The Emirates Group

Report and Accounts
1998 - 1999

Emirates

DNATA

H.H. SHEIKH MAKTOUM BIN RASHID AL-MAKTOUM

VICE PRESIDENT AND PRIME MINISTER OF THE UAE AND RULER OF DUBAI

Message from

H.H. GENERAL SHEIKH MOHAMMED BIN RASHID AL-MAKTOUM

CROWN PRINCE OF DUBAI, UAE MINISTER OF DEFENCE

As we approach the 21st century, the Emirates Group reflects the hallmarks of Dubai - quality, initiative, innovation, with a "customer first" philosophy which makes service an integral and vital part of its future success.

I have been gratified to see the Group take the lead in the travel industry in the UAE, where Dnata has acquired ISO9002 rating and won the Dubai Quality Award and abroad with Emirates being voted Airline of the Year for the third time.

From its modest beginnings, Emirates has grown into a world leader in a challenging industry - while Dnata continues to ably supply all passenger and cargo customers, service of the highest order at Dubai International Airport where traffic now amounts to over 10 million passengers a year and 430,000 tonnes of cargo.

Our airline has taken its place in the top echelon of the world's leading air carriers due to a wise investment in state-of-the-art technology and new aircraft, plus an enthusiastic and experienced staff with a creative management team.

In the next millennium the Emirates Group will continue to play an important role in helping Dubai to become a strategic centre for commerce and the natural tourism hub of the Middle East. Emirates will link the UAE not only to its neighbours in the Gulf and Middle East but also to the four corners of the world as it becomes a truly global airline.

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Emirates is the national airline of the emirate of Dubai. Its main activity is the provision of commercial air transportation services.

Dnata is the largest travel management services company in the UAE and the sole ground handling agent at the Dubai International Airport. Its main activities are the provision of aircraft and cargo handling, information technology services, engineering services and the sale of air tickets on behalf of airlines either as the agent or General Sales Agent.

The Emirates Group consists of Emirates and Dnata.

CHAIRMAN'S REVIEW

H.H. SHEIKH AHMED BIN SAEED AL-MAKTOUM
CHAIRMAN OF THE EMIRATES GROUP

This was another record-breaking year for the Emirates Group, with a net income of AED 429 million. It was an extremely tough year. There was turmoil and chaos in many of the countries we serve in the Pacific Rim with currency devaluations, bank closures and government take-overs while global markets were characterised by aggressive commercial policies of the international airline community.

But despite this, we achieved more than satisfactory results thanks to an incisive marketing strategy and creative cost-reduction programmes. I am happy to report we did not reduce our service levels or standards, despite the cost saving efforts. Dnata Airport Services had a difficult year as they strove to maintain punctuality of all airlines serving Dubai as the airport underwent a massive rebuilding programme.

By the first quarter of 2000 the new terminal will be opened, heralding a new era in airport passenger comfort with one of the world's biggest tax-free stores, plenty of spacious lounges and a feast of restaurants. Terminal Three, which will boost capacity up to 35 million by 2005, from 10 million today, is already planned and approved.

Emirates had a memorable year, winning three Airline of the Year awards in the UK and one in Germany, bringing the total to more than 170 international accolades. Grateful as we are for these awards, we were more concerned in ensuring the continuance of Emirates as a world leader - and we did this by taking delivery of the first of our now eighteen A330-200s, ordering two B777-300s and also six long range A340-500s with 10 options.

Such is our belief in the future that I have involved the Emirates management in the Airbus A3XX working group - the A3XX is a 550-seat double-decker airliner.

The Emirates Group continues to develop the aviation industry in the UAE and Dubai and we are investing US$6 million on the training of national pilots, with some 30 joining the scheme each year.

Mideast Person of the Year award for Sheikh Ahmed

By a staff reporter

SHAIKH Ahmed bin Saeed Al Maktoum, chairman of Emirates and president of the Dubai Department of Civil Aviation, has been named Middle East Person of the Year for 1999 in the airline category by the American magazine *Travel Agent*.

Nominees were selected from a variety of categories including airlines, hotels, cruises, destinations, retail agents and tour operators.

A biography of Shaikh Ahmed, accompanied by a colour photograph, in the magazine's January 4 issue recounts Shaikh Ahmed's outstanding contribution to Emirates since the airline was founded in 1985. The recognition is all the more significant as Emirates does not yet serve the United States.

Since 1990, the award has gone to a leading figure in the travel industry in recognition of his or her significant accomplishments in service to the industry, service to the destinations they represent and service to the international community of travel agents, according to the magazine's editor, James Shillinglaw.

Shaikh Ahmed bin Saeed Al Maktoum

"I am thankful and happy to be accorded such a high degree of recognition by our customers and associates in the United States," Shaikh Ahmed said in an Emirates Press release issued yesterday. "This award is the result of everyone's team work in the Emirates Group, and we certainly look forward to the day when we will be online to the US."

Shaikh Ahmed's leadership throughout the airline's 13-year history has enabled the carrier to become one of the world's most renowned, with more than 160 international awards to its name for its excellent quality of inflight and ground services.

Emirates now flies to 47 destinations across the world with a modern fleet of Boeing 777s and Airbus.

Travel Agent is published weekly (circulation 53,503) and edited for North American travel agents and travel industry personnel involved with the various phases of domestic and international travel. It highlights changes in travel marketing, market research and forecasts from Europe, North America, the Pacific and the Caribbean.

We were once again proud to sponsor the Dubai Shopping Festival as well as the 'Summer Surprise' programme - both successful events attracting visitors to the UAE.

Our Destination & Leisure Management Division goes from strength to strength with its own office building opened on the Sheikh Zayed Road, Dubai, with its unique 'Holidayland'. This comprehensive retail outlet offering Internet stations for destination Websites is a worldwide first. The completion of the Al Maha eco-tourism resort was yet another landmark in the Emirates Group's continuous expansion and diversification.

One of the journalists' favourite questions to me is "Don't you have to join one of the alliances in order to survive in the next century?". My answer is always, "No - for we believe we can maintain our position in the marketplace and retain our share of the business without having to merge with other airlines. But we are working with many of the airlines in their alliances and will continue to do so". In fact, our first year of a 10-year management contract with Air Lanka, with whom we have become a shareholder, went very well and the airline turned in a healthy profit last year. In this initial stage we have been concentrating on modernising the airline, introducing the latest computer software to bring the check-in and other systems up to date. We are planning for the introduction of new A340 and A330 aircraft for Air Lanka, which will be delivered this year with new livery, new logos and the most modern entertainment equipment.

On the global scene it was pleasing to see Pakistan open its skies and allow us to fly to three more destinations. But in some parts of the world we are still faced with lobbies from national airlines trying to persuade their governments to restrict our traffic rights, often in countries where tourism is a prime revenue earner! However, we believe that such barriers, which are against the interests of the passengers, will eventually be removed and the Open Skies environment, as always practised in Dubai, will prevail.

The next financial year is going to be another difficult year for Emirates and Dnata as we will have to cope with softening yields, rising costs and be faced with ever increasing capacity from our competitors. I am confident, however, that our company will emerge successful and profitable as we enhance our customer standards by investing in new aircraft, new on-board services, new IT programmes and intensive training of staff.

We are fortunate to be part of a dynamic Dubai and to have such a loyal and hard-working staff whose efforts, for this year, I salute in the knowledge that in the next 12 months we can rely on them to turn in a top class performance, to keep the Emirates Group in the forefront of the travel and aviation industry.

H. H. Sheikh Ahmed bin Saeed Al-Maktoum

GROUP MANAGING DIRECTOR'S REVIEW

MAURICE FLANAGAN, GROUP MANAGING DIRECTOR

"As His Highness said, this has been another good year for the Emirates Group, despite upheaval in currency markets, unrelenting competition for both Emirates and Dnata, and cargo and passenger yields sent reeling across the whole industry by the general debility of global trade.

We increased Emirates capacity by 16.6%, yet still managed to raise the seat factor by four points to 74.5%, although our overall load factor remained constant at 69.4%, reflecting sluggish growth in cargo volumes. Yield per tonne kilometre was down by 8.3% but our efficiency ratio was boosted by a strong increase in passenger numbers and by an improvement in unit costs from 136 fils to 126 fils per tonne kilometre. Our Target 2000 cost-cutting drive had aimed at 130 fils, but we were helped by lower fuel prices and lower interest rates than predicted, and even more so by the unremitting efforts of our staff and the sharp focus on efficiency brought about by our well-established Performance Matters! campaign.

For the first time, we carried more than four million passengers in a year (4.25m) as well as 214,000 tonnes of freight. At Dubai International Airport, Dnata is currently handling 10 million passengers a year and 430,000 tonnes of cargo.

The net income for Emirates was AED 313 million and for Dnata AED 116 million, representing increases over the previous year of 19.3% and 6.6% respectively.

During the year, we began phasing out our fleet of sixteen A310s and A300s and replacing them with a new generation of A330-200s. This calls for a particularly well-coordinated effort by our finance, procurement and logistics, and engineering divisions, with quite severe pressure on our resources in training and recruitment of flight deck and cabin personnel. Despite these changes, we have maintained our production and our standards, and improved our net income.

As well as the A330-200 deliveries, which will be spread over about four years, we placed orders during the year for two Boeing 777-300 aircraft with seat capacities of 434 in two classes and 383 in three classes, to be delivered in late 1999 to augment our current fleet of nine Boeing 777-200s, and for six ultra-long range A340-500s to be delivered in 2002 and 2003, with options for ten more of these aircraft.

As mentioned elsewhere in this report, our services to Pakistan were significantly expanded by adding Islamabad, Lahore and Peshawar to the network. At the same time our airport ground services joint venture, Dnata-Gerry, commenced operations at these points.

'Surprise passenger' appears on EK flight

EK007 from Dubai landed at London Gatwick with an extra passenger on February 9 after cabin crew helped deliver a baby girl in mid-flight.

Events moved swiftly after flight attendant Amira Sultan learned that a woman complaining of back pain was pregnant.

A doctor on board responded to the PA call for assistance, and after examining the woman, decided in consultation with the captain and Medlink to proceed with the delivery.

The baby weighing an estimated seven to eight pounds was born over Austria at about 0430GMT.

In his report, Flight Purser Brian Kinane said the woman, who had boarded in Dar es Salaam and transited Dubai, did not have medical certificates, but her husband said she was seven months pregnant. She "was obviously in a lot of discomfort."

Fortunately, a gynaecologist from Al Ain was travelling on the same flight, and agreed to help. After checking the passenger using equipment aboard the flight, she concluded that the passenger was going into labour.

"The crew were outstanding," said Brian. "They dealt with the situation professionally; everybody played their part."

Flight attendant Simone Young stayed with the passenger throughout. Meanwhile, her colleagues prepared the aft galley with blankets, pillows etc and readied the baby kit from emergency medical supplies.

Diverting to Vienna was an option considered by Capt Maqsood Sheikh, but after talking with both

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Flight attendant Simone Young and her new charge.

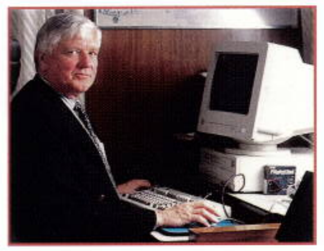
We continued our programme for Year 2000 compliance and at the time of publishing this report were satisfied that the Group is prepared for the turn of the century, continuing the process of constantly evaluating our suppliers, airports through which we operate, and all organisations whose services we use.

We entered the hotel business, introducing a new concept in the United Arab Emirates by opening Al Maha, the first eco-tourism resort in the country. Our Mercator information technology business won contracts from a number of major airlines including British Airways and Air New Zealand, competing with the giants of the IT world.

Our long-term drive to enhance service for our clients and at the same time generate profit continued without pause. This time it was enlivened by hard-won marketing victories and personal drama, the latter typified by our cabin crew who used their training and our newly installed defibrillator equipment to save the life of a passenger who had "died" from a heart attack and was brought back to life. And a premature baby was safely delivered at 30,000 feet.

We have become rather more active in service to the community at large. Together with the Red Crescent Society we have started to build an orphanage in Thailand, thanks to on-board contributions made by our generous passengers. In Dubai, Dnata Cargo made its contribution to the environment by supplying a beach cleaning machine to the Dubai Municipality.

We now employ more than 11,000 staff, making us one of the largest concerns in the Gulf region. This Annual Report gives me an opportunity to pay tribute to the quite extraordinary efforts of this multi-national family, which once again overcame very difficult trading and operating conditions to help us register our eleventh consecutive year comfortably in the black."



Maurice Flanagan

Maurice Flanagan

COMMERCIAL

In a no-holds barred market place, Commercial Operations again showed a flexibility and determination to meet the challenging new conditions and it was extremely satisfying to report a 7.8% growth in revenue enabling the Group to report a profit yet again.

Yield was under constant threat accentuated by airlines suffering from the Southeast Asian economic conditions switching capacity to the more lucrative Middle Eastern routes. Emirates responded positively increasing operations to Australia from four per week to daily, starting non-stop services to Manila, increasing frequency to Colombo to 10 flights and launching First Class on our service to Johannesburg.

Emirates welcomes the new Open Skies policy of the Pakistan government and we started operations to Peshawar, Islamabad and Lahore while increasing flights to Karachi to 16 per week. On the infrastructure front, we invested in new sales office properties in Pakistan and India, purchased a new building in Cairo with a planned move in June 1999, as well as refurbishing our offices in Manila and establishing a new reservations call centre in Long Island, New York. New off-line offices were also opened in Entebbe, Uganda, Mombasa, Kenya and Tripoli, Libya.

Our fleet of Boeing 777s was increased by the arrival of two more of the 200 version in October and November last year - and two of the world's biggest aircraft, the B777-300 were ordered for delivery in November/December 1999.

Our first two A330-200s arrived in March in a two-class configuration with the first-ever video players in Business Class offering 10 ½ inch wide screens.

We upgraded capacity on the London Gatwick service with a daily Boeing 777 service which operated throughout the year with high load factors - and have recently introduced the A330 on the Manchester service, on which we have a codeshare agreement with British Airways.

The new Network Passenger Sales Development unit supported global sales with new initiatives and projects including value-added products such as Emirates Stopovers in Dubai and Emirates Business Breaks. In addition, providing field sales staff with up-to-date market information and continually upgrading the level of automation has enabled them to focus on new selling opportunities. The Commercial Visa unit has facilitated business and leisure travel to Dubai from around the network.

The Industry Travel unit is now working with an enhanced electronic ticket request system (TRIPS) which includes Duty Travel requests and enables staff to make their own subload bookings.

Since punctuality is very important to us, we have adopted a procedure at our stations on the network called 'On Time Departure'. Passengers have been asked to report to the boarding gates 30 minutes prior to departure. As a consequence, we have offloaded passengers (and their baggage) who were late arriving at the gate - a difficult decision for the airline but one which is appreciated by our regular passengers.

SkyCargo

Currency fluctuations arising from the Asian crisis and the low import demand into the Sub-continent and Pacific Rim areas had a very adverse effect on yield.

East to West trade remained fairly buoyant but demand in Europe to the Asia-Pacific market was depressed. The bright spot for SkyCargo was that imports into the Middle East remained strong and to a certain extent counteracted the low demand into the Far East.

Therefore, we recorded lower than planned cargo growth but the trend was positive with total cargo revenue increasing by 3% and tonnage by 7%.

The contribution from cargo towards the total airline revenue was 15.2%.

SkyCargo's business objectives continue to address customer needs with the enhancement of value-added services such as Airport to Door Express, Airport to Airport Express and Door to Door Express.

From April 1999, the SkyChain automated cargo system was introduced providing clients with an Internet distribution capability for reservations and tracking. We also appointed a General Sales Agent for Korea bringing the number of off-line locations to seven.

Emirates SkyCargo's efforts to achieve customer service excellence were acknowledged by the industry with more "Best Carrier" awards - from Cargo News Asia, Air Cargo News and ANAMA - Italy (Quality Award) and as we went to press Emirates was named "Cargo Airline of the Year" by Air Cargo News readers.

The operation of a leased Boeing 747-200SF from Atlas Air on the Amsterdam/Dubai/Amsterdam and Dubai/Hong Kong/Dubai routes continued with one service re-routed via Colombo to add another destination to the all-freighter network. During the year, SkyCargo achieved a weight load factor on its pure freighter service of 92.3%, the highest industry utilisation for all cargo flights.

Emirates SkyCargo remains bullish and forecasts a projected growth of 17.7% for the current financial year (1999/2000) in anticipation of an improvement in the global economic situation, with the introduction of the higher capacity A330-200 replacing the A310/A300 fleet.

Destination and Leisure Management

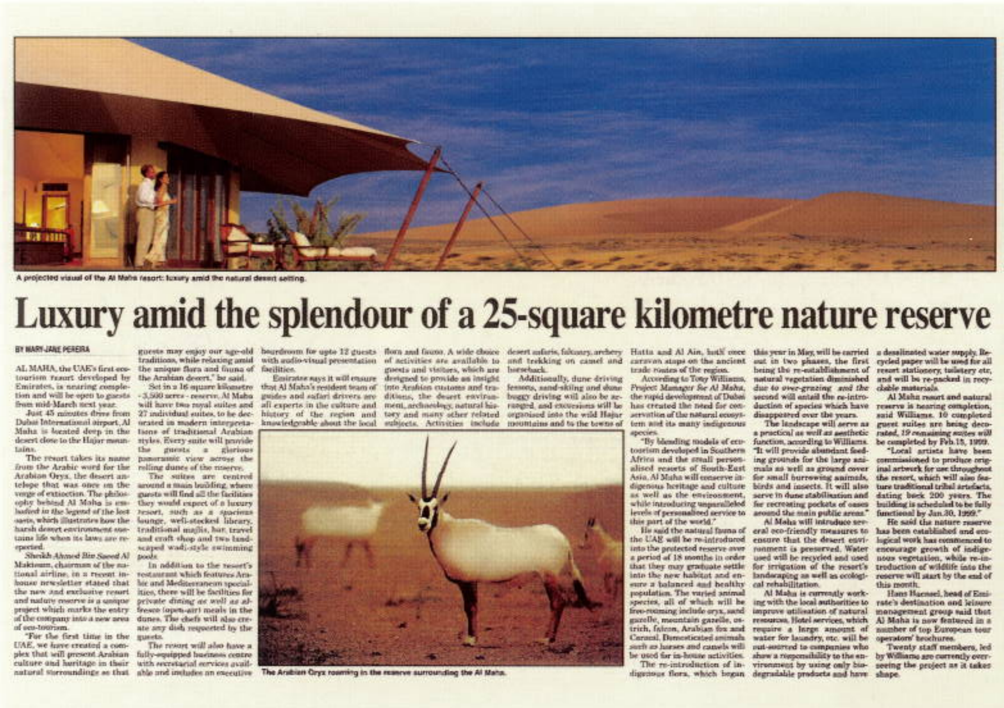
Emirates Holidays (tour operator) and Arabian Adventures (destination management company) have both enjoyed an excellent financial year and have further enhanced their position as market leaders in the Middle East.

There have been important developments for the division: the move to a dedicated office building in September, the introduction of the 'Holidayland' retail concept, the launch of a fully fledged Inbound operation in Abu Dhabi and the opening of the exclusive Al Maha resort in the desert. Commercial milestones have been achieved with sales exceeding for the first time AED 300 million and with over 100,000 passengers cared for.

The new office building is the first dedicated facility for a commercial leisure operation in the Middle East. The five-storey building accommodates the offices of Emirates Holidays, Arabian Adventures and the centralised marketing and reservations unit of Al Maha. General facilities include a high-tech auditorium which will be utilised for promotional events. A prominent feature is the spacious 'Holidayland' travel shop, covering 390 square metres on the ground floor, offering customer access to the Internet and to a destination video library. Customers can also enjoy regular staged entertainment by various national tourist organisations.

Emirates Holidays has seen strong growth from the Gulf and Middle East markets with Dubai as the prime destination followed by the UK, Thailand, Maldives, Egypt, India, Malaysia (for the first time in the top twelve destinations), Singapore, Turkey, France, South Africa and Sri Lanka.

Arabian Adventures enjoyed increased tourism traffic to Dubai in particular from the Gulf and Middle East, UK, Germany, Switzerland and South Africa. There was also a substantial increase in incentive and group business with some high profile events such as the launch by Jaguar of its new S-Type sports saloon (1,400 clients) and a group of motoring journalists using high performance cars on the airfield of Fujairah International Airport.

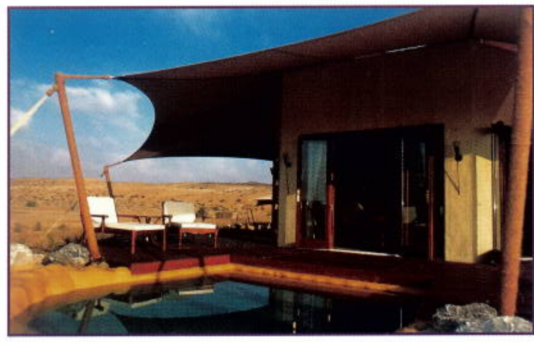


A projected visual of the Al Maha resort: luxury amid the natural desert setting.

Luxury amid the splendour of a 25-square kilometre nature reserve

BY MARY-JANE PEREIRA

The Arabian Oryx roaming in the reserve surrounding the Al Maha.



Al Maha, a luxurious desert resort and the UAE's first eco-tourism project, has welcomed its first guests. Al Maha combines the traditions of Arabian culture with unparalleled levels of personalised service and luxury, amid the splendour of a 25-square kilometre nature reserve. Activities include falconry, archery, camel and horse trekking, in addition to safaris by experienced guides. Al Maha has seen the successful reintroduction of indigenous wildlife, including gazelle and the Arabian oryx, after which the resort is named.

Next year's activities include the launch of a bumper holiday brochure for Emirates Holidays with a choice of 34 destinations and the release of the first brochure for the USA. In addition, the 'Holidayland' concept is likely to be introduced in several selected locations within the UAE and the Middle East.

Planning, International and Industry Affairs

Behind the scenes prior to the announcement of the acquisition of new aircraft, the Planning Department was involved in the evaluation study for the A340-500 and the B777-200X with a subsequent order for six A340-500s plus 10 options. The order was worth US$2.4 billion with aircraft delivery from autumn 2002. Similar studies were made for B777-300 aircraft, the world's longest, with two being ordered for operations from November and December 1999.

The department was also responsible for the development of the business plans and structure of the proposed Emirates Loyalty Programme which should be launched next year.

International Affairs participated in bilateral Air Service negotiations in Australia, Russia, Hong Kong, Turkey, Denmark, Norway, Sweden, Pakistan and Thailand. These have assisted Emirates' expansion on existing routes and to a number of new destinations including northern Pakistan and Malta with more flights approved between Dubai and Istanbul.

In the past 12 months, new codeshares have been put in place with Thai Airways International between Dubai and Bangkok, British Airways between Dubai and Manchester and Abu Dhabi and London, as well as with Air Lanka between Colombo and Singapore and Colombo and Jakarta. Existing codeshares with Qantas and South African Airways have been enhanced.

OPERATIONS

Engineering

Operating from the new Emirates Engineering Centre which is the largest and most advanced repair complex in the Middle East, Engineering continues to enhance the range of its services.

During the year, 17 'C' checks were carried out including the first '8C' check on our Airbus A300-600 - a milestone which signalled our capability to do all such future checks in-house. The '8C' check is performed after 10 years of aircraft operation which means complete stripping of the aircraft interiors and inspection, repair and renovation. The aircraft is grounded for one month and requires 30,000 man-hours to complete the job.

The new Engineering Centre, together with our JAR 145 approval, has enabled Emirates to add another six airlines to its third party customer base. The latest additions are Swissair at Dubai, Singapore Airlines in Colombo, Thai Airways and Gulf Air in Manila and Aeroflot at Karachi.

We have also expanded our Avionics Shop by adding automatic test equipment for the computers of our A330 fleet.

Planning for the Rolls Royce Trent 700 and 800 engine module change facility is complete and it will be up and running by the end of 1999. We already have a module change facility for the General Electric CF6-80 engines and have completed the overhaul of 116 engines.

Flight Operations

The arrival of additional B777 aircraft and the new A330 aircraft required an increase in the number of crews and the work force now consists of over 400 pilots from 46 different countries.

This year also saw a large increase in the National Cadet training programme. Seven cadets joined the airline upon graduation from British Aerospace Flying College in Prestwick. Eight ex-Gulf Air cadets joined Emirates and were sent to the USA for refresher training and jet familiarisation training prior to starting their careers in the commercial operations of our Airbus and Boeing aircraft. Following a very stiff competitive process, it was decided that our ab-initio cadet training school for the next two years will be at the Western Michigan University in the USA. The first group of seven cadets was enrolled in August and the second group of six cadets was enrolled in March. It is anticipated that we will send 32 cadets to the USA for pilot training each year.

The real success story for Flight Operations this year has been the smooth and trouble free entry into service of the new A330-200. Most of the credit for this accomplishment goes to the A330 Development Group that was formed more than eighteen months before the delivery of the first aircraft. The initial instructors were trained at Airbus Industrie in Toulouse but all subsequent training was done in Dubai.

All the instructors gained line flying experience with Malaysian Airlines prior to delivery of our own aircraft. Delivery of the A330 simulator in September also allowed the Group to prepare the total training package that ensured all entry-into-service requirements were met. The end result was that our A330-200s entered commercial service immediately after delivery with clearance for all operations including All Weather Operations to Category 3B weather limits, ETOPs, and Zero Flight Time approval. This is a very significant accomplishment by industry standards.

In addition to providing training for our own pilots, Emirates will also provide the training for Air Lanka pilots on their A330 and A340 aircraft. The combined training programme for the two airlines has resulted in the requirement for an additional Airbus 330/340 simulator which will be delivered some time in the year 2000. This will bring to a total of four, the number of flight simulators located at our state of the art training facility.

Emirates also has several other major airlines as customers for our flight simulators which remain fully booked 20 hours each day. Even as our A310/A300 fleet is replaced and our own requirements for simulator time decrease, new customers are taken on to keep the simulator fully booked.

Inflight Services

We now have more than 1,800 cabin crew representing no less than 67 different nationalities. This vivacious and enthusiastic band of young men and women from all over the world reflects a uniformity and continuity of service quality which helped us to win the 'Airline of the Year' award for the third time. We recognise that we can achieve these standards only with our continuing investment in training time and resources, a task to which we remain fully committed.

Through our sophisticated psychometric testing techniques we endeavour to choose staff who have a rapport with their colleagues and their passengers. We train them to maintain the high standards of Emirates inflight service and with emphasis on the use of safety equipment like the defibrillators, plus first aid training which includes emergencies like the birth of a baby (it happened during the year).

Our "Great Chefs of Dubai" programme offering a wide range of cuisine from many different countries has become a regular feature of Emirates inflight menus.

Emirates uplifts catering from 24 catering contractors across the network, with all of them receiving a visit at least three to four times a year by the Emirates catering team for a hygiene and quality audit to ensure the highest standards are practised.

During the last financial year, Emirates served a total of 6.6 million meals including a wide range of Special Meals for dietary, medical and religious needs.

Inflight Services also played a major role in the choice and development of the new seats on the A330-200s. Both First and Business Class seats are fitted with personal video players with a choice of more than 40 programmes (with 10.4 inch TV screens) while the Economy Class seat has a footrest, lumbar support and headrest with side support. Each Economy seat is fitted with a 6.5 inch personal TV screen with access to 18 channels of entertainment.

Overall, Emirates is confident we will retain our market lead on IFE systems with our new A330-200 product.

AIRPORT SERVICES

Dnata Airport Services continued its solid growth with a 7.9% increase in passengers at Dubai International Airport to over 10 million passengers and a 0.5% increase in cargo handled (to 430,000 tonnes). It was an extraordinary year of "can do" achievement by the Dnata team faced with major construction work on the new terminal.

Dnata Passenger Services has launched a vigorous campaign to prepare front-line staff to deal with the high customer expectations in the upcoming world class airport infrastructure. All the passenger services' staff members are undergoing a specially designed customer awareness training course. In addition, various Quality Action Teams have been formed within the department to synergise service improvement processes.

Meanwhile, a Special Handling unit was launched in September last year exclusively to look after the needs of incapacitated passengers and unaccompanied children with the staff in this unit being trained to handle the needs of "special" passengers.

This commitment has also led to Dnata making provisions for a Special Handling Lounge as part of the new airport terminal.

Looking to the future, Marhaba (meet and greet service) will provide exclusive lounges for Marhaba customers, its elite clientele, by the year 2000 located at the Check-In and Boarding Gate concourse. There will also be a self-contained Business Centre to meet the demands of today's business traveller.

Dnata Engineering

The Engineering Department is taking quantum leaps to meet and conquer the challenges of the new millennium.

The contract has been awarded and work started on the long-awaited Engineering Ground Support Equipment (GSE) facility which will be ready for occupation in mid September. Both the allocation centre and the entire Engineering management will be centralised thereby improving communication and helping to streamline the operation.

The Maintenance Management System (MMS) has had a soft introduction and will be fully implemented once the new workshop is opened and a 24-hour maintenance response line has been started.

DNATA AGENCIES


Dnata's Companion website to keep card-holders company

During the year, the GSA and Sales divisions were reorganised to establish the new Airline Affairs department which currently handles the representation of 33 airline principals and related services in Dubai and the Northern Emirates. These services include: dedicated GSA counters, 24-hour ticketing service, 24-hour telephone reservations service, PTA and Visa assistance, Tariffs and Yield Management and a fully fledged travel agency support unit catering to the requirements of travel agencies.

Dnata World Travel, the largest IATA accredited travel management service company in the Middle East, is a part of the global network of leading business travel consortia under the joint venture company - Business Travel International (BTI). BTI UAE has recently launched a dedicated Marine Travel Division to cater for the specialised business of ship's crew travel.

Dnata is also the managing partner for BTI in the Middle East and West Asia region and manages all the region's activities through a network of 16 partners in 14 countries. As part of this regional development, Dnata successfully launched the BTI Calling Card, the BTI Corporate Travel Policy Guidelines and the BTI Priority Pass. A series of training programmes were introduced for BTI partners.

World of Events by Dnata handled a series of prestigious events like the BTI Global Conference, played a major role in developing a network of travel agencies on behalf of Dubai Commerce and Tourism Marketing Department for 'Dubai Summer Surprises' and other turnkey events such as the BTI Golf Championship.

The Companion Leisure and Entertainment Card was successfully launched locally and is being extended to other countries in the region while a new Seminars Division is being introduced to meet the demand for professional seminars and executive programmes.

The Internet formed an active part of the sales and marketing strategy of the Network Planning and Development unit with a series of Websites successfully launched.

World of Events went global, with a network of partners developed to handle a series of sporting events such as the Cricket World Cup, the World Cup Rugby, the Hong Kong and Dubai Rugby Sevens, the Commonwealth Games, professional tennis and Formula One events.

Holidays by Dnata began wholesaling a wide range of global leisure travel services and products consisting of hotels, apartments, resorts, car hire, theme parks, cruises and coach tours marketed under the Axis branding.

During the year, Dnata Agencies invested in the latest information technology through Baan and Pro:Con. Baan is the number one enterprise relationship management software automating global sales, marketing and customer service operations. Pro:Con is the new agency revenue management system. The package also includes Travel.World Net (TWN), a holidays package system which it is expected will allow Holidays by Dnata to distribute holiday packages across the Internet and Intranet, with the ability to take on-line bookings by credit cards.

We are delighted to continue receiving awards from our GSA partners during the year and were honoured to accept accolades from Lufthansa, Marriott, Caribbean Cruises, Alitalia, Saudia, Singapore Airlines, Cathay Pacific, Thai Airways, Kuwait Airways, KLM, Air Lanka, Galileo, Air India and Malaysian Airlines.

DNATA CARGO

The year ended on a high note with Dnata Cargo winning the "Dubai Quality Award - Services Sector 1998" to add to the "Best Cargo Terminal Operator Middle East 1998" from AFIA.

The Dnata Cargo Division today comprises four business units, Cargo Terminal Operations, Freightworks, TransGuard and CargoPartners.

Because of the Asian and CIS economic downturns there was only a slight increase in the tonnage handled with historical double digit growth being reduced to a marginal 0.5%.

Through stringent cost control and creation of new income streams, Terminal Operations were still able to produce a very creditable performance and improve the bottom line contribution.

An Intra Airport Road Feeder service was started in August 1998 to move cargo under air waybill between regional airports. This service is operated with the latest 45-feet tractor trailer combinations, equipped with automated roller decks and drive units to load, transport and offload fully laden airline unit load devices. Starting with two vehicles, a third transporter was added later in the year and more are on order.

Together with the customs authorities and Jebel Ali Free Zone, Dnata is developing an Air Cargo Terminal at the Jebel Ali Free Zone which will be linked with Dubai International Airport by our Road Feeder Service.

Meanwhile, construction started in August 1998 in the Dubai Airport Free Zone on the Dnata Free Zone Logistics Centre which will open shortly.

As a temporary measure, the former Engineering Hanger B was modified and equipped during the year to accommodate Emirates SkyCargo. With the removal of SkyCargo, this provides an opportunity to start work on upgrading the Dnata Cargo Terminal and also equipping the former Engineering Hanger A as the permanent home for the Emirates cargo operation. Both the Dubai Air Cargo Terminal and the Emirates SkyCargo Centre will be operated and managed on behalf of the airlines by Dnata.

The design has been finalised for a fully fledged Express and Mail Centre, long overdue at Dubai International Airport, which is expected to be completed by August 2000 providing cut-off times among the best in the world (30 minutes for inbound delivery and 50 minutes for outbound acceptance).

Despite a weak local market where growth was marginal and competition harsh among the 1,000-plus cargo agents, FreightWorks succeeded in growing its business by a respectable 28% and improving the bottom line by 75%. New agency co-operation agreements were reached with companies in Asia, America and the Middle East. FreightWorks also opened a warehouse facility at the Jebel Ali Free Zone with activities starting in mid-April 1999.

Thanks to the pioneering efforts of the TransGuard team, this Cash in Transit service has gone from strength to strength with revenue improving this year by 20%.

TransGuard managed to expand its reach with co-operation agreements with reputable overseas CIT organisations opening new avenues in the international movement of diamonds and jewellery.

National Bank of Dubai awarded TransGuard the contract to service (replenishing and first line maintenance) their full ATM network in the Emirate.

A new CIT vaulting facility became operational at the Dubai Airport Free Zone in May 1999.

It was a tough year for CargoPartners (agencies division) and the virtual disappearance of Russian operators was not completely offset by growth in other markets. Overall, through a combination of concerted sales efforts and cost controls, CargoPartners improved its business by 2.3%.

CargoPartners plans to expand its portfolio of services to include charter brokerage and full local airline cargo management services.

FINANCE

The highlight of the Finance Department's year was the award of Deal of the Year (Africa and Middle East region) in a world-wide poll by the international finance publication, Air Finance Journal. This was based on Emirates' landmark financing agreement in the new Euro currency, finalised at the end of February by our Treasury team, for the acquisition of our first two Airbus A330-200s. The Euro 142.9 million deal is structured as a 12-year lease arranged by Emirates Bank International and Deutsche Bank AG.

It was also pleasing for last year's Financial Report to be ranked third in a major study of 42 airlines by a leading New Zealand business school, in terms of information, quality and disclosure.

Our revenue accounting team continues to play a part with Mercator (Emirates IT services division) in securing third party sales of RAPID, the Emirates' revenue accounting system. In addition, the expertise of our staff is used to good effect in the implementation phase for new customers such as Air Zimbabwe, Ansett, British Airways Cargo and our equity partner, Air Lanka.

As part of our efforts to develop the effectiveness of individual departments in the Group, our management accounting team is spearheading a performance monitoring initiative with the objective of ultimately delegating higher authority levels to the line departments.

Already Emirates produces a weekly financial analysis of route contribution to a very high level of accuracy by the first day of the next working week, which is extremely fast by industry standards. The system, which has been developed in-house, is currently being upgraded to improve our ability to generate reports across a whole range of different parameters.

On board credit card rejections from duty-free sales remain a constant problem for the industry. During the year our credit control team assisted in the introduction of small hand-held computers for inflight sales. This easy-to-use system enables credit card details to be captured much more accurately and can be updated with details of blacklisted cards.

On the insurance front, Emirates remains a leading member of the GCC Aviation Joint Insurance Programme and our insurance staff have helped our equity partner, Air Lanka, to obtain immediate reductions in premium costs.

INTERNAL AUDIT

Internal Audit had an eventful year. It successfully launched its programme of transferring evaluative skills to line management in the commercial area and a joint audit with IATA was the first of a series of audits which are being scheduled to strengthen risk protection for the industry in the Gulf and Middle East. Emirates Group Internal Audit co-hosted the Eighth World Airline Auditors conference in Bangkok.

The department was featured in the official journal of the Institute of Internal Auditors - UK, as one of four international audit departments worthy of being benchmarked for 'best practice'. The other three companies were ICI-UK, JC Penny-USA and Alcatel Alsthom-France.

The millennium will see several initiatives such as control self assessment, multi-media reporting, business impact analysis and risk consultancy to improve efficiency and the usefulness of the function to the business.





HUMAN RESOUCES

On March 31, 1999, the Group had 11,171 employees, a net increase of 1,246 (12.6%) over the previous year with Dnata's staff numbering 4,769 and Emirates 5,196 plus 1,206 outstation employees.

Some 2000 staff were recruited during the year and several records were broken including the maximum number recruited in one month - 198 - and the largest number of applications handled in one month - 8,250! Obviously, we continue to be a popular employer.

A recruiting campaign was kicked off for the 1999-2000 year with an increased emphasis on boosting the number of UAE nationals in the Group.

The Performance Matters! initiative on performance appraisal for staff has been successfully implemented and today the new automated system is being used by over 95% of the departments in the Group.

A Human Resources Development unit was established and a programme to develop our management talent in a structured way was launched with 15 development centres run in the first quarter of 1999 for a pilot group of 58 managers and supervisors. The process will be rolled out across the organisation in the current financial year. A new career development process has also been designed and is being tested in three departments.

A major development project for over 240 airport supervisors and managers is helping to prepare them for the opening of the new terminal at Dubai International Airport.

HEALTH

For our passengers we made significant improvements in our on-board emergency medical equipment to once again bring us to the forefront of medical care in the air. We now have some of the most comprehensive and extensive medical facilities available to our crews.

The introduction of heart defibrillators was most successful and we have used it once to save a passenger's life. In addition, we implemented a telemedicine link with MedLink to provide immediate inflight medical advice from medical experts to assist passengers who are taken seriously ill. It has been used several times to benefit both the passenger and prevent unnecessary diversions and inconvenience. We also signed a contract with AEA-SOS International to provide Emirates with all necessary medical assistance for passengers in the event of an incident.

The health care of our staff and their families remains a major priority with further corporate clinic expansion and more dentists, doctors and nurses planned to manage the increase in staff over the next few years. This will involve a sizeable expansion to the present clinic structure, taking over an additional floor at its present location.

Specialised clinics such as child welfare and development are now in operation and more are planned for the coming year.

GROUP SAFETY, TRAINING AND STANDARDS

In order to ensure the Group's high standard of safety is maintained, an initiative was taken to form the Group Safety Department. The existing resources of Flight Safety, Ground Safety and Safety Emergency Procedure Training have been drawn together with the addition of one new section, Safety Audit. The department's area of responsibility includes investigation, audit, advisory, training and operational risk assessment. The combination of these activities forms the basis of the Group Safety Management System currently being developed within Group Safety.

With the Group's continued growth and expansion into new destinations and markets, the need to further develop a safety conscious culture within the Group has been identified. As a result in order to demonstrate management's commitment to safety, a new corporate value on safety has been developed, as follows:

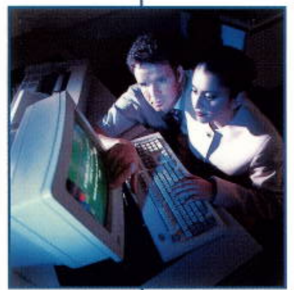
"We will protect our customers, staff and assets through a ceaseless commitment to international and all other appropriate safety standards and the adoption of practices which emphasise safety as a paramount personal responsibility".

Training

As a result of a market research project entitled 'Training 2000', the Training Department has now more closely aligned itself to the demands of the organisation.

Customer Service Training conducted people-and-customer service development courses throughout the network, working closely with Inflight Services, SkyCargo, Dnata Passenger Services at Dubai International Airport and providing high profile training to many outstations within the Emirates network.

Commercial Operations Training was involved in several important projects and played a big support role in the smooth operational start up of Terminal Two and the successful introduction of the A330 into the Emirates fleet. There was also a significant focus on sales and marketing programmes for the newly formed Network Passenger Sales Development unit. Our on-going support for Air Lanka continued with training being provided for the introduction of the MACS system (departure control).



During the year, a series of experimental learning events took place focusing on developing effective work teams and business leadership in key parts of our business.

Training continues to undertake new initiatives, ensuring that at all times the training and development opportunities provided to the Emirates Group are equal to the best in the world.

PROCUREMENT AND LOGISTICS

The department was involved in the new Engineering Centre, the construction and commissioning of a building for Emirates Holidays and the launch of a major Group warehousing centre. To cope with the structured increase in staff, a multi-storey car park is under way adjacent to the corporate headquarters. The Al Maha eco-tourism resort project was also launched.

Attention was given to IT system improvements whereby the Inflight Inventory has now been integrated into an existing Materials and Purchasing System. This will enable improvements with both internal customers and suppliers to ensure that we achieve efficiencies of stock turnover and the associated cost benefits. This was supported by other developments to capitalise on the opportunities of tendering via the Internet during the course of the next year.

The introduction of the A330 into the Emirates fleet is the culmination of effort by Procurement and Project Management with colleagues from Engineering/Inflight Services/Commercial. This required extensive co-ordination commencing with the selection of suppliers, and contract preparation, through to monitoring delivery of the products. In parallel, long lead spares procurement was undertaken with Engineering to ensure full parts support for the aircraft arrival.

With the horizons of Emirates having been expanded with the equity participation in Air Lanka, Procurement and Logistics are playing a key role in implementing strategies to derive joint purchasing benefits for both airlines. This will continue during 1999/2000, a period which will see the two organisations developing and extending supplier relationships.

CUSTOMER AFFAIRS & SERVICE AUDIT

It is no exaggeration to state that Emirates customers have higher expectations than on many other airlines and as a result they expect a higher quality of product and service. The airline makes it easy for its clients to provide feedback on their experiences and their suggestions.

Customer Affairs is the voice of the customer in the organisation. The department is involved in many steering groups to ensure that the customer perspective is the prime driver for products and services.

Service Audit conducts regular service audits on all front line divisions within the Group to measure service and product quality. In addition, competitor analysis is also conducted to compare Emirates' quality against our major competitors in all markets.

For the future, new developments will include increased automation to speed up the process of service recovery whilst on the service audit front, staff from Ground Services and Inflight Service will now be joining the team to enhance standards and procedures from an operational point of view.

CORPORATE COMMUNICATIONS

Throughout the world, our integrated corporate communications activities helped to strengthen the brand with more emphasis placed on television and media relations/promotions' tie-ins than in the past.

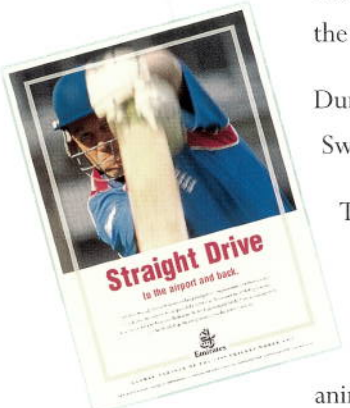
Advertising

We produced three new television commercials which included our new tag line "Be good to yourself. Fly Emirates" which have been screened in the Far East, Middle East, Europe and Australia. The commercials featured a European, an Arab and an Asian traveller in a humorous situation on board and on the ground. They have proved popular with viewers.

Our award-winners press advertisements were updated for the third year of the campaign and these are planned for replacement in October with a brand new campaign.

The Dubai Shopping Festival promotion was supported with press and inflight competitions.

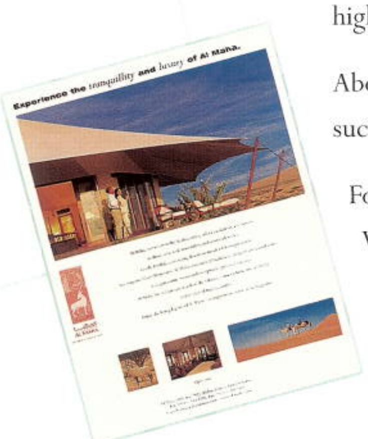
For the Cricket World Cup, we developed a range of dedicated radio, press and TV advertisements to maximise pre-tournament awareness of Emirates as a global sponsor. We have also begun advertising on the Internet on sites such as CNN.com and cricinfo.com.



During the year we appointed new advertising agencies in Malaysia, Sweden, the Czech Republic and Switzerland bringing the total number systemwide to 38.

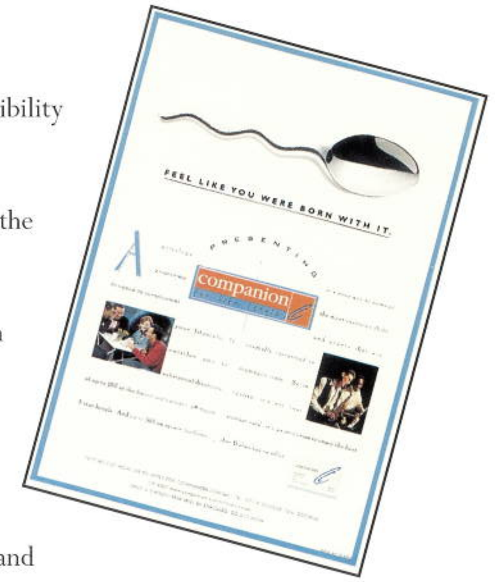
The Advertising Department worked closely with Destination and Leisure Management to create a new through-the-line advertising campaign with two 30-second TV/cinema commercials, as well as print, outdoor and radio activities. Commercial shoots took place in four countries, UAE, Oman, South Africa and Italy and at one point totalled some 35 people for one day's shoot, not including the live animals! The campaign is now running in Pan Asian, Pan Arab and the Levant media.

A new press and radio campaign was developed to support the new USA brochure product. Other highlights were the Point of Sale support material for the recently opened Holidayland building.



Above-the-line advertising support for Arabian Adventures continued for various segments of the brand such as incentives, conference and exhibitions and tour operators.

For the launch of the Al Maha eco-tourism resort we ran a pre-opening international advertising drive. We also produced all the publicity material and on site operations/guest print material from menu covers to postcards. All were made from eco-friendly material whilst retaining the upmarket, exclusive feel of this unique resort.



For Dnata, the advertising department broke new ground in the summer renting 40 high visibility unipole billboards throughout Dubai.

A Cricket World Cup brochure was produced describing the packages of Dnata World of Events, the sole handling agent for customers from Dubai.

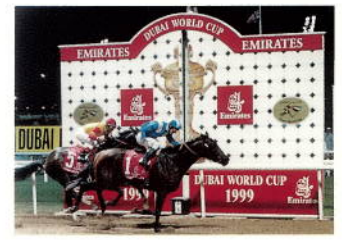
Retail Travel ran a three-month scratch-and-win campaign in local media and the Companion Lifestyle Card Scheme was launched.

On the cargo side, Freightworks' eye-catching and informative ads in local media created increased awareness and generated new business.

Galileo Emirates was launched with a series of advertisements and print material in the UAE and subsequently in the new markets of Pakistan and Sri Lanka. The successful series of Mercator product brochures was continued with Comet/Rapid/Rapid Cargo/Mars-Macs/X-View and a new corporate brochure. Advertising in international airline/airport trade publications helped to boost the brand which is now well recognised within the industry.

All told, 23 brands of Dnata were communicated in all forms of media numbering more than 450 projects.

Promotions



At home and abroad, Emirates has managed to dominate press and television with the sponsorship of world-beating events.

In Dubai, we were again the sponsors of the Dubai World Cup, the world's richest horse race. In the UK, we were the sole sponsor of a three-nation triangular tournament and became the global partner of the Cricket World Cup 1999 as well as sponsoring the Australian Cricket team. We entered new promotional territory by backing Collingwood, the Australian Rules Football Club, with a three-year contract in Australia and again participated in the Melbourne Cup Carnival.

In the prestigious world of thoroughbred racing, we announced our sponsorship of the exciting new World Series Racing Championship.

During the year, Emirates was a high-profile sponsor of the Offshore Powerboat Championships staged in Dubai, the Desert Classic PGA Golf Tournament and the Dubai Rugby Sevens.

On the exhibitions side, we designed a new-style modular stand system which can be used several times and has already been seen at ITB Berlin and the Arab Travel Market.

The Promotions unit made all the arrangements for celebrating the start of our new services to northern Pakistan and the introduction of the A330-200. Coming up this year is our participation in the Dubai Air Show 2000 in November 1999 and the inaugural of our first Boeing 777-300s.

Media Relations

Without the integral support of Media Relations, the promotional events could easily turn out to be pure hospitality functions and thus we would miss out on the millions of words written about Emirates and Dnata - and the hours of television coverage.

During the year, we obtained excellent coverage for the Al Maha resort on two Arabic TV stations which immediately resulted in enquiries and bookings from the region. There were a number of high profile programmes overseas on TV featuring Emirates and Dubai including France's Channel 5 and the Discovery Channel. Emirates received good TV exposure on the Sub-continent in the pre-Cricket World Cup coverage.

Corporate Communications' internal awareness activities continued to widen with no less than 60 separate newsletters for individual departments during the year. Our regular Corporate Broadcasts on the Intranet keep staff and management updated with the latest company news.

Audio Visual

We produced the quarterly video news roundups and promotional videos for a number of travel trade shows and sporting events.

The unit helped to produce the Safety Facilities film for the new A330-200 aircraft prior to delivery and was also instrumental in shooting a series of instruction films to improve ground safety at Dubai International Airport.


Dh430m deal by Emirates seals Boeing financing

First eco-tourism project in the UAE is set for a March opening

Traffic rights to Colombo granted

Emirates scores a repeat win in OAG business travel poll

Digital Publications

The Digital Publications Unit was expanded and a team recruited. The unit is now in full production.

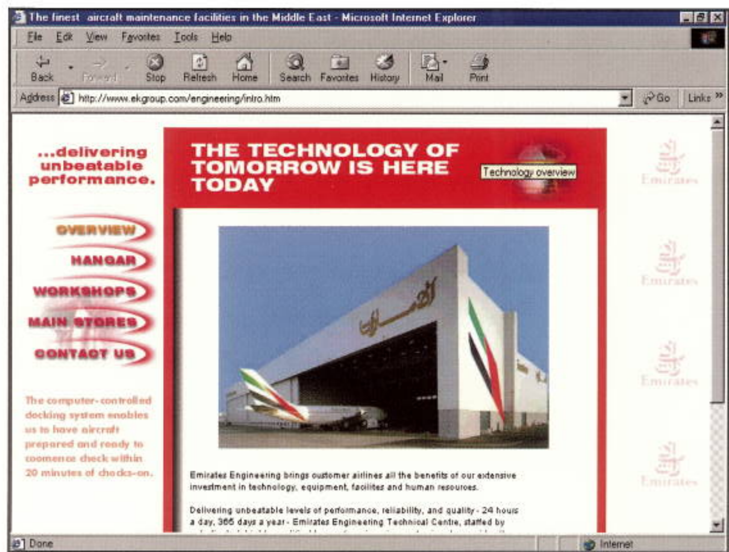
The number of pages on our Website has been increased to 705 during the year.

A Website for Emirates Holidays went live and is one of the most comprehensive holiday sites in the Middle East. The Emirates Group Site was revised with a new look and easy navigation while Emirates Engineering is now featured. Emirates Visa pages were added for the Dubai Shopping Festival.

Sites were developed for Dnata's World of Events, Companion Card, Business Travel International and Galileo.

Emirates SkyCargo presentation has been totally redeveloped. Similarly, a redevelopment of the Dnata Cargo information has taken place.

Version 2 of the Electronic Sales Presenter CD Rom on Emirates was issued and is used extensively across the network in commercial presentations.

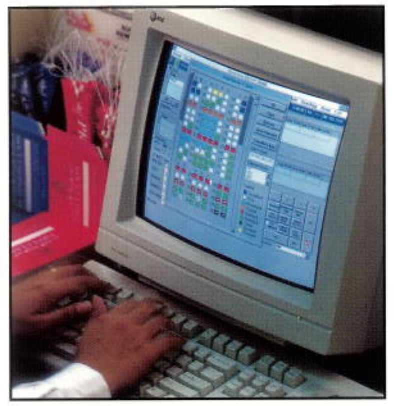


INFORMATION TECHNOLOGY

As the new millennium approaches, the Emirates Group continues to invest heavily in technology and systems to integrate its operations and to support its expansion both in Dubai and overseas. The installation of new infrastructure, equipment and systems will ensure that customer service is not affected by the growth of the airline, the development of Dubai International Airport or by the threatening 'millennium bug'.

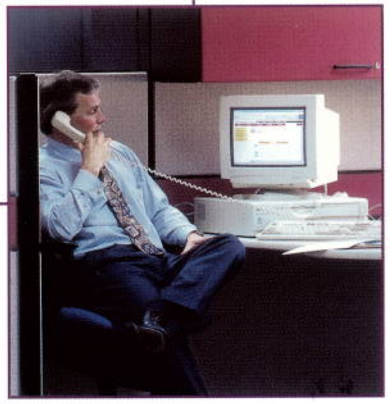
The move to the Internet standard for international communications has now been completed and makes the Emirates Group one of the most advanced users of communications in the air industry. By the end of the coming year, more than 8,000 staff will be operating on a single corporate network with common access to corporate systems and controlled gateways to the external world. The benefits of this investment are already being appreciated throughout the Group. This single technology platform will control support costs whilst delivering important productivity improvements to all parts of the Group. The integration of processes between head office departments and overseas staff in passenger, cargo and airport operations also brings added value opportunities in customer care and revenue enhancement.

The IT organisation can rightly claim credit for this achievement, yet it cannot independently keep pace with the technology revolution or meet the demands of the whole spectrum of business needs. One of its key strategies is to seek partnerships and joint ventures with specialist service and product providers. During the year, new software development centres have been established in India and in Sri Lanka, which will provide a reservoir of skilled staff to supplement the Dubai based software teams. Several projects have been completed in a timely and cost effective way through joint programmes of development. Notable of these, is the increasingly productive relationship with SITA - the airline network and business solution specialists. The system enhancements for Emirates SkyCargo, in establishing their industry-leading customer information service, have been carried out under a joint development programme where risk and return is shared by both parties.



Amongst the unsung heroes of any IT organisation are the shift staff who install and operate computers and networks throughout the day and night. Often working in difficult conditions and under extreme pressures, the Service Support, Service Delivery and Network Development teams have provided a service of the highest quality throughout the year. The Al Maha Resort project was as close as one can get to a 'green field site' in this part of the world. The sophisticated data, voice and television circuitry that was delivered to schedule is a classic demonstration of the skills and professionalism that have been developed within the organisation. The sand, heat and site topology added new dimensions to the normal design and installation tasks. On a larger scale, the opening of Terminal Two at Dubai International Airport and Hall C at Terminal One have created additional areas of engineering support responsibility requiring a high quality service commitment. These responsibilities, together with the challenges of the development of the new concourse building, will be met with enthusiasm by the Infrastructure team in the coming year.

No report from IT in 1999, could be complete without reference to Year 2000 system readiness. The millennium bug and, of increasing importance, virus protection have been a focus of attention over recent years and will continue to be carefully monitored through to the next century. Internally, all of the systems that Mercator is responsible for, have been examined and certified. These are the core business critical systems that could impact customer service. Certification of these systems ensures that the Emirates Group is 'Y2K ready'.



Mercator

Mercator is the trade name for the IT division of the Emirates Group. Competing against some of the best-known airline systems suppliers, Mercator has won profitable contracts with airlines in many parts of world. Using the quality branding of the Emirates Group and the active support of its user departments, Mercator has established a platform for generating incremental revenue from external sales of systems and services.

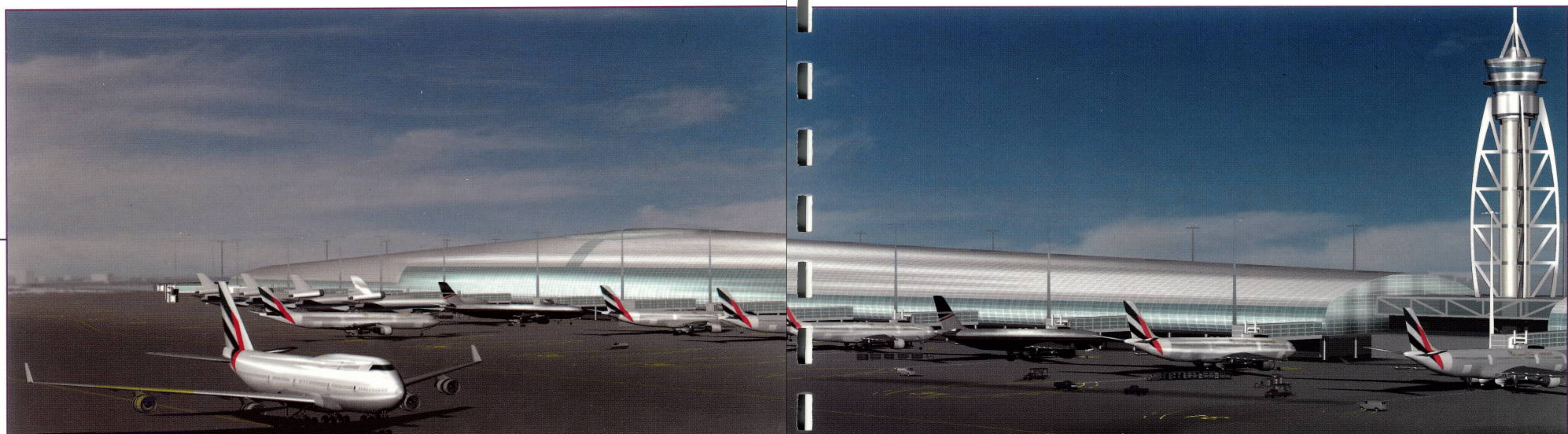
Mercator has based its strategy on the core transactional systems it has implemented within the Group over the last few years. These are proven airline solutions, which have a market edge and high value.

RAPID is a specialised airline revenue accounting system which manages the complexities of proration and interline billing for both passenger and cargo traffic. Designed and developed in-house with the Emirates' Revenue Accounting department, RAPID is fast becoming the industry leading product in its market. The combination of business expertise and technical skills has been the cornerstone on which the opportunities outside of the Group have been developed. Successful implementation at Air Zimbabwe has been followed with contracts with Royal Brunei, Air New Zealand, Air Lanka, Sun Air, British Airways, Lufthansa, Olympic Airways and Royal Air Maroc.

MARS and MACS are the hosted services for airline reservations and airport check-in, operated and marketed by Mercator under a joint venture agreement with Atraxis, the IT services division of Swissair. The MARS service, operated from within the twin data centres of Mercator in Dubai, includes 24-hour reservations, ticketing and fares. It already supports the Emirates sales network and will soon provide similar services to two new customers - Air Lanka and Air Algerie. Air Algerie was won in competition against the services of some very large American and European suppliers. On the airport side, the MACS service of check-in, seat allocation and aircraft weight and balance already supports the handling of more than 80 airlines using Dubai International Airport. This service was successfully extended in November 1998 to Colombo Airport, which handles the departures of more than 30 airlines. By the end of the year, MARS and MACS will be processing the transactions of more than 7,000 sales and handling agent PC's, at a throughput rate in excess of 90 per second.

The airport of Dubai has been undergoing a major programme of development and Mercator is playing a significant role in the systems and networks being installed. Recently appointed as the IT service provider to the Department of Civil Aviation, Mercator is delivering a new and very advanced passenger and management information system - AOMIS. At the heart of the system is an airport-wide operations database, which collects and distributes real time flight information to hundreds of public monitors and to the PC's of the whole airport community. By the time that the new airport concourse opens, the system will manage the entire signage throughout the airport, including advertising material and emergency instructions.

Mercator intends to extend its product portfolio and market coverage in the coming year. It is gaining a higher visibility in the airline solutions business and there is good potential for growth. The revenue earned by external business is expected to make an increasing contribution to corporate profits.



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 Communications	Mike Simon
Head of Corporate Development	Khalid Al Kamda
Head of Group Safety	Mick Quinn
Senior General Manager Customer Affairs & Service Audit	Richard Ng
Senior General Manager Information Technology	Hugh Pride
Senior General Manager Procurement & Logistics	Adel Al Redha
General Counsel	Chris Walsh
Group Medical Officer	Dr. Alasdair G. Beatton
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
Director Engineering & Operations	Ahmed Al Mulla
Director Service Delivery	Don Foster
Senior General Managers:	
Commercial Operations (West Asia & Pacific Rim)	Keith Longstaff
Commercial Operations (Europe & North America)	Nigel Page
Commercial Operations (Middle East, Africa & CIS)	Shoaib Khoory
Engineering	Iftikhar Mir
Cargo	Ram Menen
Ground Services	Mohammad Mattar
Head of Destination & Leisure Management	Hans Haensel
Head of Planning, 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

	1998-99	1997-98	1996-97	1995-96	1994-95
Emirates					
Total revenue (AED'000)	4,442,987	4,089,114	3,292,079	2,805,058	2,506,933
Total expenditure (AED'000)	4,130,028	3,826,701	3,180,554	2,724,236	2,411,877
Operating profit (AED'000)	393,047	401,957	234,004	165,597	186,576
Net profit (AED'000)	312,959	262,413	111,525	80,822	95,056
Yield (Fils per RTKM)	195	212	217	231	244
Unit cost (Fils per ATKM)	126	136	143	153	155
Breakeven load factor (%)	64.7	63.9	65.6	66.2	63.8
Fleet					
No. of aircraft	26	22	19	16	17
Average age (months)	59	58	61	58	63
Production					
Destination cities	47	44	41	38	34
Overall capacity (ATKM million)	3,111	2,670	2,118	1,707	1,478
Available seat kilometres (ASKM'000)	18,673,830	16,368,191	12,810,309	10,634,874	9,583,407
Traffic					
Passengers carried (number)	4,252,759	3,683,474	2,997,790	2,562,911	2,252,473
Passenger seat kilometres (RPKM'000)	13,908,191	11,450,569	9,109,572	7,461,177	6,527,764
Passenger seat factor (%)	74.5	70.0	71.1	70.2	68.1
Cargo carried (Kg'000)	214,215	200,138	159,720	129,560	107,897
Overall load carried (RTKM million)	2,158	1,850	1,461	1,171	996
Overall load factor (%)	69.4	69.3	69.0	68.6	67.4
Staff					
Average staff strength (number)	5,652	4,978	4,540	4,270	3,915
Capacity per employee (ATKM)	550,494	536,432	466,520	399,765	377,464
Load carried per employee (RTKM)	381,731	371,657	321,806	274,238	254,446
Revenue per employee (AED)	786,091	821,437	725,128	656,922	640,340
Value added per employee (AED)	306,973	308,897	261,916	228,412	244,768

Operating statistics

	1998-99	1997-98	1996-97	1995-96	1994-95
Dnata					
Total revenue (AED'000)	564,096	509,167	426,069	376,999	318,993
Total expenditure (AED'000)	448,074	400,370	343,398	314,073	268,428
Operating profit (AED'000)	87,693	88,882	67,347	52,210	42,551
Net profit (AED'000)	116,022	108,797	82,671	62,926	50,565
Aircraft handled (number)	50,452	47,947	43,757	41,871	37,658
Passengers handled (number)	10,028,115	9,290,016	8,240,740	7,344,980	6,457,208
Cargo handled (Kg'000)	429,089	426,813	366,467	331,778	264,055
Staff					
Average staff strength (number)	4,926	4,519	4,370	4,261	4,083
Revenue per employee (AED)	114,514	112,672	97,499	88,477	78,127
Value added per employee (AED)	92,709	91,175	79,197	71,253	64,740

Financial statistics

		1998-99	1997-98	% Change
Group				
Total revenue*	AED (million)	4,827.5	4,436.5	8.8
Total costs*	AED (million)	4,398.5	4,065.3	8.2
Operating profit	AED (million)	480.7	490.9	(2.1)
Net profit	AED (million)	429.0	371.2	15.6
Group liquid funds	AED (million)	712.7	508.8	40.1
Shareholders' funds	AED (million)	2,063.8	1,675.4	23.2
Return on shareholders' funds	%	22.9	24.6	(1.7) pts
Value added	AED (million)	2,183.9	1,942.2	12.4
Emirates				
Total revenue	AED (million)	4,443.0	4,089.1	8.7
Total costs	AED (million)	4,130.0	3,826.7	7.9
Operating profit	AED (million)	393.0	402.0	(2.2)
Net profit	AED (million)	313.0	262.4	19.3
Value added	AED (million)	1,735.0	1,537.7	12.8
Dnata				
Total revenue	AED (million)	564.1	509.2	10.8
Total costs	AED (million)	448.1	400.4	11.9
Operating profit	AED (million)	87.7	88.9	(1.3)
Net profit	AED (million)	116.0	108.8	6.6
Value added	AED (million)	456.7	412.0	10.8

*After eliminating inter company trading of AED 179.6 million in 1998-99 (1997-98: AED 161.8 million), comprising operating income/expense of AED 171.8 million (1997-98: AED 154.3 million) and non operating income/expense of AED 7.8 million (1997-98: AED 7.5 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 (AED) 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 profit for 1998-99 was down slightly at AED 481 million (1997-98: AED 491 million) but still represented a very healthy margin (10.3%) of operating revenue.

Group profit before tax increased by AED 62 million (16.3 %) to AED 441 million.

After provision for taxation payable to overseas governments, Group net profit registered a 15.6% increase to AED 429 million from AED 371 million last year.

For the second year in succession, return on shareholders' funds remained above the 20% mark at 22.9%.

At a company level, Emirates and Dnata achieved operating profit margins of 9.1% (AED 393 million) and 16.4% (AED 88 million) respectively.

Emirates' profit before tax increased by AED 55 million (20.2%) to AED 325 million and net profit by AED 51 million (19.3%) to AED 313 million. Dnata's income before and after tax increased by 6.6% to AED 116 million.

Emirates' cash income from operations (or EBITDA) was AED 826 million, an increase of AED 47 million (6%) over 1997-98.

Revenue

Total Group revenue in 1998-99 was AED 4,827 million, an increase of AED 391 million (8.8%) over the previous year. Group revenue consisted of operating revenue of AED 4,679 million and other income of AED 148 million. (1997-98: AED 4,362 million and AED 75 million).

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

Emirates operating revenue rose by AED 289 million (7.2 %) to AED 4,315 million. Having benefited from the sale of investments, other income for the year was AED 128 million up from AED 62 million in 1997-98.

Passenger revenue at AED 3,496 million was 7.8% higher than last year, while cargo and related revenue grew by 3% to AED 657 million.

Passenger and cargo revenue (including courier, mail and excess baggage) constituted 97.4% of Emirates' total operating revenue.

Dnata's operating revenue increased by 9.5% over last year to AED 536 million. Other income for the year increased to AED 28 million from AED 20 million in 1997-98.

Expenditure

Group operating costs at AED 4,199 million were AED 328 million (8.5%) up over last year.

Total expenditure including financing costs and taxation was AED 4,399 million, a rise of AED 333 million (8.2%) over last year.

The increase in costs came mainly from higher staff expenditure (up AED 127 million or 12.8%), depreciation and amortisation (up AED 52 million or 13.5%), aircraft operating lease costs (up AED 37 million or 19.6%) and other airline direct operating costs.

Capital expenditure

Group capital expenditure for 1998-99 was AED 1,093 million which was marginally higher than the previous year's level of AED 1,083 million. Aircraft, spares and spare engines comprised 73% 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 1999, the Group's financial position showed significant improvement with liquid funds up by 40.1% to AED 713 million (1997-98: AED 509 million) despite substantial cash outflows during the year in respect of advance payments for new aircraft of AED 295 million (1997-98: AED 370 million) and AED 40 million paid as dividends (1997-98: AED 25 million).

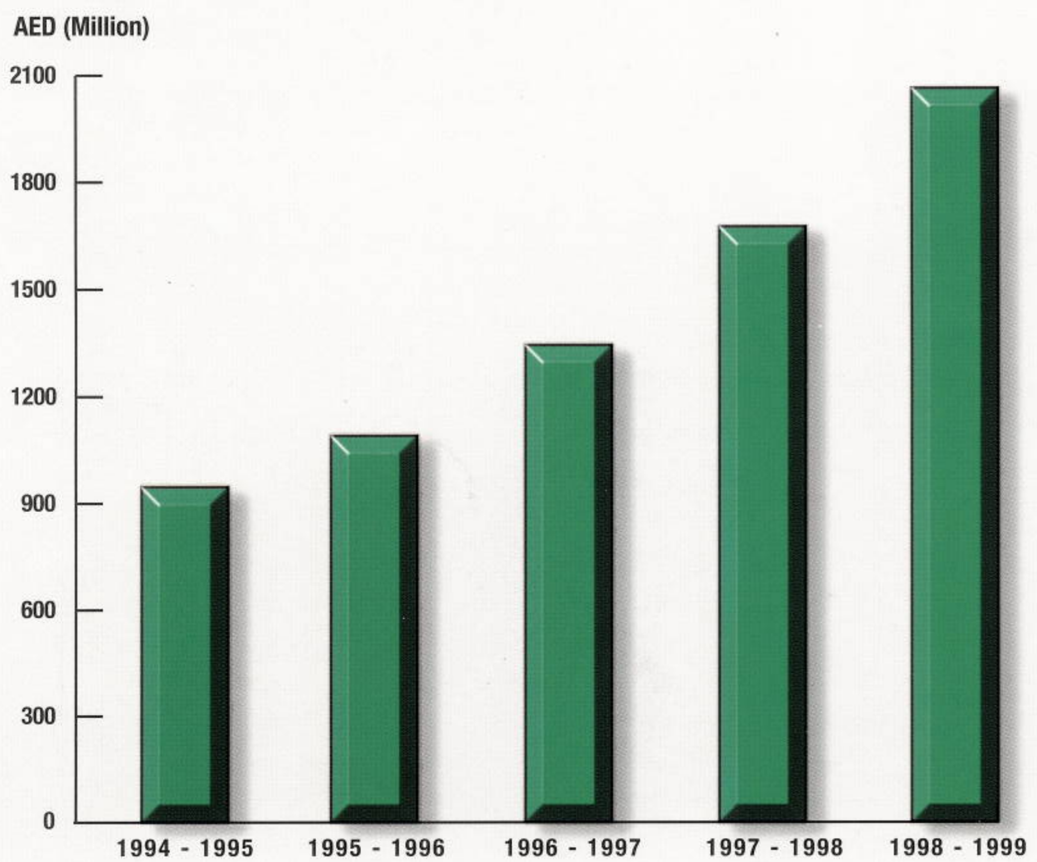
The broad spread of currencies in the business (56 in total), many of which are pegged to the US Dollar, gives the Group a measure of protection against exchange rate movements and reduces the overall sensitivity of the Group's results to exchange rate fluctuations.

Group long term borrowings (net of cash) amount to AED 2,030 million at 31 March 1999, an increase of AED 160 million over 1997-98, of which 40% is on a fixed rate basis with the balance 60% at floating rates. This increase is mainly on account of financing for new aircraft inducted into the fleet during the year.

Emirates financed two of its aircraft in Euros during 1998-99, to form a natural hedge against inflows from Emirates' Euroland operations.

Shareholders' funds at 31 March 1999 were AED 2,064 million, up AED 388 million (23.2%) from 31 March 1998, giving a net long term debt/shareholders' funds ratio of 98%, a 13 point improvement over 1997-98.

SHAREHOLDERS' FUNDS



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.

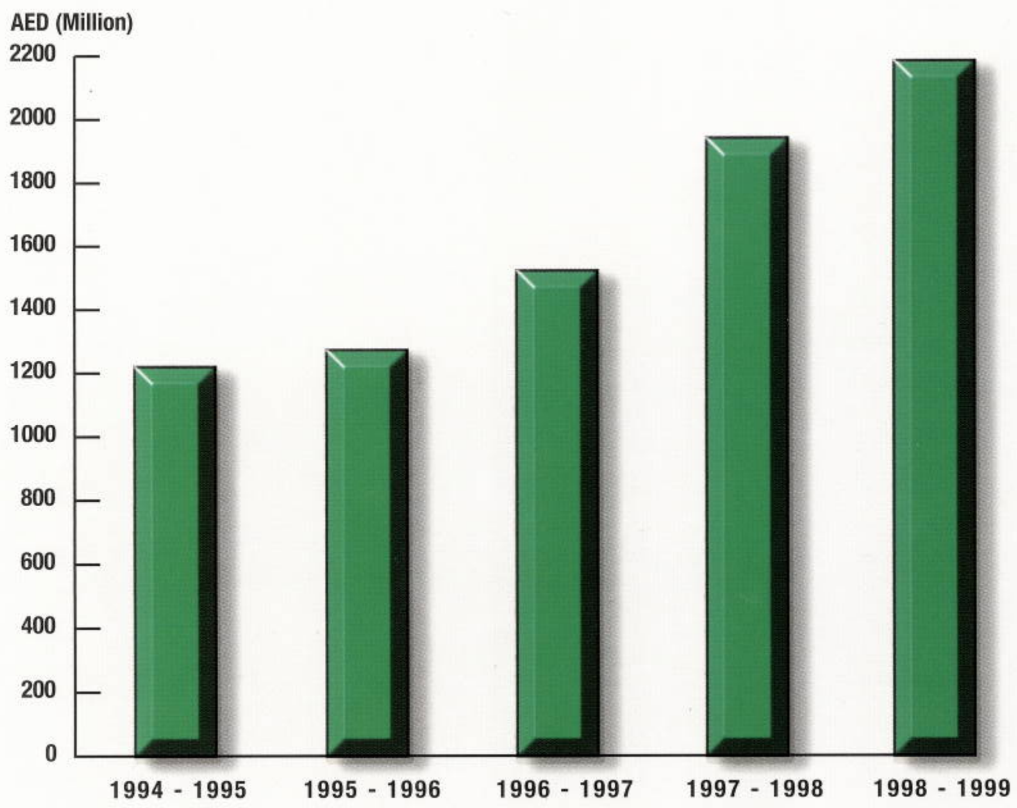
	1998-99 AED'000	1997-98 AED'000	1996-97 AED'000	1995-96 AED'000	1994-95 AED'000
Total operating revenue	4,679,264	4,361,528	3,544,800	3,026,701	2,691,562
Less: Purchase of goods and services	2,643,568	2,494,002	2,066,740	1,785,898	1,501,483
Loss on sale of fixed assets	-	-	2,279	2,338	1,403
Add: Profit on sale of investments	61,558	-	5,018	-	-
	2,097,254	**1,867,526**	**1,480,799**	**1,238,465**	**1,188,676**
Add: Profit on sale of fixed assets	3,036	5,322	-	-	-
Investment income	32,238	38,306	12,255	16,601	20,521
Non-operating income	48,636	28,735	28,178	17,189	11,052
Share of profits of associated companies	2,735	2,304	2,355	1,759	901
Total value added by the Group	**2,183,899**	**1,942,193**	**1,523,587**	**1,274,014**	**1,221,150**
Distribution of value added:					
To employees - salaries and other staff costs	1,117,199	990,665	856,534	762,653	671,766
To overseas governments -					
Corporation and other taxes	12,237	8,115	5,415	1,817	9,123
To suppliers of capital -					
Dividends	40,000	40,000	25,000	-	25,000
Interest	187,725	186,413	142,249	105,453	105,454
Retained for re-investment and future growth -					
Depreciation and amortisation	437,757	385,790	325,193	260,343	289,186
Retained profits	388,981	331,210	169,196	143,748	120,621
Total value added	**2,183,899**	**1,942,193**	**1,523,587**	**1,274,014**	**1,221,150**

In 1998-99, the total 'value added' of the Group increased by AED 242 million (12.4%) to AED 2,184 million (1997-98: AED 1,942 million). The increase came mainly from increased revenue (AED 318 million) and profit on sale of investments (AED 62 million) while the cost of purchases of goods and services increased by only AED 150 million.

Staff received AED 1,117 million (51.2% 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 AED 240 million (11%).

The amount retained in the business for future growth was AED 827 million (37.9%).

VALUE ADDED

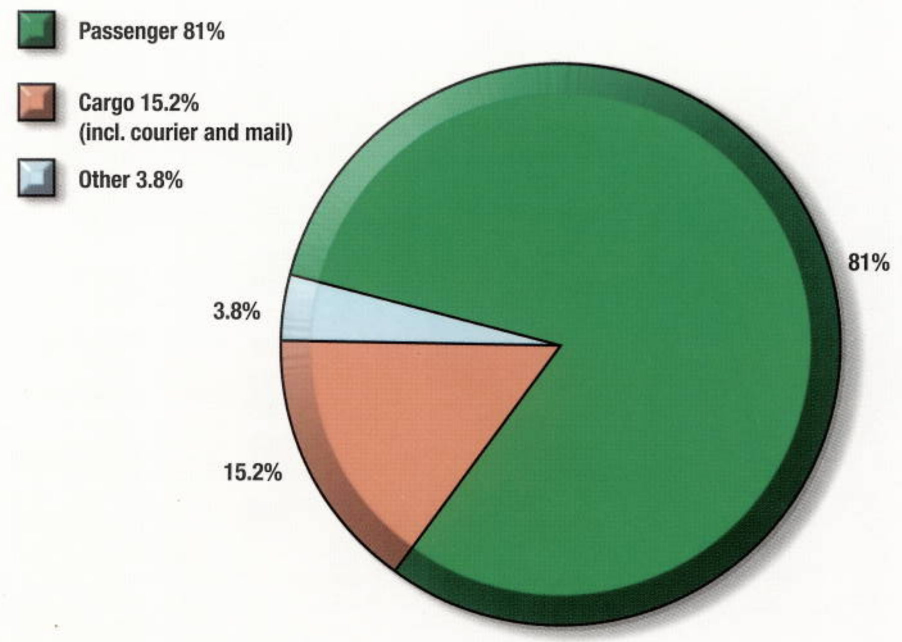


Revenue

	1998-99 (AED million)	%	1997-98 (AED million)	%
Passenger	3,496	81.0	3,243	80.5
Cargo	589	13.6	566	14.1
Courier	56	1.3	59	1.5
Excess baggage	51	1.2	49	1.2
Mail	12	0.3	13	0.3
Revenue on scheduled services	**4,204**	**97.4**	**3,930**	**97.6**
Non-scheduled services	-	-	1	0.0
Transport revenue	**4,204**	**97.4**	**3,931**	**97.6**
Inflight catering	43	1.0	40	1.0
Destination and leisure*	47	1.1	38	0.9
Other	21	0.5	18	0.5
Total operating revenue	**4,315**	**100.0**	**4,027**	**100.0**

*Destination and leisure revenue reflects the net income after removal of inter-company trading and direct operating costs. Total package sales achieved for 1998-99 were AED 319 million up 19% on previous year (1997-98: AED 269 million).

REVENUE



Emirates

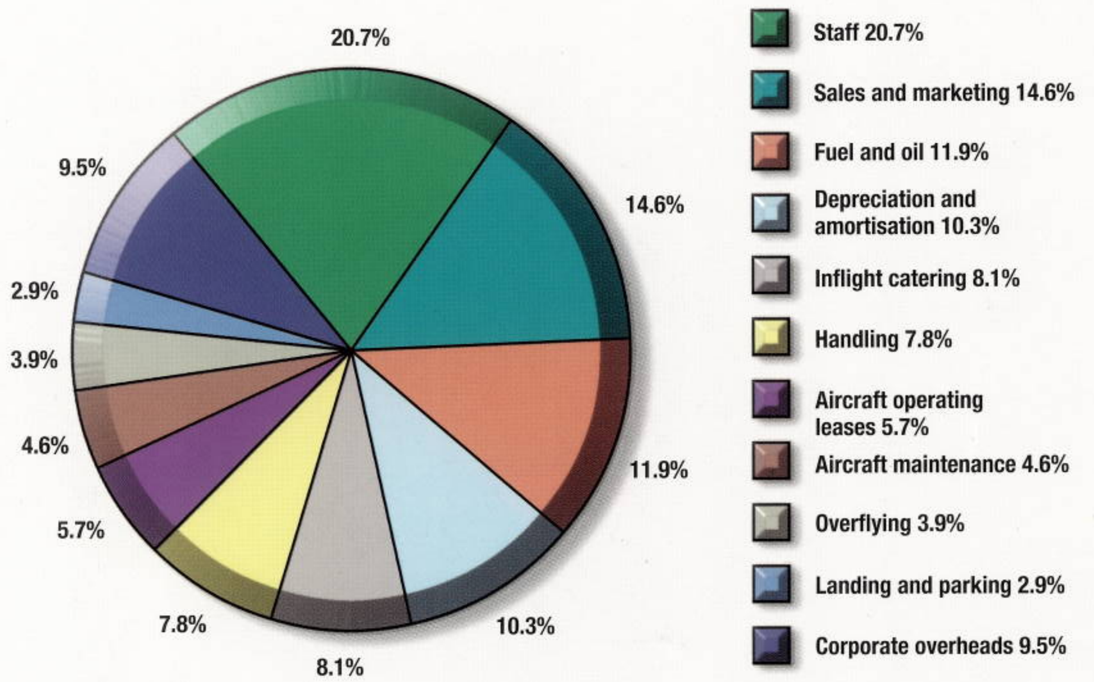
Expenditure

	1998-99 (AED million)	%	1997-98 (AED million)	%
Staff (1)	811	20.7	716	19.8
Sales and marketing	571	14.6	573	15.8
Fuel and oil	465	11.9	469	12.9
Depreciation and amortisation	404	10.3	357	9.9
Inflight catering	320	8.1	284	7.8
Handling	307	7.8	300	8.3
Aircraft operating leases	225	5.7	189	5.2
Aircraft maintenance	181	4.6	178	4.9
Overflying	153	3.9	130	3.6
Landing and parking	114	2.9	100	2.7
Corporate overheads	371	9.5	329	9.1
Total operating costs (2)	**3,922**	**100.0**	**3,625**	**100.0**

(1) includes in-house engineering staff

(2) excludes interest and financing charges

EXPENDITURE



EMIRATES

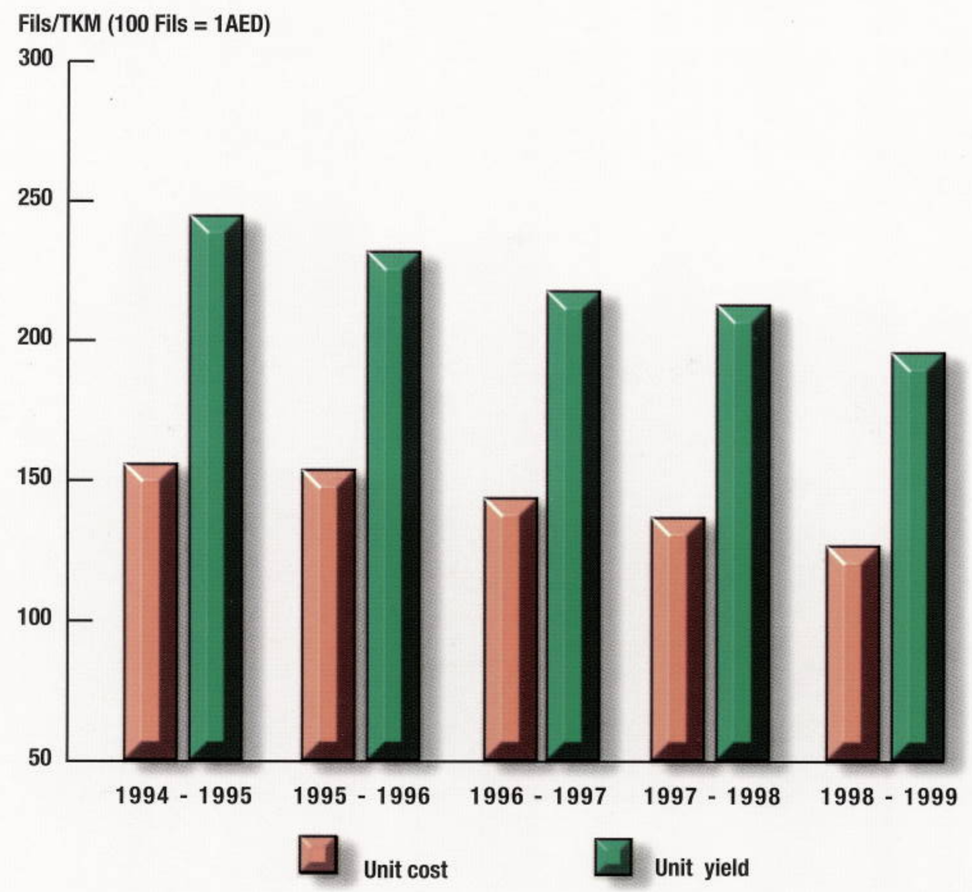
Yield, unit cost and breakeven load factor

Overall yield reduced by 8.3% to 195 fils per tonne-kilometre, with passenger yield dropping by 11.3% and cargo yield falling by 6.1% due to the increase in long haul activity. Currency depreciation, mainly arising from the Asian economic crisis, contributed to a reduction of 3 percentage points in the overall yield.

Unit cost improved by 10 fils (7.1%) to 126 fils per capacity tonne-kilometre as capacity growth continued to outpace the increase in operating expenditure. Low fuel prices contributed 2 percentage points of the reduction in unit costs and the balance came from productivity gains across the organisation.

Breakeven load factor increased 0.8 percentage points to 64.7% from 63.9% last year. The load factor gap - the difference between the overall and breakeven load factors - correspondingly moved from 5.4 percentage points last year to 4.8 percentage points.

YIELD & UNIT COST



Capacity, traffic and load factor

Traffic increased 16.6% to 2,158 million tonne-kilometres, slightly outpacing the capacity increase (16.5% to 3,111 million tonne-kilometres).

The increase in traffic came principally from:

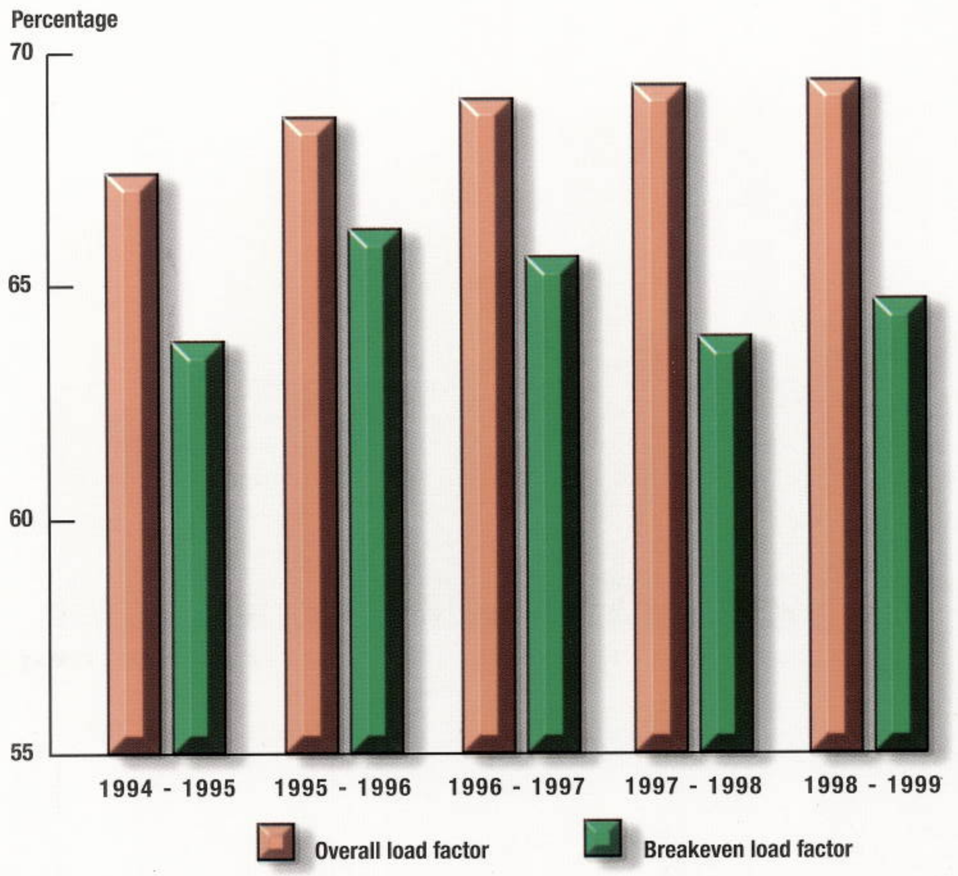
- induction of two new B777 aircraft to European and Far East destinations.
- introduction of three new destinations during the year - Peshawar, Islamabad and Lahore.
- increase in capacity by 23% to East and Southern Africa.
- increase in freighter operations (23% higher compared with the previous year).
- increased frequencies to Australia.

Passenger seat factor improved considerably by 4.5 percentage points to 74.5%. Passengers uplifted reached 4.3 million in 1998-99, representing an increase of 15.5% over last year.

Cargo carried in 1998-99 was 214,215 tonnes, representing an increase of 7% over last year.

The overall load factor of 69.4% was similar to the previous year level of 69.3% reflecting the slower growth in Cargo.

OVERALL & BREAKEVEN LOAD FACTOR



Staff strength and productivity

In the year under review, the company's average workforce rose by 674 (13.5%) to 5,652.

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

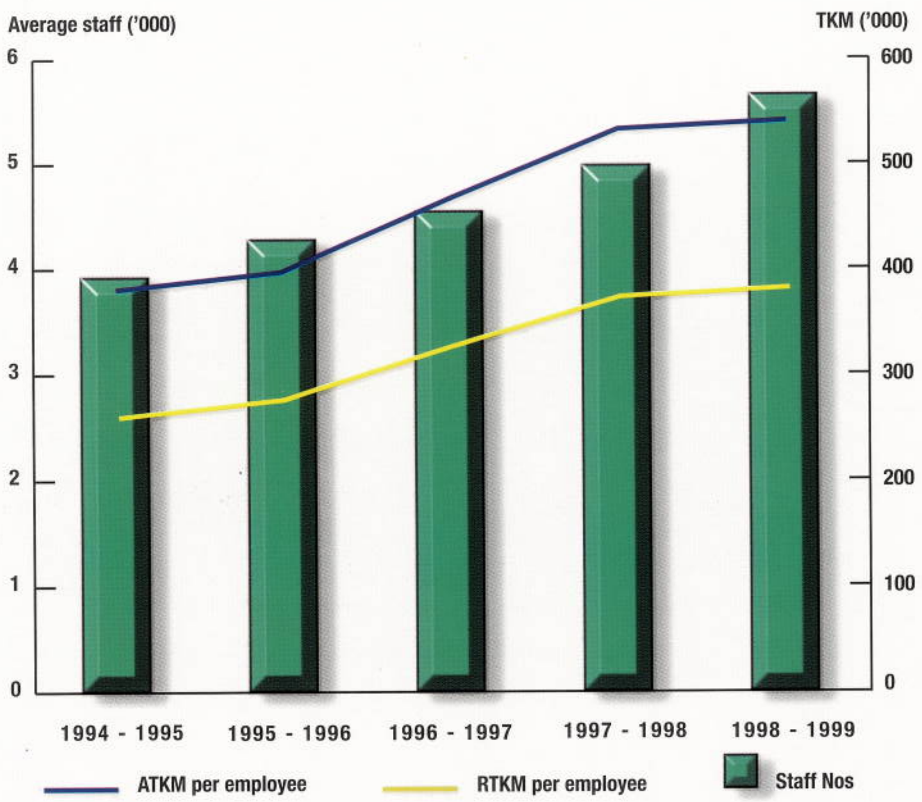
	1998-99	1997-98
Cabin crew	1,688	1,420
Flight deck crew	361	309
Engineering	619	503
Other (includes all administrative & support staff for operating departments)	2,984	2,746
Average staff strength	**5,652**	**4,978**

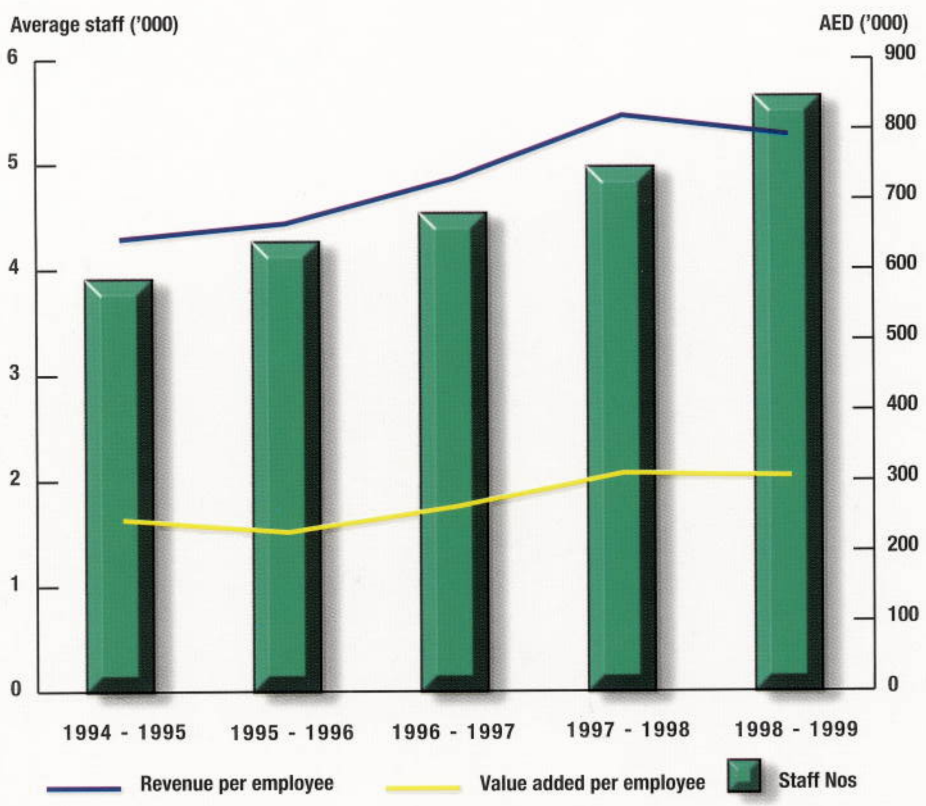
Employee productivity, measured in terms of revenue per employee, fell by 4.3% to AED 786,091 from AED 821,437 in 1997-98 reflecting the build up in manpower resources especially in Operations ahead of the entry into service of the A330 fleet.

Capacity per employee improved for the ninth straight year with a 2.6% increase in ATKM's to 550,494 (1997-98: 536,432). In addition, load carried per employee increased by 2.7% to 381,731 RTKM's (1997-98: 371,657).

Value added, which is a measure of wealth created by Emirates during the year, was AED 1,735 million up 12.8% on last year (1997-98: AED 1,538 million). This is equivalent to AED 306,973 per employee compared with AED 308,897 the previous year.

Staff strength and productivity



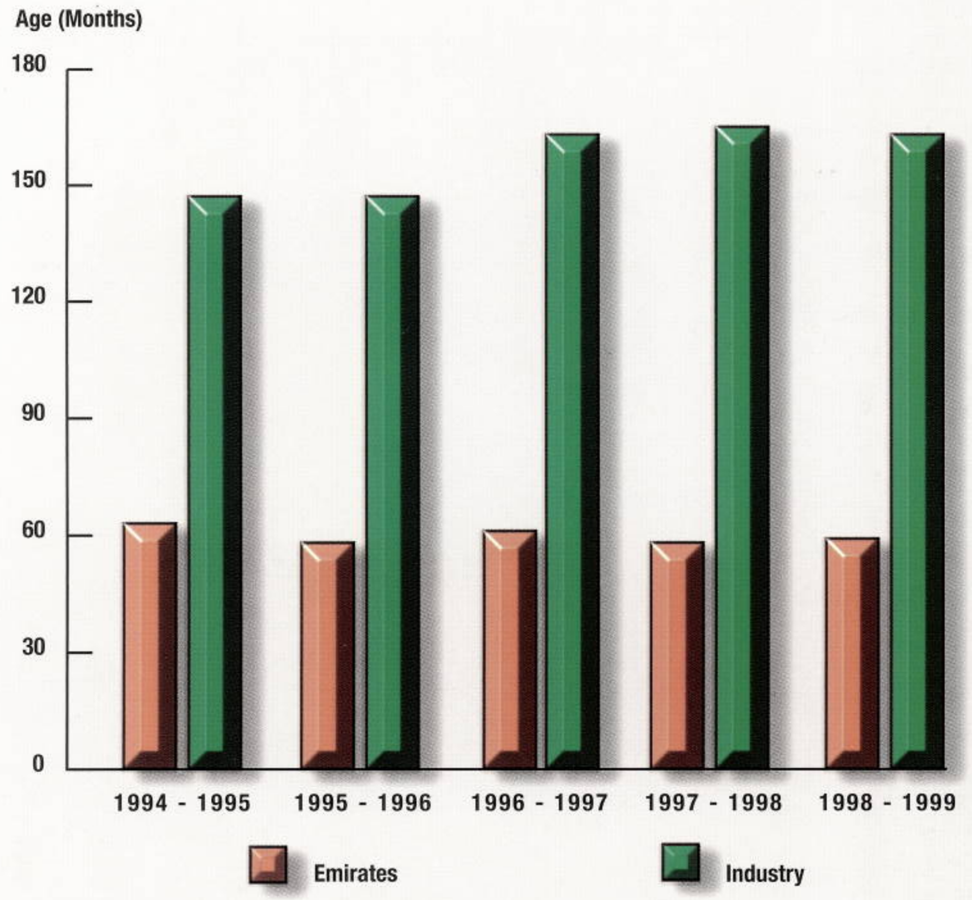


Fleet information

Aircraft	In operation	On firm order	On option
B777-200	9	-	4
A310-300	9	-	-
A300-600R	6	-	-
A330-200	2	15	6
A340-500	-	6	10
Total	**26**	**21**	**20**

In addition to the above, Emirates has entered into a contract with Singapore Aircraft Leasing Enterprise in respect of the operating lease of two B777-300 aircraft to be delivered in November and December 1999 respectively.

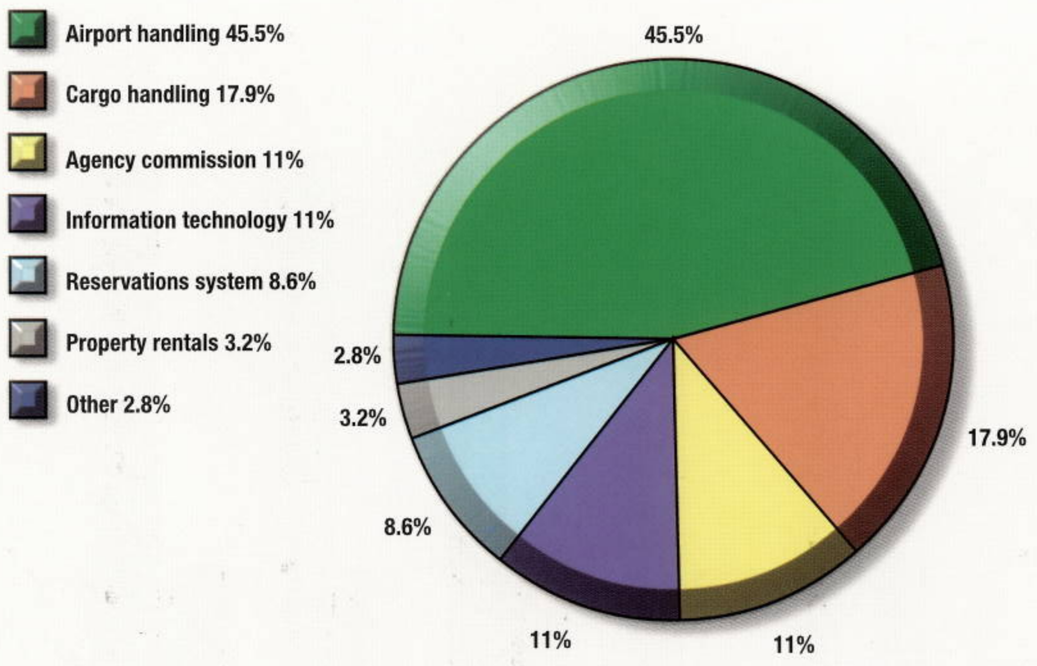
AVERAGE FLEET AGE: EMIRATES & INDUSTRY



Revenue

	1998-99 (AED million)	%	1997-98 (AED million)	%
Airport handling	244	45.5	235	48.0
Cargo handling	96	17.9	91	18.6
Agency commission	59	11.0	57	11.6
Information technology	59	11.0	44	9.1
Reservations system	46	8.6	36	7.5
Property rentals	17	3.2	16	3.2
Other	15	2.8	10	2.0
Total operating revenue	**536**	**100.0**	**489**	**100.0**

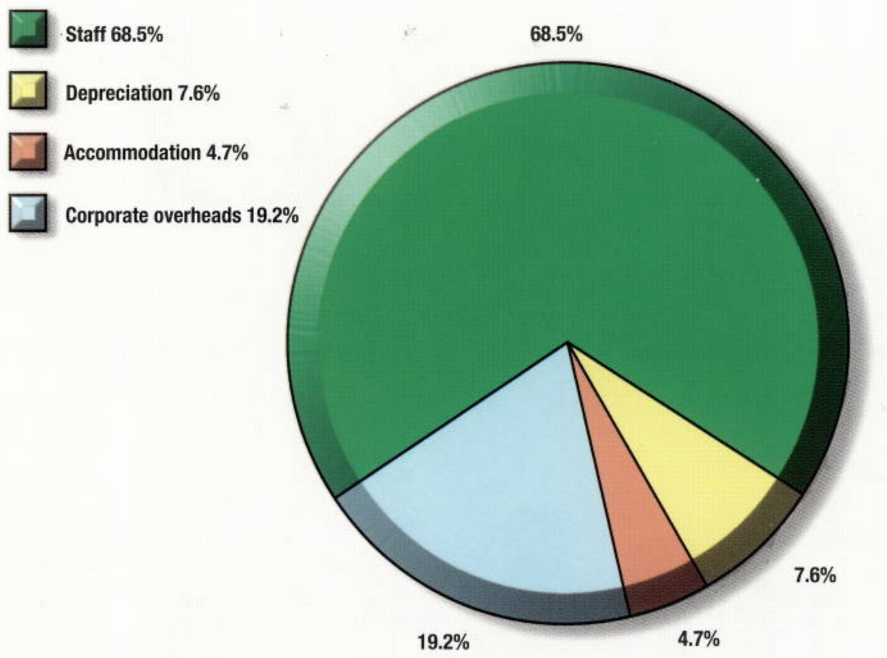
REVENUE



Expenditure

	1998-99 (AED million)	%	1997-98 (AED million)	%
Staff	307	68.5	275	68.6
Depreciation	34	7.6	28	7.1
Accommodation	21	4.7	19	4.9
Corporate overheads	86	19.2	78	19.4
Total operating costs	**448**	**100.0**	**400**	**100.0**

EXPENDITURE

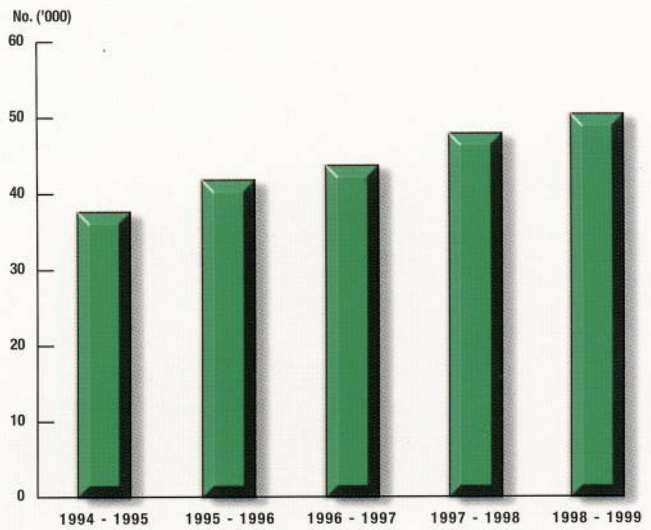


Aircraft, passengers and cargo handled

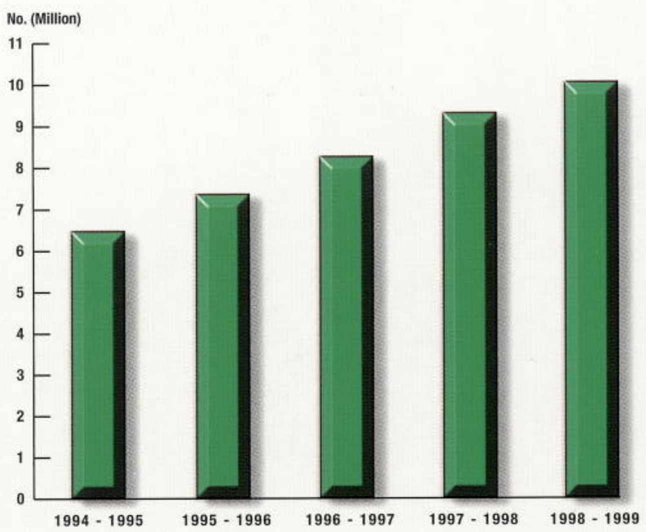
Dubai International Airport maintained its impressive growth amidst the expansion programme launched during 1996-97.

- The number of aircraft handled during the year rose to 50,452 compared with 47,947 during 1997-98, representing an increase of 5.2%.
- A significant milestone was reached with the handling of 10 million passengers during the year. This represents an increase of 7.9% or 0.7 million passengers over 1997-98.
- The volume of cargo (429,089 tonnes) was unchanged reflecting the downturn in trade with the Far East and CIS countries.
- Dnata continued to handle 95 scheduled international airlines operating to Dubai International Airport.

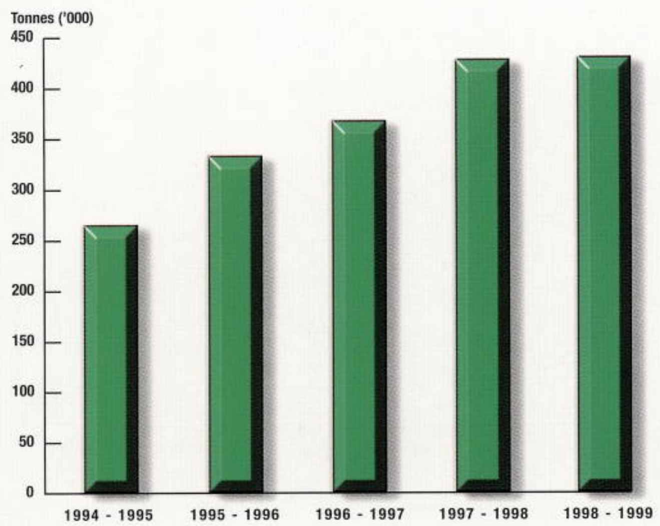
AIRCRAFT HANDLED



PASSENGERS HANDLED



CARGO HANDLED



Staff strength and productivity

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

	1998-99	1997-98
Airport handling	2,813	2,578
Cargo handling	981	930
Dnata agencies	397	369
Other	735	642
Average staff strength	**4,926**	**4,519**

During the year under review, the company's average workforce rose by 407 (9%) to 4,926 on account of the build up of staff for the opening of Terminal Two which is part of the expansion of Dubai International Airport.

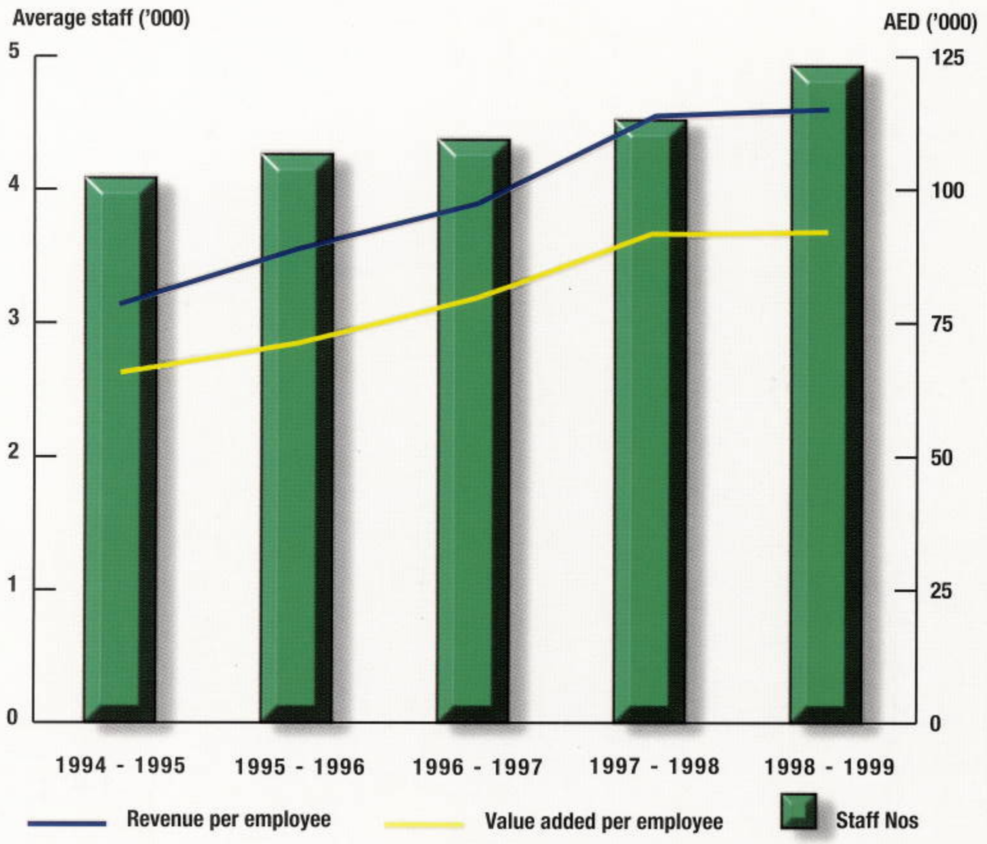
As a result, aircraft handled and passengers handled per employee were both marginally down at 18 (3.6%) and 3,565 (1.1%) respectively.

Cargo handled per employee decreased from 458,939 kgs to 437,400 kgs in 1998-99 reflecting the downturn in cargo business.

Value added which is a measure of wealth created by Dnata during the year, was AED 457 million (1997-98: AED 412 million). This is equivalent to AED 92,709 per employee compared with AED 91,175 the previous year.

Revenue per employee increased by 1.6% to AED 114,514 from AED 112,672 reflecting strong growth in information technology and reservation system sales.

STAFF STRENGTH & PRODUCTIVITY



Independent auditors' report to the Government of Dubai

We have audited the accompanying balance sheet of Emirates ("the company") as at 31 March 1999 and the related statements of income and cash flows for the year then ended. 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.

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 misstatement. 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 1999 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Chartered Accountants

Dubai

18 May 1999

Income statement for the year ended 31 March 1999

	Notes	1999 AED'000	1998 AED'000
Operating revenue	2	4,315,316	4,026,613
Operating costs	3	(3,922,269)	(3,624,656)
Operating profit		**393,047**	**401,957**
Net interest charges	4	(173,577)	(164,016)
Other income		44,168	32,587
Profit on sale of investments	5	61,558	-
Profit before taxation		**325,196**	**270,528**
Taxation	6	(12,237)	(8,115)
Profit for the year		**312,959**	**262,413**

The accounting policies on pages 59 to 61 and the notes on pages 62 to 71 form an integral part of the financial statements.

Balance sheet at 31 March 1999

	Notes	1999 AED'000	1998 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	5,147,834	4,533,020
Investments	8	170,652	170,167
Deferred expenditure	9	40,751	16,876
		5,359,237	**4,720,063**
Current assets			
Inventories	10	259,635	198,858
Receivables and prepayments	11	882,399	716,414
Cash and bank balances		548,493	417,842
		1,690,527	**1,333,114**
Total assets		**7,049,764**	**6,053,177**
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	12	612,214	612,214
Retained earnings		1,080,446	767,487
		1,692,660	**1,379,701**
Non-current liabilities			
Borrowings and lease commitments	13	2,873,194	2,569,637
Provisions	17	317,862	280,821
Deferred credits	18	135,664	140,489
		3,326,720	**2,990,947**
Current liabilities			
Trade and other payables	19	1,469,597	1,214,331
Taxation		3,675	6,627
Borrowings and lease commitments	20	557,112	461,571
		2,030,384	**1,682,529**
Total liabilities		5,357,104	4,673,476
Total equity and liabilities		**7,049,764**	**6,053,177**

The financial statements were approved on the 18th day of May 1999 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman

Maurice Flanagan
Group Managing Director

The accounting policies on pages 59 to 61 and the notes on pages 62 to 71 form an integral part of the financial statements.

Emirates

Statement of changes in equity for the year ended 31 March 1999

	Capital AED'000	Retained earnings AED'000	Total AED'000
1 April 1997	**612,214**	**505,074**	**1,117,288**
Profit for the year	-	262,413	262,413
1 April 1998	**612,214**	**767,487**	**1,379,701**
Profit for the year	-	312,959	312,959
31 March 1999	**612,214**	**1,080,446**	**1,692,660**

The accounting policies on pages 59 to 61 and the notes on pages 62 to 71 form an integral part of the financial statements.

Emirates

Statement of cash flows for the year ended 31 March 1999

	1999 AED'000	1998 AED'000
Operating activities		
Profit for the year before taxation	325,196	270,528
Adjustments for:		
Depreciation	392,783	342,181
Amortisation (Note 9)	10,849	15,018
Net interest charges	173,577	164,016
Profit on sale of investments	(61,558)	-
Loss / (profit) on sale of property, plant and equipment	2,855	(5,155)
Net transfer to aircraft maintenance provision	18,451	49,448
Transfer to provident fund and end of service benefit provision	52,532	47,498
Deferred credits recognised	(14,683)	(12,466)
Operating cash flows before working capital changes	**900,002**	**871,068**
Contribution to provident fund and end of service benefit payments	(33,942)	(38,071)
(Increase) / decrease in working capital		
Inventories	(60,777)	(24,370)
Receivables and prepayments	(166,803)	(228,727)
Current liabilities and deferred accounts	249,701	383,962
Tax paid	(15,189)	(6,231)
Net cash provided from operating activities	**872,992**	**957,631**
Investing activities		
Proceeds from sale of property, plant and equipment	777	91,372
Capital expenditure (Note 24)	(160,221)	(212,452)
Deferred expenditure	(34,724)	(8,053)
Proceeds from sale of investments	61,761	-
Investments	(485)	(170,167)
Investment recalled from other liquid funds	-	108,885
Interest income	22,559	28,855
Net cash used in investing activities	**(110,333)**	**(161,560)**
Financing activities		
Loan repayments	(115,358)	(133,606)
Aircraft financing charges	(172,282)	(178,768)
Other finance charges	(19)	(341)
Lease commitments	(290,457)	(237,843)
Dnata account	(68,689)	(50,058)
Cash used in financing activities	**(646,805)**	**(600,616)**
Net increase in cash and cash equivalents	**115,854**	**195,455**
Cash and cash equivalents at beginning of year	374,957	179,502
Cash and cash equivalents at end of year (Note 23)	**490,811**	**374,957**

The accounting policies on pages 59 to 61 and the notes on pages 62 to 71 form an integral part of the financial statements.

Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements have been prepared in accordance with and comply with International Accounting Standards. 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 held in the balance sheet as passenger and cargo sales in advance and released to income on a systematic basis.

Operating revenue is stated after deduction of discounts.

Foreign currency

Foreign currency transactions are translated into UAE Dirhams at rates approximating those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into UAE 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 is provided for as and when the liability arises except where management is of the firm opinion that exemption from such taxation will ultimately be granted by the countries concerned.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost 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 estimated residual values, on a straight line basis over the estimated useful 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. Costs incurred to modify computer software to comply with the Year 2000 requirement are expensed as incurred.

Principal accounting policies (continued)

Manufacturers' credits

The company receives credits from 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 reduced from the operating lease rentals on a straight line basis over the period of the related lease as deferred credits.

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 category under property, plant and equipment and depreciated in accordance with company policies.

Finance and operating leases

Where property, plant and equipment 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 cost of property, plant and equipment represents the lower of the present value of the minimum lease payments and the fair value of the leased asset. 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 are stated at cost with a provision being made, where in the opinion of the Directors, there is a permanent diminution in value. Where there is a permanent diminution in value, it is recognised as an expense in the period in which the diminution occurs.

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.

Inventories

Inventories are stated at the lower of cost or 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 costs associated with heavy maintenance checks, which are accrued on the basis of a predetermined amount for each block hour flown.

Principal accounting policies (continued)

End of service benefit

Provision for end of service benefit for employees based in the UAE who joined the company prior to 1 July 1991 is based on periods of cumulative service and employees' 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 end of service benefit for employees based in the UAE who joined the company after 30 June 1991 is made in accordance with the UAE labour law and is based on periods of cumulative service and employees' current basic salary.

Provision for end of service benefit for employees based outside the UAE is made in accordance with the local regulations.

Provident fund

Senior employees who are based in the UAE are entitled to participate in a defined contribution provident fund. Emirates guarantees that senior employees will receive at the end of their contract, at a minimum, benefits equal to their end of service benefit entitlement 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.

Cash and cash equivalents

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

Notes to the financial statements for the year ended 31 March 1999

1. 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 wholly 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.

2. Operating revenue

	1999 AED'000	1998 AED'000
Passenger	3,496,258	3,244,174
Cargo	588,649	566,008
Courier	55,969	59,121
Excess baggage	51,258	48,761
Destination and leisure	47,054	37,954
Catering revenue	42,479	39,500
Mail	12,493	13,055
Licensed engineering income	11,273	8,475
Duty free income	9,883	9,565
	4,315,316	**4,026,613**

3. Operating costs

	1999 AED'000	1998 AED'000
Staff (see (a) & (e) over)	810,662	716,032
Sales and marketing	570,856	573,308
Fuel and oil	464,872	469,228
Depreciation	392,783	342,181
Inflight catering	320,057	283,405
Handling	306,822	300,371
Aircraft operating leases (see (c) over)	225,695	188,755
Aircraft maintenance	181,594	178,015
Overflying	152,675	129,543
Landing and parking	113,731	99,894
Amortisation (Note 9)	10,849	15,018
Corporate overheads (see (d) over)	371,673	328,906
	3,922,269	**3,624,656**

3. Operating costs (continued)

(a) Staff costs include AED 17.6 million (1998 - AED 16.5 million) in respect of end of service benefit provision, AED 34.9 million (1998 - AED 31 million) in respect of provident fund contributions and AED 16.3 million (1998 - AED 27.9 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 and overflying costs resulting in a release of excess accruals made in prior years amounting to AED 17.2 million (1998 - AED 11.9 million).

(c) Aircraft operating lease charges include AED 175.6 million (1998 - AED 155 million) in respect of eight aircraft (1998 - six) and AED 50.1 million (1998 - AED 33.8 million) in respect of wet lease of freighter aircraft.

(d) Corporate overheads include a net loss from foreign currency transactions of AED 0.7 million (1998 - AED 7.3 million).

(e) Average staff strength during the year was 5,652 (1998 - 4,978).

4. Net interest charges

	1999 AED'000	1998 AED'000
Aircraft financing charges	(187,706)	(186,073)
Interest charges	(7,816)	(7,857)
Interest income	21,945	29,914
	(173,577)	**(164,016)**

5. Profit on sale of investments

The profit on sale of investments represents the gain made during the year on the sale of a portion of the beneficial interest of Emirates in the shares of EQUANT N.V.

6. Taxation

Taxation relates to certain overseas stations where the company is subject to tax and where tax exemptions are not likely to be obtained. In the event of exemptions from taxation not being granted, the maximum unprovided taxation liability as at 31 March 1999 was AED 7 million (1998 - AED 4.6 million).

7. Property, plant and equipment

	Aircraft AED'000	Aircraft engines and rotable spares AED'000	Buildings AED'000	Other property, plant and equipment AED'000	Capital projects AED'000	Total AED'000
Cost						
1 April 1998	4,275,103	609,288	266,474	442,979	615,901	6,209,745
Additions	2,014	189,067	116	28,683	790,943	1,010,823
Transfers from capital projects	746,406	28,737	188,767	102,611	(1,066,521)	-
Net transfer from / (to) Dnata	-	-	(203)	1,313	-	1,110
Disposals	-	(5,351)	(5)	(7,479)	-	(12,835)
31 March 1999	**5,023,523**	**821,741**	**455,149**	**568,107**	**340,323**	**7,208,843**
Depreciation						
1 April 1998	1,135,051	176,086	108,982	256,606	-	1,676,725
Charge for the year	282,869	38,309	19,511	52,094	-	392,783
Net transfer from / (to) Dnata	-	-	(203)	907	-	704
Disposals	-	(2,137)	(5)	(7,061)	-	(9,203)
31 March 1999	**1,417,920**	**212,258**	**128,285**	**302,546**	**-**	**2,061,009**
Net book value						
31 March 1999	**3,605,603**	**609,483**	**326,864**	**265,561**	**340,323**	**5,147,834**
31 March 1998	3,140,052	433,202	157,492	186,373	615,901	4,533,020

7. Property, plant and equipment (continued)

The net book value of aircraft includes an amount of AED 3,067.6 million (1998 - AED 2,541.8 million) in respect of assets held under finance leases (Note 15) and AED 538 million (1998 - AED 598.2 million) in respect of assets acquired under term loans (Note 14).

Aircraft fleet

At 31 March 1999 the aircraft fleet comprised twenty six aircraft (1998- twenty two)

9 Airbus A310-300 (2 under operating lease)

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

9 Boeing B777-200 (3 under operating lease)

2 Airbus A330-200 (2 under operating lease)

The company has entered into contracts to purchase fifteen A330-200 aircraft to replace the existing fleet of A310-300 and A300-600R aircraft between 1999 and 2003 and six A340-500 aircraft between 2002 and 2003 (Note 21).

Capital projects

Capital projects include pre-delivery payments of AED 369.4 million (1998 - AED 405 million) in respect of Airbus aircraft (Note 21) due for delivery between 1999 and 2003 and non-refundable option deposits of AED 10.3 million (1998 - AED 10.3 million) held on B777 fleet.

8. Investments

	1999 AED'000	1998 AED'000
Air Lanka Limited	170,167	170,167
EQUANT N.V.	485	-
	170,652	**170,167**

a) 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 Dollars 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).

Under the equity method, Emirates would also be required to recognise its share of Air Lanka's profits or losses subsequent to the date on which Emirates made its investment in Air Lanka. At the time of preparation of these financial statements, the audited financial statements of Air Lanka for the year ended 31 March 1999 are not available. Therefore the share of Emirates in the results of Air Lanka subsequent to the date of Emirates' investment has not been determined. Nevertheless, management have performed specific procedures, including a consideration of the effect of movements in exchange rates resulting from a depreciation of the Sri Lankan Rupee against the UAE Dirham, to confirm that there has been no permanent diminution in the carrying value of the investment in Air Lanka.

The Directors are 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.

8. Investments (continued)

b) Shares in EQUANT N.V., which are stated at cost, are quoted on the New York and Paris stock exchanges and held beneficially on behalf of Emirates by the SITA Foundation ("SITA"). Under the terms of the agreement with SITA, the sale of such shares is subject to certain restrictions.

9. Deferred expenditure

	1999	1998
	AED'000	AED'000
Balance brought forward	**16,876**	**23,841**
Expenses incurred	34,724	8,053
Amortisation for the year	(10,849)	(15,018)
Balance carried forward	**40,751**	**16,876**

10. Inventories

	1999	1998
Engineering	219,900	158,988
Inflight consumables	31,320	31,910
Other	8,415	7,960
	259,635	**198,858**

11. Receivables and prepayments

	1999	1998
Trade receivables :		
Airlines	49,758	40,063
Agents	470,807	374,789
Dnata (Note 16)	1,511	2,257
Other	26,494	39,008
	548,570	**456,117**
Other receivables and prepayments :		
Prepayments and deposits (see below)	289,794	211,719
Other	44,035	48,578
	333,829	**260,297**
	882,399	**716,414**

Prepayments and deposits include AED 165.3 million (1998 - AED 96.6 million) which is not expected to be realised within one year. Trade debtors are carried at anticipated realisable values. Regular reviews of the collectibility of outstanding receivables are carried out and provision is made for any debts which in the opinion of the Directors are doubtful of recovery. There are no significant concentrations of credit risk.

12. Capital

Capital represents the permanent capital provided by Government of Dubai.

13. Borrowings and lease commitments - non current

	1999	1998
	AED'000	AED'000
Lease commitments (Note 15)	2,597,628	2,088,095
Term loans (Note 14)	145,383	290,873
Dnata account (Note 16)	130,183	190,669
	2,873,194	**2,569,637**

14. Term loans

	1999	1998
Balance brought forward	419,230	552,836
Repayments during the year	(115,358)	(133,606)
Balance carried forward	**303,872**	**419,230**
Loans are repayable as follows :		
Within one year (Note 20)	**158,489**	**128,357**
2-5 years	145,383	290,873
Total over one year (Note 13)	**145,383**	**290,873**

15. Lease commitments

	1999 AED'000	1998 AED'000
Deposit funded finance leases		
Gross liabilities under lease commitments	–	226,008
Future interest	–	(45,694)
	–	**180,314**
Term deposits	–	(180,314)
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.

	1999 AED'000	1998 AED'000
Other finance leases		
Gross liabilities under lease commitments	4,404,937	3,643,676
Future interest	(1,158,639)	(1,047,018)
Term deposits	(307,729)	(218,234)
Net commitments	**2,938,569**	**2,378,424**
Net lease commitments are repayable as follows:		
Within one year (Note 20)	**340,941**	**290,329**
2-5 years	1,139,327	1,055,790
After 5 years	1,458,301	1,032,305
Total over one year (Note 13)	**2,597,628**	**2,088,095**

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 1999, the penalties would have been AED 168.4 million (1998 - AED 143.6 million).

15. Lease commitments (continued)

Operating leases

Future minimum lease payments are as follows:

	1999 AED'000	1998 AED'000
Less than 1 year	203,822	176,142
2-5 years	719,613	694,952
After 5 years	1,956,423	1,532,320
	2,879,858	**2,403,414**

In the event of these leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 1999, the penalties would have been AED 132.9 million (1998 - AED 172.2 million).

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

16. Dnata account

Emirates and Dnata share senior management and central corporate functions. The amount payable to Dnata shown in Note 13 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 UAE 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.

17. Provisions

	1999 AED'000	1998 AED'000
Aircraft maintenance provision	234,084	215,633
End of service benefit (see below)	83,778	65,188
	317,862	**280,821**

End of service benefit 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 senior employees will receive at the end of the contract, at a minimum, benefits equal to their end of service benefit entitlement in accordance with their contract of employment. At 31 March 1999, the benefits secured by Emirates' contributions exceeded employees' contractual end of service benefit entitlement.

18. Deferred credits

	1999	1998
	AED'000	AED'000
Balance brought forward	**140,489**	**49,728**
Additions during the year	9,858	103,227
Recognised during the year	(14,683)	(12,466)
Balance carried forward	**135,664**	**140,489**

19. Trade and other payables

	1999	1998
Trade payables and accruals	893,822	755,175
Passenger and cargo sales in advance	575,775	459,156
	1,469,597	**1,214,331**

20. Borrowings and lease commitments - Current

	1999	1998
Lease commitments (Note 15)	340,941	290,329
Term loans (Note 14)	158,489	128,357
Bank overdrafts (Note 23)	57,682	42,885
	557,112	**461,571**

21. Commitments

Capital commitments

	1999	1998
Authorised and contracted	8,714,725	6,277,403
Authorised but not contracted	433,020	333,987
	9,147,745	**6,611,390**

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

Financial Year	Airbus
1999 - 2000	7
2000 - 2001	4
2001 - 2002	2
2002 - 2003	5
2003 - 2004	3

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

Operational commitments

	1999	1998
Purchase commitments	197,460	14,890
Letters of credit	7,713	600
	205,173	**15,490**

The above were entered into in the normal course of business.

Emirates

The Emirates Group

Report and Accounts 1998 - 1999

Emirates

DNATA

Independent auditors' report to the Government of Dubai

We have audited the accompanying consolidated balance sheet of Dnata ("the company") and its subsidiary ("the group") as at 31 March 1999 and the related consolidated statements of income and cash flows for the year then ended. 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.

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 misstatement. 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 March 1999 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
Chartered Accountants

Dubai
18 May 1999

Consolidated income statement for the year ended 31 March 1999

	Notes	1999 AED'000	1998 AED'000
Operating revenue	2	535,767	489,252
Operating costs	3	(448,074)	(400,370)
Operating profit		**87,693**	**88,882**
Interest income		18,090	15,909
Other income	4	7,504	1,702
Associated companies - share of profit	6	2,735	2,304
Profit for the year		**116,022**	**108,797**

The accounting policies on pages 77 and 78 and the notes on pages 79 to 84 form an integral part of the consolidated financial statements.

Consolidated balance sheet at 31 March 1999

	Notes	1999 AED'000	1998 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	137,576	90,272
Investments in associates	6	6,427	6,656
Long term receivables	7	130,183	192,894
		274,186	**289,822**
Current assets			
Inventories		10,711	8,428
Receivables and prepayments	8	119,707	98,452
Cash and bank balances	14	249,078	148,065
		379,496	**254,945**
Total assets		**653,682**	**544,767**
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	12	62,615	62,615
Retained earnings		308,566	233,079
		371,181	**295,694**
Non-current liabilities	9	**77,508**	**67,416**
Current liabilities			
Trade and other payables	10	177,814	167,429
Borrowings	14	27,179	14,228
		204,993	**181,657**
Total liabilities		**282,501**	**249,073**
Total equity and liabilities		**653,682**	**544,767**

The financial statements were approved on the 18th day of May 1999 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman

Maurice Flanagan
Group Managing Director

The accounting policies on pages 77 and 78 and the notes on pages 79 to 84 form an integral part of the consolidated financial statements.

Statement of changes in equity for the year ended 31 March 1999

	Capital AED'000	Retained earnings AED'000	Total AED'000
1 April 1997	**62,615**	**164,282**	**226,897**
Profit for the year	-	108,797	108,797
Dividend proposed	-	(40,000)	(40,000)
1 April 1998	**62,615**	**233,079**	**295,694**
Profit for the year	-	116,022	116,022
Dividend proposed	-	(40,000)	(40,000)
Exchange adjustments	-	(535)	(535)
31 March 1999	**62,615**	**308,566**	**371,181**

The accounting policies on pages 77 and 78 and the notes on pages 79 to 84 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 1999

	1999 AED'000	1998 AED'000
Operating activities		
Profit for the year	116,022	108,797
Adjustments for:		
Depreciation	34,125	28,591
Interest income	(18,090)	(15,909)
Transfer to provident fund and end of service benefit provision	18,712	16,280
Associated companies - share of profit	(2,735)	(2,304)
Profit on sale of property, plant and equipment	(5,891)	(167)
Provision for BCCI bank balance written back	(1,089)	-
Operating cash flows before working capital changes	**141,054**	**135,288**
Contribution to provident fund and end of service benefit payments	(8,620)	(9,127)
(Increase)/decrease in working capital:		
Inventories	(2,283)	(396)
Receivables and prepayments	(21,394)	(12,343)
Trade and other payables	10,385	16,973
Net cash provided from operating activities	**119,142**	**130,395**
Investing activities		
Purchase of property, plant and equipment	(81,976)	(39,091)
Proceeds from sale of property, plant and equipment	6,032	222
Emirates account	68,689	50,058
Liquidation dividend received (Note 7)	3,314	-
Loan settlement by Gerry's Dnata (Private) Ltd.	-	567
Interest income	10,432	7,942
Dividend received from associates	2,429	1,956
Net cash provided from investing activities	**8,920**	**21,654**
Financing activities		
Dividend paid	(40,000)	(25,000)
Net increase in cash and cash equivalents	**88,062**	**127,049**
Cash and cash equivalents at beginning of year	133,837	6,788
Cash and cash equivalents at end of year (Note 14)	**221,899**	**133,837**

The accounting policies on pages 77 and 78 and the notes on pages 79 to 84 form an integral part of the consolidated financial statements.

Principal accounting policies

A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Accounting Standards. 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. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between Dnata and its subsidiary have been eliminated.

Revenue

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

Foreign currency

Foreign currency transactions are translated into UAE Dirhams at rates approximating those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into UAE Dirhams at the rate ruling at the balance sheet date. Exchange differences are dealt with in the income statement.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Cost 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 estimated useful 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. Costs incurred to modify computer software to comply with the Year 2000 requirements are expensed as incurred.

Principal accounting policies (continued)

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's policies.

Investments in associates

Investments in associates are accounted for in accordance with the equity method. Equity accounting involves recognising in the income statement Dnata's share of the associates' profit or loss for the year. Dnata's interest in the associate is carried on the balance sheet at an amount that reflects its share of the net assets of the associate.

A listing of associated companies is shown in Note 6.

Inventories

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

End of service benefit provision

Provision for end of service benefit for employees who joined Dnata prior to 1 July 1991 is based on periods of cumulative service and employees' 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 end of service benefit for employees who joined Dnata after 30 June 1991 is made in accordance with local labour law and is based on periods of cumulative service and employees' current basic salary.

Provident fund

Senior employees are entitled to participate in a defined contribution provident fund. Dnata guarantees that senior employees will receive at the end of their contract, at a minimum, benefits equal to their end of service benefit entitlement 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.

Cash and cash equivalents

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

Notes to the consolidated financial statements for the year ended 31 March 1999

1. Establishment and operations

Dnata comprises Dnata, Dnata World Travel and its 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 Dnata 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 international airports in Pakistan, 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.

2. Operating revenue

	1999 AED'000	1998 AED'000
Handling	149,106	142,896
Engineering	94,902	92,112
Cargo	95,636	90,841
Information technology	59,077	44,657
Agency commission	59,330	57,025
Reservations system	45,826	36,404
Property rentals	17,039	15,549
Other	14,851	9,768
	535,767	**489,252**

3. Operating costs

	1999 AED'000	1998 AED'000
Staff (see below)	306,537	274,633
Depreciation	34,125	28,591
Accommodation	20,907	19,471
Corporate overheads	86,505	77,675
	448,074	**400,370**

(a) Staff costs include AED 15.9 million (1998 - AED 14 million) in respect of end of service benefit provision, AED 2.8 million (1998 - AED 2.2 million) in respect of provident fund contributions and AED 6 million (1998 - AED 10.5 million) in respect of Dnata's profit share scheme.

(b) Average staff strength during the year was 4,926 (1998 - 4,519).

4. Other income

Other income includes profit made from sale of certain assets to associate companies amounting to AED 6.5 million (1998 - Nil).

5. Property, plant and equipment

	Buildings AED'000	Airport plant and equipment AED'000	Office equipment and furniture AED'000	Motor vehicles AED'000	Capital projects AED'000	Total AED'000
Cost						
1 April 1998	3,247	107,005	159,007	10,206	12,333	291,798
Additions	-	19,679	17,482	1,141	43,674	81,976
Transfer from Capital Projects	-	12,142	13,853	-	(25,995)	-
Net transfer from / (to) Emirates	203	163	(1,476)	-	-	(1,110)
Disposals	-	(9,595)	(306)	(548)	-	(10,449)
31 March 1999	3,450	129,394	188,560	10,799	30,012	362,215
Depreciation						
1 April 1998	3,111	83,350	109,043	6,022	-	201,526
Charge for the year	65	10,606	21,781	1,673	-	34,125
Net transfer from / (to) Emirates	203	33	(940)	-	-	(704)
Disposals	-	(9,523)	(284)	(501)	-	(10,308)
31 March 1999	3,379	84,466	129,600	7,194	-	224,639
Net book value						
31 March 1999	71	44,928	58,960	3,605	30,012	137,576
31 March 1998	136	23,655	49,964	4,184	12,333	90,272

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

There were no changes in the percentage ownership interests during the two years ended 31 March 1999.

Investments in associates:

	1999 AED'000	1998 AED'000
Opening share of net assets	6,656	6,308
Share of profit for the year	2,735	2,304
Dividend received	(2,429)	(1,956)
Exchange adjustments	(535)	-
Closing share of net assets	**6,427**	**6,656**

7. Long term receivables

	1999 AED'000	1998 AED'000
Due from Emirates (Note 11)	130,183	190,669
Due from BCCI S.A., Dubai branch	-	2,225
	130,183	**192,894**

The amount due from Bank of Credit & Commerce International S.A., Dubai branch as at 31 March 1998 represented a deposit of AED 11.2 million less a provision of AED 9 million. During the year an interim dividend of AED 3.3 million (1998 - Nil) was received. The balance amount due from Bank of Credit & Commerce International S.A., Dubai branch has been fully provided for.

8. Receivables and prepayments

	1999 AED'000	1998 AED'000
Trade receivables:		
Travel agents	7,280	4,950
Airlines	20,542	20,491
Other	48,589	42,381
	76,411	**67,822**
Other receivables and prepayments:		
Prepayments and deposits	10,871	9,598
Other	32,425	21,032
	43,296	**30,630**
	119,707	**98,452**

Trade receivables are carried at anticipated realisable values. Regular reviews of the collectibility of outstanding receivables are carried out and provision is made for any debts which in the opinion of the Directors are doubtful of recovery. There are no significant concentrations of credit risk.

9. Non-current liabilities

	1999 AED'000	1998 AED'000
End of service benefit provision	77,508	67,416

End of service 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 Dnata guarantees that senior employees will receive at the end of the contract, at a minimum, benefits equal to their end of service benefit entitlement in accordance with their contract of employment. At 31 March 1999, the benefits secured by Dnata's contributions exceeded employees' contractual end of service benefit entitlement.

10. Trade and other payables

	1999 AED'000	1998 AED'000
Payables and accruals	76,373	71,309
Dividend proposed	40,000	40,000
Staff leave pay	14,509	13,581
Airlines :		
Emirates (Note 11)	1,511	2,257
Other	45,421	40,282
	177,814	**167,429**

11. 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 UAE Dirham bank deposit rates.

The amount payable to Emirates shown in Note 10 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.

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.

13. Commitments

Capital commitments

	1999	1998
	AED'000	AED'000
Authorised and contracted	22,237	18,447
Authorised but not contracted	108,368	133,611
	130,605	**152,058**

Operational commitments

Letters of credit and bank guarantees	2,513	1,839

The above were issued in the normal course of business.

14. Cash and cash equivalents

Cash and bank	249,078	148,065
Bank overdrafts	(27,179)	(14,228)
	221,899	**133,837**

Short term bank deposits bear interest at rates of 4% to 7.25 %.

15. Financial instruments

Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in these financial statements approximated their fair values.

16.Comparatives

Certain comparative figures have been re-classified to conform to current year presentation. The following revised International Accounting Standard was implemented in advance of its effective date:

IAS 1 Presentation of Financial Statements

Subsidiaries & associated companies

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Subsidiaries			
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

Offices and General Sales Agents

MIDDLE EAST, AFRICA & CIS

City	Address	Agent	Telephone
ABU DHABI	Bin Harmal Travel & Tourism P.O. Box 47470 Abu Dhabi, UAE	GSA	800 4444 (Toll Free)
AJMAN	Travel Centre P.O. Box 3838 Ajman, UAE	GSA	448444
AL AIN	Bin Harmal Travel & Tourism P.O. Box 1446 Al Ain, UAE	GSA	662424
AL KHOBAR	Al Adlia Travel & Tours Corner King Khaled/Dhahran Street P.O. Box 561 Al Khobar, Saudi Arabia	GSA	Dammam 8325249
AMMAN	Al Sayegh Commercial Centre 11th Floor, Al Abdaly P.O. Box 910325 Amman, Jordan	EMIRATES	4643341
BAHRAIN	Al Bader Travel & Tourism 29 Al Zamil Building No. 1453 Road 527, P.O. Box 505 Manama 305, Bahrain	PSA	224444 213333
BAHRAIN	Yousuf Bin Ahmed Kanoo W.L.L. P.O. Box 45 26, Abu Obeida Avenue Manama 304, Bahrain	PSA	224466
BAHRAIN	Bahrain International Travel Chamber of Commerce Building P.O. Box 1044 Manama, Bahrain	PSA	223315
BAKU	Khagani 34 Fikret Amirov 1 Baku, Azerbaijan	EMIRATES	971541/42
BEIRUT	Gefinor Building Ground 2 Section D. No 60-63 Al Hamra Area, Beirut, Lebanon	EMIRATES	739042
CAIRO	Cairo Marriott Hotel P.O. Box 33, Zamalek Cairo, Egypt	EMIRATES	3401102
CAIRO	Baron Hotel, Heliopolis Cairo, Egypt	EMIRATES	2907730
DAMASCUS	Manaf Tours & Travel 29 Ayyar Street Damascus, Syria	GSA	2313451
DAR ES SALAAM	Haidery Plaza Ali Hassan Mwinyi Road P.O. Box 9594 Dar es Salaam, Tanzania	EMIRATES	116100
DHAHRAN	Al Adlia Travel & Tours King Fahd Street P.O. Box 561 Al Khobar, 31952 Dhahran, Saudi Arabia	EMIRATES	8942723
DOHA	Abdulla Bin Jassem Street P.O. Box 22488 Doha, Qatar	EMIRATES	418877

City	Address	Agent	Telephone
DUBAI	Telephone Sales Dubai Airline Centre Dubai, UAE	EMIRATES	295 3333 800-4444 (Toll Free)
DUBAI	Ticket Office, Souq Naif Road Deira, Dubai, UAE	EMIRATES	260003
DUBAI	Ticket Office Sheikh Zayed Road Dubai, UAE	EMIRATES	494204
FUJAIRAH	DNATA Bank Saderat Iran Building P.O. Box 445 Fujairah, UAE	GSA	222985
JEDDAH	Al Adlia Travel & Tours City Centre Building Medina Road, P.O. Box 41142 Jeddah 21521, Saudi Arabia	GSA	6659405 (4 lines)
JOHANNESBURG	Office Tower, 5th Floor Sandton City, Corner of 5th Street 6 Rivonia Road, Sandton Johannesburg, South Africa	EMIRATES	8838420
KAMPALA	FNC Building, Corner of Kimathi & Colville Street, P.O. Box 10109 Kampala, Uganda	EMIRATES	349941/2 349943/4
KUWAIT	Boodai Aviation Agencies Kuwait Finance House Building Al Hilali Street, P.O. Box 5798 13058 Safat, Kuwait	GSA	2425566
LUSAKA	Premier Travel & Tours No. 7 Ground Floor Findeco House P.O. Box 370-12 Lusaka, Zambia	PSA	224138 222931 226121
MAKKAH	Al-Adliah Travel & Tours Co Al Ghamash Building, Shop No. 1 Near Municipality Office Main Maabdah P.O. Box 9803 Makkah, Saudi Arabia	GSA	5748941 5748571 5745121 5745145
MAURITIUS (PORT LOUIS)	Ireland Blythe & Co Ltd (IBL) Tourism Division 10, Dr. Ferrier St., P.O. Box 56 Port Louis, Mauritius	GSA	2125846
MEDINA	Al-Adlia Travel & Tours Co Abu Baker Al Saddeuq Street (Sultana), Al Ayoon Building P.O. Box 2321, Medina Saudi Arabia	GSA	8268244 8267097 8268164
MOMBASA	Mezzanine Floor, TSS Towers Nkrumah Road, P.O. Box 88704 Mombasa, Kenya	EMIRATES	226600 226343 316966
MORONI (COMORES)	Rue Magoudjou Carrefour Maore Al Camar, Moroni, Comores	EMIRATES	735030
MUSCAT	Universal Travel and Tourism Agencies LLC P.O. Box 2802, Pin Code 112 Ruwi, Sultanate of Oman	EMIRATES	786600

City	Address	Agent	Telephone
NAIROBI	View Park Towers, 20th Floor Monrovia Street, P.O. Box 40993 Nairobi, Kenya	EMIRATES	211900
RAS AL KHAIMAH	Omest Travels P.O. Box 103 Ras Al Khaimah, UAE	GSA	229413 229263 229264
RIYADH	Al Adlia Travel & Tours Cerecon Building No. 4 Opp. Old Akhariya Mousa Bin Road Olaya, P.O. Box 57475 Riyadh 11574, Saudi Arabia	GSA	4657117
SANAA	Apollo Travel Co Ltd Hadda Street (Opp. Cinema Complex) P.O. Box 18286, Sanaa Republic of Yemen	EMIRATES	244208
SHARJAH	Sharjah Tower (Al Soor Building) Ground Floor, Al Arooba St Sharjah, UAE	EMIRATES	727125
SHARJAH	SNTTA P.O. Box 17, Sharjah, UAE	GSA	724759
TEHRAN	No1/1209 New Tavanir Vali-E-Asr Avenue Tehran, Iran	EMIRATES	8712700
TRIPOLI	P. O. Box 91315 Dat Al Imad Complex Tower No 5, 5th Floor Tripoli, Libya	EMIRATES	3350591
UMM AL QUWAIN	UAQ National Travel Agency P.O. Box 601 Umm Al Quwain, UAE	GSA	666684

EUROPE & USA

City	Address	Agent	Telephone
AMSTERDAM	Air Support Triport 1 Building Room 6150, Evert Van De Beekstraak 35, 118 CL Schiphol Airport, Netherlands	GSA	3164222
ATHENS	189, L. Syngrou Avenue 1st Floor, 171 21 - N. Smyrni Athens, Greece	EMIRATES	9333400
	Amathus Aviation Hellas Ltd 5 Carolos Deal & Metropoleos 54623 Thessaloniki, Greece	GSA	283015-17
BELGRADE	PMT Limited Knez Mihajova 6/6 Belgrade 11000, Yugoslavia	PSA	624435
BRUSSELS	327 Avenue Louise 7th Floor 1050 Brussels, Belgium	EMIRATES	6468032
BUCHAREST	World Travel Calea Mosilor, Nr. 294, Sect 2 Bucharest, Romania	GSA	2100527 2100601
FRANKFURT	Escherscheimer Landstrasse 55 60322 Frankfurt, Germany	EMIRATES	95968810

City	Address	Agent	Telephone
HOUSTON	5718 Westheimer Road Suite 1090, Houston Texas 77057, USA	EMIRATES	2665491 800-7773999 (Toll Free)
ISTANBUL	Inonu Caddesi 96 Devres Han Gumussuyu 80090 Istanbul, Turkey	EMIRATES	2935050
LARNACA	Amathus Navigation Co Ltd Larnaca Airport Larnaca, Cyprus	GSA	643070 643323
LONDON	First Floor, Gloucester Park 95, Cromwell Road London SW7 4DL United Kingdom	EMIRATES	08702432222 (Toll Free)
LOS ANGELES	880 Apollo Street Suite 302, El Segundo CA 90245, USA	EMIRATES	4143250 800-7773999 (Toll Free)
MADRID	Skyways S.L. Gran Via 67 6th Floor, Office 619 28013 Madrid, Spain	GSA	5599897
MALTA (VALLETTA)	Air Services International Ltd 144 Old Bakery Street Valletta, VLT 09, Malta	GSA	233121
MANCHESTER	Suite 11, Manchester Intl. Office Centre Styal Road, Manchester M22 5TT United Kingdom	EMIRATES	08702432222 (Toll Free)
MILAN	Via Paolo Da Cannobio 10 5th Floor, 20122-Milan, Italy	EMIRATES	72000370
NEW YORK	405, Park Avenue Suite 403 New York, NY 10022, USA	EMIRATES	8007773999 (Toll Free)
NICE	Aeroport Nice Cote d'Azur Terminal 1 06281 Nice Cedex 3, France	EMIRATES	53053535 (Paris)
NICOSIA	C/o Amathus Navigation Co. Ltd 17 Homer Ave, P.O. Box 1601 Nicosia 1511, Cyprus	GSA	374010/612 374302 376114
PARIS	Rue Scribe 75009 Paris, France	EMIRATES	53053535
PRAGUE	Globair S.R.O. Washingtonova 17 110 00 Prague 1 Czech Republic	GSA	24216519
ROME	Piazza Guglielmo Marconi 25 Rome, Italy	EMIRATES	167-462256 (Toll Free)
STOCKHOLM	Aviation Marketing Scandinavia AB St. Goeransgatan 84 SE 112 38 Stockholm Sweden	GSA	6512850
TORONTO	40 Sheppard Avenue West 7th Floor, Suite 707 North York, Ontario Canada M2N 6K9	EMIRATES	800-3052224 (Toll Free) 2218850

City	Address	Agent	Telephone
VIENNA	Kustritz Touristik GmbH Gesslgasse 10 1230 Vienna Austria	GSA	8897222
ZURICH	Imperial House Thurgauerstrasse 548050 Zurich-Oerilikon Switzerland	EMIRATES	3071111

WEST ASIA & PACIFIC RIM

City	Address	Agent	Telephone
AHMEDABAD	Hans Air Services MFFI Nirman Bhavan Opp. Navrangpura, Havmor Ahmedabad 380009, India	PSA	6569032 6447193
AUCKLAND	Level 5, Kensington Swan Building 22 Fanshawe Street Auckland, New Zealand	EMIRATES	3776004
BANGALORE	Stic Travels Pvt Ltd G5, Imperial Court 33/1, Cunningham Road Bangalore 560052, India	PSA	2202408/9
BANGKOK	2nd Floor, B B Building 54, Asoke Road Sukhumvit 21, Khet Prakanong Bangkok 10110, Thailand	EMIRATES	2607400
CALICUT	Akbar Travels of India V1/401 CD Kashkent Chambers Bank Road, Calicut Kerala 673001, India	PSA	766583
CHITTAGONG	ABC Air Limited 91 Agrabad Commercial Area Chittagong, Bangladesh	GSA	725647 725648
COCHIN	Akbar Travels of India 39/5653/D, Vallamattam Estate Ravipuram M.G. Road, Cochin Kerala 682015, India	PSA	350754
COLOMBO	Hemas Building, 9th Floor 75 Baybrooke Place Colombo 02, Sri Lanka	GSA	300200
DELHI	Kanchenjunga Building 18, Barakhamba Road New Delhi 110001, India	EMIRATES	3328080 (5 lines)
DHAKA	116 Gulshan Avenue Gulshan Model Town Dhaka, Bangladesh	EMIRATES	
DHAKA	ABC Air Limited Motijheel Commercial Area Dhaka, Bangladesh	GSA	9563825
GOA	Phil Travels Durga Chambers, Shop No 8 & 9 18th June Road Panjim, Goa 403001, India	PSA	235300
HANOI	Transviet Promotions 330 Ba Trieu Streeet Hai Ba Trung District Hanoi, Vietnam	GSA	9740040

City	Address	Agent	Telephone
HO CHI MINH	Transviet Promotions 17 Han Thuyen St District 1, Ho Chi Minh City Vietnam	GSA	8256575
HONG KONG	Suite 3707/8 37th Floor, Gloucester Tower The Landmark Central, Hong Kong	EMIRATES	25267171
ISLAMABAD	2-C Mohammadi Plaza Jinnah Avenue Blue Area Islamabad, Pakistan	EMIRATES	0800-33777 (Toll Free)
JALANDHAR	Hans Air Services 102, Alpha Estate 39 G.T. Road Jalandhar 144001, India	PSA	232430
JAKARTA	Sahid Jaya Hotel 2nd Floor Jalan Jend Sudiman Jakarta, Indonesia	EMIRATES	5742440
JOHOR BAHRU	Maple Travel (M) SDN BHD G 125, Ground Floor Holiday Plaza, Jalan Dato Sulaiman, Taman Century 80250 Johor Bahru Malaysia	GSA	3325828
KARACHI	265 R A, Lines Sarwar Shaheed Road Karachi 74200, Pakistan	EMIRATES	5683377
KATHMANDU	Universal Tours & Travels (P) Ltd P.O. Box 939, Kantipath Kathmandu, Nepal	GSA	220579 252048/49 252050
KUALA LUMPUR	Shangri-La Hotel Annexe Lot 25, Letter Box 103 1st Floor, UBN Tower 10 Jalan P Ramlee 50250 Kuala Lumpur, Malaysia	EMIRATES	2325288
LAHORE	Regent House 3 85 Imtiaz Plaza The Mall Lahore, Pakistan	EMIRATES	0800-33777 (Toll Free)
MANGALORE	Akbar Travels of India Ram Bhavan Complex Shop C-2, Ground Floor Kodiabail, Mangalore Karnataka 575003, India	PSA	440892 440322
MALE	Boduthakurufaanu Magu, Henveiru Malé, Republic of Maldives	EMIRATES	314945 325491
MALE	Air Maldives Ltd Aifaanu Bodhuthakurufaanu Magu Malé, Republic of Maldvies	GSA	310327/8 314805
MALE	Universal Enterprises Ltd Orchid Magu Malé, Maldives	PSA	315466/7
MANILA	18th Floor, Pacific Star Building Sen, Gil J Puyat Avenue Corner of Makati Avenue Makati City, Philippines	EMIRATES	8115278

City	Address	Agent	Telephone
MELBOURNE	Level 2 257 Collins Street Melbourne, Vic 3000 Australia	EMIRATES	86605100 1300-303777 (Toll Free)
MULTAN	House 1717, Kutchery Road, Multan Pakistan 60000	EMIRATES	0800 33777 (Toll Free)
MUMBAI (BOMBAY)	Mittal Chambers Office No. 3 Ground Floor 228, Nariman Point Mumbai 400021, India	EMIRATES	2871645 -52
OSAKA	Air Systems Inc c/o Hommachi N.S. Bldg 7F 2-5-3-Chome Hommachi Chuo-ku, Osaka 541, Japan	GSA	2432222
PENANG	Maple Travel (M) SDN BHD Phase 2B Lot 4-32 Komtar Level 4 10000 Penang Malaysia	GSA	2631100
PESHAWAR	95-B, Saddar Road Peshawar Airport Pakistan	EMIRATES	0800 33777 (Toll Free)
PUNE	Goldchip Travel Agency Pvt Ltd 130 Ashoka Mall Ground Floor Opp. Holiday Inn Hotel Bund Garden Road Pune 411001, India	PSA	632447
SEOUL	Wooree Agency Corporation 5th Floor, Soon Hwa Bldg 5-2 Soon Hwa Dong Chung Gu, Seoul Korea	GSA	3190059
SINGAPORE	435, Orchard Road No. 19-06 Wisma Atria Singapore 238877	EMIRATES	7353535
SYDNEY	Level 4, 36 Clarence St Sydney N.S.W. 2000, Australia	EMIRATES	92790711
SYLHET	ABC Air Limited 502, Taltola, Sylhet Bangladesh	GSA	880-821 712159 711200 711300
TAIPEI	Sentra Travel Service Ltd 4F, 112, Sec 2 Chung Hsiao E Road Taipei, Taiwan Republic of China	GSA	23966891
TOKYO	Air Systems Inc c/o Toranomon TBL Bldg 7F 19-9 1 Chrome Toranomon Minato-ku, Tokyo 105, Japan	GSA	35936720
TRIVANDRUM	Akbar Travels of India Debzy Towers, 1st Floor Vellayambalam Trivandrum Kerala 695010, India	PSA	326387 326370

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