of International & Industry Affairs	Tony Tayeh

Dnata

Chairman	H.H. Sheikh Ahmed bin Saeed Al-Maktoum
Group Managing Director	Maurice Flanagan
Group Deputy Managing Director	Sultan Dhiyab Saqer Al Nahyan
Director Dnata Airport Services	Ismail Ali Albanna
Senior General Manager Airport Services	Dale Griffith
Senior General Manager Dnata Cargo	Jean Pierre de Pauw
General Manager Dnata Agencies	Rashid Al Noori

Operating statistics

	1997-98	1996-97	1995-96	1994-95	1993-94
Emirates					
Total revenue (Dh'000)	4,089,114	3,292,079	2,805,058	2,506,933	2,203,595
Total expenditure (Dh'000)	3,826,701	3,180,554	2,724,236	2,411,877	2,114,028
Operating income (Dh'000)	401,957	234,004	165,597	186,576	181,430
Net income (Dh'000)	262,413	111,525	80,822	95,056	89,567
Yield (Fils per RTKM)	212	217	231	244	247
Unit cost (Fils per ATKM)	136	143	153	155	157
Breakeven load factor (%)	63.9	65.6	66.2	63.8	63.5
Fleet					
No. of aircraft	22	19	16	17	15
Average age (months)	58	61	58	63	52
Production					
Destination cities	44	41	38	34	32
Overall capacity (ATKM million)	2,670	2,118	1,707	1,478	1,281
Available seat kilometres (ASKM'000)	16,368,191	12,810,309	10,634,874	9,583,407	8,438,075
Traffic					
Passengers carried (number)	3,683,474	2,997,790	2,562,911	2,252,473	2,006,428
Passenger seat kilometres (RPKM'000)	11,450,569	9,109,572	7,461,177	6,527,764	5,894,844
Passenger seat factor (%)	70.0	71.1	70.2	68.1	69.9
Cargo carried (Kg'000)	200,138	159,720	129,560	107,897	86,872
Overall load carried (RTKM million)	1,850	1,461	1,171	996	867
Overall load factor (%)	69.3	69.0	68.6	67.4	67.6
Staff					
Average staff strength (number)	4,978	4,540	4,270	3,915	3,435
Capacity per employee (ATKM)	536,432	466,520	399,765	377,464	373,008
Load carried per employee (RTKM)	371,657	321,806	274,238	254,446	252,265
Revenue per employee (Dh)	821,437	725,128	656,922	640,340	641,512
Value added per employee (Dh)	308,897	261,916	228,412	244,768	238,831

Operating statistics

	1997-98	1996-97	1995-96	1994-95	1993-94
Dnata					
Total revenue (Dh'000)	509,167	426,069	376,999	318,993	272,136
Total expenditure (Dh'000)	400,370	343,398	314,073	268,428	244,157
Operating income (Dh'000)	88,882	67,347	52,210	42,551	21,343
Net income (Dh'000)	108,797	82,671	62,926	50,565	27,979
Aircraft handled (number)	47,947	43,757	41,871	37,658	32,337
Passengers handled (number)	9,290,016	8,240,740	7,344,980	6,457,208	5,803,911
Cargo handled (Kg'000)	426,813	366,467	331,778	264,055	222,671
Staff					
Average staff strength (number)	4,519	4,370	4,261	4,083	4,063
Revenue per employee (Dh)	112,672	97,499	88,477	78,127	66,979
Value added per employee (Dh)	91,175	79,197	71,253	64,740	56,052

Financial statistics

		1997-98	1996-97	% Change
Group				
Total revenue*	Dh (million)	4,436.5	3,585.4	23.7
Total costs*	Dh (million)	4,065.3	3,391.2	19.9
Operating income	Dh (million)	490.9	301.3	62.9
Net income	Dh (million)	371.2	194.2	91.1
Group liquid funds	Dh (million)	508.8	295.1	72.4
Shareholders' funds	Dh (million)	1,675.4	1,344.2	24.6
Return on shareholders' funds	%	24.6	16.0	8.6 pts
Value added	Dh (million)	1,942.2	1,523.6	27.5
Emirates				
Total revenue	Dh (million)	4,089.1	3,292.1	24.2
Total costs	Dh (million)	3,826.7	3,180.6	20.3
Operating income	Dh (million)	402.0	234.0	71.8
Net income	Dh (million)	262.4	111.5	135.3
Value added	Dh (million)	1,537.7	1,189.1	29.3
Dnata				
Total revenue	Dh (million)	509.2	426.1	19.5
Total costs	Dh (million)	400.4	343.4	16.6
Operating income	Dh (million)	88.9	67.3	32.0
Net income	Dh (million)	108.8	82.7	31.6
Value added	Dh (million)	412.0	346.1	19.0

*After eliminating inter company trading of Dh 161.8 million in 1997-98 (1996-97: Dh 132.8 million), comprising operating income/expense of Dh 154.3 million (1996-97: Dh 121.2 million) and non operating income/expense of Dh 7.5 million (1996-97: Dh 11.6 million).

The financial year of the Emirates Group is from 1 April to 31 March. Throughout this report all figures are in U.A.E. Dirhams (Dh) unless otherwise stated. The exchange rate of the Dirham to the US Dollar is fixed at 3.67.

The percentage change has been based on the exact figures before rounding in respect of the two financial years.

Income

Group operating income for 1997-98 was Dh 491 million, an increase of Dh 190 million (62.9%) over 1996-97.

Income before tax increased by Dh 180 million (90.0 %) to Dh 379 million.

After provision for taxation payable to overseas governments, net income registered a 91.1% increase to Dh 371 million from Dh 194 million last year.

Return on shareholders' funds improved by 8.6 percentage points to 24.6 %.

At the company level, Emirates operating income increased by Dh 168 million (71.8%) to Dh 402 million. Dnata's operating income increased by 32.0% to Dh 89 million from Dh 67 million the previous year.

Emirates' income before tax increased by Dh 154 million (131.3%) to Dh 271 million and net income by Dh 151 million (135.3%) to Dh 262 million. Dnata's income before and after tax increased by 31.6 % to Dh 109 million.

Revenue

Total Group revenue in 1997-98 was Dh 4,437 million, an increase of Dh 852 million (23.7%) over the previous year. Group revenue consisted of operating revenue of Dh 4,362 million and other income of Dh 75 million. (1996-97 Dh 3,545 million and Dh 40 million).

All inter company trading between Emirates and Dnata has been eliminated in computing Group revenue.

Emirates operating revenue rose by Dh 771 million (23.7 %) to Dh 4,027 million. Other income for the year was Dh 62 million, up from Dh 37 million in 1996-97.

Passenger revenue at Dh 3,243 million was 24.0% higher than last year, while cargo and related revenue grew by 23.3% to Dh 638 million. Passenger and cargo revenue (including courier, mail and excess baggage) constituted 97.6% of Emirates' total operating revenue.

Dnata's operating revenue increased by 19.1% over last year to Dh 489 million. Other income for the year increased to Dh 20 million from Dh 15 million in 1996-97.

Expenditure

Group operating costs at Dh 3,871 million were Dh 627 million (19.3%) up over last year.

Total expenditure including financing costs and taxation was Dh 4,065 million, a rise of Dh 674 million (19.9%) over last year.

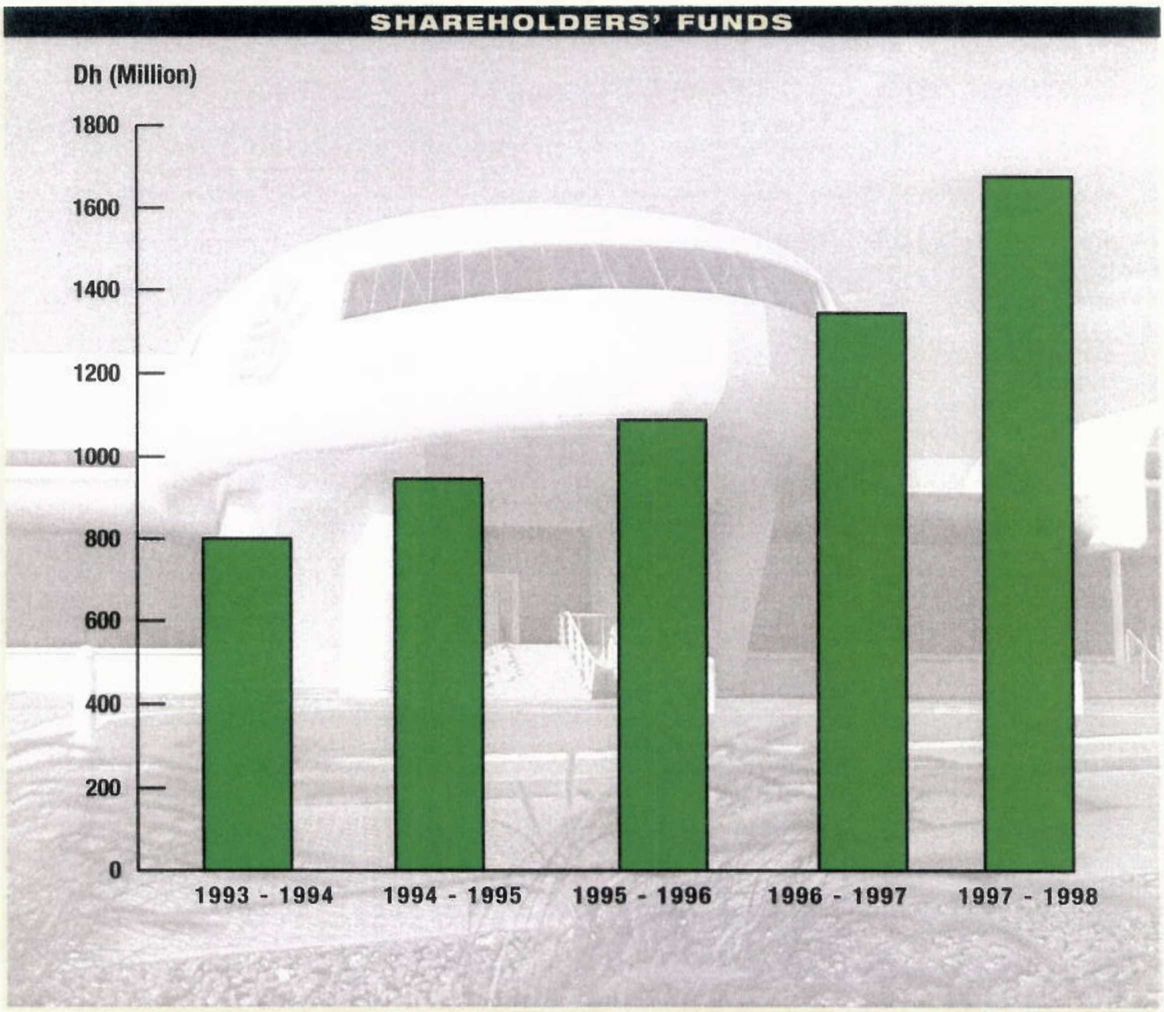
The increase in costs came mainly from higher staff expenditure (Dh 134 million or 15.7%), depreciation and amortisation (Dh 61 million or 18.6%), airline sales and marketing costs (Dh 153 million or 36.5%), aircraft maintenance (Dh 71 million or 66.5%) and other airline direct operating costs.

Capital expenditure

Group capital expenditure for 1997-98 was Dh 1,083 million, a reduction of Dh 416 million from the previous year's level of Dh 1,499 million. Aircraft, spares and spare engines comprised 78% of the total capital spend. This included disbursements for aircraft deliveries during the year and progress payments for future deliveries.

Financial position

At 31 March 1998, the Group's financial position showed significant improvement with liquid funds of Dh 509 million (1996-97: Dh 295 million) despite substantial cash outflows during the year in respect of advance payments for new aircraft of Dh 370 million (1996-97: Dh 191 million). Shareholders' funds at 31 March 1998 were Dh 1,675 million, up Dh 331 million (24.6%) from 31 March 1997.



Value added

Value added is a measure of wealth created. This statement shows the value added by the Group over the past five years and its distribution by way of payments to employees, governments and to providers of capital. It also indicates the portion of wealth retained in the business.

		1997-98	1996-97	1995-96	1994-95	1993-94
		Dh'000	Dh'000	Dh'000	Dh'000	Dh'000
Total operating revenue		4,361,528	3,544,800	3,026,701	2,691,562	2,365,198
Less:	Purchase of goods and services	2,494,002	2,066,740	1,785,898	1,501,483	1,336,428
	Loss on sale of fixed assets		2,279	2,338	1,403	602
Add:	Profit on sale of investments		5,018			
		1,867,526	**1,480,799**	**1,238,465**	**1,188,676**	**1,028,168**
Add:	Profit on sale of fixed assets	5,322				
	Investment income	38,306	12,255	16,601	20,521	9,498
	Non-operating income	28,735	28,178	17,189	11,052	8,141
	Share of profits of associated companies	2,304	2,355	1,759	901	2,173
Total value added by the Group		**1,942,193**	**1,523,587**	**1,274,014**	**1,221,150**	**1,047,980**
Distribution of value added:						
To employees - salaries and other staff costs		990,665	856,534	762,653	671,766	588,401
To overseas governments -						
	Corporation and other taxes	8,115	5,415	1,817	9,123	8,373
To suppliers of capital -						
	Dividends	40,000	25,000	-	25,000	25,000
	Interest	186,413	142,249	105,453	105,454	96,064
Retained for re-investment and future growth -						
	Depreciation and amortisation	385,790	325,193	260,343	289,186	237,596
	Retained profits	331,210	169,196	143,748	120,621	92,546
Total value added		**1,942,193**	**1,523,587**	**1,274,014**	**1,221,150**	**1,047,980**

Emirates

In 1997-98, the total 'value added' of the Group increased by Dh 419 million (27.5%) to Dh 1,942 million (1996-97: 1,524 million). The increase came mainly from increased revenue (Dh 817 million) while the cost of purchases of goods and services increased by only Dh 427 million.

Staff received Dh 991 million (51.0% of the total value added) in the form of salaries and other related costs including a profit share whilst distributions as taxation, interest and dividends were Dh 234 million (12.1%).

The amount retained in the business for future growth was Dh 717 million (36.9%).

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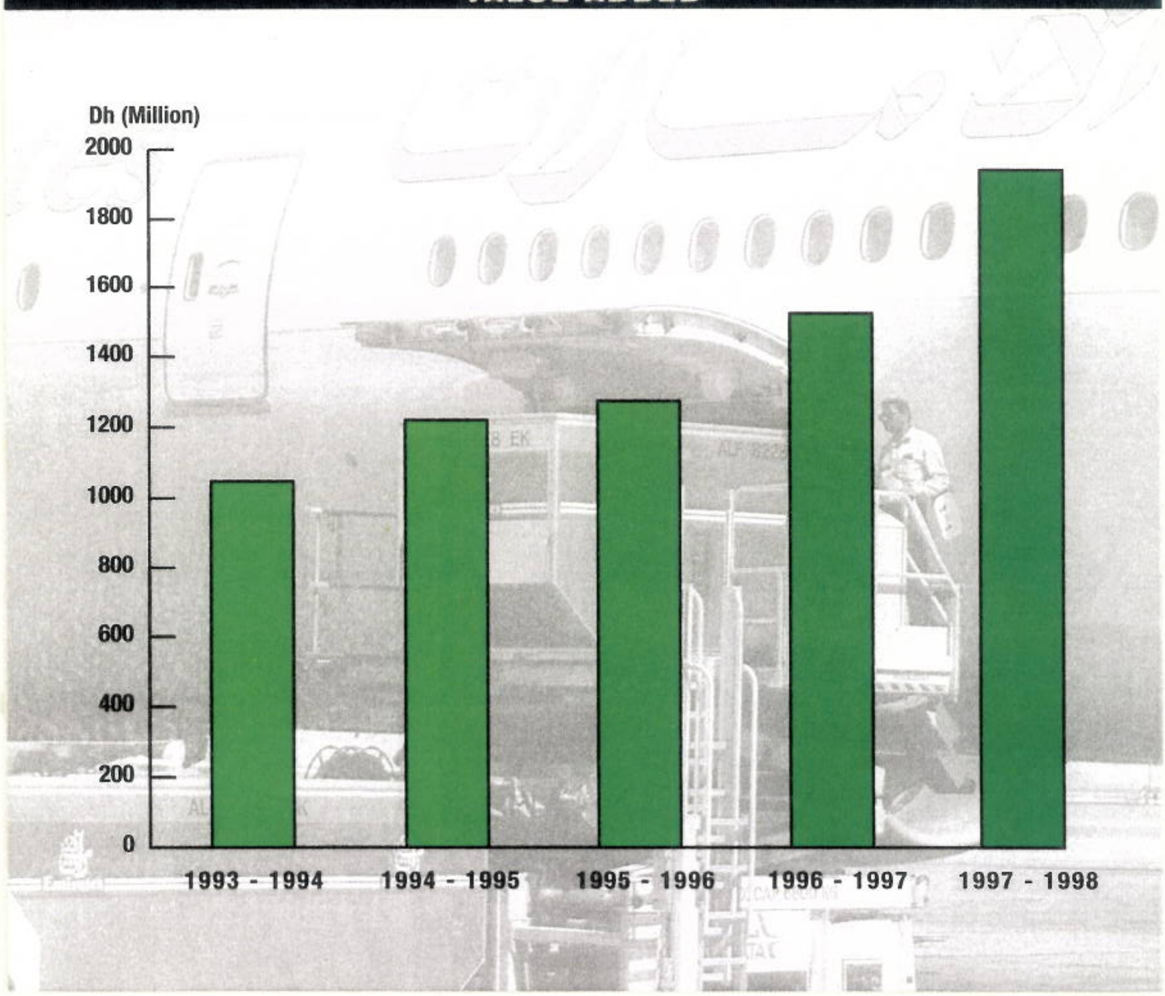
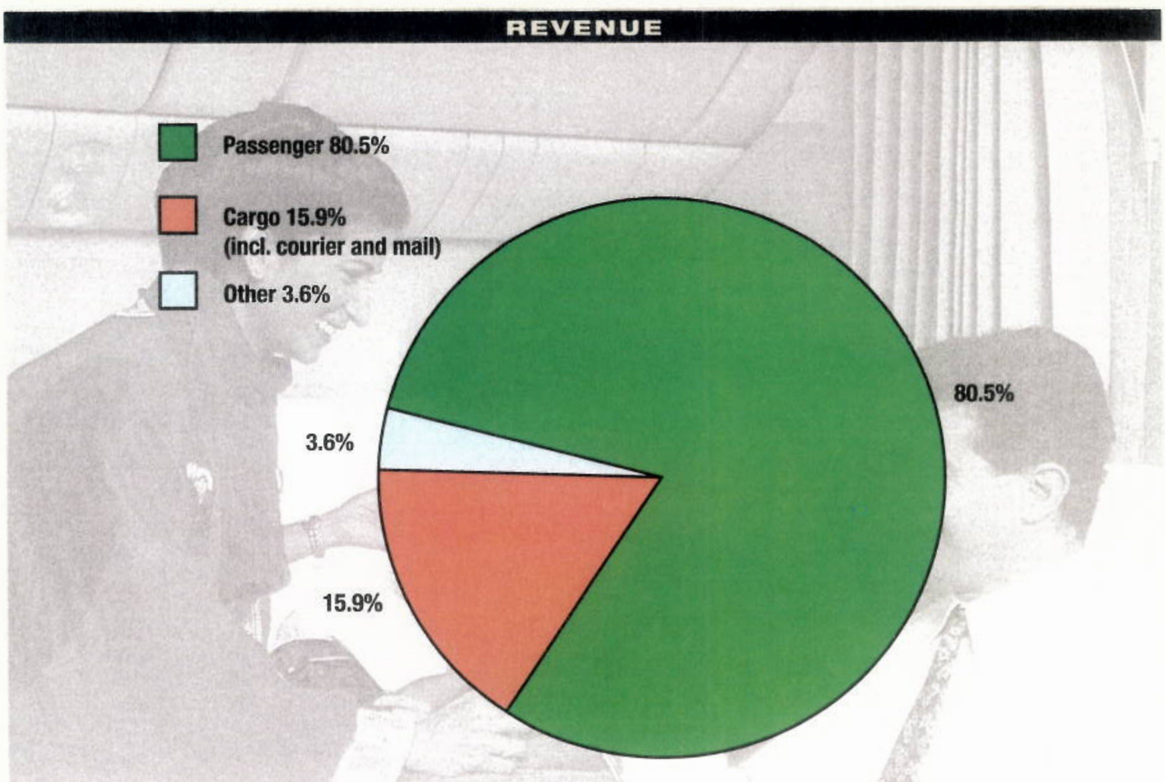


Emirates

Revenue

	1997-98 Dh (million)	%	1996-97 Dh (million)	%
Passenger	3,243	80.5	2,615	80.4
Cargo	566	14.1	459	14.1
Excess baggage	49	1.2	43	1.3
Courier	59	1.5	48	1.5
Mail	13	0.3	11	0.3
Revenue on scheduled services	**3,930**	**97.6**	**3,176**	**97.6**
Non-scheduled services	1	0.0	1	0.0
Transport revenue	**3,931**	**97.6**	**3,177**	**97.6**
Inflight catering	40	1.0	36	1.1
Emirates Holidays	38	0.9	28	0.9
Other	18	0.5	14	0.4
Total operating revenue	**4,027**	**100.0**	**3,255**	**100.0**



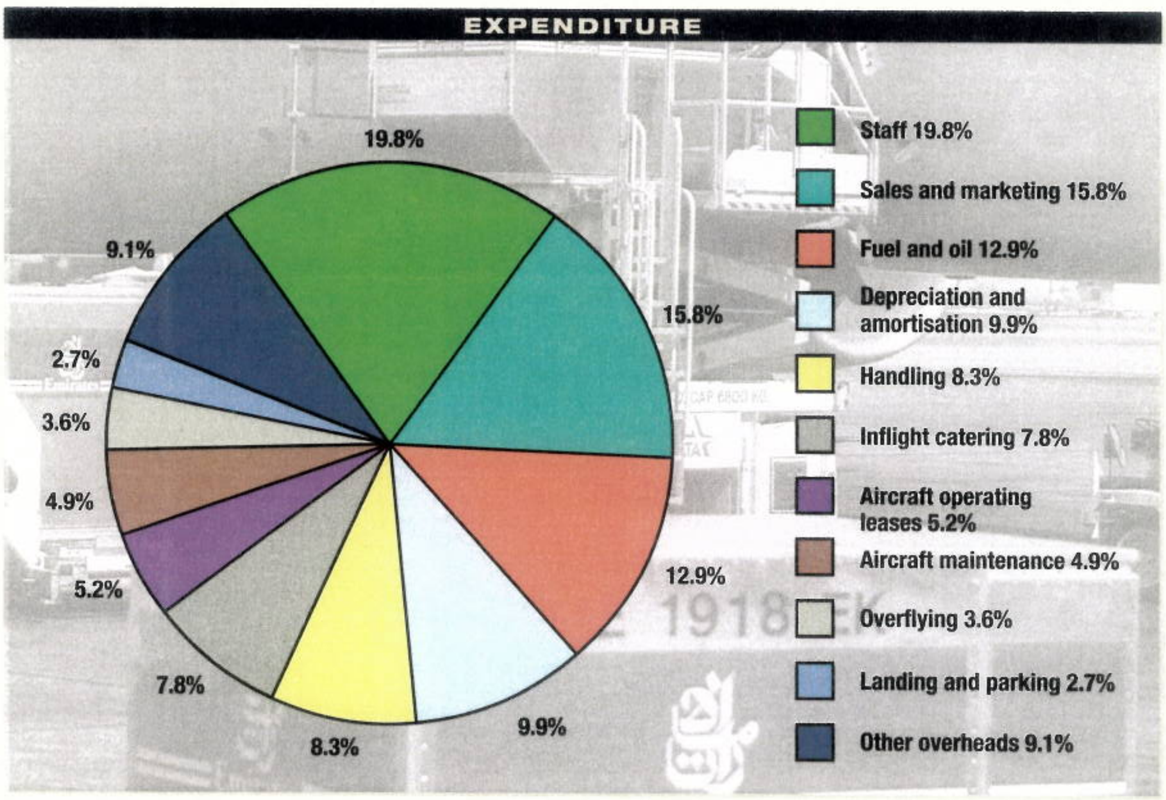
Emirates

Expenditure

	1997-98 Dh (million)	%	1996-97 Dh (million)	%
Staff (1)	716	19.8	622	20.6
Sales and Marketing	573	15.8	420	13.9
Fuel and oil	469	12.9	438	14.5
Depreciation and Amortisation	357	9.9	296	9.8
Handling	300	8.3	256	8.5
Inflight catering	284	7.8	238	7.9
Aircraft operating leases	189	5.2	136	4.5
Aircraft maintenance	178	4.9	107	3.5
Overflying	130	3.6	116	3.8
Landing and parking	100	2.7	87	2.9
Corporate overheads	329	9.1	305	10.1
Total operating costs (2)	**3,625**	**100.0**	**3,021**	**100.0**

(1) includes in-house engineering staff

(2) excludes interest and financing charges



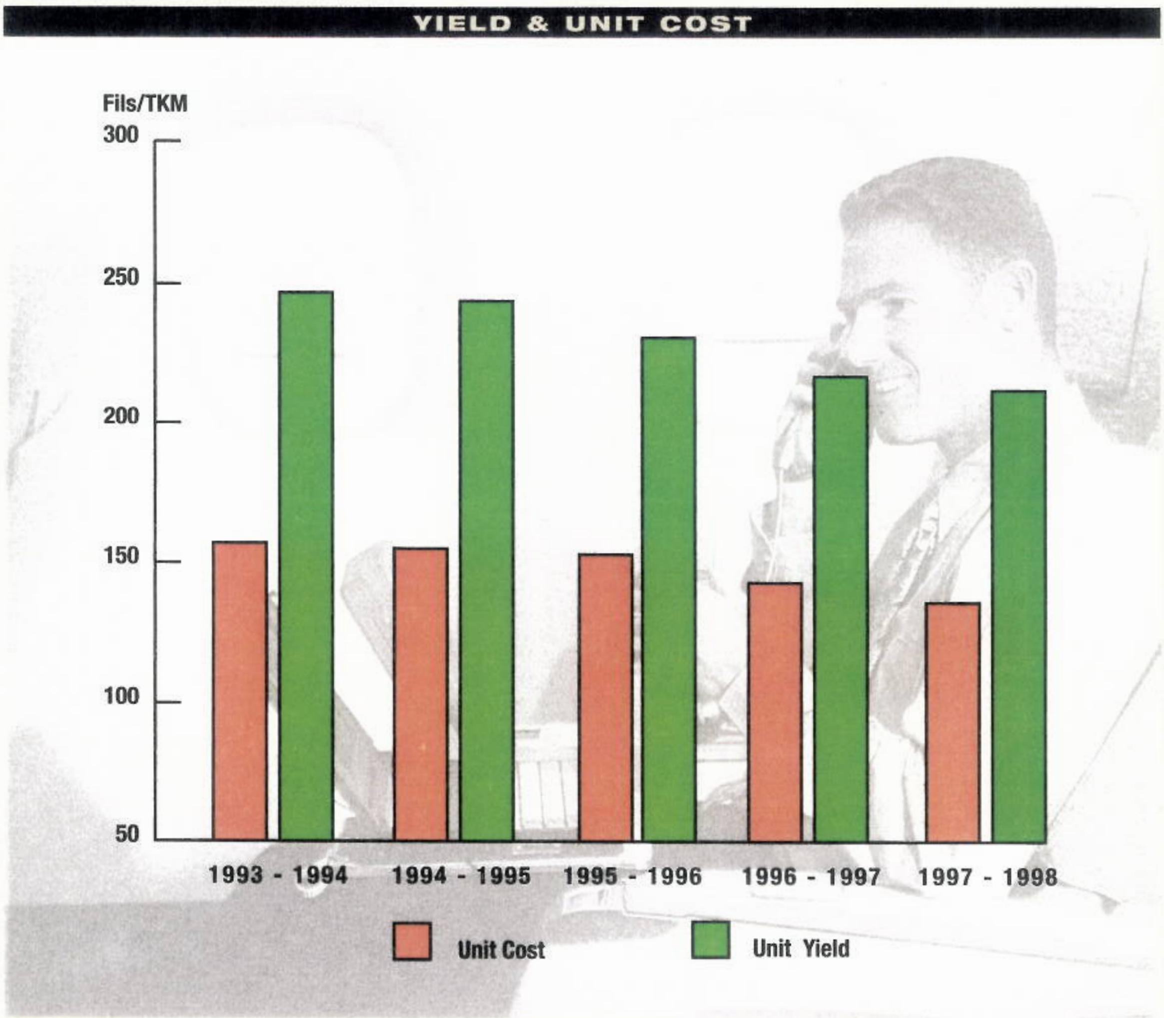
Emirates

Yield, unit cost and breakeven load factor

Overall yield reduced by 2.3% to 212 fils per tonne-kilometre, with passenger yield dropping by 1.3% and cargo yield falling by 5.0% due to increase in long haul activity.

Unit cost improved by 7 fils (4.9%) to 136 fils per capacity tonne-kilometre as capacity growth continued to outpace the increase in operating expenditure.

Breakeven load factor improved 1.7 percentage points to 63.9% from 65.6% last year. The load factor gap - the difference between the overall and breakeven load factors - increased from 3.4 percentage points last year to 5.4 percentage points.



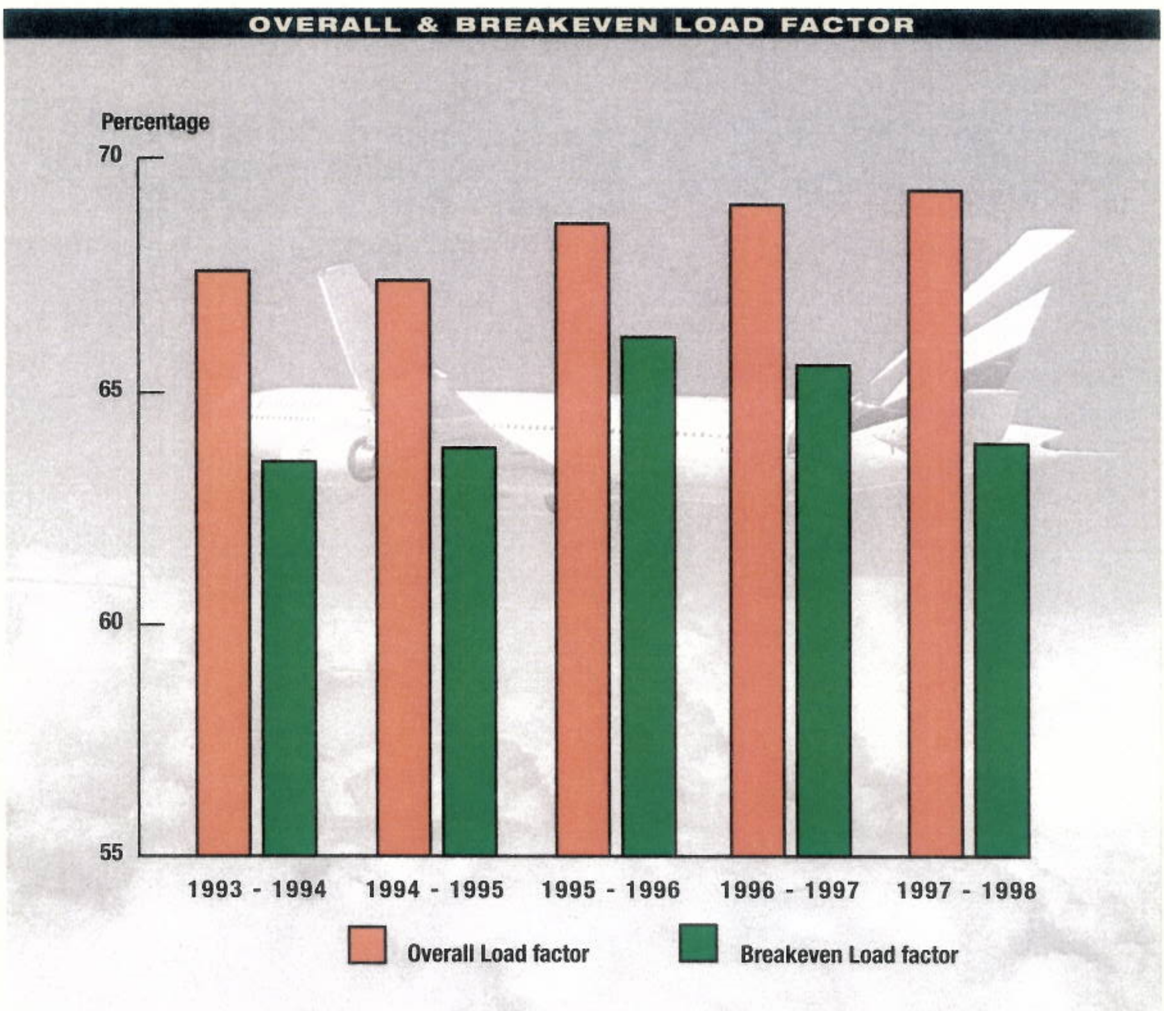
Capacity, traffic and load factor

Traffic increased 26.7% to 1,850 million tonne-kilometres, slightly outpacing the capacity increase (26.1% to 2,670 million tonne - kilometres).

The increase in traffic came principally from:

- introduction of 4 new B 777 aircraft to European and Far Eastern destinations.
- introduction of three new destinations during the year - Baku, Dar es Salaam and Malta.
- increase in capacity by 78% to East and Southern Africa
- increase in freighter operations (24% higher compared with the previous year)
- full year effect of services introduced during the previous financial year

The overall load factor improved by 0.3 percentage points to 69.3%, continuing the positive trend year on year. Passengers uplifted reached 3.7 million in 1997-98, representing an increase of 22.9% over last year. The passenger seat factor slipped by 1.1percentage points to 70.0%. Cargo carried in 1997-98 was 200,138 tonnes, representing an increase of 25.3% over last year.



Emirates

Staff strength and productivity

In the year under review, the company's average workforce rose by 438 (9.6%) to 4,978.

A breakdown of the number of staff by category is shown below:

	1997-98	1996-97
Cabin crew	1,420	1,225
Flight deck crew	309	288
Engineering	503	485
Other (includes all administrative & support staff for operating departments)	2,746	2,542
Average staff strength	**4,978**	**4,540**

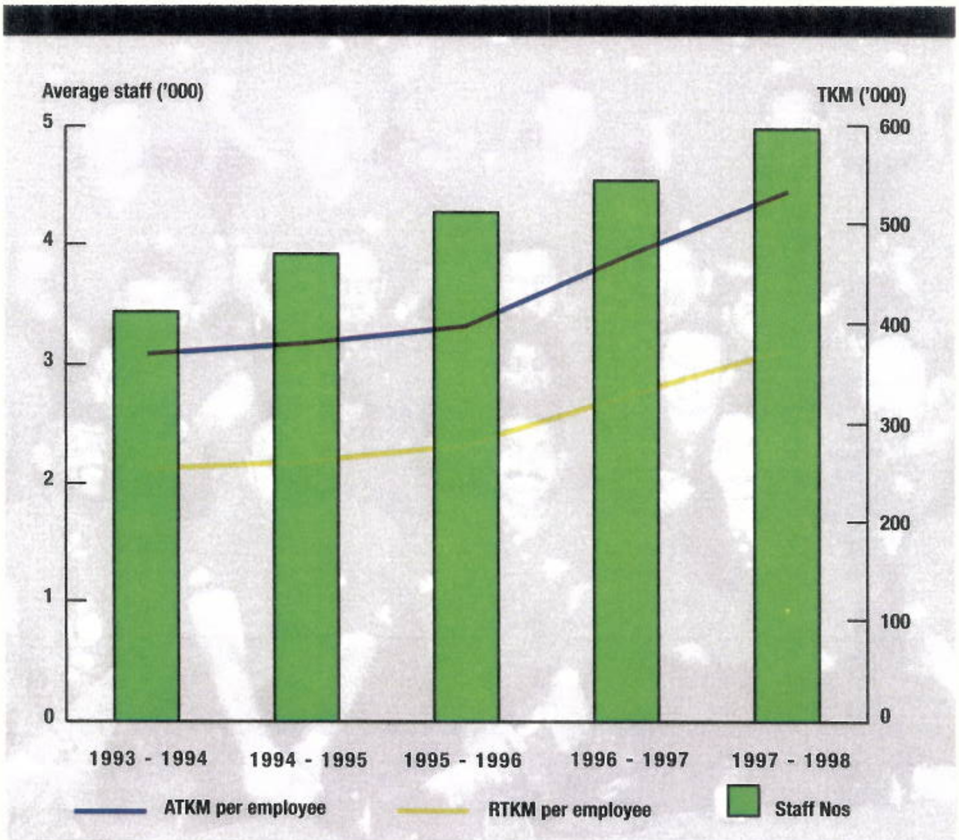
Employee productivity, measured in terms of revenue per employee, rose by 13.3% to Dh 821,437 from Dh 725,128 in 1996-97.

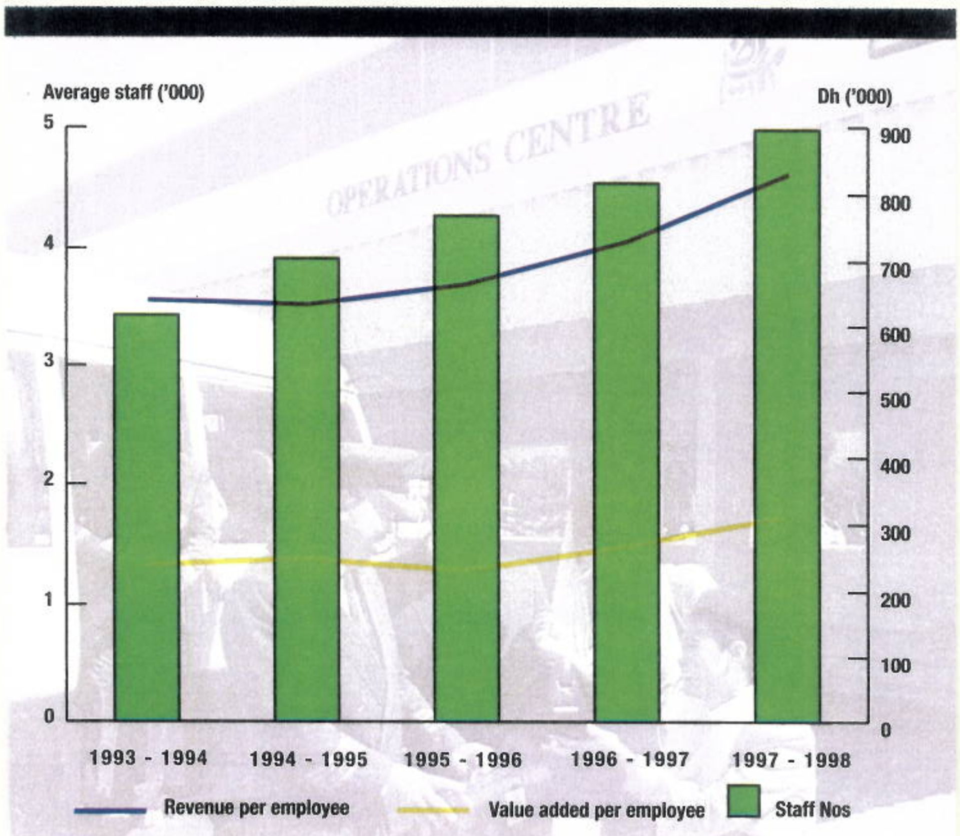
Capacity per employee improved for the eighth straight year with a 15.0% increase in ATKM's to 536,432 (1996-97 : 466,520). In addition, load carried per employee increased by 15.5% to 371,657 RTKM's (1996-97: 321,806).

Value added, which is a measure of wealth created by Emirates during the year, was Dh 1,538 million up 29.3% on last year (1996-97: Dh 1,189 million). This is equivalent to Dh 308,897 per employee compared with Dh 261,916 the previous year.

Emirates

Staff strength and productivity



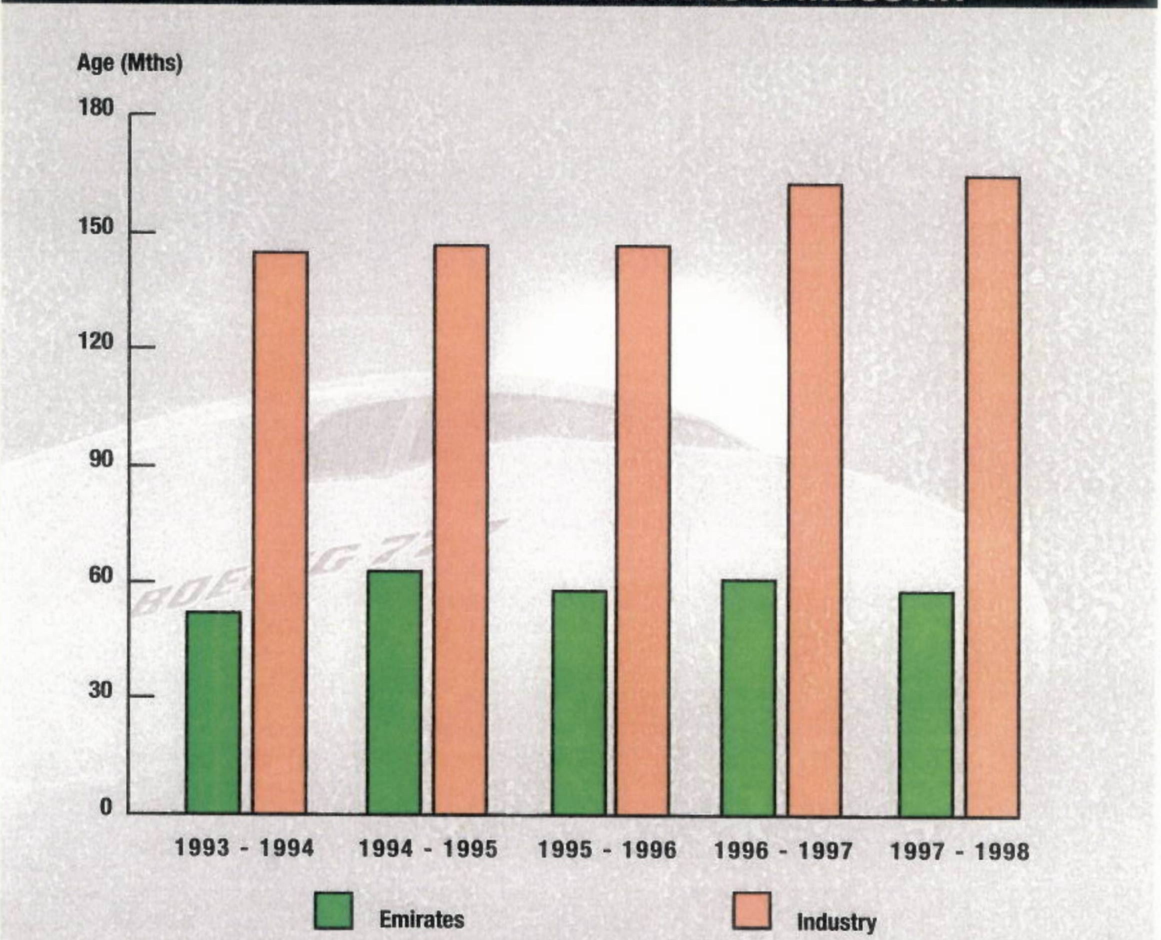


Emirates

Fleet information

Aircraft	In operation	On firm order	On option
B777-200	7	2	4
A310-300	9	-	-
A300-600R	6	-	-
A330-200	-	16	7
Total	22	18	11

AVERAGE FLEET AGE: EMIRATES & INDUSTRY

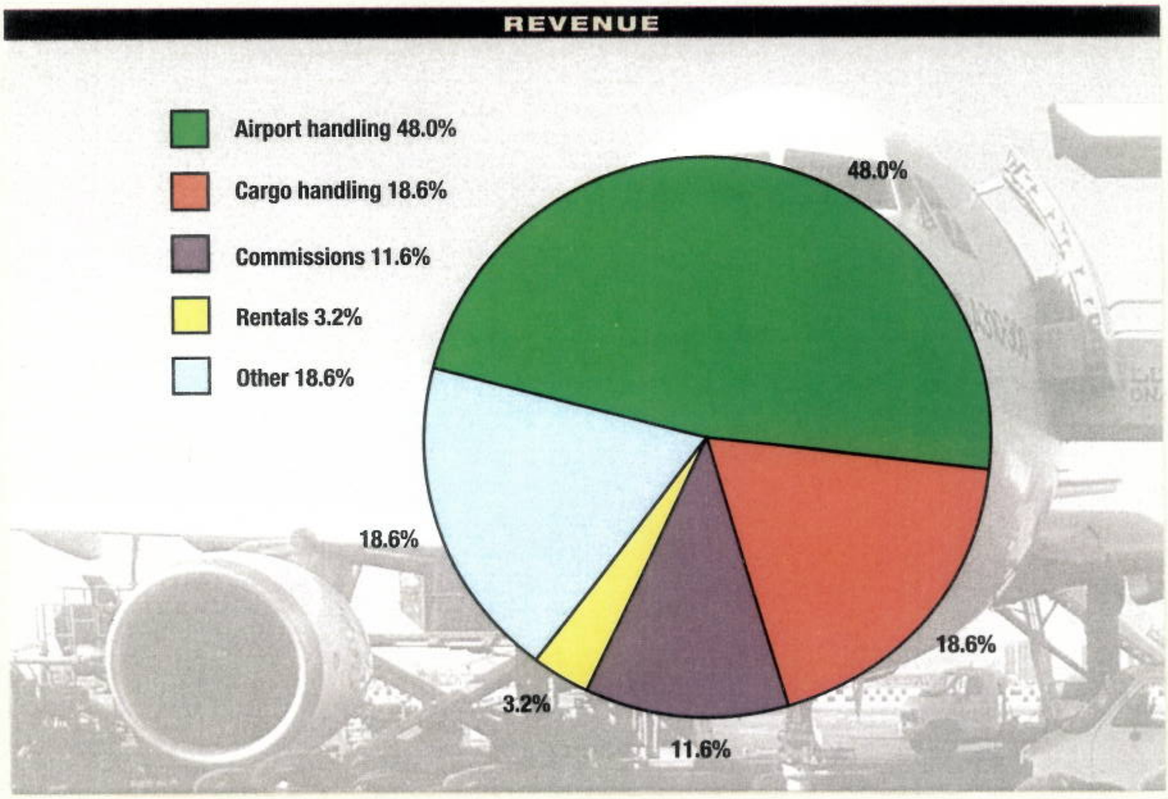


Average age of Emirates fleet: 4 years and 10 months at 31 March 1998

Emirates

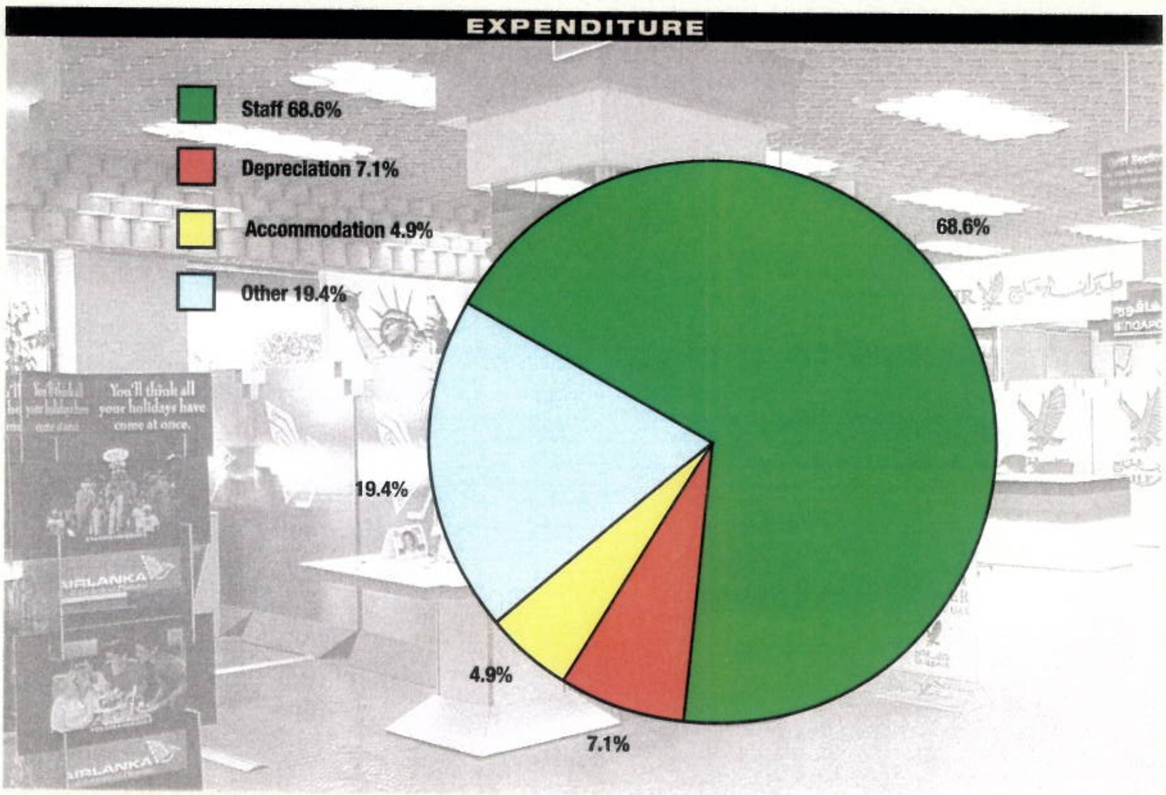
Revenue

	1997-98 Dh (million)	%	1996-97 Dh (million)	%
Airport handling	235	48.0	198	48.2
Cargo handling	91	18.6	80	19.5
Commissions	57	11.6	50	12.1
Rentals	16	3.2	10	2.4
Other	90	18.6	73	17.8
Total operating revenue	**489**	**100.0**	**411**	**100.0**



Expenditure

	1997-98 Dh (million)	%	1996-97 Dh (million)	%
Staff	275	68.6	234	68.3
Depreciation	28	7.1	29	8.4
Accommodation	19	4.9	16	4.6
Other	78	19.4	64	18.7
Total operating costs	**400**	**100.0**	**343**	**100.0**

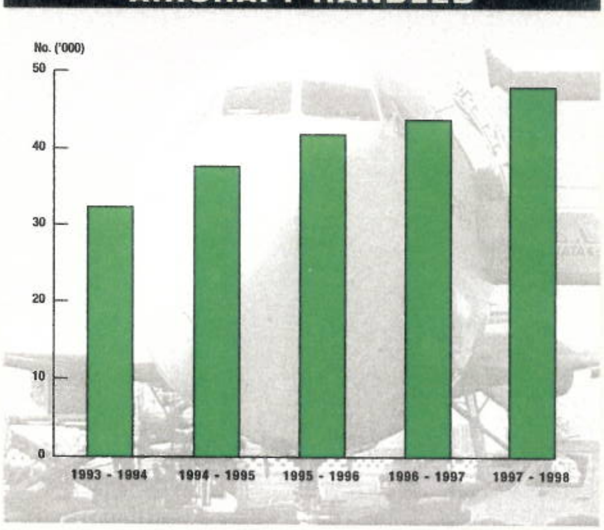


Aircraft, passengers and cargo handled

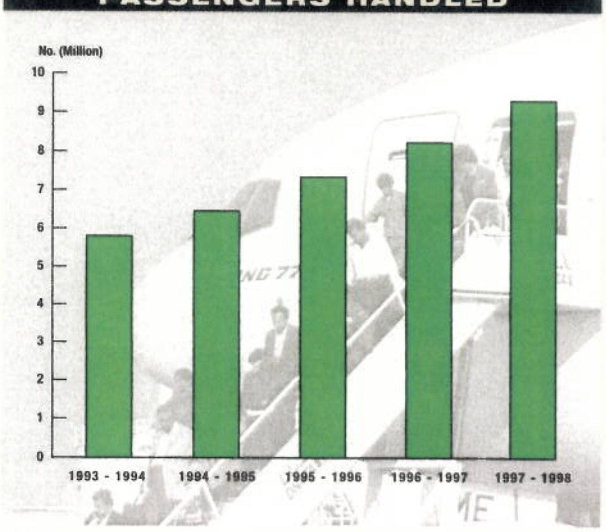
Dubai International Airport maintained its impressive growth amidst an expansion programme launched during 1996-97.

- The number of aircraft handled during the year rose to 47,947 compared with 43,757 during 1996-97, representing an increase of 9.6%.
- The number of passengers handled during the year rose to 9.3 million compared with 8.2 million during 1996-97, an increase of 12.7% over the previous year.
- The volume of cargo handled during the year increased by 16.5% to 426,813 tonnes (1996-97 : 366,467).
- The number of scheduled international airlines operating to Dubai International Airport increased to 95 during the year 1997-98 (1996-97 : 90).

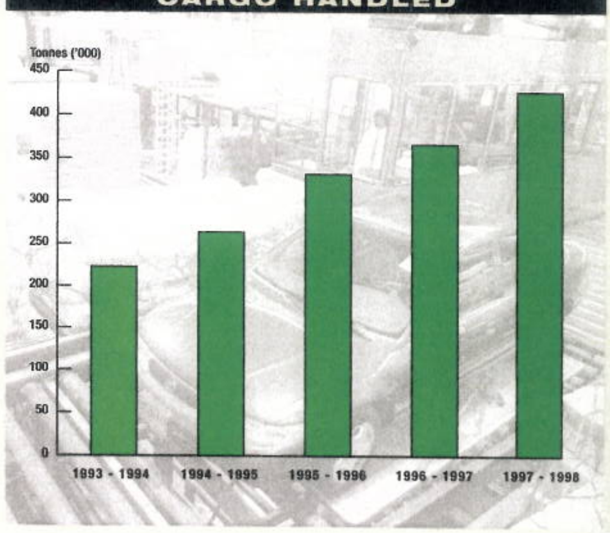
AIRCRAFT HANDLED



PASSENGERS HANDLED



CARGO HANDLED



Staff strength and productivity

During the year under review the company's average workforce rose by 149 (3.4%) to 4,519.

A breakdown of the number of staff by category is shown below:

	1997-98	1996-97
Airport handling	2,578	2,426
Cargo handling	930	933
Dnata agencies	369	367
Other	642	644
Average staff strength	**4,519**	**4,370**

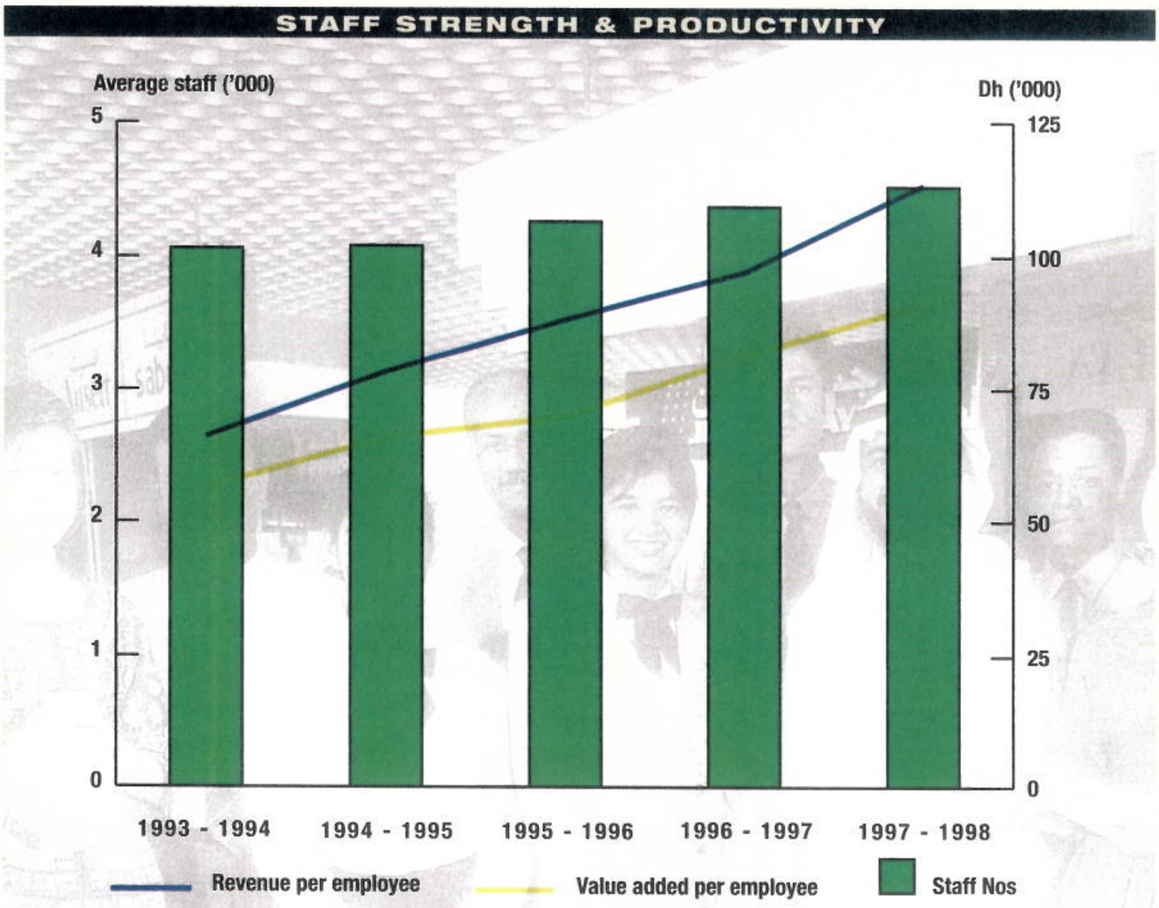
Overall employee productivity, measured in terms of revenue per employee, increased by 15.6 % to Dh 112,672 from Dh 97,499 in 1996-97.

Aircraft handled per employee at 19 registered a marginal improvement during the year.

Passengers handled per employee increased by 6.1% from 3,397 in 1996-97 to 3,604 in 1997-98.

Cargo handled per employee increased by 16.8% from 392,783 kg in 1996-97 to 458,939 kg in 1997-98.

Value added which is a measure of wealth created by Dnata during the year, was Dh 412 million (1996-97: Dh 346 million). This is equivalent to Dh 91,175 per employee compared with Dh 79,197 the previous year.



Independent auditor's report to the Government of Dubai

We have audited the accompanying balance sheet of Emirates at 31 March 1998 and the related statements of income and cash flows for the year then ended as set out on pages 63 to 78.

Respective responsibilities of management and auditors

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We obtained all the information and explanations which we considered necessary for the purpose of our audit.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Emirates at 31 March 1998 and the results of its operations and cash flows for the year then ended in accordance with International Accounting Standards.

Coopers & Lybrand

COOPERS & LYBRAND

Chartered Accountants

Dated this 8th day of June 1998

Dubai

Emirates

Income statement for the year ended 31 March 1998

	Note	1998 Dh'000	1997 Dh'000
Operating revenue	3	4,026,613	3,255,290
Operating costs	4	(3,624,656)	(3,021,286)
Operating income		**401,957**	**234,004**
Net interest charges	5	(164,016)	(142,288)
Other income		32,587	25,224
Income before taxation		**270,528**	**116,940**
Taxation	6	(8,115)	(5,415)
Income for the year		**262,413**	**111,525**

STATEMENT OF RETAINED INCOME

Balance brought forward		505,074	393,549
Income for the year		262,413	111,525
Balance carried forward		**767,487**	**505,074**

Balance sheet at 31 March 1998

	Note	1998 Dh'000	1997 Dh'000
Long term assets			
Property, plant and equipment	7	4,533,020	3,917,548
Other long term assets			
Investments	8	170,167	-
Deferred expenditure	9	16,876	23,841
		4,720,063	**3,941,389**
Current assets			
Cash		417,842	197,349
Other liquid funds	10	-	108,885
Receivables	11	613,414	486,628
Inventories	12	198,858	174,488
		1,230,114	**967,350**
Current liabilities	13	(1,579,529)	(1,265,761)
Net current liabilities		**(349,415)**	**(298,411)**
Total assets less current liabilities		**4,370,648**	**3,642,978**
Long term liabilities	14	(2,569,637)	(2,254,016)
Other liabilities and provisions	18	(421,310)	(271,674)
		1,379,701	**1,117,288**
Capital and reserves			
Capital	20	612,214	612,214
Retained income		767,487	505,074
		1,379,701	**1,117,288**

The financial statements on pages 63 to 78 were approved on the 8th day of June 1998 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman

Maurice Flanagan
Group Managing Director

Emirates

Statement of cash flows for the year ended 31 March 1998

	1998 Dh'000	1997 Dh'000
Cash flows from operating activities		
Income for the year before taxation	270,528	116,940
Adjustments for:		
Depreciation	342,181	284,742
Net interest charges	164,016	142,288
Net transfer to / (from) aircraft maintenance provision	49,448	(19,444)
Amortisation	15,018	11,698
Deferred credits recognised	(12,466)	(5,061)
Net transfer to terminal benefit provision	9,427	12,780
(Profit) / Loss on sale of fixed assets	(5,155)	2,059
Profit on sale of investments	-	(5,018)
(Increase)/decrease in working capital		
Receivables	(126,786)	(7,114)
Inventories	(24,370)	(81,839)
Current liabilities and deferred accounts	288,267	145,158
Taxation paid	(6,231)	(4,392)
Net cash provided from operating activities	**963,877**	**592,797**
Cash flows from investing activities		
Capital expenditure (Note 24)	(212,452)	(81,108)
Investments made during the year	(170,167)	-
Investment recalled from / (made in) other liquid funds	108,885	(5,794)
Proceeds from sale of fixed assets	91,372	1,660
Interest income	29,914	11,565
Deferred expenditure	(8,053)	(11,670)
Proceeds from sale of investments	-	32,843
Net cash used in investing activities	**(160,501)**	**(52,504)**
Cash flows from financing activities		
Lease commitments	(237,843)	(124,876)
Aircraft financing charges	(186,073)	(140,213)
Loan repayments	(133,606)	(152,136)
Dnata account	(42,542)	62,778
Other finance charges	(7,857)	(13,640)
Net cash used in financing activities	**(607,921)**	**(368,087)**
Net increase in cash and cash equivalents	**195,455**	**172,206**
Cash and cash equivalents at beginning of year	179,502	7,296
Cash and cash equivalents at end of year (Note 23)	**374,957**	**179,502**

Emirates

Notes to the financial statements for the year ended 31 March 1998

1. Principal accounting policies

The financial statements have been prepared in accordance with International Accounting Standards. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Revenue

Passenger and cargo sales are recognised as revenue when the transportation is provided. Tickets sold but unused are reflected as passenger and cargo sales in advance.

Operating revenue is stated after deduction of discounts.

Foreign currency

Foreign currency transactions are translated into Dirhams at the rate ruling on the transaction date. Foreign currency monetary assets and liabilities are translated into Dirhams at the rate ruling at the balance sheet date with the exception of lease commitments and the related matched term deposits where the translation rates are fixed in the related agreement. Exchange differences are dealt with in the income statement.

Taxation

Taxation relates to certain overseas stations where the company is subject to tax and where tax exemptions are not likely to be obtained. No provision is made for taxation where management is of the firm opinion that exemption from such taxation will ultimately be granted by the countries concerned.

Property, plant and equipment

The cost of property, plant and equipment consists of purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The estimated useful lives and residual values are:

Aircraft	15 years (residual value 10%)
Aircraft engines and rotable spares	5 - 15 years (residual value 0-10%)
Buildings	5 - 20 years
Other property, plant and equipment	3 - 15 years

Major modifications and improvements to property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.

Capital projects

Capital projects are stated at cost together with financing costs incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, capital projects are transferred to the appropriate property, plant and equipment category and depreciated in accordance with company policies.

Emirates

1. Principal accounting policies (continued)

Finance and operating leases

Where fixed assets have been financed by lease agreements under which substantially all of the risks and rewards of ownership are transferred to the lessee, they are treated as if they had been purchased outright. The amount included in fixed assets represents the principal sum included in total rents payable during the period of the lease. The corresponding lease obligations are included under liabilities. Lease payments are treated as consisting of capital and interest elements. Interest on the outstanding liability at current rates together with depreciation on the asset are charged to the income statement.

Lease rental charges in respect of operating leases are charged to the income statement on a systematic basis representative of the time pattern of the benefits derived by the company from the use of the asset.

Investments

Investments in associated companies are accounted for at cost.

Deferred expenditure

Expenditure associated with the development of new routes and pre-operating crew costs is deferred and amortised over a period of up to two years. Net expenditure associated with aircraft under operating leases is deferred and amortised over the period of the lease.

Other liquid funds

Other liquid funds are stated at market value. Changes in market value are recognised in the income statement under net interest.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

Aircraft maintenance provision

All costs in relation to maintenance and overhaul of aircraft and engines are charged to the income statement as they are incurred, with the exception of heavy maintenance checks, which are provided for on the basis of a predetermined amount for each block hour flown. The hourly rate of provision is revised in each accounting period to reflect more accurately actual costs incurred and the expected future costs of heavy maintenance checks. Movements in the provision arising from such revisions in estimates are dealt with in the income statement. The actual costs of such maintenance are charged against the provision.

1. Principal accounting policies (continued)

Terminal benefit provision

Provision for terminal benefit for employees who joined the company prior to 1 July 1991 is based on cumulative service and current basic salary at the following rates:

21 days per annum for the first 3 years of employment

28 days per annum for the next 3 years of employment

35 days per annum thereafter

Provision for terminal benefit for employees who joined the company after 30 June 1991 is made in accordance with local labour legislation and is based on cumulative service and current basic salary.

Provident fund

Senior employees are entitled to participate in a defined contribution provident fund.

On termination, Emirates guarantees that senior employees will receive, at a minimum, benefits equal to their terminal benefit entitlements in accordance with their contracts of employment.

Contributions to the provident fund are charged to the income statement in the period in which they fall due.

Deferred credits

The company receives credits from the manufacturers in connection with the acquisition of certain aircraft and engines. These credits are recorded as a reduction of the cost of the related aircraft and engines except where the aircraft are held under operating leases, in which case the credits are deferred and recognised over the period of the related lease.

Profits arising from sale and lease back transactions are deferred and recognised over the period of the lease.

Cash and cash equivalents

For the purpose of reporting cash flows, the company considers all bank and cash balances with a maturity of less than three months and bank overdrafts to be cash and cash equivalents.

2. Establishment and operations

Emirates was incorporated, with limited liability, by an Emiri Decree issued by H.H. Sheikh Maktoum bin Rashid Al-Maktoum on 26 June 1985 as the national airline for the emirate of Dubai. Emirates is owned by the Government of Dubai and commenced commercial operations on 25 October 1985.

The main activity of Emirates is to undertake commercial air transport services which include passenger, cargo and postal carriage services.

Emirates also participates with Abela & Co. LLC in providing catering and related services to airlines using Dubai International Airport.

Emirates

3. Operating revenue

	1998 Dh'000	1997 Dh'000
Passenger	3,244,174	2,616,432
Cargo	566,008	459,380
Courier	59,121	47,641
Excess baggage	48,761	43,125
Catering revenue	39,500	35,981
Destination and leisure	37,954	28,249
Mail	13,055	10,603
Licensed engineering income	8,475	6,982
Duty free income	9,565	6,897
	4,026,613	**3,255,290**

4. Operating costs

Staff (see (a) below)	716,032	621,867
Sales and marketing	573,308	420,072
Fuel and oil	469,228	438,317
Depreciation	342,181	284,742
Handling (see (b) below)	300,371	255,688
Inflight catering (see (b) below)	283,405	237,787
Aircraft operating leases (see (c) below)	188,755	135,620
Aircraft maintenance (see (d) below)	178,015	106,890
Overflying (see (b) below)	129,543	115,597
Landing and parking (see (b) below)	99,894	87,360
Amortisation	15,018	11,698
Corporate overheads (see (e) below)	328,906	305,648
	3,624,656	**3,021,286**

Emirates

4. Operating costs (continued)

(a) Staff costs include Dh 47.5 million (1997 - Dh 38.7 million) in respect of terminal benefit provision and provident fund contributions and Dh 27.9 million (1997 - Dh 18 million) in respect of Emirates profit share scheme.

(b) A detailed review of direct operating cost accruals is performed each year. This review necessitated an adjustment to the accruals for landing, handling, overflying and catering costs resulting in a release of excess accruals made in prior years amounting to Dh 11.9 million (1997 - Dh 2.7 million).

(c) Aircraft operating lease charges include Dh 155 million (1997 - Dh 108.6 million) in respect of six aircraft (1997 - six). Aircraft lease charges also include Dh 33.8 million (1997 - Dh 27 million) in respect of wet lease of freighter aircraft.

(d) The block hour rate used as the basis for the aircraft maintenance provision has been revised in accordance with the accounting policy. This revision has resulted in an additional provision for the prior years amounting to Dh 4.4 million (1997- release of excess accruals Dh 23.1 million).

(e) Corporate overheads include net loss from foreign currency transactions of Dh 7.3 million (1997 - Dh 6.1 million).

5. Net interest charges

	1998	1997
	Dh'000	Dh'000
Aircraft financing charges	(186,073)	(140,213)
Interest charges	(7,857)	(13,640)
Interest income	29,914	11,565
	(164,016)	**(142,288)**

Interest income includes Dh 6 million (1997 - Dh 5.8 million) earned on other liquid funds.

6. Taxation

Taxation is provided in accordance with the accounting policy. In the event of exemptions from taxation not being granted, the maximum unprovided taxation liability as at 31 March 1998 was Dh 4.6 million (1997 - Dh 2.6 million).

Emirates

7. Property, plant and equipment

	Aircraft Dh'000	Aircraft engines and rotable spares Dh'000	Buildings Dh'000	Other property, plant and equipment Dh'000	Capital projects Dh'000	Total Dh'000
Cost						
1 April 1997	3,698,930	540,503	200,715	409,195	527,305	5,376,648
Additions	-	5,842	775	25,935	1,011,318	1,043,870
Transfers from capital projects	775,561	66,038	65,193	15,930	(922,722)	-
Disposals	(199,388)	(3,095)	(209)	(8,081)	-	(210,773)
31 March 1998	**4,275,103**	**609,288**	**266,474**	**442,979**	**615,901**	**6,209,745**
Depreciation						
1 April 1997	1,003,689	137,170	96,975	221,266	-	1,459,100
Charge for the year	246,436	40,610	12,215	42,920	-	342,181
Disposals	(115,074)	(1,694)	(208)	(7,580)	-	(124,556)
31 March 1998	**1,135,051**	**176,086**	**108,982**	**256,606**	**-**	**1,676,725**
Net book value						
31 March 1998	**3,140,052**	**433,202**	**157,492**	**186,373**	**615,901**	**4,533,020**
31 March 1997	2,695,241	403,333	103,740	187,929	527,305	3,917,548

7. Property, plant and equipment (continued)

The net book value of aircraft includes an amount of Dh 2,541.8 million (1997 - Dh 2,047.5 million) in respect of assets held under finance leases (Note 16) and Dh 598.2 million (1997 - Dh 654.9 million) in respect of assets acquired under term loans (Note 15).

Aircraft fleet

At 31 March 1998 the aircraft fleet comprised twenty two aircraft (1997 - nineteen).

9 Airbus A310-300 (2 under operating lease)

6 Airbus A300-600R (1 under operating lease)

7 Boeing B777-200 (3 under operating lease)

The company has entered into contracts to purchase two Boeing and sixteen Airbus aircraft to replace the existing fleet of Airbus aircraft between 1998 and 2003 (Note 21).

Capital projects

Capital projects include pre-delivery payments of Dh 405 million (1997 - Dh 413.3 million) in respect of Airbus and Boeing aircraft due for delivery between 1998 and 2003 and non-refundable option deposits of Dh 10.3 million (1997 - Dh 18 million) held on B777 fleet.

8. Investments

On 31 March 1998 Emirates entered into an agreement to acquire a 40% equity stake in Air Lanka, the Sri Lankan national carrier. On the date of signing, Emirates paid US Dollar 45 million for an initial 26% equity share in the airline. A further payment of US Dollar 25 million is scheduled to be made in December 2000 for the residual 14% of the equity.

Emirates has accounted for the investment in Air Lanka at cost. Had the investment been accounted for under the equity method, Emirates would have been required to determine the goodwill (if any) arising on acquisition and to account for its share of net assets and to amortise the goodwill (if any).

As the acquisition was effected on 31 March 1998 and in the absence of audited financial statements of Air Lanka at the time of preparation of these financial statements, the Directors have not been able to determine Emirates share of the fair value of the net assets of Air Lanka at 31 March 1998 or the goodwill arising (if any).

The Directors are, however, of the opinion that there is no significant difference between the cost of investment and the fair value of Emirates share of the net assets of Air Lanka.

9. Deferred expenditure

	1998	1997
	Dh'000	Dh'000
Balance brought forward	23,841	23,869
Expenses incurred	8,053	11,670
Amortisation for the year	(15,018)	(11,698)
Balance carried forward	**16,876**	**23,841**

Emirates

10. Other liquid funds

Other liquid funds placed with an international investment portfolio manager were recalled during the year.

11. Receivables

	1998 Dh'000	1997 Dh'000
Trade debtors:		
Agents	271,789	209,342
Airlines	40,063	32,228
Dnata (Note 17)	2,257	1,977
Other	39,008	56,064
	353,117	**299,611**
Other debtors and prepayments :		
Prepayments and deposits (see below)	211,719	151,928
Other	48,578	35,089
	260,297	**187,017**
	613,414	**486,628**

Prepayments and deposits include Dh 96.6 million (1997 - Dh 67.2 million) which is not expected to be realised within one year.

12. Inventories

	1998 Dh'000	1997 Dh'000
Engineering	158,988	138,787
Inflight consumables	31,910	30,498
Other	7,960	5,203
	198,858	**174,488**

13. Current liabilities

	1998 Dh'000	1997 Dh'000
Creditors and accruals	755,175	634,524
Passenger and cargo sales in advance	356,156	291,767
Lease commitments (Note 16)	290,329	183,274
Term loans (Note 15)	128,357	133,606
Bank overdrafts (Note 23)	42,885	17,847
Taxation (Note 6)	6,627	4,743
	1,579,529	**1,265,761**

14. Long term liabilities

Lease commitments (Note 16)	2,088,095	1,601,575
Term loans (Note 15)	290,873	419,230
Dnata account (Note 17)	190,669	233,211
	2,569,637	**2,254,016**

15. Term loans

Balance brought forward	552,836	704,972
Repayments during the year	(133,606)	(152,136)
Balance carried forward	**419,230**	**552,836**
Loans are repayable as follows :		
Within one year (Note 13)	**128,357**	**133,606**
2-5 years	290,873	409,040
After 5 years	-	10,190
Total over one year (Note 14)	**290,873**	**419,230**

The loans are secured on the related aircraft and bear interest at rates of 5.81% to 6.61% (1997 - 5.75% to 6.88%) per annum.

Emirates

16. Lease commitments

	1998 Dh'000	1997 Dh'000
Deposit funded finance leases		
Gross liabilities under lease commitments	226,008	333,444
Future interest	(45,694)	(40,713)
	180,314	**292,731**
Term deposits	(180,314)	(292,731)
Net commitments	-	-

The term deposits are equivalent in value to the liabilities under lease commitments. The finance charges accruing under these lease commitments are matched by interest earned on the term deposits. The lease commitments are secured on the term deposits and the related aircraft.

	1998 Dh'000	1997 Dh'000
Other finance leases		
Gross liabilities under lease commitments	3,643,676	2,679,161
Future interest	(1,047,018)	(768,422)
Term deposits	(218,234)	(125,890)
Net commitments	**2,378,424**	**1,784,849**
Net lease commitments are repayable as follows:		
Within one year (Note 13)	**290,329**	**183,274**
2-5 years	1,055,790	878,958
After 5 years	1,032,305	722,617
Total over one year (Note 14)	**2,088,095**	**1,601,575**

The lease commitments are secured on the related aircraft.

In the event of these finance leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 1998, the penalties would have been Dh 143.6 million (1997 - Dh 138.9 million).

16. Lease commitments (continued)

Operating leases

Future minimum lease payments are as follows:

	1998 Dh'000	1997 Dh'000
Less than 1 year	176,142	91,534
2 - 5 years	694,952	339,001
After 5 years	1,532,320	498,672
	2,403,414	**929,207**

In the event of these leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 1998, the penalties would have been Dh 172.2 million (1997 - Dh 161 million).

Emirates holds purchase options for four of six aircraft leased for a period of 5 to 12 years.

17. Dnata account

Emirates and Dnata share senior management and central corporate functions. The amount payable to Dnata shown in Note 14 arises from the net recharge of expenses between Dnata and Emirates, charges raised in respect of services provided and the transfer of funds. This liability has been classified as long term on the basis that there are no fixed repayment terms and repayment is not expected within one year. Interest is paid to Dnata in line with Dirham bank deposit rates.

The amount receivable from Dnata shown in Note 11 arises from ticket and cargo sales.

Common Emirates/Dnata management costs are fully recharged except where the basis of recharge would be arbitrary and in these instances no recharge is made. The net effect of these arrangements does not materially affect income for the year.

18. Other liabilities and provisions

	1998 Dh'000	1997 Dh'000
Aircraft maintenance provision	215,633	166,185
Deferred credits (Note 19)	140,489	49,728
Terminal benefit provision (see below)	65,188	55,761
	421,310	**271,674**

Terminal benefit provision relates to employees who do not participate in the company provident fund.

Senior employees participate in the company provident fund, an independent provident fund for which Emirates guarantees that, on termination, employees will receive as a minimum, benefits equal to their terminal benefit entitlements in accordance with their contract of employment. At 31 March 1998, the benefits secured by Emirates' contributions exceeded employees' contractual terminal benefit entitlement.

Emirates

19. Deferred credits

	1998 Dh'000	1997 Dh'000
Balance brought forward	49,728	29,719
Additions during the year	103,227	25,070
Recognised during the year	(12,466)	(5,061)
Balance carried forward (Note 18)	**140,489**	**49,728**

20. Capital

Balance brought forward	612,214	527,214
Introduced during the year (Note 25)	-	85,000
Balance carried forward	**612,214**	**612,214**

Capital represents the permanent capital provided by Government of Dubai.

21. Commitments

	1998 Dh'000	1997 Dh'000
Capital Commitments		
Authorised and contracted	6,277,403	7,294,470
Authorised but not contracted	333,987	175,644
	6,611,390	**7,470,114**

Commitments have been entered into for the purchase of aircraft for delivery as follows (Note 7):

Financial year	Boeing	Airbus
1998 - 1999	2	2
1999 - 2000	-	6
2000 - 2001	-	4
2001 - 2002	-	2
2002 - 2003	-	2

In addition, options are held on four Boeing aircraft and seven Airbus aircraft.

	1998 Dh'000	1997 Dh'000
Operational Commitments		
Letters of credit	600	720

The above were issued in the normal course of business.

Emirates

22. Contingent liabilities

	1998 Dh'000	1997 Dh'000
Guarantees and bills discounted	3,976	5,435

The above were issued in the normal course of business.

23. Cash and cash equivalents

Cash	417,842	197,349
Bank overdrafts (Note 13)	(42,885)	(17,847)
	374,957	**179,502**

24. Analysis of capital expenditure

Purchase of fixed assets	1,043,870	1,452,490
Less: Assets acquired under finance leases	(831,418)	(1,286,382)
Less: Non cash transactions (Note 25)	-	(85,000)
Capital expenditure	**212,452**	**81,108**

25. Non cash transactions

During 1996-97, the ownership of the Emirates Training College was transferred from the Government of Dubai to the company at a value, based on its original construction cost of Dh 85 million (Note 20).

26. Financial instruments

The company has financial liabilities which bear interest at floating rates. A 1% increase in interest rates in respect of these financial instruments would increase the charge to the income statement in the next financial year by Dh 22.8 million (1997 - Dh 10 million).

27. Comparative figures

Certain comparative figures have been re-classified to conform with current year presentation.

Independent auditor's report to the Government of Dubai

We have audited the accompanying consolidated balance sheet of the Dnata group at 31 March 1998 and the related consolidated statements of income and cash flows for the year then ended as set out on pages 80 to 89.

Respective responsibilities of management and auditors

These consolidated financial statements are the responsibility of the Dnata group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We obtained all the information and explanations which we considered necessary for the purpose of our audit.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Dnata group at 31 March 1998 and the results of its operations and cash flows for the year then ended in accordance with International Accounting Standards.

Coopers & Lybrand

COOPERS & LYBRAND

Chartered Accountants

Dated this 8th day of June 1998

Dubai

Consolidated income statement for the year ended 31 March 1998

	Note	1998 Dh'000	1997 Dh'000
Operating revenue	3	489,252	410,745
Operating costs	4	(400,370)	(343,398)
Operating income		**88,882**	**67,347**
Interest income		15,909	12,294
Other income		1,702	675
Associated companies - share of profit	6	2,304	2,355
Income for the year		**108,797**	**82,671**

STATEMENT OF RETAINED INCOME

Balance brought forward	164,282	106,611
Income for the year	108,797	82,671
Dividend proposed	(40,000)	(25,000)
Balance carried forward	**233,079**	**164,282**

Consolidated balance sheet at 31 March 1998

	Note	1998	1997
		Dh'000	Dh'000
Long term assets			
Property, plant and equipment	5	90,272	79,827
Other long term assets			
Investments	6	6,656	6,308
Long term receivables	7	192,894	236,003
		289,822	**322,138**
Current assets			
Cash		148,065	9,711
Receivables	8	98,452	85,658
Inventories		8,428	8,032
		254,945	**103,401**
Current liabilities	9	**(181,657)**	**(138,379)**
Net current assets/(liabilities)		**73,288**	**(34,978)**
Total assets less current liabilities		**363,110**	**287,160**
Other liabilities and provisions	11	**(67,416)**	**(60,263)**
		295,694	**226,897**
Capital and reserves			
Capital	12	62,615	62,615
Retained Income		233,079	164,282
		295,694	**226,897**

The financial statements on pages 80 to 89 were approved on the 8th day of June 1998 and signed by

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman

Maurice Flanagan
Group Managing Director

دناتا
DNATA

Consolidated statement of cash flows for the year ended 31 March 1998

	1998 Dh'000	1997 Dh'000
Cash flows from operating activities		
Income for the year	108,797	82,671
Adjustments for :		
Depreciation	28,591	28,753
Interest income	(15,909)	(12,294)
Net transfer to terminal benefit provision	7,153	2,202
Share of associated company profit	(2,304)	(2,355)
(Profit)/Loss on sale of fixed assets	(167)	220
(Increase)/decrease in working capital :		
Receivables	(12,794)	(1,618)
Inventories	(396)	(1,104)
Current liabilities	16,973	2,962
Net cash provided from operating activities	**129,944**	**99,437**
Cash flows from investing activities		
Emirates account	42,542	(62,778)
Purchase of fixed assets	(39,091)	(46,185)
Interest income	15,909	12,294
Dividend received from associated company	1,956	2,000
Loan settlement by Gerry's Dnata (Private) Ltd	567	364
Proceeds from sale of fixed assets	222	135
Liquidation dividend received (Note 7)	-	3,775
Net cash provided from /(used in) investing activities	**22,105**	**(90,395)**
Cash flows from financing activities		
Dividend paid	(25,000)	-
Net increase in cash and cash equivalents	**127,049**	**9,042**
Cash and cash equivalents at beginning of year	6,788	(2,254)
Cash and cash equivalents at end of year (Note 14)	**133,837**	**6,788**

Notes to the consolidated financial statements for the year ended 31 March 1998

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with International Accounting Standards. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The consolidated financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements of Dnata comprise Dnata, Dnata World Travel and its subsidiary company, together with Dnata's share of results for the year of its associated companies. A separate balance sheet for Dnata has not been prepared as the amounts would not be materially different from those in the consolidated balance sheet.

Revenue

Operating revenue is recognised in the year in which it is earned and is stated after deduction of discounts.

Property, plant and equipment

The cost of property, plant and equipment consists of purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis over the expected useful economic lives of the assets concerned. The estimated useful lives are :

Buildings	5 - 20 years
Airport plant and equipment	5 years
Office equipment and furniture	3 - 5 years
Motor vehicles	5 years

Major modifications and improvements to property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.

Capital projects

Capital projects are stated at cost. When commissioned, capital projects are transferred to the appropriate property, plant and equipment category and depreciated in accordance with Dnata group policies.

Investments

Investments in associated companies are accounted for in accordance with the equity method.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

Terminal benefit provision

Provision for terminal benefits for employees who joined the Dnata group prior to 1 July 1991 is based on cumulative service and current basic salary at the following rates :

21 days per annum for the first 3 years of employment

28 days per annum for the next 3 years of employment

35 days per annum thereafter

Provision for terminal benefits for employees who joined the Dnata group after 30 June 1991 is made in accordance with local labour legislation and is based on cumulative service and current basic salary.

1. Principal accounting policies (continued)

Provident fund

Senior employees are entitled to participate in a defined contribution provident fund.

On termination, the Dnata group guarantees that senior employees will receive, at a minimum, benefits equal to their terminal benefit entitlements in accordance with their contracts of employment.

Contributions to the provident fund are charged to the income statement in the period which they fall due.

Foreign currency

Foreign currency transactions are translated into Dirhams at the rate ruling on the transaction date. Foreign currency monetary assets and liabilities are translated into Dirhams at the rate ruling at the balance sheet date. Differences on exchange are dealt with in the income statement.

Cash and cash equivalents

For the purpose of reporting cash flows, the Dnata group considers all bank and cash balances with a maturity of less than three months and bank overdrafts to be cash and cash equivalents.

2. Establishment and operations

The Dnata group comprises Dnata, Dnata World Travel and their subsidiary and associate companies which are set out in Note 6. Dnata was incorporated in the emirate of Dubai, with limited liability, under an Emiri Decree issued by H.H. Sheikh Maktoum bin Rashid Al-Maktoum on 4 April 1987. On that date Dnata took over for nil consideration, the total assets and liabilities of Dubai National Air Travel Agency with effect from 1 April 1987. Dnata World Travel was incorporated in the emirate of Dubai, with limited liability, under an Emiri Decree issued by H.H. Sheikh Maktoum bin Rashid Al-Maktoum on 27 February 1989. In view of the common ownership and the related business activities of Dnata and Dnata World Travel, the directors consider it appropriate to prepare a single set of financial statements incorporating the two entities.

The main activities of the companies comprise :

- provision of aircraft handling services at Dubai International Airport
- provision of engineering services to airlines using Dubai International Airport
- sale of air tickets on behalf of airlines as general sales agent and as an agent
- provision of other travel related and event management services
- provision of handling services for cargo exported and imported through Dubai International Airport
- management of the Dubai Airline Centre
- provision of information technology services to Emirates and other third parties
- provision of freight clearing and forwarding services through its associated company Dubai Express Limited Liability Company (Note 6), a company incorporated in the United Arab Emirates
- provision of handling and engineering services at Quaid-e-Azam International Airport, Karachi through its associated company Gerry's Dnata (Private) Ltd (Note 6), a company incorporated in Pakistan
- travel agency activity in the United Kingdom through Dnata World Travel's subsidiary company, Dnata Travel (UK) Ltd, a company incorporated in the United Kingdom.

3. Operating revenue

	1998 Dh'000	1997 Dh'000
Handling	142,896	119,631
Engineering	92,112	78,512
Cargo	90,841	80,242
Commission on ticket sales	57,025	49,681
Information technology	44,657	31,017
Reservations system	36,404	34,488
Rentals	15,549	10,023
Other	9,768	7,151
	489,252	**410,745**

4. Operating costs

Staff (see below)	274,633	234,667
Depreciation	28,591	28,753
Accommodation	19,471	15,871
Corporate overheads	77,675	64,107
	400,370	**343,398**

Staff costs include Dh 16.2 million (1997 - Dh 13 million) in respect of terminal benefit provision and provident fund contributions, and Dh 10.5 million (1997 - Dh 7 million) in respect of Dnata group employee profit share scheme.

5. Property, plant and equipment

	Buildings Dh'000	Airport plant and equipment Dh'000	Office equipment and furniture Dh'000	Motor vehicles Dh'000	Capital projects Dh'000	Total Dh'000
Cost						
1 April 1997	3,194	99,878	141,732	8,422	5,922	259,148
Additions	53	12,265	16,075	2,117	8,581	39,091
Transfer from Capital Projects	-	-	2,170	-	(2,170)	-
Disposals	-	(5,138)	(970)	(333)	-	(6,441)
31 March 1998	**3,247**	**107,005**	**159,007**	**10,206**	**12,333**	**291,798**
Depreciation						
1 April 1997	3,047	82,171	89,164	4,939	-	179,321
Charge for the year	64	6,317	20,840	1,370	-	28,591
Disposals	-	(5,138)	(961)	(287)	-	(6,386)
31 March 1998	**3,111**	**83,350**	**109,043**	**6,022**	**-**	**201,526**
Net book value						
31 March 1998	**136**	**23,655**	**49,964**	**4,184**	**12,333**	**90,272**
31 March 1997	147	17,707	52,568	3,483	5,922	79,827

6. Investments

The subsidiary and associated companies are:

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Subsidiary			
Dnata Travel (UK) Ltd	100	Travel agency	U K
Associated companies			
Dubai Express L. L. C.	50	Freight clearing and forwarding	U A E
Gerry's Dnata (Private) Ltd	50	Airport handling services	Pakistan

Investments in associated companies:

	1998 Dh'000	1997 Dh'000
Opening share of net assets	6,308	5,953
Share of profit for the year	2,304	2,355
Dividend received	(1,956)	(2,000)
Closing share of net assets	**6,656**	**6,308**

7. Long term receivables

Due from Emirates (Note 10)	190,669	233,211
Gerry's Dnata (Private) Ltd loan	-	567
Due from BCCI S.A. Dubai	2,225	2,225
	192,894	**236,003**

The amount due from Bank of Credit & Commerce International S.A., Dubai branch represents a deposit of Dh 11.2 million less a provision of Dh 9 million, based on management's estimate that 40% of the deposit will ultimately be recovered. During 1996-97, the first interim liquidation dividend of Dh 3.8 million was received.

8. Receivables

	1998 Dh'000	1997 Dh'000
Trade debtors:		
Travel agents	4,950	5,169
Airlines	20,491	19,618
Other	42,381	38,805
	67,822	**63,592**
Other debtors and prepayments:		
Prepayments and deposits	9,598	8,207
Other	21,032	13,859
	30,630	**22,066**
	98,452	**85,658**

9. Current liabilities

	1998 Dh'000	1997 Dh'000
Creditors and accruals	71,309	57,376
Dividend proposed	40,000	25,000
Bank overdrafts (Note 14)	14,228	2,923
Staff leave pay	13,581	12,334
Airlines:		
Emirates (Note 10)	2,257	1,977
Other	40,282	38,769
	181,657	**138,379**

10. Emirates account

Dnata and Emirates share senior management and central corporate functions. The amount receivable from Emirates shown in Note 7 arises from the net recharge of expenses between Dnata and Emirates, charges raised in respect of services provided and the transfer of funds. This receivable has been classified as long term on the basis that there are no fixed repayment terms and repayment is not expected within one year. Interest is charged to Emirates in line with Dirham bank deposit rates.

The amount payable to Emirates shown in Note 9 arises from ticket and cargo sales.

Common Dnata/Emirates management costs are fully recharged except where the basis of recharge would be arbitrary and in these instances no recharge is made. The net effect of these arrangements did not materially affect income for the year.

11. Other liabilities and provisions

	1998 Dh'000	1997 Dh'000
Terminal benefit provision	67,416	60,263

Terminal benefit provision relates to employees who do not participate in the Dnata group provident scheme.

Senior employees participate in the Dnata group provident scheme, an independent provident fund for which Dnata guarantees that, on termination, employees will receive as a minimum, benefits equal to their terminal gratuity entitlements in accordance with their contracts of employment. At 31 March 1998, the benefits secured by Dnata's contributions exceeded employees' contractual terminal benefit entitlements.

12. Capital

Capital comprises the value of the net assets taken over from Dubai National Air Travel Agency for nil consideration with effect from 1 April 1987 (Note 2).

13. Commitments

	1998	1997
	Dh'000	Dh'000
Capital commitments		
Authorised and contracted	18,447	10,524
Authorised but not contracted	133,611	114,044
	152,058	**124,568**
Operational commitments		
Letters of credit and bank guarantees	1,839	3,908

The above were issued in the normal course of business.

14. Cash and cash equivalents

Cash	148,065	9,711
Bank overdrafts (Note 9)	(14,228)	(2,923)
	133,837	**6,788**

Subsidiaries & associated companies

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Subsidiaries			
Dnata Travel (UK) Ltd.	100.0	Travel agency	U K
Associated companies			
Air Lanka Limited	26.0	Airline	Sri Lanka
Dubai Express LLC	50.0	Freight clearing and forwarding	U A E
Gerry's Dnata (Pvt.) Ltd.	50.0	Airport handling services	Pakistan
GCC Aviation Services Company (GASCO) Ltd.	25.0	Investment holding	U K

Offices and General Sales Agents

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AHMEDABAD
PSA
Hans Air Services,
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EMIRATES
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Shangri-La Hotel Annexe,
Lot 25, Letter Box 103,
1st Floor, UBN Tower,
10 Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia.
Tel : 2325288

KUWAIT
GSA
Boodai Aviation Agencies,
Kuwait Finance House Bldg.,
Al Hilali Street, P. O. Box 5798,
13058 Safat, Kuwait.
Tel : 2425566, 2425588

LAHORE
EMIRATES
Regent House 3, Imtiaz Plaza,
85 The Mall,
Lahore, Pakistan.
Tel : 6372990/1/2, 800-33777 (Tollfree)

LARNACA
GSA
Amathus Navigation Co. Ltd.,
Larnaca Airport,
Larnaca, Cyprus.
Tel : 643070, 643323

LONDON
EMIRATES
First Floor, Gloucester Park,
95 Cromwell Road,
London SW7 4DL, United Kingdom.
Tel : 0171-808 0808

LOS ANGELES
EMIRATES
880 Apollo Street,
Suite 302, El Segundo,
Los Angeles,
CA 90245, USA.
Tel : 4143250, 800-777 3999 (Tollfree)

MADRID
GSA
Skyways S.L, Gran Via 67,
6th Floor, Office 619,
28013, Madrid, Spain.
Tel : 5599897

MAKKAH
GSA
Al-Adliah Travel & Tours Co.,
Al Ghamash Bldg., Shop No. 1,
Near Municipality Office,
Main Maabdah,
P. O. Box 9803,
Makkah, Saudi Arabia.
Tel : 5748941, 5748571, 5745121, 5745145

MALE
EMIRATES
Boduthakurufaanu Magu,
Henveiru,
Malé, Republic of Maldives.

GSA
Air Maldives Ltd.,
Gardhamoo Building,
Malé, Republic of Maldives.
Tel : 310327/8, 314805

MALTA (VALLETTA)
GSA
Air Services International Ltd.,
143 Old Bakery Street,
Valletta VLT 09, Malta.
Tel : 233121, 251384

MANCHESTER
EMIRATES
Suite 11, Manchester International Office Centre,
Styal Road,
Manchester M22 5TT, United Kingdom.
Tel : 0161-437 9007

MANGALORE
PSA
Akbar Travels of India,
Ram Bhavan Complex, Shop C-2, Ground Floor,
Kodiabail,
Mangalore, Karnataka - 575003, India.
Tel : 440892, 440322

MANILA
EMIRATES
18th Floor, Pacific Star Building,
Sen. Gil J. Puyat Avenue,
Corner of Makati Avenue,
Makati City, Philippines.
Tel : 8115278/9, 8115280/6/7/8

MAURITIUS (PORT LOUIS)
GSA
Ireland Blythe Ltd.(IBL),
Tourism Division, 10, Dr Ferrier St.,
P.O.Box 56,
Port Louis, Mauritius.
Tel : 2082811

MEDINA
GSA
Al-Adlia Travel & Tours Co.,
Abu Baker Al Saddeuq Street (Sultana),
Al Ayoon Bldg., P. O. Box 2321,
Medina, Saudi Arabia.
Tel : 8268244, 8267097, 8268164

MELBOURNE
EMIRATES
Level 2, 257 Collins Street,
Melbourne, Vic. 3000, Australia.
Tel : 1300-303 7777 (Tollfree), 96670000

MILAN
EMIRATES
Via Paolo Da Cannobio 10,
5th Floor, 20122 - Milan, Italy.
Tel : 72000370

MORONI (COMORES)
EMIRATES
Rue Magoudjou,
Carrefour Maore, Al Camar,
Moroni, Comores.
Tel : 735030

MULTAN
EMIRATES
House 1717, Kutchery Road,
Multan, Pakistan.
Tel : 513737, 510747, 580727, 800-33777 (Tollfree)

MUMBAI (BOMBAY)
EMIRATES
Mittal Chambers, Office No. 3, Ground Floor,
228, Nariman Point,
Mumbai 400 021, India.
Tel : 2871645 to 52, 2837000

MUSCAT
EMIRATES
Universal Travel and Tourism Agencies LLC.,
P. O. Box 2802, Pin Code 112,
Ruwi, Sultanate of Oman.
Tel : 786700, 786600

NAIROBI
EMIRATES
View Park Towers, 20th Floor,
Monrovia Street,
P. O. Box 40993,
Nairobi, Kenya.
Tel : 211900

NEW YORK
EMIRATES
405 Park Avenue, Suite 403,
New York, NY 10022, USA.
Tel : 800-777 3999 (Toll Free), 7582786

NICE
EMIRATES
Aéroport Nice Côte d'Azur, Terminal 1,
06281 Nice Cedex 3, France.
Tel : 01 53053535 (Paris)

NICOSIA
EMIRATES
66E, Archbishop Makarios III Avenue,
P. O. Box 1601,
Nicosia, Cyprus.
Tel : 374010/612, 374302, 376114

OSAKA
GSA
Air System Inc.,
c/o Hommachi N. S. Bldg.
7F, 2-5 3-Chome Hommachi, Chuo-Ku,
Osaka 541, Japan.
Tel : 2432222

PARIS
EMIRATES
5,Rue Scribe,
75009 Paris, France.
Tel : 01 53053535

PENANG
GSA
Maple Travel (M) SDN BHD,
Phase 2B Lot 4-32, Komtar Level 4,
10000 Penang, Malaysia.
Tel : 2631100

PESHAWAR
EMIRATES
95-B, Saddar Road,
Peshawar, Pakistan.
Tel : 273744, 274283, 275912, 800-33777 (Tollfree)

PRAGUE
GSA
Globair S.R.O., Washingtonova 17,
110 00 Prague 1, Czech Republic.
Tel : 24216519

PUNE
PSA
Goldchip Travel Agency Pvt. Ltd.,
130 Ashoka Mall, Ground Floor,
Opp. Holiday Inn Hotel, Bund Garden Road,
Pune -411 001, India.
Tel : 632447

RAS AL-KHAIMAH
GSA
Omest Travels,
P. O. Box 103,
Ras Al-Khaimah, UAE.
Tel : 229413, 229263/4

RIYADH
GSA
Cerecon Building No.4,
Opp. Old Akhariya Centre,(Sulemaniya),
Mousa Bin Nousair Road, Olaya,
P. O. Box 57475,
Riyadh 11574, Saudi Arabia.
Tel : 4655485, 4657117, 4658687, 4644207

ROME
EMIRATES
Piazza Guglielmo Marconi,
25 Rome, Italy.
Tel : 167-462256 (Toll Free), 54220213

SANAA
EMIRATES
Hadda Road (Opp. Cinema Hadda),
P. O. Box 18286,
Sanaa, Arab Republic of Yemen.
Tel : 244208, 268784/6/7

SEOUL
GSA
Wooree Agency Corp,
5th Floor, Soon-Hwa Bldg.,
5-2, Soon-Hwa-Dong,
Chung-Gu, Seoul, Korea.
Tel : 3190059

SHARJAH
EMIRATES
Sharjah Tower (Al Soor Bldg.),
Ground Floor, Al Arooba St,
Sharjah, UAE.
Tel : 727125

S N T T A,
P.O. Box 17,
Sharjah, UAE.
Tel : 724759

SINGAPORE
EMIRATES
435, Orchard Road,
No. 19-06 Wisma Atria,
Singapore 238877.
Tel : 7353535

SYDNEY
EMIRATES
Level 4, 36 Clarence St,
Sydney,
N. S. W. 2000, Australia.
Tel : 92790711

SYLHET
GSA
ABC Air Limited,
502, Taltola,
Sylhet, Bangladesh.
Tel : 712159, 711200, 711300

TAIPEI
GSA
Sentra Travel Service Ltd.,
4F, 112, Sec. 2,
Chung Hsiao E Road,
Taipei, Taiwan,
Republic of China.
Tel : 23966891

TEHRAN
EMIRATES
N01/1209, New Tavanir,
Vali-E-Asr Avenue,
Tehran, Iran.
Tel : 8796786/7/8/9, 8796790/1/2

TOKYO
GSA
Air Systems Inc.,
c/o Toranomon TBL Bldg. 7F,
19-9, 1-Chome Toranomon,
Minato-Ku, Tokyo 105, Japan.
Tel : 35936720

TORONTO
EMIRATES
40 Sheppard Avenue West,
7th Floor, Suite 707,
North York Ontario,
Canada, M2N 6K9.
Tel : 800-305 2224 (Tollfree), 2218850

TRIPOLI
EMIRATES
P.O. Box 91315,
Dat Al Imad Complex,
Tower No. 5, 5th Floor
Tripoli, Libya.
Tel : 3350591

TRIVANDRUM
PSA
Akbar Travels of India,
Debzy Towers, 1st Floor,
Vellayambalam,
Trivandrum, Kerala - 695010, India.
Tel : 326387, 326370

UMM AL-QUWAIN
GSA
UAQ National Travel Agency,
P. O. Box 601,
Umm Al-Quwain, UAE.
Tel : 666684

VIENNA
GSA
Kustritz Touristik Ges. M.B.H.,
Lugeck 1,
A - 1010 Vienna, Austria.
Tel : 5120992

ZURICH
EMIRATES
Imperial House,
Thurgauerstrasse 54,
8050 Zurich-Oerlikon, Switzerland.
Tel : 3071111

APPENDIX

EMIRATES

OPERATING STATISTICS

	1988/89	1987/88	1986/87
Total revenue (Dh'000)	800,783	550,493	302,192
Total expenditure (Dh'000)	786,681	574,618	293,274
come/(deficit) (Dh'000)	14,102	(24,125)	8,918
Passengers carried (number)	650,700	511,936	328,738
Passenger seat KM (KM'000)	1,766,787	1,201,902	629,581
Available seat KM (KM'000)	2,523,676	1,912,624	1,050,640
Passenger seat factor (%)	70.0	62.8	59.9
Cargo carried (KG'000)	22,528	16,545	10,591
Average staff strength (number)	992	719	413
Revenue per employee (Dh'000)	807	765	731

EMIRATES
Airline Centre
P.O. Box 686
Dubai
United Arab Emirates

On the Web at
http://www.ekgroup.com/

DNATA
Airline Centre
P.O. Box 1515
Dubai
United Arab Emirates