The Emirates Group

Annual Report 2010-2011

Open

“The experience, knowledge and positive performance of the Emirates Group is characterised by high efficiency and flexibility, allowing the organisation to overcome the challenges that have emerged from continuous regional and international change.

The Emirates Group has helped fortify Dubai and the UAE as a premium world class hub, not only for trade and business but for culture and sports. It has become a pivotal link that connects six continents, drawing on the highly advanced civil aviation infrastructure of the UAE.

Emirates has risen to the prestigious ranks as one of the top international airlines. This has been accomplished as a result of adopting and encouraging fair competition, transparency and an open skies policy.

The future of the Emirates Group is bright. Both Emirates and dnata, together with their exceptional know how, are well positioned for continued future growth and success stemming from a history of stellar achievements. Through high professional standards, commitment and a forward looking vision they will continue on the path of excellence and prosperity.”

His Highness Sheikh Mohammed bin Rashid Al Maktoum

Vice President and Prime Minister of the UAE and Ruler of Dubai

Open for Business

Indeed. For the Emirates Group, the skies are always open for business. And competition. Our record performance for the financial year 2010 11 proves the point. Combined revenue for Emirates and dnata totalled AED 57.4 billion (US$15.6 billion), an increase of 26% over the previous year. And operating profit rose to AED 5.9 billion (US$1.6 billion), a 44% increase.

OPEN is the watchword of all we do at Emirates and dnata. We operate in an open manner, as we believe in corporate transparency. We're also big believers in an open skies environment, one free of route and airport restrictions, where every airline can compete fairly. In fact, open skies is the underlying tenet of our business model. Most of all, we remain continually open to new opportunities wherever they may take us in the world.

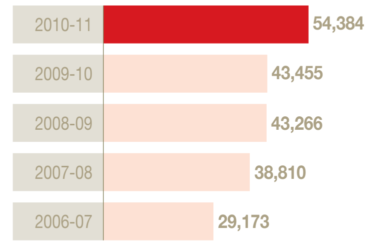
Emirates is the international airline of the United Arab Emirates. Its main activity is the provision of commercial air transportation services.

dnata is the fourth largest combined air services provider in the world and the largest travel management services company in the UAE. Its main activities are the provision of cargo and ground handling, catering, information technology services and the sale of air tickets on behalf of airlines either as their agent or General Sales Agent.

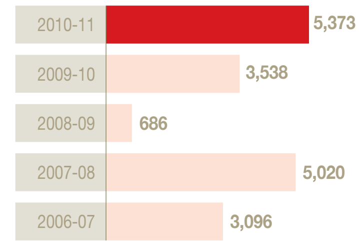
Emirates and dnata are independent entities and do not form a group as defined by International Financial Reporting Standards. However, these entities are under common management. Therefore, in the Management Review section of this document, they are together referred to as the Emirates Group.

Contents

Revenue and other operating income in AED m



Profit attributable to the Owner in AED m



Financial Highlights

Emirates Group

Financial Highlights		2010-11	2009-10	% change
Revenue and other operating income*	AED m	57,377	45,405	26.4
Operating profit	AED m	5,941	4,124	44.1
Operating margin	%	10.4	9.1	1.3 pts
Profit attributable to the Owner	AED m	5,933	4,151	42.9
Profit margin	%	10.3	9.1	1.2 pts
Cash assets	AED m	16,024	12,493	28.3
Total assets**	AED m	71,473	60,147	18.8

2009-10 figures have been re-classified to conform with the current year's presentation.

* After eliminating inter company income/expense of AED 1,413 million in 2010-11 (2009-10 : 1,210 million).

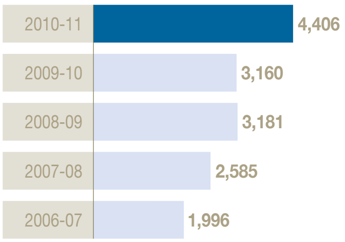
** After eliminating inter company receivables/payables of AED 88 million in 2010-11 (2009-10 : 38 million).

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

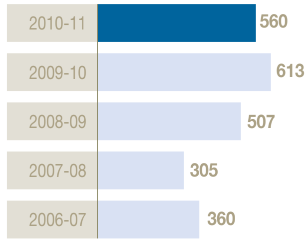
Emirates

Financial Highlights		2010-11	2009-10	% change
Revenue and results				
Revenue and other operating income	AED m	54,384	43,455	25.2
Operating profit	AED m	5,441	3,565	52.6
Operating margin	%	10.0	8.2	1.8 pts
Profit attributable to the Owner	AED m	5,373	3,538	51.9
Profit margin	%	9.9	8.1	1.8 pts
Return on shareholder's funds	%	28.3	21.6	6.7 pts
Financial position and cash flow				
Total assets	AED m	65,090	55,547	17.2
Cash assets	AED m	13,973	10,511	32.9
Net debt (including aircraft operating lease) equity ratio	%	127.1	158.5	(31.4) pts
EBITDAR	AED m	13,435	10,638	26.3
EBITDAR margin	%	24.7	24.5	0.2 pts
Airline operating statistics				
Passengers carried	number '000	31,422	27,454	14.5
Cargo carried	tonnes '000	1,767	1,580	11.8
Passenger seat factor	%	80.0	78.1	1.9 pts
Overall capacity	ATKM million	32,057	28,526	12.4
Available seat kilometres	ASKM million	182,757	161,756	13.0
Aircraft	number	148	142	4.2
Employee data				
Average employee strength	number	38,797	36,652	5.9

Revenue and other operating income in AED m



Profit attributable to the Owner in AED m



dnata

Financial Highlights		2010-11	2009-10	% change
Revenue and results				
Revenue and other operating income	AED m	4,406	3,160	39.4
Operating profit	AED m	500	559	(10.6)
Operating margin	%	11.3	17.7	(6.4) pts
Profit attributable to the Owner	AED m	560	613	(8.6)
Profit margin	%	12.7	19.4	(6.7) pts
Return on shareholder's funds	%	17.2	21.3	(4.1) pts
Financial position				
Total assets	AED m	6,471	4,638	39.5
Cash assets	AED m	2,051	1,982	3.5
Airport operating statistics				
Aircraft handled	number	232,585	192,120	21.1
Cargo handled	tonnes '000	1,494	1,121	33.3
Employee data				
Average employee strength	number	17,971	13,298	35.1

Our best financial year ever

Yet, it was not without its challenges: global flight disruption from the ash cloud of Eyjafjallajökull volcano; airport closing snowfalls in Western Europe, the UK and the US; continued political instability in many parts of the world; destructive earthquakes in New Zealand; the devastating earthquake and tsunami in Japan; and in addition, increased aeropolitical pressure and rising jet fuel prices. This operating environment severely tested our ability to effectively manage the different facets of our business. I m proud to say the Emirates Group passed that test with undeniable success.

Setting new records

The Emirates Group was steadfast in its pursuit of growth and expansion in financial year 2010-11. By virtually every measure, our results far surpassed all previous highs – a testament to our corporate business strategy, our loyal customers and suppliers, and the hard work and talent of our 57,000 employees across the globe.

Gross revenue for the Emirates Group rose 26 percent to US$15.6 billion, taking us to a remarkable new level. And, net profit climbed to US$1.6 billion, an outstanding 43 percent jump over 2009-10. It marked the 23rd consecutive year of profit. This achievement was made even more significant when considered against frequent cancelled and diverted flights, and an across-the-board fare increase in response to mounting oil prices.

Emirates expanded its global footprint, adding six new destinations to our network. dnata, our air services provider significantly increased its international presence with the acquisition of Alpha Flight Group Ltd. Emirates carried more than 31 million passengers to 111 destinations on six continents, up 14 percent from the year before. In addition, our overall seat load factor reached 80.0 percent – 4 percentage points above the IATA-reported average seat load factor for Middle East carriers. Emirates SkyCargo tonnage was up significantly. In total, they hauled 1,767 thousand tonnes of cargo, generating revenues of AED 8.8 billion, an increase of 12 percent and 28 percent respectively over the previous year. dnata Travel Services rebounded from the previous recessionary year to deliver a 4 percent increase in revenue. Performances like these across our entire global enterprise propelled the Emirates Group into achieving the best year in our history.

What it means to be OPEN

OPEN is more than the concept we chose for this annual report; it's also the foundation of our core, long-term business strategy. Quite frankly, placing restrictions on airline ownership and market access is incongruent to how the rest of the business world works in the 21st century. The Emirates Group is a staunch believer in the positive effects liberalisation can bring – not only to us, but also to the entire aviation industry.

The International Air Transport Association (IATA) estimates the top 10 international airlines only have about a 30 percent market share in a US$565 billion industry. Plainly, this leaves ample room for all to compete fairly. A 2006 study on the Economic Impact of Air Service Liberalization by Boeing and Intervistas, a travel-industry consulting group, revealed global liberalisation would create a 63 percent increase in traffic, 24.1 million jobs and US$490 billion in additional economic activity. To the Emirates Group, as it should be to every aviation company, an open skies policy is the gateway to future growth for our industry.

A sustainable business model

Our point of view at the Emirates Group is a consistent one. We follow the same business model as we did the day we began. Its strategy centres on an open skies environment and the geographical advantages of our Dubai hub as a central international gateway. We credit the workability of this business strategy for driving our meteoric growth. Over 70% of our bilateral air service agreements are Open Skies or allow unrestricted frequencies to and from Dubai.

As a company, we continue to value innovation over conventional thinking. In managing our enterprise, we prefer challenging questions to blind acceptance, decisiveness to equivocation. Simply put, we see the world of aviation and travel with 21st century eyes, the same way our customers do. Today, international trade and passenger routes are evolving and changing faster than ever before. The Emirates Group business model gives our companies the freedom and flexibility to change along with them.

A well-planned growth spurt

The Emirates Group business strategy is not theoretical. It is hard at work helping us expand at a phenomenal pace. In 2010 11 we significantly increased existing orders for new aircraft, adding 32 more Airbus A380 s and 30 Boeing 777 300ER s. Combined, these orders are valued at US$13.4 billion and brought our total number of new aircraft on order to 193. We have raised nearly US$22 billion to purchase aircraft from the commercial markets of which export credit agency financing accounts for less than 20 percent of our fleet.

Bear in mind; we did not purchase these aircraft on speculation. Each one will fill a strategic point in our expansive global network keeping us on track to remain one of the most profitable airlines in the world. In this respect, we have gained significant ground the past year. With 182,757 million available seat kilometres, we are now the world s largest airline by scheduled international passenger kilometres flown.

Strengthening our brands

As the marketplace continues to expand, so does our relationship to it. It's not enough to describe ourselves simply as an airline or a ground-handling business anymore. The world today sees us as much more than that. And we are. The Emirates Group touches virtually every aspect of the global travel and tourism experience. Our two major companies, dnata and Emirates, are in the process of aligning their current brand strategy and communications to reflect the world's expanded view – giving us a unique position in the market segments we serve. You will see the results of this rolled out during this year.

Fostering a culture of respect

The Emirates Group is a company founded on shared values. Social and environmental responsibility, respecting the needs of our employees and stakeholders, and an overriding belief in business ethics are the qualities that will guide our future growth.

The Emirates Group continues to play a leadership role in blending best practices in sustainability with luxury tourism development. In 2010, our accomplishments were recognised at the prestigious Leading Hotels of the World Awards. Wolgan Valley Resort & Spa, Australia's first conservation-based luxury resort, received their overall Commitment to Excellence Award, as well as winning the Environment category. Emirates Hotels & Resorts was also honoured with the Conservation Award at the 2010 World Travel & Tourism Council's Global Summit in Beijing.

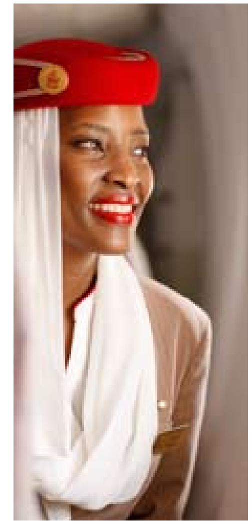
Beyond question, our staff are our most valuable asset – smart, professional, creative, motivated; they are the force that lifts us to greater and greater heights. They are the ones who deserve the lion's share of the praise for delivering our record-breaking year.

Brought together from more than 160 countries, our staff has become one family: the Emirates family. So, when political turmoil spread to Egypt, we flew in care packages for our staff stranded at the airport. The earthquake in Christchurch, New Zealand, partially demolished our office there. Thanks to the quick thinking of their Emirates colleagues in Auckland, who immediately alerted search teams, our people were rescued unharmed. After the Japan earthquake, Emirates contacted all staff based there, as well as any on leave, to ensure everyone and their families were safe. Thankfully they were.

Open to the future

Having had the best year in our history begs the question, where do we go from here? In one sentence: We will continue to invest heavily in our core businesses and intensify our focus on customer service.

In 2011-12, we will boost our capacity for international long-haul flights. Already, we have assembled the world's largest fleet of A380's, with more on the way. Our strategic hub is Dubai, the birthplace of modern aviation in the Middle East. Our bright futures are inextricably linked. Enormous new markets are emerging in Asia and Africa. We have the people and resources to take the Emirates Group to the next level of growth, and all the levels that follow. In short, we will continue to be what we have always been – rowaad – pioneers in the dynamic world of aviation and travel.



Make no mistake; however, the challenges of the past year are still with us. Given the present state of the world, new ones will surely arise. Increasing oil prices and route disruptions due to on-going political turbulences will continue to confront us in financial year 2011-12. But, the Emirates Group is up to the task. We have faced many obstacles before. Conquering them has only made us stronger. I have confidence in our people and our business model. Together, they are an unbeatable combination.

My sincere thanks to all my colleagues at the Emirates Group for a job well done.

Ahmed bin Saeed Al Maktoum

HH Sheikh Ahmed bin Saeed Al Maktoum
Chairman & Chief Executive
Emirates Airline & Group

Sir Maurice Flanagan KBE
Executive Vice Chairman
Emirates Airline & Group

Tim Clark
President
Emirates Airline

Gary Chapman
President
Group Services & dnata

The Leadership Team

Key to the Emirates Group success has been the continuity of its management team, many of whom have been with the airline since its creation. The leadership team itself has 240 years of experience between them building the Emirates Airline and Group.

Ali Mubarak Al Soori
Executive Vice President
Chairman's Office, Facilities and Project Management and Non Aircraft P&L

Adel Ahmad Al Redha
Executive Vice President
Engineering & Operations, Emirates Airline

Abdulaziz Al Ali
Executive Vice President
Human Resources, Emirates Group

Nigel Hopkins
Executive Vice President
Service Departments, Emirates Group

Ismail Ali Albanna
Executive Vice President
dnata

Open to Change

There are those who willingly accept the status quo. We continue to challenge it.

At Emirates and dnata, we question everything. The way we see it, our business and future depend on it. We are reshaping aviation from a customer point of view. The result: continued success and growth on a global scale.

Soaring against the wind
The Emirates Group is not constrained by conventional industry thinking. Just the opposite, we remain sensitive to the shifting and expanding needs of our customers and markets.

Air travel in the 21st century is becoming increasingly inclusive. Consequently, the future of our industry is being written not only in long-established air routes, but also in places like China, India and Africa – markets where the demand for air transport, both passenger and cargo, is growing at an incredible rate. Emirates and dnata are quick to leverage this new dynamic. Our strategic Dubai transportation hub plays a key role in establishing new trade routes by linking emerging markets to more developed ones, such as connecting Moscow to Durban, Beijing to Luanda or Hyderabad to São Paolo. These are just some of the many examples of the new world's city pairs. This past financial year alone, we have boosted our international destinations from 102 to 111.

dnata's acquisition of Alpha Flight Group Ltd has paved the way for significant growth. The acquisition enabled us to greatly increase our international ground presence. dnata ended this financial year with more than 120 locations, a remarkable increase from the previous year – catapulting us into being the world's fourth largest air services provider. In fact no other airport services company handles more A380 aircraft worldwide everyday.

Knowing when to zig and when to zag
Whilst an open skies environment is the foundation of our business model, decisiveness and nimble thinking are two of its defining characteristics. Changes in the industry and markets we serve are often beyond our control, but our reactions to them are not. Whether it's adding another flight to an existing route, opening a new destination, acquiring a new business, or dealing with the forces of nature, we provide Emirates and dnata employees with the resources they need to make the best decisions. And the empowerment to put them into play.

Asset allocation and balancing financial risk between mature and newly established markets is a dynamic process, one that takes constant analysis. Emirates planners monitor flight utilisation daily to ensure aircraft, seat capacity and flight frequency are optimised for each route. The situation can change overnight, and it usually does. On average, Emirates makes eight to ten aircraft swaps each day, redeploying our aircraft to balance our network and optimise revenue. Here, nimble thinking is essential, as decisions have to be made in real time.

When demand grew on US routes, we immediately added extra flights to Los Angeles and Houston. Just like that. When demand spiked in the UK on our Dubai to Manchester route, we redeployed equipment from a waning destination in Africa to add a third flight to Manchester. Again, just like that. And when we suspended services to Libya, we swapped capacity practically overnight. This kind of swift action is in the DNA that runs through all of the Emirates Group companies.

Open to Growth

New, more profitable markets are emerging. Emirates and dnata are already there.

What s considered "growth" at the Emirates Group? For Emirates Airline, it s more long range aircraft and an expanded route map. For dnata, our air services provider, it s increasing our presence in key markets through strategic acquisitions transforming ourselves into one of the largest combined air services providers in the world. To strengthen dnata s expanding global footprint and help customers better grasp our value proposition, we initiated a brand review. The result is a brand position that provides a strong, unified face to dnata customers around the world. Fresh visual branding, including a new logo and uniforms, complements this. A refocused vision, mission and set of values were also introduced to galvanise the nearly 20,000 dnata employees worldwide, nearly half of whom are based outside Dubai.

Expansion on a global scale

The Emirates Group is proactive in driving growth. We move first, identifying profitable new and emerging markets and opportunities before they are on the competition's radar. In 2010-11, Emirates Airline carried 31.4 million passengers, to destinations in Africa, Europe, Asia, the Middle East and GCC, the Americas, the Pacific Rim and the Indian sub-continent. Our flagship fleet of 15 A380s, the largest in the world among all airlines, began flying to Beijing, Manchester and Hong Kong this year and also returned to New York. Shanghai will be the 13th destination added next in late April 2011. New destinations for 2010-11 included Amsterdam, Prague, Al Medinah, Madrid, Dakar and Basra. Additional freighter routes to Almaty, Bagram, Campinas and Erbil were also added. For existing destinations, Emirates added a number of new flights in 2010-11, both for business/leisure travel and cargo service.

dnata on a full year basis will nearly double its turnover having acquired the Alpha Flight Group Ltd from Milan-based Autogrill S.p.A. It is dnata's largest acquisition to date, and expands our current ground handling and catering operations to 73 airports in 17 countries. Cargo business also grew. Emirates SkyCargo increased cargo carried by 11.8%, reaching 1.8 million tonnes. Tonnage handled by dnata rose by 33.3% over the previous year to 1.5 million tonnes. Mercator too extended its global reach, winning new business in a large number of markets, including: Oman, Qatar, South Africa, Colombia, the United States, Germany, Papua New Guinea, Indonesia and Sri Lanka. Our third-party aviation training company, ECFT, a joint venture between Emirates and CAE, saw its sales soar 19% in 2010-11, as the demand for corporate aviation training continues to intensify.

A business model for the long haul

The Emirates Group is consistent in its pursuit of new growth. We follow the same business model employed since our founding. After all, why change something that works? Dubai, the Emirates Group's home base, and its infrastructure have expanded significantly over the years, as have our many companies.

Geographically, Dubai continues to be the strategic centre point of a widening network that puts 75% of the world's population within an eight-hour flight or less. Our young, highly efficient fleet of 148 long-range, high-capacity aircraft (including 15 Airbus A380's and 53 Boeing 777-300ER's) grew by eight aircraft. Today, Emirates is the world's largest airline by scheduled international passenger-kilometres flown.

The Emirates Group business model allows us to confidently invest in the future of all our business units – from air travel, cargo and IT solutions to ground handling, travel services, inflight catering and more – all whilst tightly controlling costs and improving efficiency. As always, at the Emirates Group, we don't take chances; we take measured risks.

28

Emirates lounges across the network

Emirates by the Numbers

2,000

Daily chauffeur drive trips in Dubai

Annual calls handled by all customer contact centres 13,000,000

Aircraft washes during the year 1,039

US$ spent for cabin and inflight entertainment upgrades 112,000,000

Guests visiting our lounges daily 8,000

Skywards members 6,198,885

Total number of movies shown on board Emirates during this year 678

A380 destinations 12

17.5

Hours it took Emirates SkyCargo to operate its longest non stop flight from Sydney to New York

500,000

Number of gallons of aircraft fuel saved per year by EA-GP7200 engines on the A380 fleet

6,129

Staff recruited in the year

Flights redeemed by Skywards members during the year 227,662

Miles earned by all Skywards members in the year 36,409,031,199

Length in km of coffee beans used by Costa Coffee in one month if laid end to end 500

Eggs served annually at Premier Inn's in the UAE for breakfast 120,000

African countries served by Emirates 16

6

Number of new passenger destinations added

80

Highest average seat load factor ever achieved in a financial year

Open to Competition

Many airlines want a closed playing field. We prefer a level one.

The Emirates Group is a proponent of open, international competition. In our headquarters city alone, we compete with more than 120 scheduled international airlines flying in and out of Dubai International Airport. In fact Dubai has one of the highest number of airline operators of any of the world s airports   Dubai is a city state with no barriers to trade. We welcome that level of competition. It s the motivation behind our success, driving us to achieve more tomorrow than we did today. The Emirates Group believes that an open global economy is vital to free and fair trade, economic growth and fuller employment.

We see beyond the obvious

The Emirates Group's quick thinking and decisiveness belies the importance we place on planning. Simply put, planning is the starting point of our future. Operationally, we plan for the long-term for all of our companies, so we always know where we're going and how we will get there.

Route and schedule planning at Emirates is both art and science. Using advanced algorithms and computer pricing models coupled with detailed on-the-ground research, we're able to identify and evaluate potential new destinations and connections. We look for markets that can be profitable in the short term. In many cases, we open connections that did not exist before, such as our recent linking of China and Africa through Dubai. On existing routes, we continually analyse capacity and demand – operating additional flights when deemed profitable including double daily services to Houston and Cape Town.

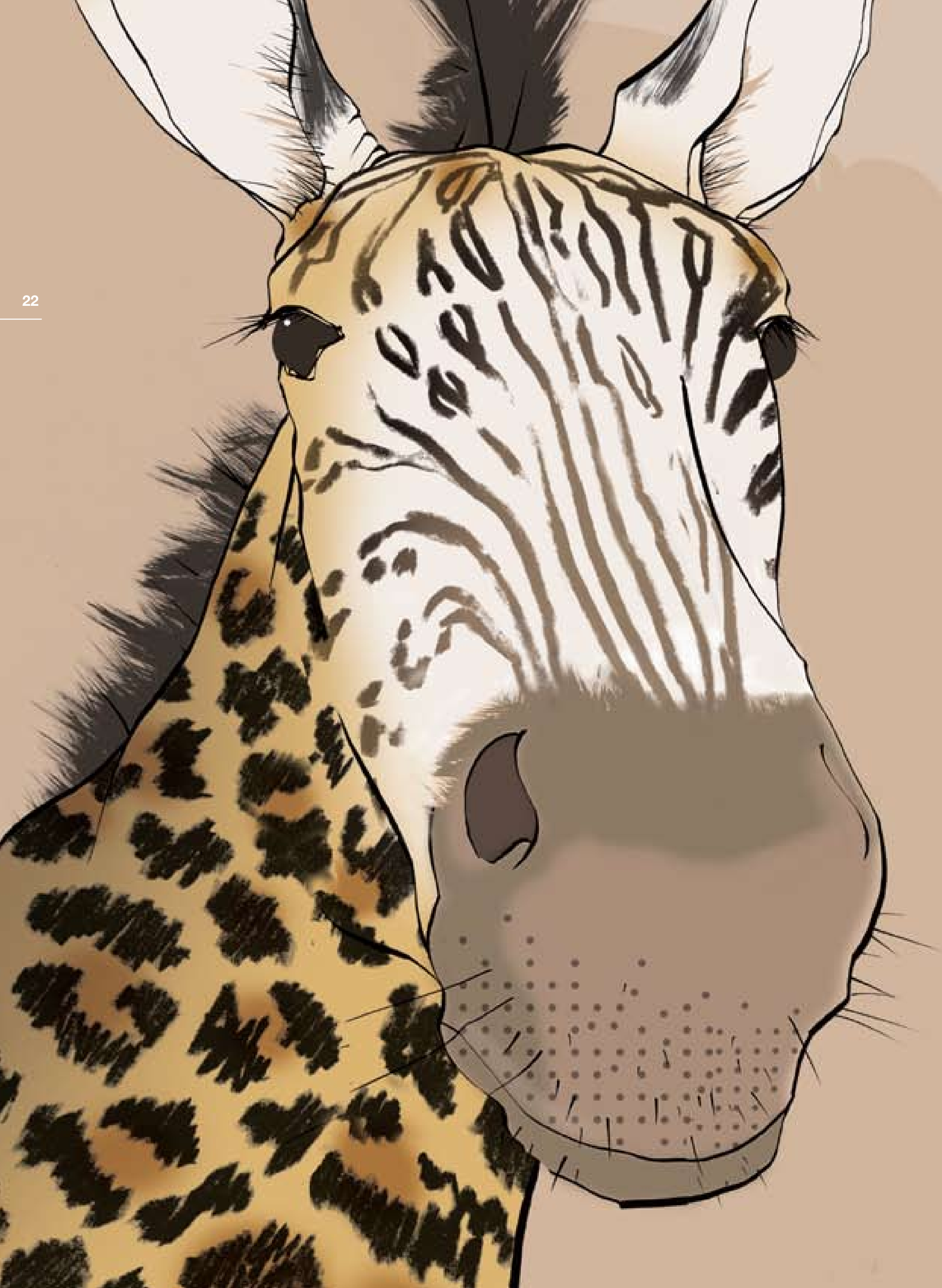
In the financial year 2010-11, we increased capacity on many of our existing routes including the UK, Saudi Arabia and across Africa. We also enter markets underserved by our competitors. Many of these new international destinations, such as Dakar, Senegal; Prague, Czech Republic; and Basra, Iraq, represent underserved markets with rapidly growing trade, cargo, and air travel demand. Today these regions and others like them before, such as Newcastle, Hamburg, Nice or Venice, have direct flights to Dubai and onward non-stop services throughout our six continent network. dnata continued to win new clients, signing contracts with Cathay Pacific, Finnair, Pakistan International Airlines and more. We also won internally, walking away with three prestigious Airfinance Awards in 2010-11, the first airline to accomplish this.

Our business is an open book

The Emirates Group believes in corporate transparency. We are not a publically traded company, and whilst we are required to report financial performance, there is no legal obligation to publish the narrative you are now reading in this annual report. Nevertheless, our management prerogative is to always deal openly with our employees, passengers, the banking community, the aviation industry, governments, our key suppliers and members of the press.

Emirates operates under fair competitive practices in all of the markets where we do business, a strategy from which we have never waivered. We have grown our business without subsidies through the success of our commercially-driven business model. In simple terms, we are here to stay.

We welcome the global community's interest in our businesses and financial performance, and encourage all stakeholders to learn more about our companies. It's a story worth knowing.



Open to New Ideas

Corporations talk about innovative thinking. At Emirates and dnata, we put ours into action.

The companies of the Emirates Group transform innovation into a competitive advantage. Our persistent focus on developing and applying new technologies to our businesses, internally and in the products and services we offer customers, helps us generate profitable growth.

Industry-leading technology

The Emirates Group is driven to find smarter, faster and more efficient solutions to the challenges the aviation and travel industries face in the 21st century. Our customers whether consumers, business travellers, global manufacturers, other airlines or ourselves benefit from our new ideas.

Calogi, our leading, online portal for the air cargo supply chain, is making e-freight a cost-effective reality, enabling freight forwarders, airlines, logistics providers, government agencies, shippers and consignees to trade electronically. Just two years old, it's grown into the largest airfreight portal in the Middle East, with almost 400 subscribing companies and a user base nearly triple that.

Mercator's airline passenger services system, Avantik, is adding increased efficiency to the low-cost airline sector. Emirates SkyCargo, a leading force in e-freight, completed its first paperless flight using electronic airway bills for a Boeing 777-300ER cargo flight from Mauritius to Dubai – a sign of things to come.

In 2010-11, the investments we made in new IT resources expanded our in-house capabilities, reducing not only costly outsourcing, but also critical development time. Gaining more control enabled us to speed up the delivery of customer enhancements, both mobile and online, leading to greater customer satisfaction and, ultimately, more profit.

Thanks to a new iPhone app from dnata, clients now have a one-stop solution for all their travel needs from anywhere in the world. Our audio, video on-demand inflight entertainment system, ice (information, communications and entertainment), continues to lead the industry. It was voted "World's Best Airline Inflight Entertainment" for the sixth consecutive year at the 2010 Skytrax World Airline Awards. ice is now available on all flights. Global Connect, a large-scale IT initiative, allows us to route customer and agent phone enquiries from our four largest customer contact centres to one virtual site. Accessible around the clock, it's helping boost quality, consistency and revenue generation.

Internal systems boost efficiency

By far, the largest market for our IT solutions is within the Emirates Group, itself. We put our innovative thinking to work creating solutions that address specific business problems. To keep development on target, we embed IT managers within business units across the Emirates Group. Plus, we convene a quarterly IT Innovation Board, a brainstorming forum where department heads can review new and emerging technologies and assess their potential for adoption within the Group. The result is a steady stream of new solutions that help our companies optimise performance. Introduced in 2010-11, PROFIT, a revolutionary new revenue optimisation and forecasting system, heightens our ability to optimise seat inventory and price. PROFIT enables us to widen our fare system for customers, creating a larger number of booking classes, each with a different fare and restriction. We implemented a new financial ERP system that consolidates data from more than 60 stations around the world, eliminating costly redundancy and further enhancing productivity. We added more functionality to KIS, our knowledge-based, inflight services customer information system, which supports tracking of individual customers to enhance the personal service we provide on board Emirates' flights. dnata Airport Operations in Dubai installed a new, advanced GPS equipment tracking and monitoring system, ZEBRA, which significantly improved equipment allocation time. dnata's cargo operations benefited from a new decision-support system, giving them the advantage of adjusting work flow in real-time. Many of our solutions are developed on open software platforms – another way we stay open to new ideas.

Bags handled daily by dnata at Dubai International Airport

100,000

dnata by the Numbers

3,880

Vehicles used by dnata worldwide

Employees the Alpha Flight Catering acquisition added 4,600

Yearly flight tickets issued by dnata 769,485

Consecutive years dnata has been voted Middle East s Leading Travel Management Company 5

73

Airports dnata operates at

dnata

2

Average time in minutes between aircraft departures serviced by dnata

Countries dnata operates in **38**

Passengers handled everyday **192,000**

Inflight meals prepared daily **128,000**

Tonnes of cargo handled daily **4,700**

4

dnata s rank as global caterer after acquiring Alpha Flight Catering

38

Percentage of dnata revenue earned outside Dubai

233,000

Aircraft handled annually worldwide

Open to Diversity

The world has many cultures. Emirates and dnata make the most of them.

The nearly 60,000 employees of the Emirates Group come from across the globe (163 different nationalities, to be exact). They are integrated throughout our many businesses, they are all working together for a common goal taking Emirates, dnata and themselves to the next level. This unique blending of people and cultures helps power not only our business model, but also our future.

Diversity unites us
Diversity is not an initiative at the Emirates Group. It is a defining strength, one long woven into the fabric of our business. We were founded as a multi-cultural company, so we know how to work together. And communicate with each other. We've assembled the best talent in the world, arguably, the most cosmopolitan in the aviation industry. It follows, then, that the Emirates Group is headquartered in Dubai: the most cosmopolitan city-state in the Middle East.

Today, our multi-cultural staff has but one face, that of ambassadors for our brands. The newly introduced dnata brand positioning underscores this perfectly. At the Emirates Group, the whole is always greater than the sum of the parts.

We develop potential
The Emirates Group channels substantial time and resources into recruiting and developing exceptional employees. Our continued growth demands it. Human Resources (HR) at the Emirates Group focuses on leadership development, employee engagement, talent management and importantly, UAE National attraction, development and retention. HR acts proactively to initiate creative solutions that develop and grow our people and organisational capabilities to meet current and future challenges.

With the Emirates Group positioned as an employer of choice in the region and industry, we're able to attract and retain quality people who have the potential to grow and drive our high performance culture. Internally in 2010-11, Human Resources implemented Business Process Management to provide more measurable, performance enhancement services, ensuring we deliver the best value, service and customer experience. At the Emirates Group, we want everyone to thrive.

As we grow, our need for bright, talented people increases. So we're recruiting enterprise wide, from engineering, information technology and sales to pilots, flight attendants and ground handlers. In 2010-11, 330 new Emirates pilots graduated from our flight-training academy, and 2,300 of our licensed pilots attended recurrent training.

We conducted more than 32,000 flight-training duties – in classrooms; distance learning environments; fixed-base flight simulators; six-axis, full-motion simulators; and aboard the actual aircraft.

Our cabin crew learn their fundamentals in the environment in which they will ultimately be working. Housed inside our expansive training facility are fully equipped cutaway cabins of aircraft we fly, including the prestigious A380. Every detail is authentic, from the bar area in Business Class down to the magazines and coffee cups.

All flight attendants participate in a unique rite of passage – Nujoum, meaning "stars". Students make their way through a one-of-a-kind theatrical setting, where they encounter experiential scenarios designed to help them internalise Emirates' values and better apply their training to their everyday working lives. In all, 2,900 flight attendants graduated during 2010-11. We are on track to recruit 4,000 new hires for the new financial year.

Open to Sustainability

Lots of companies talk about the environment. To us, it's a top priority.

Sustainability and eco efficiency are at the heart of all we do at the Emirates Group, from the way we fly our aircraft to how we recycle waste. We are responsible not only to our customers and employees, but also to the people and places we touch on this planet.

Non-stop environmental and corporate responsibility programmes

Most of the Emirates Group companies operate around the clock. So, too, do our sustainability and outreach programmes. With a heightened awareness of our environmental footprint, we continually monitor its impact. We have introduced our own internal programme called Emvironment that is focused on emission and fuel savings, air traffic control, waste and our supply chain.

Far and away, the most important area we focus on as an airline is greenhouse gas emissions. That focus translates into a multi-billion dollar investment in the most modern, eco-efficient aviation technology available – in aircraft, engines and ground equipment. With an average age of just 77 months, our modern fleet is one of the youngest in the industry. And our flagship A380's, the largest aircraft in the sky, are also the most efficient. Their fuel burn is less than four litres for every 100-passenger kilometres – better than most modern compact cars.

How we fly our aircraft also has an effect on the environment. So today, we're flying lighter. We work closely with manufacturers' airframe and propulsion engineers to reduce as much weight as possible on the aircraft we purchase. Our fuel efficiency rates are already 30% lower than the global fleet average, which facilitates our compliance with the strict, new EU Emissions Trading Scheme regulations. Still, we are committed to further reductions in fuel consumption and emissions per passenger. While the focus on Emirates is often about our number of new aircraft orders, consider that even with an average fleet age of just over six years, by 2015 we will retire more than 50 older aircraft to ensure the highest standard of efficiency. The 75 more fuel efficient A380's on order will go a long way to making that happen.

A recent addition to our engineering campus is the paint hangar, one of the most advanced in the industry, which eliminates the need for outsourcing. Added to our seven existing hangars, our total engineering footprint now covers more than 22 acres. In 2010-11, Emirates stripped and painted six aircraft and began a fleet-wide clear-coat application programme. Clear coating not only improves the aesthetics of our aircraft, but also extends the life of their exterior finishes.

The Emirates Airline Foundation is a non-profit charity organisation with a mission to improve the quality of life for children trapped in extreme poverty, regardless of geographical, political, or religious boundaries, and to help them maintain or improve their human dignity. Financial year 2010-11 was a busy one. From funding paediatric heart surgeries for children in Africa to improving water facilities in Bangladesh, the Foundation provided the necessary funding and used a total of 18.6 million Skywards Miles donated by Emirates passengers to send doctors, engineers and other professionals on dozens of humanitarian missions.

Recycling our business

An airline the size of Emirates easily generates a mountain of waste. Every flight leaves behind newspapers, cardboard, plastic, aluminium, glass and food. Compounding this are waste streams from our expansive operations – from our engineering facilities to our administrative offices to our Dubai catering facility, the world's largest industrial kitchen. Most of this goes directly into our enterprise-wide Corporate and Industrial Recycling Programme, lessening our impact on the environment. Going forward, we continue to explore viable ways to reduce waste even more.

Open to Opportunity

Others speculate about the future. Emirates and dnata invest in it.

At the Emirates Group, our future becomes what we make it. And for our companies, employees and the communities we serve around the globe, we re making it a sound one. We see many growth opportunities on the horizon and beyond. Our business model and strategy are working. We re putting our plans into place. Most of all, we are investing in the people and resources needed to achieve them.

Ready for tomorrow

Our business model helps Emirates and dnata take a long-range view of the future. Planning is usually five to eight years out. So, whilst we are always ready for tomorrow, we are just as ready for the 2,920 tomorrows that follow it. The recent additions to our standing orders for new aircraft reflect the confidence we have in our ability to think in future tense. In total, Emirates has 193 aircraft on order for delivery through 2019. This includes the 32 Airbus A380's and 30 Boeing 777-300ER's that we added to our orders in 2010-11 valued at a cost of US$13.4 billion.

Why order so many new aircraft? The answer: we're just getting started. Our network expansion will continue to take us to new destinations across the globe. We've already announced new routes to Buenos Aires, Argentina; Copenhagen, Denmark; Geneva, Switzerland; and Rio de Janeiro, Brazil. More destinations will follow during this financial year. dnata is also set to expand. The acquisition of Alpha Flight Group made us a leading global player in airport services. But this is not the endpoint of our game. We intend to increase our industry presence even more in 2011-12.

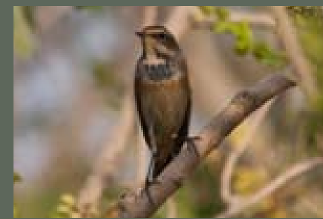
We are enhancing the passenger experience, adding to our cachet of being one of the worlds' most customer-centric airlines. We're building 7 new First and Business Class airport lounges in support of our growing international footprint. We're upgrading our cabin amenities, also, with new crockery, cutlery, menus and service flows in First Class and Business Class. A complete Economy Class equipment changeover is scheduled for 2012. Emirates Flight Catering continues to win recognition and awards. The latest, our innovative, zero-added fat "Healthy Options" menu, which won a Mercury Award from the International Travel Catering Association.

We are investing heavily in engineering. As our fleet expands, its maintenance, testing and service needs do, also. The solution: The Emirates Engineering Centre. Encompassing 136 acres (an area equal to 100 soccer fields) and built at a cost of AED 1.9 billion, it's not only the largest facility of its kind in the Middle East, but one of the largest in the world. With five hangar bays for heavy maintenance, two for light maintenance and our new paint hangar, it has the capacity to meet the service requirements of the Emirates fleet, including our flagship A380's, today and over the coming years.

A vision for a bright future

The vision that has guided the Emirates Group from a small Dubai-based company to a dynamic, global force in the travel and aviation industry is supported by a sustainable corporate business strategy. It provides us with the freedom to act in the face of challenge; the knowledge to make the right decisions; the flexibility to change course; the perspective to see beyond the horizon; the confidence to take calculated risks; and most importantly, the inspiration to dream.

01



02

03

1st Quarter

April to June 2010

Four quarters make a whole world of difference. Some of the highlights from the Emirates Group in the past year.

- Group
- Emirates
- dnata

The ash cloud disruption grounds thousands of flights across Europe and keeps passengers stranded when the Eyjafjallajökull volcano erupts in Iceland.

01 The discovery of six new species at the Dubai Desert Conservation Reserve consolidates its status as the regional benchmark for sustainable tourism.

dnata is recognised by the Airline Operations Committee (AOC) in Dubai for demonstrating Continued support and commitment to the airlines of Dubai .

02 The car pooling scheme at Emirates Group Headquarters in Dubai is launched encouraging all staff to take part in this environmental initiative.

dnata s Calogi cargo system and the benefits it brings are unveiled at the 3rd Ground Handling International Asian Conference in Cambodia.

Emirates begins operations to Amsterdam the airline s first route launch of the financial year and the 102nd destination added to the network.

Emirates wins the World s Best Airline Inflight Entertainment award at the 2010 Skytrax World Airline Awards for the 6th consecutive year.

dnata s Calogi e freight initiative including the use of the new e Air Waybill functionality is fully approved by IATA.

Emirates Group posts an increased profit of AED 4.2 billion for the year ended 31 March 2010.

Emirates SkyCargo is voted Cargo Airline of the Year at the prestigious Cargo Airline of the Year Awards.

For the 22nd consecutive year Emirates SkyCargo wins the Best Middle East Cargo Airline award.

Emirates launches Purchase your UAE visa online enabling customers from 35 countries to apply for and purchase UAE visas at emirates.com.

Emirates enables customers travelling with additional baggage to make savings by purchasing discounted rates online.

03 The signing of an additional order of 32 flagship A380 aircraft by Emirates at the Berlin Air Show is witnessed by German Chancellor Angela Merkel.

dnata acquires Mercator Asia in Thailand, its first overseas IT subsidiary to further enhance the Mercator airline solution portfolio and address customer needs.

Emirates for the second time is one of the title sponsors of the FIFA 2010 World Cup in South Africa flying in thousands of soccer fans from around the world.

dnata Saudi Travel Agency signs an agreement with the Saudi Telecommunication Company to manage their entire corporate travel business in the Kingdom of Saudi Arabia.

The Emirates Group makes history when the first commercial flight from Hong Kong lands at the new Dubai World Central Al Maktoum International Airport supported by dnata ground handling.

2nd Quarter
July to September 2010

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Emirates launches operations to Prague, its 22nd European destination, becoming the only daily, non-stop service connecting the Czech capital city w th Dubai.

Emirates starts servicing its 4th destination in the Kingdom of Saudi Arabia, Al Medinah al Munawarah.

MMI Travel, the official FIFA appointed travel agent in the UAE for the 2010 FIFA World Cup South Africa, runs one of its most successful sports events campaign.

At the Farnborough Air Show, Emirates orders 30 additional B777-300ER's to support the future expansion and modernisation of its fleet.

Emirates selects GP7200 engines by Engine Alliance to power its 32 add tional A380 aircraft ordered earlier in the year.

dnata officially opens its 'baggage hub control centre', a state-of-the-art facility providing the central co-ordination of baggage services, across all three terminals at Dubai International Airport.

Emirates 27th exclusive airport lounge opens its doors at Shanghai Pudong International Airport.

Emirates launches ts first passenger services to the Iberian Peninsula with daily flights to Madrid, the network's 104th destination.

dnata becomes the first airport service provider in Sw tzerland to obtain IATA's Safety Audit for Ground Operations (ISAGO) accreditation, designed to improve ground handling quality and safety.

Emirates welcomes its 12th flagship A380 to the fleet, the airline's 150th aircraft.

Emirates announces its further expansion to North America with second daily services to Los Angeles and Houston by early November.

dnata together with Brash Brands, a Dubai based strategic branding agency, launches a programme to develop a new platform for dnata's brand given the strong international growth and diversification of the company.

01 Emirates enhances passenger services in Dubai allowing travellers to check-in for their flights at three Dubai Metro stations.

dnata Pakistan, following Switzerland, is the second country orgnisation of dnata to achieve the ISAGO accreditation.

02 dnata Travel Services business units across the entire GCC team up with dnata's exclusive Marhaba by adding the 'meet and greet services' to their portfolio of travel management services.

Emirates strengthens its links to West Africa with the launch of the new direct service to Dakar, Senegal.

03 Emirates opens its first aircraft painting facility in Dubai.

Emirates announces Manchester as its latest A380 destination.

dnata opens its new special assistance lounge at Dubai International Airport Terminal 3 enhancing services for passengers requiring add tional assistance.

CIAS, dnata's airport services provider at Singapore's Changi International Airport, is awarded passenger and ramp handling services by Cathay Pacific.

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3rd Quarter
October to December 2010

Emirates celebrates its 25th anniversary marking a quarter of a century of successful operations and remarkable growth.

01 Skywards, the Emirates Frequent Flyer programme, announces the winners of its Future Artists programme linked to the new design of its membership cards.

dnata announces the expansion of its travel services business into India its first operations planned to open in Delhi followed by a further expansion into other major Indian cities.

dnata s MMI travel brand, specialising in key sports events, is appointed as the official travel agent in the Middle East for the 2011 ICC Cricket World Cup.

Emirates further expands its flight schedule to the Kingdom of Saudi Arabia with an additional 10 weekly services to Jeddah and Riyadh and daily flights to Al Medinah.

Emirates SkyCargo strengthens trade links between the UAE and Brazil with the launch of a new freighter service from Dubai to São Paulo.

dnata receives the coveted World s Leading Travel Management Company award at the World Travel Awards ceremony 2010.

Emirates announces a record half year net profit of AED 3.4 billion (US$925 million) for the first six months of its current financial year ending 30 September 2010.

Emirates Inflight Catering is honoured with the PAX International Readership Award for the third consecutive year.

Emirates SkyCargo is voted Air Cargo Carrier of the Year by readers of International Freighting Weekly.

dnata is awarded the passenger and ramp handling contract for Pakistan International Airlines at Heathrow airport.

Emirates services to the Seychelles increase to seven flights per week following the strong leisure demand on this route from across the network.

Emirates announces the launch of its second destination in Switzerland with non stop daily flights to Geneva from 1 June 2011.

02 dnata becomes the 4th largest catering provider worldwide by acquiring Alpha Flight Group Ltd with catering operations located at over 60 airports.

dnata is named Ground Handling Provider of the Year in the Middle East at the Aviation Business Awards ceremony in Abu Dhabi.

Emirates SkyCargo operates the first completely paperless flight between Mauritius and Dubai with all shipments carried processed electronically.

The UAE and Emirates secure the 60th and 61st open bilateral air traffic agreements with Brazil and Panama.

03 Emirates SkyCargo sets a new record by operating the longest ever non stop freighter flight of 17.5 hours between Sydney and New York.

01

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The Emirates Group

4th Quarter

January to March 2011

Emirates further expands operations into the Kingdom of Saudi Arabia with a second daily A380 flight to Jeddah.

Arabian Adventures, as part of the Group's environmental programme, is awarded the internationally recognised CEMARS certification, an emissions measurement and reduction scheme.

Emirates announces non-stop daily flights between Dubai and Copenhagen effective 1 August 2011 expanding its European presence into Scandinavia.

01 dnata Singapore secures passenger and ramp handling services for Al Italia and Finnair at Changi International Airport expanding dnata's worldwide airline customer base to more than 200.

Emirates returns to Iraq with its inaugural flight to the Southern Iraqi city of Basra.

Emirates and the Victoria Racing Club announce a new five-year sponsorship agreement to further grow the Emirates Melbourne Cup's international profile.

dnata's new vision, now that it is one of the major global combined air services providers, with over 20,000 employees in 38 countries, is launched at a staff event at the Group Headquarters in Dubai.

MMI Travel enters into a partnership with Omega World Travel to provide travel related services to American government agencies based in the UAE.

02 AeroMobile, Emirates' inflight mobile phone service provider, reaches its five millionth user.

dnata's newly acquired Alpha Flight Group and LSG sign a Memorandum of Understanding to establish a UK-only joint venture for catering services.

dnata's Mercator Revenue Accounting Shared Services Centre in Dubai, providing 3rd party services to other airlines, receives the SAS70 certification.

Emirates is honoured in receiving the leading industry title of 'Airline of the Year' from Air Transport World.

Emirates makes full repayment of an US$500 million bond on its maturity date, 24 March 2011.

dnata Cargo launches c-Club, a loyalty programme for all business partners participating in Calogi in the UAE.

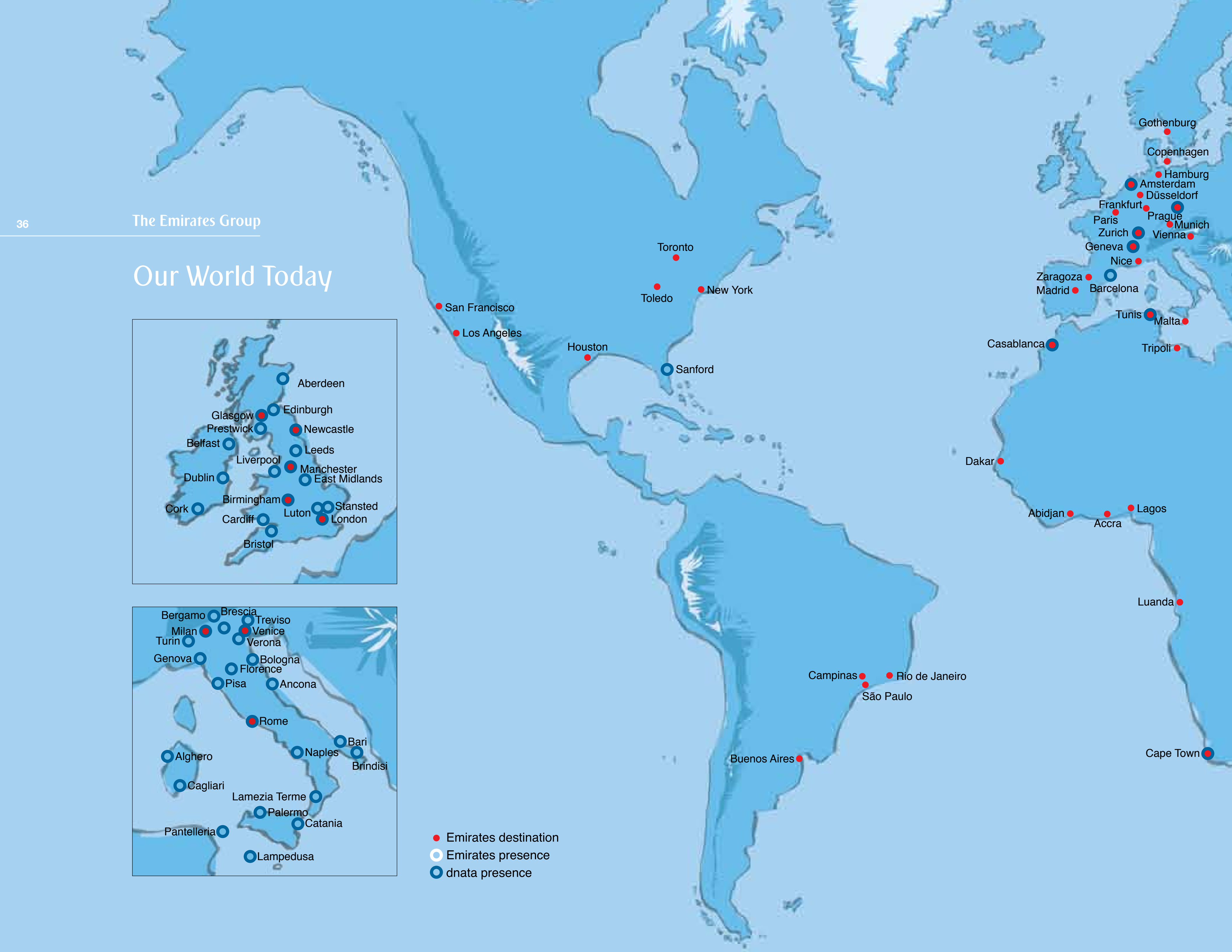
The number of Emirates cabin crew rises to over 12,000 for the first time in 25 years of operation.

Emirates announces the introduction of a third daily flight to Manchester and a second daily flight to Hamburg to cater for the continued growth in demand.

Emirates increases its frequencies to South Africa by adding a second daily flight to Cape Town.

03 Emirates once again is the title sponsor of the Dubai World Cup - the world's richest horse racing event - and welcomes more than 60,000 international visitors at the Meydan Racecourse.

Our World Today

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Damascus
Amman
Lahore
Delhi
Cairo
Dubai
Karachi
Ahmedabad
Dhaka
Kolkata
Yanbu
Al Madinah
Jeddah
Darfur
Khartoum
Sana a
Salalah
Mumbai
Hyderabad
Bengaluru
Chennai
Kozhikode
Kochi
Thiruvananthapuram
Colombo
Addis Ababa
Entebbe
Eldoret
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Seychelles
Lilongwe
Mauritius
Johannesburg
Durban
Beijing
Seoul
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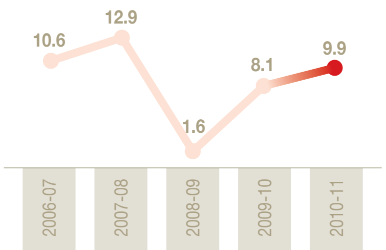
Ras Al Khaimah
Ajman
Sharjah
Fujairah
Dubai
Doha
Sohar
Abu Dhabi
Muscat
Riyadh

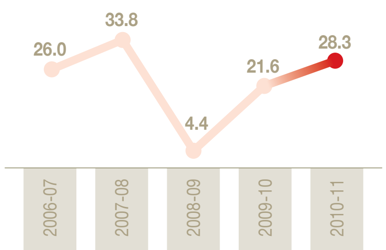
Open to Results

Contents

Profit margin in %



Return on shareholder s funds in %



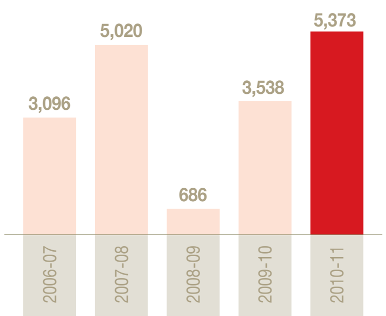
Financial Commentary

Profitability

Emirates profits this year are the highest ever achieved in its history, and are a fitting result in its 25th silver jubilee year. In the financial year, Emirates profit attributable to the Owner reflects a considerable increase of 51.9% or AED 1,835 million to AED 5,373 million (2009-10: AED 3,538 million) with the growth in revenues being the main driver.

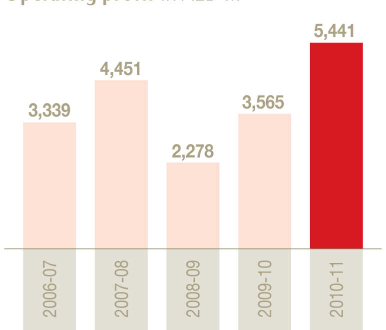
Profitability in the first half of the financial year was extremely robust, spurred on by strong growth in the passenger and cargo business. Passenger seat factor in the first half at 81.2% is recorded as the highest ever in the airline's history. Although revenues in the second half of the year were slightly ahead of the first six months, profitability was impacted by an increase in jet fuel prices, 26.1% higher on average in the last quarter as compared with the first six months of the financial year. Emirates profit margin reflects a recovery to 9.9% and is 1.8 percentage points higher than the previous year.

Profit attributable to the Owner in AED m



Emirates ended the financial year with a significantly higher operating profit of AED 5,441 million as a result of revenue growth remaining well ahead of the increase in operating costs. This is AED 1,876 million or 52.6% better than the previous year and reflects a return to a double digit operating margin of 10.0% or an improvement of 1.8 percentage points over the previous year.

Operating profit in AED m

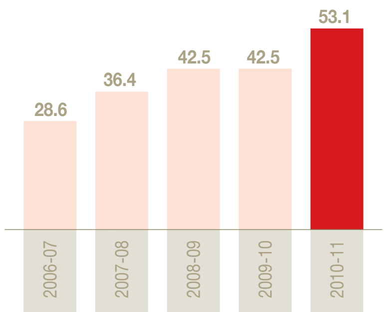


As a consequence, the return on shareholder's funds stood at a healthy 28.3% or a significant 6.7 percentage points better than the previous year.

Revenue

Revenue grew significantly to AED 53,098 million (2009-10: AED 42,477 million) which is a full 25.0% higher than the previous year. For the first time in Emirates' history, transport revenue crossed the AED 50 billion mark and is 25.7% higher than the last financial year. Passenger (including excess baggage) and cargo revenue account for 95.1% of revenue.

Development of revenue in AED bn

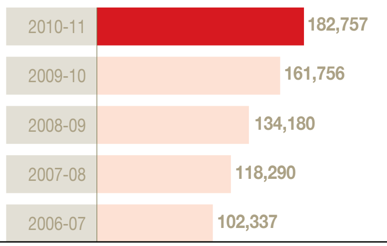


Revenue

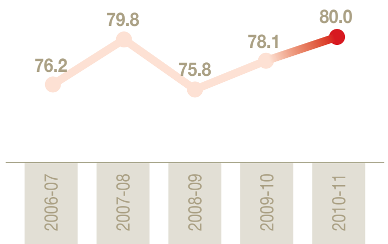
	2010-11 AED m	2009-10 AED m	% change
Passenger	41,415	32,995	25.5
Cargo	8,803	6,899	27.6
Excess baggage	293	278	5.4
Transport revenue	**50,511**	**40,172**	**25.7**
Sale of goods	1,927	1,727	11.6
Destination and leisure	226	156	44.9
Other	434	422	2.8
Total	**53,098**	**42,477**	25.0

Passenger revenue at AED 41,415 million is significantly higher by AED 8,420 million or 25.5% over the previous year resulting from a strong growth in passenger numbers and an 8.5% increase in the yield per RPKM. Premium class seat factors have partially recovered from the decline last year and are 3.5

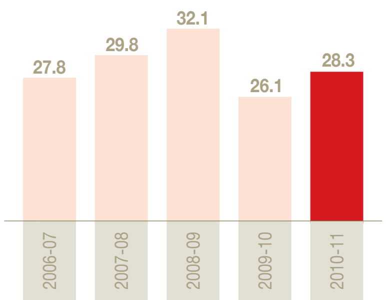
Available seat kilometres (ASKM) in millions



Passenger seat factor in %

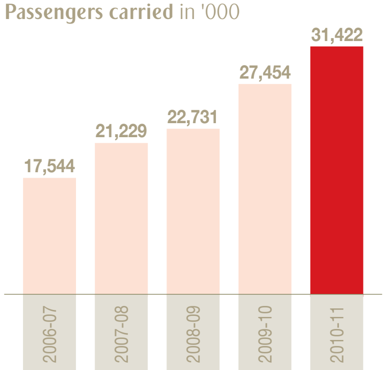


Passenger yield in fils per RPKM



percentage points higher than the previous year, while the economy class seat factor reflects an improvement of 1.6 percentage points. The number of passengers carried is well above the 30 million mark and places Emirates as the world's largest airline by scheduled international passenger-kilometres

Passengers carried in '000

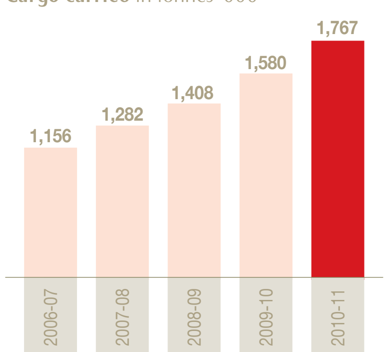


flown. Passenger seat factor closed at an all time record of 80.0% and is 1.9 percentage points better than the previous year, a notable performance given a 13.0% increase in ASKMs.

The higher seat factor reflects a 14.5% growth in passenger numbers, increasing by 4.0 million passengers to 31.4 million.

A rebound in the cargo business resulted in cargo revenue rising substantially, up 27.6% to AED 8,803 million (2009-10: AED 6,899 million). Cargo tonnage increased by 11.8% over the previous year to 1,767 thousand tonnes, while freight yield per FTKM increased by 11.3%. Cargo revenue continues to constitute an important 17.4% (2009-10: 17.2%) of Emirates transport revenue.

Cargo carried in tonnes '000

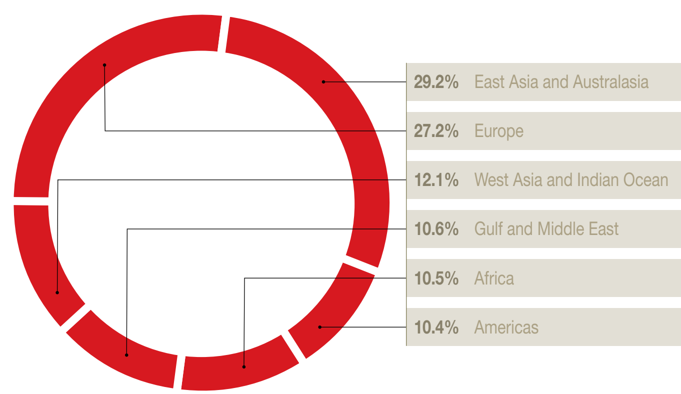


Geographical revenue in AED m

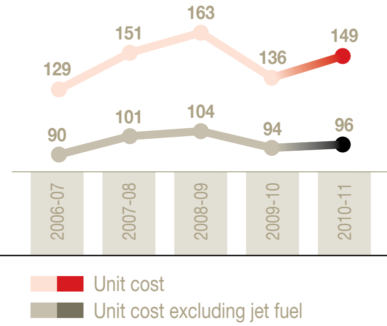
Year	Gulf and Middle East	Europe	Americas	East Asia and Australasia	West Asia and Indian Ocean	Africa	Total
2010-11	5,641	14,433	5,518	15,503	6,405	5,598	53,098
2009-10	4,941	11,612	4,003	11,843	5,322	4,756	42,477
% change	14.2%	24.3%	37.9%	30.9%	20.4%	17.7%	25.0%

Emirates continues to benefit from a diverse revenue base, with no region contributing more than 30% of revenues. Strong growth in revenue has been witnessed across all geographical regions led by East Asia and Australasia (up AED 3,660 million or 30.9%), Europe (up AED 2,821 million or 24.3%) and Americas (up AED 1,515 million or 37.9%). The changes in revenue by geographical area are generally in line with the overall revenue growth, reflecting the introduction of six new services as well as the increased frequencies or capacity to existing destinations.

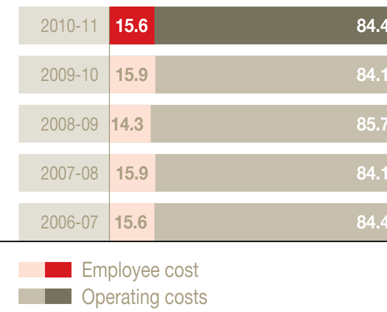
Geographical revenue in %



Unit costs in fils per ATKM



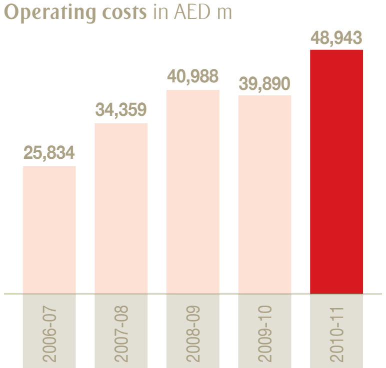
Employee cost as % of total operating costs



Expenditure

Emirates operating costs at AED 48,943 million grew in line with the increase in activity levels and are AED 9,053 million or 22.7% higher than the previous year with jet fuel contributing 54.3% (AED 4,912 million) of the increase. The proportion of jet fuel costs to total operating cost at 34.4% is very close to the record highs of 35.2% witnessed in 2008-09.

Operating costs in AED m



Airline employee numbers grew by 5.5% which compares with the 12.4% growth in capacity, once again reflecting significant productivity gains per airline employee. Overall employee costs were up 20.0% or AED 1,272 million reflecting growth in staff numbers, a pay award for all staff and payments in respect of the Emirates Group employee profit share scheme reflecting the record financial performance of the Group. Overall employee costs constitute 15.6% of operating costs which is in line with prior year trends.

The rise in direct operating costs (handling, in-flight costs, overflying, landing and parking and aircraft maintenance) of AED 978 million or 12.0% were in line with the increase in activity levels. The higher depreciation charge (up AED 707 million or 24.4%) is mainly on account of an increase in aircraft fleet and related assets. In addition, sales and marketing expenses are up by AED 842 million or 27.9% reflecting increased spend on sports sponsorship events and additional selling and distribution costs due to higher revenues.

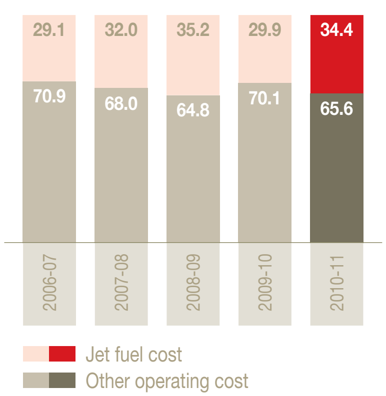
Operating costs

	2010-11 AED m	2009-10 AED m	% change	2010-11 % of operating costs
Jet fuel	16,820	11,908	41.2	34.4
Employee	7,617	6,345	20.0	15.6
Aircraft operating leases	4,317	4,111	5.0	8.8
Sales and marketing	3,862	3,020	27.9	7.9
Depreciation	3,600	2,893	24.4	7.3
Handling	3,195	2,807	13.8	6.5
In-flight catering and related costs	2,305	2,180	5.7	4.7
Overflying	1,620	1,438	12.7	3.3
Aircraft maintenance	1,030	847	21.6	2.1
Landing and parking	974	874	11.4	2.0
Cost of goods sold	934	844	10.7	1.9
Amortisation	77	69	11.6	0.2
Corporate overheads	2,592	2,554	1.5	5.3
Total operating costs	**48,943**	**39,890**	**22.7**	**100.0**

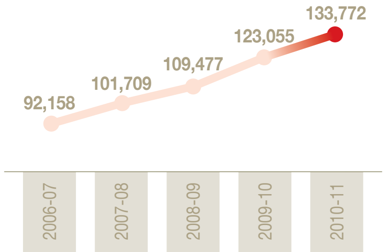
Jet fuel costs at AED 16,820 million (2009-10: AED 11,908 million) comprises a significant 34.4% (2009-10: 29.9%) of operating costs. The increase in cost is the result of a 26.5% hike in average jet fuel price per US gallon and quantity uplifts increasing by 11.6% over the previous year. This translates into a 25.7% increase in fuel cost per ATKM.

The increase in jet fuel costs has impacted the unit cost of the airline which has grown 9.6% to 149 fils per ATKM (2009-10: 136 fils per ATKM). If jet fuel costs are excluded, unit costs remain relatively flat at 96 fils per ATKM (2009-10: 94 fils per ATKM) and compares well with the 12.4% increase in capacity.

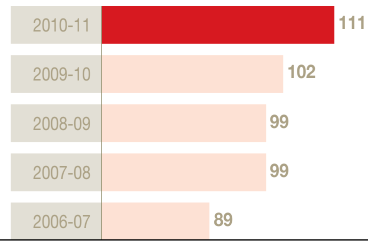
Jet fuel cost as % of operating cost



Aircraft departures



Destination cities



Capacity, traffic and load factor

		2010-11	2009-10	% change
Capacity (ATKM)	million	32,057	28,526	12.4
Load carried (RTKM)	million	22,078	19,063	15.8
Load factor	%	68.9	66.8	2.1 pts
Break even load factor	%	65.0	64.4	0.6 pts

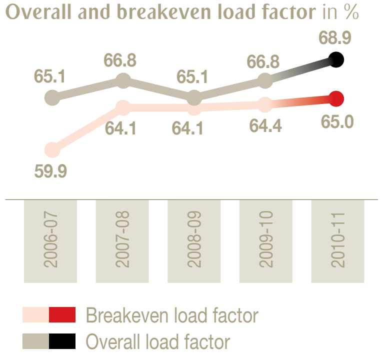
The airline's capacity measured in terms of ATKM rose 12.4% to 32,057 million tonne-kilometers while traffic or RTKM increased faster than the capacity growth to 22,078 million tonne-kilometers, up by 15.8%. This results in the overall load factor growing by 2.1 percentage points to 68.9% (2009-10: 66.8%).

With 15 flagship A380 aircraft in the fleet at 31 March 2011, Emirates is the largest operator of this superjumbo. With the aircraft returning load and seat factors well above the network average, the A380 fleet is the aircraft of choice amongst our discerning customers. The A380 fleet now serves a total of twelve destinations on our network, four more than in the previous financial year.

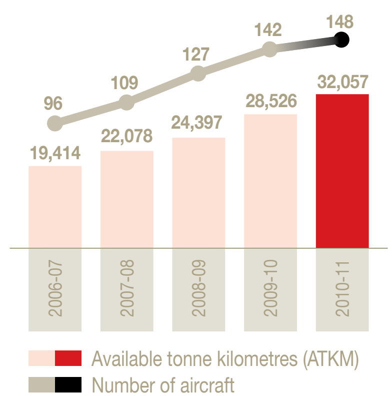
Two new airport lounges were opened across the network in Shanghai and New Delhi. This takes the total number of Emirates dedicated airport lounges to 28.

Aircraft departures increased by 8.7% to 133,772 with the increase in traffic coming principally from:
- introduction of new passenger services to Amsterdam, Prague, Medinah, Madrid, Dakar and Basra
- increased frequencies to several existing destinations, including Los Angeles, Jeddah, Houston, Riyadh, Colombo, Singapore, Accra and Abidjan
- increased capacity to several existing destinations with bigger aircraft, mainly Bangkok, Brisbane, Auckland and Doha as well as new A380 services to Beijing, Hong Kong, Manchester and the re-introduction of A380 service to New York.

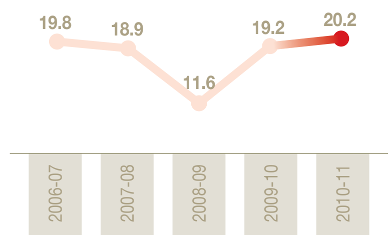
Overall and breakeven load factor in %



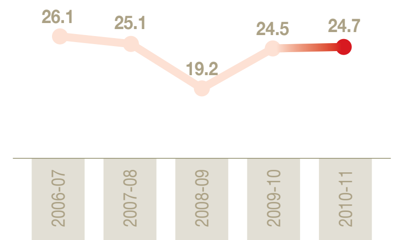
Available tonne kilometres (ATKM) in millions and number of aircraft



Operating cash margin in %



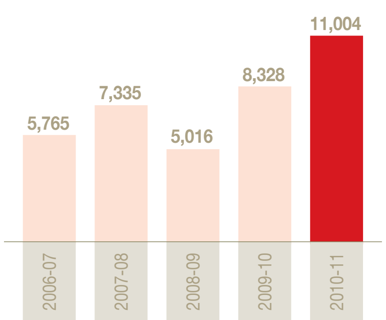
EBITDAR margin in %



Cash position

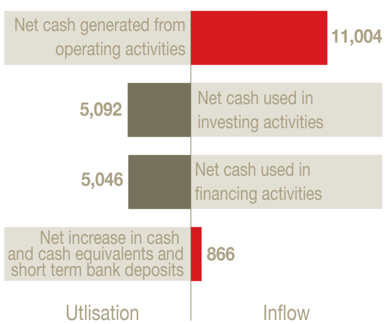
Emirates generated AED 11,004 million of cash from operating activities which is the highest level ever achieved. This is AED 2,676 million better than the previous year arising primarily from the increased profits. The resultant operating cash margin at 20.2% is 1.0 percentage points higher than the previous year and ably supports the growth of the airline.

Cash generated from operating activities in AED m



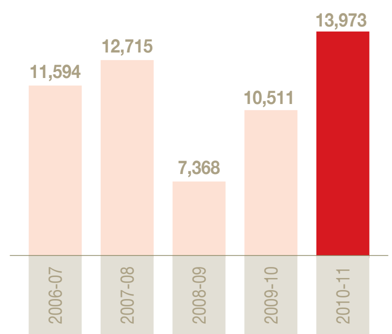
The net cash used in investing activities at AED 5,092 million (2009-10: AED 577 million) is mainly on account of the continuing investment in property, plant and equipment of AED 6,504 million (2009-10: AED 3,416 million). Further, a net amount of AED 5,046 million (2009-10: AED 2,982 million) was used in financing activities mainly to repay the AED 1,837 million bond that matured in March 2011, settle lease liabilities as well as pay dividends to the Owner.

Cash flow in AED m



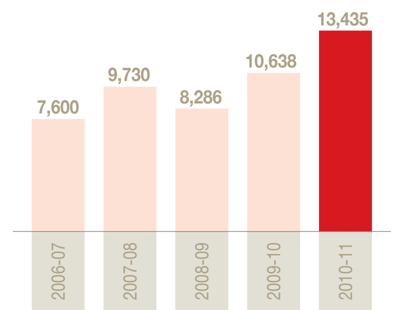
As a result, cash assets were substantially up by AED 3,462 million or 32.9% to a healthy AED 13,973 million at 31 March 2011 and are expected to be sufficient to cover all requirements due in the next financial year when supplemented by our aircraft and corporate financing programme. The available cash balance represents a healthy cash assets to revenue ratio of 25.7% and is 1.5 percentage points better than the previous year.

Cash assets in AED m

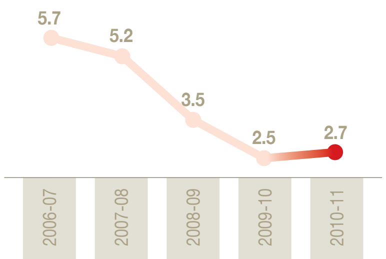


Emirates cash profit from operations (or EBITDAR) for the year ended 31 March 2011 is a substantial AED 13,435 million, up 26.3 % over last year and is 24.7 % of revenue and other operating income. Once again this is the highest level ever achieved by Emirates. EBITDAR for the year equated to more than 26 months of debt service and lease rentals, including periodic principal and interest payments on aircraft financing and bond issues.

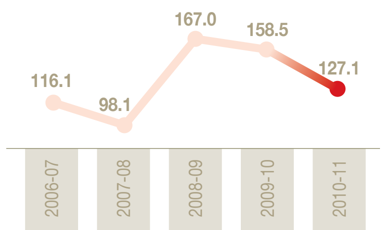
EBITDAR in AED m



Effective interest rate on borrowings and lease liabilities in %



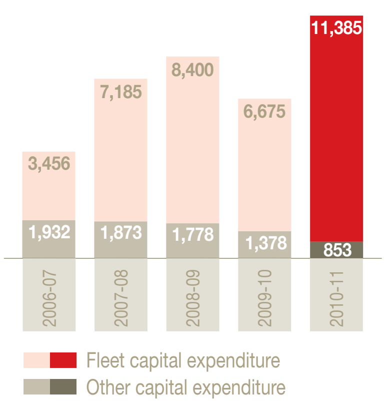
Net debt (including aircraft leases) equity ratio in %



Capital expenditure

Emirates continued to invest heavily in its revenue generating assets with capital expenditure during the year amounting to AED 12,238 million (2009-10: AED 8,053 million). Primary capital expenditure consisting of the spend on aircraft, major overhauls, spare engines and parts comprise 93.0 % of the total capital expenditure and includes disbursements for aircraft deliveries during the year and progress payments for future deliveries. In total, secondary capital expenditure amounted to AED 853 million (2009-10: AED 1,378 million) of which AED 613 million (2009-10: AED 981 million) has been invested in building construction projects.

Fleet and other capital expenditure in AED m



Fleet acquisition and financing

In 2010-11, Emirates significantly increased existing orders for new aircraft, adding 32 more Airbus 380s and 30 Boeing 777-300ERs. Combined, these orders are valued at USD 13.4 billion and brought our total number of new aircraft on order to 193.

During the financial year Emirates took delivery of 8 aircraft; one B777-300ER from Boeing and seven A380s from Airbus taking the fleet size to 148 aircraft. Emirates is now the largest A380 operator with fifteen twin deck units and also remains the largest B777 operator with 86 units comprising all variants of the B777 family.

Emirates raised a total of AED 5.3 billion (USD 1.4 billion) in aircraft financing over the period under review (all funded through finance leases), and has already received offers of finance covering all deliveries due in the forthcoming financial year.

During the year, Emirates also successfully closed sale and leaseback and refinancing transactions for eighteen spare engines, five B777-200ER and four A380 aircraft.

The financial highlight of the year was the first ever aircraft financed through a special purpose company listed on the London Stock Exchange. The transaction raised AED 662 million (USD 180 million). This new structure reached a much deeper and broader investor base than the conventional bank market and will form an important part of Emirates' future financing strategy. The transaction was recognized by the industry as ground-breaking and earned accolades from the financing community through the award of "Most Innovative Deal of the Year" from Euromoney's AirFinance Journal.

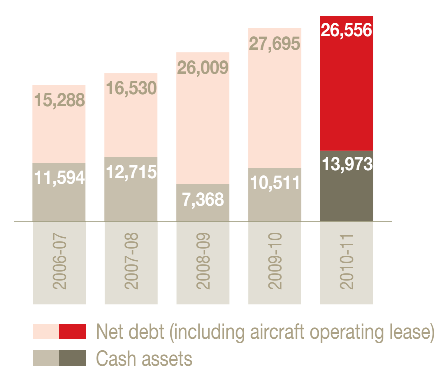
Debt

Emirates total borrowing and lease liabilities increased to AED 23,230 million, up AED 3,625 million or 18.5% over the previous year mainly on account of an increase in lease liabilities partially offset by bond repayments of AED 1,837 million. As a result, the ratio of borrowings and lease liabilities to total equity at 31 March 2011 stood at 111.1% (2009-10: 112.2%).

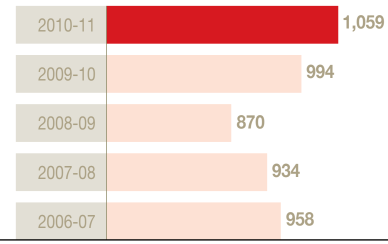
Emirates net debt equity ratio at 31 March 2011 improved to 44.3% (2009-10: 52.0%) as the increase in borrowings was offset by an increase in cash assets and equity. After capitalizing aircraft operating leases, the same ratio at 31 March 2011 was 127.1% (2009-10: 158.5%).

During the year, Emirates repaid USD 500 million bond in full on its maturity date. The bond, listed on the Luxembourg Stock Exchange, was originally issued in 2004 with a seven year term.

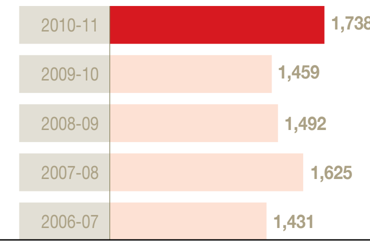
Net debt (inc uding aircraft operating eases) **and cash assets** in AED m



Capacity per airline employee in ATKM '000



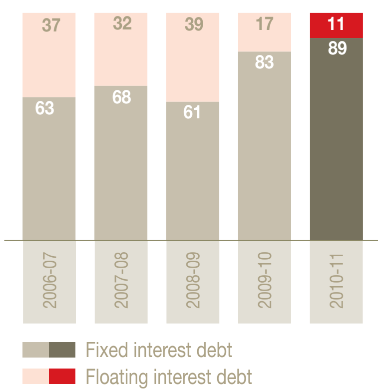
Revenue per airline employee in AED '000



Currency, interest rate and fuel price risk

Emirates continued to target a balanced portfolio approach, whilst still taking advantage of market movements, with a view to hedging around half of its interest rate and currency risk exposures, using prudent hedging solutions including swaps and options. Emirates borrowings and lease liabilities (net of cash) including aircraft operating leases, at 31 March 2011, comprised 89% on a fixed interest rate basis with the balance 11% on floating interest rates.

Fixed vs floating interest rate ratio in %



A one percentage point increase in interest rates would increase the interest charge and the operating lease charge (net of interest income) during the next financial year by AED 26 million (2009-10: AED 74 million). At 31 March 2011, Emirates' borrowings and lease liabilities carried an effective interest rate of 2.7% (2009-10: 2.5%).

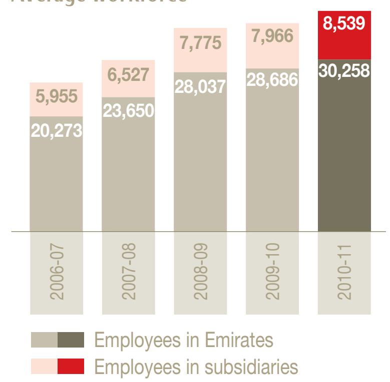
Emirates proactively managed its currency exposure by using prudent hedging solutions including currency swaps, options and natural hedges through outflows denominated in Pound sterling, Euro, Australian dollars, New Zealand dollars and Japanese yen. For the year ended 31 March 2011, hedging coverage for Japanese Yen, Pound sterling, Euro, New Zealand dollars and Australian dollars were 49%, 47%, 42%, 38% and 15% respectively.

Jet fuel cost is Emirates' most significant operating cost, accounting for 34.4% and 29.9% of the total operating costs in its 2011 and 2010 financial years respectively. Emirates seeks to mitigate the impact of rising jet fuel prices, whilst ensuring it reaps the full benefit should prices fall through the purchase of options.

Employee strength and productivity

The average workforce rose by 2,145 (5.9%) to 38,797.

Average workforce

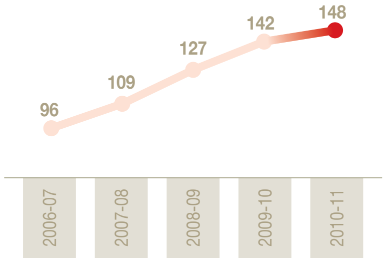


The average number of employees in the airline grew by 1,572 (5.5%) to 30,258 despite the 12.4% growth in capacity. The increase in airline employee numbers were mainly in the cabin crew and flight deck crew categories on account of 8 new aircraft added during the year.

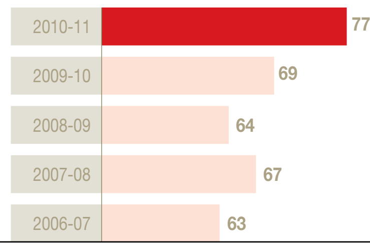
Substantial improvements are recorded in the airline's employee related key performance indicators. Employee productivity for the airline, measured in terms of revenue per employee rose sharply by 19.1% to AED 1.7 million (2009-10: AED 1.5 million), while capacity per airline employee was up 6.5% to ATKM 1,059 thousand compared with ATKM 994 thousand in 2009-10. Similarly, load carried per airline employee also increased by 9.8% to RTKM 730 thousand (2009-10: RTKM 665 thousand).

	2010-11	2009-10
UAE		
Cabin crew	11,715	10,785
Flight deck crew	2,434	2,237
Engineering	2,083	1,904
Other	9,086	9,084
	25,318	**24,010**
Overseas stations	4,940	4,676
Total Emirates	**30,258**	**28,686**
Subsidiary companies	**8,539**	**7,966**
Average employee strength	**38,797**	**36,652**

Number of aircraft



Average fleet age in months



Fleet Information

At 31 March 2011

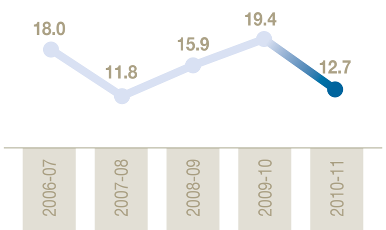
Aircraft	In operation	of which on operating lease	of which on finance lease	of which owned	Change from 31-Mar-10	On firm order	Additional options
A330-200	27	22	4	1	-2		
A340-300	8	8					
A340-500	10	8	2				
A350-900/1000 XWB						70	50
A380-800	15	4	11		+7	75	
B777-200	3	2		1			
B777-200ER	6	5		1			
B777-200LR	10	4	6				
B777-300	12	12					
B777-300ER	53	34	19		+1	48	
Passenger	**144**	**99**	**42**	**3**	**+6**	**193**	**50**
B777-200LRF	2	2					
B747-400F	2	2					
Total	**148**	**103**	**42**	**3**	**+6**	**193**	**50**

Emirates also has three B747 freighters on wet lease for its cargo operations at 31 March 2011.

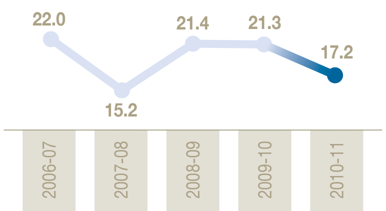
In addition to the above, Emirates has contracted for two B777-200LRFs and five B747-800Fs for delivery from Dubai Aerospace Enterprise (DAE) on operating lease.

Emirates operates one of the youngest fleet in the industry with an average age of 77 months compared with an industry average of 132 months.

Profit margin in %



Return on shareholder s funds in %



Financial Commentary

The financial year 2010-11 has significantly changed dnata's landscape, with the growing international business segment, through a strategy of acquisition, impacting many of the year on year comparisons in this year's financial statements. Plane Handling (UK) acquired in the last quarter of 2009-10 is fully reported for the entire year and results for Alpha Flight Group (UK), acquired in December 2010, are incorporated for three months only.

Profitability

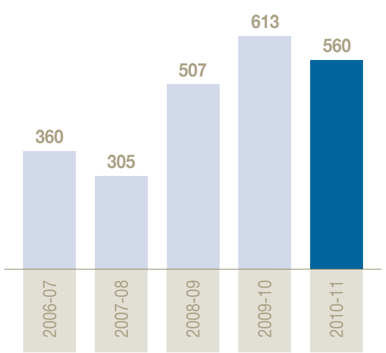
dnata produced a profit for the year of AED 560 million, the second highest in its history, although 8.6% lower than last year's record profits of AED 613 million. The fall in profits largely reflects higher costs, particularly the one-time impact of payments in respect of the Emirates Group employee profit share scheme reflecting the record financial performance of the Group.

The one-off increase in employee costs similarly impacts dnata's operating profit and at AED 500 million (2009-10: AED 559 million) reflects an operating margin of 11.3% (2009-10: 17.7%). Operating costs grew faster than revenue mainly as a result of the strategic investments made in new business units en route to globalise dnata's footprint and brand. dnata's profit margin for the year is 12.7% (2009-10: 19.4%) while the return on shareholder's funds remains healthy at 17.2% (2009-10: 21.3%).

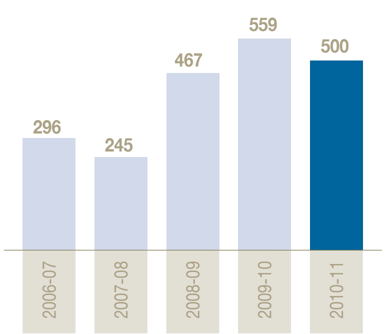
Revenue

dnata's revenue was substantially higher by 38.6% at AED 4,327 million compared to AED 3,121 million in the previous year. The main contributors for the jump in revenues are the increased revenues from airport operations and cargo handling business lines as well as the introduction of a new catering revenue stream from the recently acquired Alpha Flight Group.

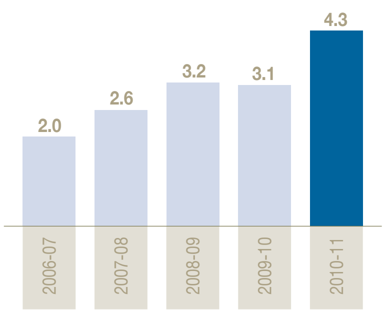
Profit attributable to the Owner in AED m



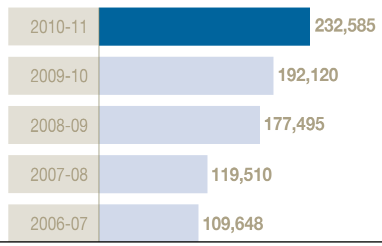
Operating profit in AED m



Development of revenue in AED bn

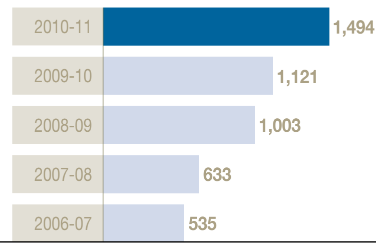


Aircraft handled



Note: Figures for 2007-08 and prior year exclude subsidiaries.

Cargo handled in tonnes '000



Note: Figures for 2007-08 and prior year exclude subsidiaries.

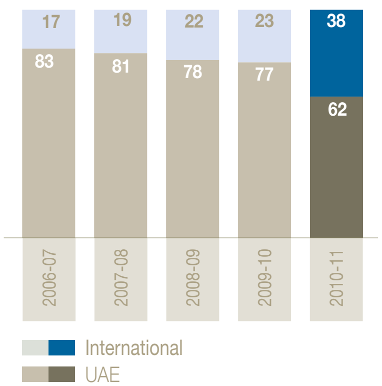
Airport operations revenue increased by 21.7% or AED 353 million to AED 1,980 million while cargo handling revenue jumped to AED 882 million, an increase of 45.3% or AED 275 million. Increases in these lines of business are principally on account of the full year impact of the UK ground handling business acquired in the previous year, increased activity levels at Dubai and Singapore and to a smaller extent, from the new business venture in Iraq. The number of aircraft handled during the financial year increased 21.1% while the total cargo handled increased by 33.3%. dnata has achieved the distinction of being the world's largest ground handler of the A380 superjumbo and handles close to 200 scheduled carriers at 21 airports in 9 countries across the globe.

Revenue from catering at AED 576 million has jumped substantially by AED 469 million or 438.3% primarily on account of the revenues from the newly acquired Alpha Flight Group of companies effective 31 Dec 2010. Since acquisition, Alpha has sent 8.4 million meals into the skies from 61 airports in 11 countries.

The higher revenues from these streams effectively establishes dnata as the 4th largest combined global airport services company in the world and revenues are set to double over 2009-10 levels to circa AED 6 billion in the next financial year. dnata's revenue from international operations in the combined airport services revenue comprising ground handling, cargo and catering businesses has grown substantially and stands at 48.4% (2009-10: 30.2%).

Information technology services revenue was up slightly to AED 546 million (2009-10: AED 526 million) as was the agency commission revenue at AED 243 million (2009-10: AED 234 million).

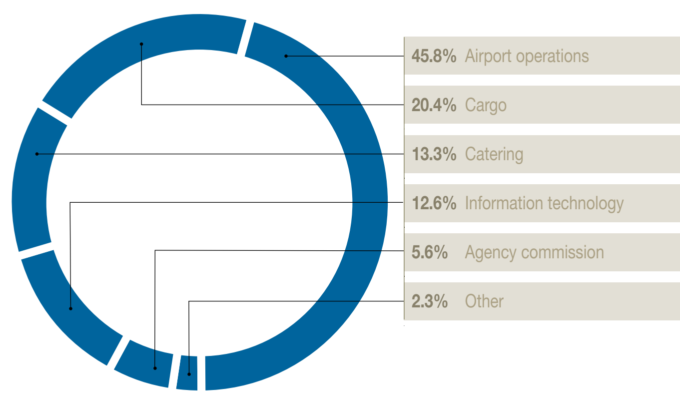
Geographical revenue in %



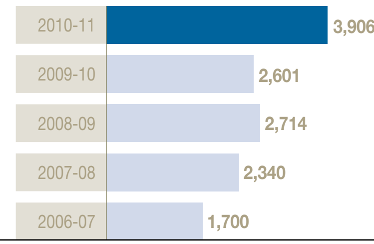
Revenue

	2010-11 AED m	2009-10 AED m	% change
Airport operations	1,980	1,627	21.7
Cargo	882	607	45.3
Catering	576	107	438.3
Information technology	546	526	3.8
Agency commission	243	234	3.8
Other	100	20	400.0
Total	**4,327**	**3,121**	**38.6**

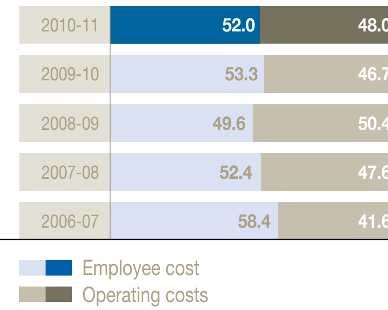
Revenue by line of business in %



Operating costs in AED m



Employee costs as % of total operating costs



Expenditure

dnata's operating costs at AED 3,906 million were AED 1,305 million higher than the previous year (2009-10: AED 2,601 million) principally on account of higher employee costs, higher direct operating costs in airport operations and cargo, the full year impact of the acquisition of the ground handling business in UK and the newly acquired catering business.

Employee costs at AED 2,032 million (2009-10: AED 1,387 million) continues to constitute the single largest cost element of dnata accounting for 52.0% (2009-10: 53.3%) of operating costs. The increase in employee costs of AED 645 million mainly resulted from the additional payroll of 4,575 staff of the newly acquired Alpha Flight Group and full year impact of Plane Handling employee costs as well as increased payroll costs in Dubai.

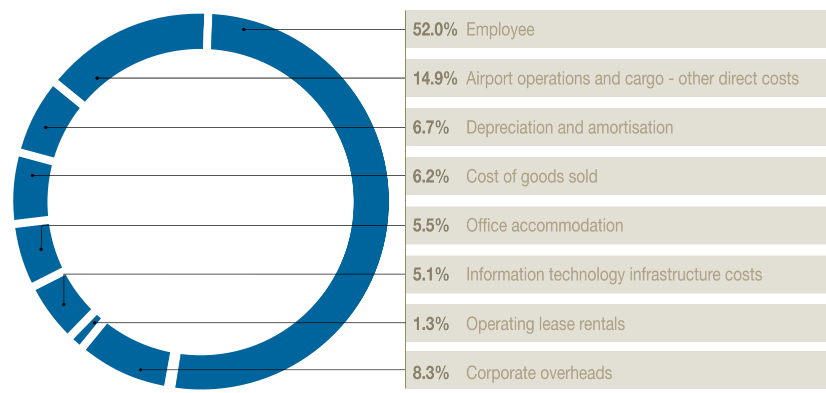
The increase of AED 140 million in airport operations and cargo – other direct costs to AED 582 million primarily reflects additional costs incurred in line with our commitment to quality following requests from customers at Dubai International Airport and the full year impact of the UK ground handling operation.

The AED 206 million increase in the cost of goods sold is primarily the result of the catering business acquired during the year while the increase in office accommodation costs (AED 110 million) and corporate overheads (AED 163 million) stems primarily from the recent acquisitions of Plane Handling and Alpha Flight Group.

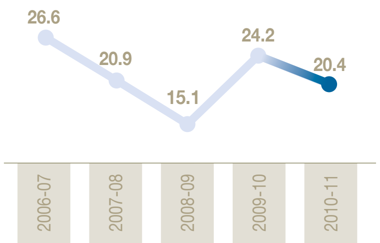
Operating costs

	2010-11 AED m	2009-10 AED m	% change
Employee	2,032	1,387	46.5
Airport operations and cargo - other direct costs	582	442	31.7
Depreciation and amortisation	260	243	7.0
Cost of goods sold	241	35	588.6
Office accommodation	216	106	103.8
Information technology infrastructure costs	198	178	11.2
Operating lease rentals	53	49	8.2
Corporate overheads	324	161	101.2
Total	**3,906**	**2,601**	**50.2**

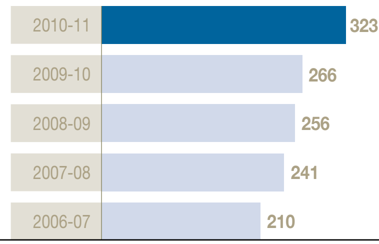
Operating costs in %



Operating cash margin in %



Revenue per employee in AED '000



Note: Figures for 2007-08 and prior year exclude subsidiaries.

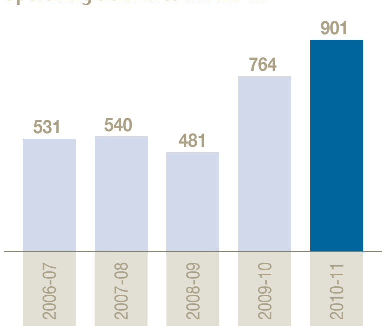
Cash position

dnata's cash generated from operating activities is higher by 17.9% at AED 901 million (2009-10: AED 764 million) after adjusting for working capital changes which includes dividend payable.

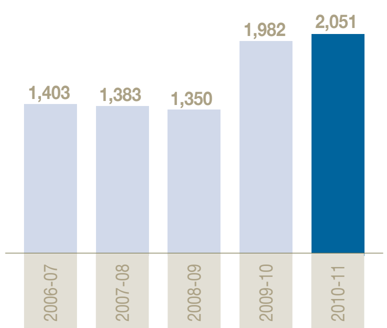
This resultant operating cash margin though lower than the previous year, remains strong at 20.4% (2009-10: 24.2%).

Cash assets increased by AED 69 million or 3.5% to a substantial AED 2,051 million at 31 March 2011 despite a payout of AED 625 million towards the acquisition of the catering business. The high cash holding has made it possible to declare a dividend of AED 500 million to the Owner.

Cash generated from operating activities in AED m



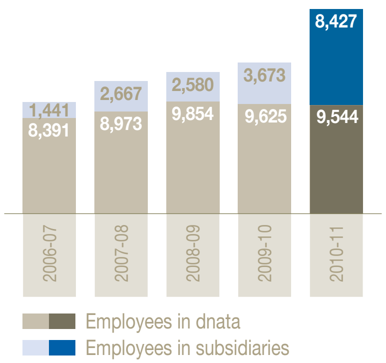
Cash assets in AED m



Employee strength and productivity

During the year in review, the average workforce increased by 4,673 or 35.1% to 17,971. The increase is primarily on account of the addition of 4,575 staff from the newly acquired Alpha Flight Group of companies. Staff count of the Dubai operation reduced marginally to an average workforce of 9,544 (2009-10: 9,625). As a result of the above, 46.9% (2009-10: 27.6%) of the workforce is now based internationally, outside Dubai.

Average workforce



Revenue per employee reflects a noteworthy increase of 21.4% to AED 323 thousand from AED 266 thousand in 2009-10. The number for the current year has been normalised due to the addition of the Alpha Flight Group in the last quarter of the financial year.

A breakdown of the average number of employees by category is as follows:

Employee strength

	2010-11	2009-10
Airport operations	6,300	6,160
Cargo handling	847	889
Information technology	1,084	1,128
Agencies	799	907
Other	514	541
Total dnata	**9,544**	**9,625**
Subsidiary companies	**8,427**	**3,673**
Average employee strength	**17,971**	**13,298**

The number of aircraft handled during the year increased by 21.1% to 232,585 (2009-10: 192,120) with the bulk of the growth coming from the international business. Flights handled at Dubai International Airport reflected a healthy growth of 8.9%. Man hours per aircraft turn was impacted due to additional man hours deployed at Dubai to enhance the quality of the service and increased by 6.1% to 122 as compared to 115 in 2009-10.

Cargo handled during the year was up a full 33.3% to 1,494 thousand tonnes (2009-10: 1,121 thousand tonnes) again primarily on account of the increase in the international business. Cargo handled per man hour rose at a slower pace, up 2.2% to 283 kgs (2009-10: 277 kgs) in part due to the impact of maintaining a split cargo handling operation at Dubai's Cargo Village and at the new Dubai World Central airport in Jebel Ali.

Independent auditor's report to the Owner of Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Emirates and its subsidiaries (together referred to as “Emirates”), which comprise the consolidated statement of financial position as of 31 March 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Emirates as of 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
4 May 2011

Warwick Hunt
Registered Auditor Number 643
Dubai, United Arab Emirates

Consolidated income statement
for the year ended 31 March 2011

	Note	2011 AED m	2010 AED m
Revenue	4	53,098	42,477
Other operating income	5	1,286	978
Operating costs	6	(48,943)	(39,890)
Operating profit		**5,441**	**3,565**
Other gains and losses	7	(4)	48
Finance income	8	521	330
Finance costs	8	(506)	(355)
Share of results in associated companies and joint ventures	13	91	77
Profit before income tax		**5,543**	**3,665**
Income tax expense	9	(78)	(50)
Profit for the year		**5,465**	**3,615**
Profit attributable to non-controlling interests		**92**	**77**
Profit attributable to Emirates' Owner		**5,373**	**3,538**

Consolidated statement of comprehensive income
for the year ended 31 March 2011

	Note	2011 AED m	2010 AED m
Profit for the year		**5,465**	**3,615**
Currency translation differences	19	38	124
Cash flow hedges	19	(282)	(244)
Other comprehensive income		**(244)**	**(120)**
Total comprehensive income for the year		**5,221**	**3,495**
Total comprehensive income attributable to non-controlling interests		**92**	**77**
Total comprehensive income attributable to Emirates' Owner		**5,129**	**3,418**

Notes 1 to 37 form an integral part of the consolidated financial statements.

Consolidated statement of financial position
as at 31 March 2011

	Note	2011 AED m	2010 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	39,848	33,753
Intangible assets	12	901	927
Investments in associated companies and joint ventures	13	386	461
Advance lease rentals	14	384	233
Loans and other receivables	15	1,704	1,432
Derivative financial instruments	33	-	64
		43,223	**36,870**
Current assets			
Inventories	16	1,290	1,084
Trade and other receivables	17	6,481	7,008
Derivative financial instruments	33	123	74
Short term bank deposits	31	3,777	1,176
Cash and cash equivalents	31	10,196	9,335
		21,867	**18,677**
Total assets		**65,090**	**55,547**

	Note	2011 AED m	2010 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Retained earnings		20,459	16,794
Other reserves	19	(565)	(321)
Attributable to Emirates' Owner		**20,695**	**17,274**
Non-controlling interests		**207**	**201**
Total equity		**20,902**	**17,475**
Non-current liabilities			
Borrowings and lease liabilities	20	20,502	16,753
Retirement benefit obligations	24	390	364
Deferred revenue	25	1,722	1,483
Deferred credits	26	401	460
Deferred income tax liability	27	2	4
Trade and other payables	28	31	21
Derivative financial instruments	33	642	467
		23,690	**19,552**
Current liabilities			
Trade and other payables	28	17,551	15,475
Income tax liabilities		22	19
Borrowings and lease liabilities	20	2,728	2,852
Deferred credits	26	136	162
Derivative financial instruments	33	61	12
		20,498	**18,520**
Total liabilities		**44,188**	**38,072**
Total equity and liabilities		**65,090**	**55,547**

The consolidated financial statements were approved on 4 May 2011 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

Notes 1 to 37 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2011

	Attributable to Emirates' Owner					
	Capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2009	801	(201)	14,812	15,412	159	15,571
Currency translation differences	-	124	-	124	-	124
Cash flow hedges	-	(244)	-	(244)	-	(244)
Other comprehensive income	**-**	**(120)**	**-**	**(120)**	**-**	**(120)**
Profit for the year	-	-	3,538	3,538	77	3,615
Total comprehensive income for the year	**-**	**(120)**	**3,538**	**3,418**	**77**	**3,495**
Dividend	-	-	(1,556)	(1,556)	(35)	(1,591)
Transactions with owners	**-**	**-**	**(1,556)**	**(1,556)**	**(35)**	**(1,591)**
31 March 2010	**801**	**(321)**	**16,794**	**17,274**	**201**	**17,475**
Currency translation differences	-	38	-	38	-	38
Cash flow hedges	-	(282)	-	(282)	-	(282)
Other comprehensive income	**-**	**(244)**	**-**	**(244)**	**-**	**(244)**
Profit for the year	-	-	5,373	5,373	92	5,465
Total comprehensive income for the year	**-**	**(244)**	**5,373**	**5,129**	**92**	**5,221**
Dividend	-	-	(1,708)	(1,708)	(86)	(1,794)
Transactions with owners	**-**	**-**	**(1,708)**	**(1,708)**	**(86)**	**(1,794)**
31 March 2011	**801**	**(565)**	**20,459**	**20,695**	**207**	**20,902**

Notes 1 to 37 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2011

	2011 AED m	2010 AED m
Operating activities		
Profit before income tax	5,543	3,665
Adjustments for:		
Depreciation and amortisation (Note 6)	3,677	2,962
Finance costs - net (Note 8)	(15)	25
Gain on sale of property, plant and equipment	(454)	(258)
Gain on sale of available-for-sale investments (Note 5)	(195)	-
Gain on sale of associate	(15)	-
Share of results in associated companies and joint ventures (Note 13)	(91)	(77)
Net provision for impairment of trade receivables (Note 17)	42	14
Impairment of available-for-sale financial assets	-	109
Provision for employee benefits (Note 6)	373	301
Change in fair value of derivative financial instruments at fair value through profit or loss	4	(48)
Net movement on derivative financial instruments	(40)	(299)
Employee benefit payments	(347)	(304)
Income tax paid	(77)	(63)
Change in inventories	(204)	(32)
Change in receivables and advance lease rentals	133	(316)
Change in payables, deferred credits and deferred revenue	2,670	2,649
Net cash generated from operating activities	**11,004**	**8,328**

	2011 AED m	2010 AED m
Investing activities		
Proceeds from sale of property, plant and equipment	3,241	883
Additions to intangible assets (Note 12)	(49)	(72)
Additions to property, plant and equipment (Note 32)	(6,504)	(3,416)
Investments in associated companies and joint ventures (Note 13)	-	(18)
Proceeds from sale of investments in associated companies and joint ventures (Note 13)	82	-
Proceeds from sale of available-for-sale investments	195	-
Movement in short term bank deposits	(2,601)	1,443
Net movement in held-to-maturity financial assets	-	200
Interest income	451	308
Dividends from associated companies and joint ventures (Note 13)	93	95
Net cash used in investing activities	**(5,092)**	**(577)**
Financing activities		
Repayment of bonds	(1,837)	-
Net loan drawdown / repayment (Note 22)	739	(122)
Aircraft financing costs	(412)	(319)
Other finance charges	(59)	(103)
Net lease liabilities	(1,083)	(1,447)
Dividend paid	(2,308)	(956)
Dividend paid to non-controlling shareholders	(86)	(35)
Net cash used in financing activities	**(5,046)**	**(2,982)**
Net increase in cash and cash equivalents	**866**	**4,769**
Cash and cash equivalents at beginning of year	9,322	4,547
Effects of exchange rate changes	(1)	6
Cash and cash equivalents at end of year (Note 31)	**10,187**	**9,322**

Notes 1 to 37 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 March 2011

1. General information

Emirates comprises Emirates and its subsidiaries. Emirates was incorporated, with limited liability, by an Emiri Decree issued by H. H. Sheikh Maktoum bin Rashid Al-Maktoum on 26 June 1985 and is wholly owned by the Investment Corporation of Dubai, a Government of Dubai entity. Emirates commenced commercial operations on 25 October 1985 and is designated as the International Airline of the UAE.

Emirates is incorporated and domiciled in Dubai, UAE. The address of its registered office is Emirates Group Headquarters, PO Box 686, Dubai, UAE.

The main activities of Emirates comprise:

- commercial air transportation which includes passenger, cargo and postal carriage services
- wholesale and retail of consumer goods
- in-flight and institutional catering
- hotel operations

2. Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these consolidated financial statements, is set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and IFRIC interpretations. The consolidated financial statements are prepared under the historical cost convention except for those financial assets and financial liabilities that are measured at fair value as stated in the accounting policies below.

Standards, interpretations and amendments to published standards that are not yet effective, have not been early adopted and are relevant to Emirates' operations

At the date of authorisation of these consolidated financial statements, certain new standards, interpretations and amendments to the existing standards have been published that are mandatory for accounting periods commencing after 1 April 2011 or later periods, but have not been early adopted. Management is currently assessing the following standards, interpretations and amendments which are likely to have an impact on Emirates' operations:

- IFRS 9, Financial instruments (effective from 1 January 2013)
- IAS 24 (Revised), Related Party Disclosures (effective from 1 January 2011)

Basis of consolidation

Subsidiaries are those entities (including special purpose entities) in which Emirates has the power to govern the entity's operating and financial policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to Emirates and are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains and losses arising on transactions between Emirates and its subsidiaries are eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred and liabilities incurred or assumed. Acquisition-related costs are expensed as incurred. Identifiable assets including intangible assets acquired, liabilities and contingent liabilities incurred or assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis any non-controlling interests in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. Summary of significant accounting policies (continued)

Transactions with non-controlling interests are treated as transactions with the equity Owner of Emirates. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Associated companies are those entities in which Emirates has significant influence but not control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associated companies are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition.

Joint ventures are contractual arrangements which establish joint control. Investments in jointly controlled entities are accounted for by applying the equity method.

All material unrealised gains and losses arising on transactions between Emirates and its associates and joint ventures are eliminated to the extent of Emirates' interest.

Accounting policies of subsidiaries, associated companies and joint ventures have been changed where necessary to ensure consistency with Emirates' accounting policies.

When control or significant influence ceases, the retained interest in the entity is remeasured to fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the related assets and liabilities have been directly disposed of. This could result in amounts previously recognised in other comprehensive income being reclassified to profit or loss. If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

Emirates has changed its accounting policy for transactions with non-controlling interests and the accounting for the loss of control or significant influence from 1 April 2010 when revised IAS 27, Consolidated and separate financial statements became applicable. The revision to IAS 27 contained consequential amendments to IAS 28, Investments in associates and IAS 31, Interests in joint ventures.

Previously transactions with non-controlling interests were treated as transactions with external parties. Disposals therefore resulted in gains or losses that were recorded in the consolidated income statement while purchases resulted in the recognition of goodwill.

Previously, when Emirates ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence ceased, became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial asset.

The new policy has been applied prospectively to transactions occurring on or after 1 April 2010 and no adjustments have been made to any of the amounts previously recognised in the consolidated financial statements.

Revenue

Passenger and cargo (which includes courier and mail) sales are recognised as revenue when the transportation is provided. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Unused flight documents are recognised as revenue based on their terms and conditions and historical trends.

Revenue from sale of goods is recognised when risks and rewards of ownership are transferred to the customer and are stated net of discounts and returns. Other revenue is recognised net of discounts when services are rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

Liquidated damages

Income from claims for liquidated damages is recognised in the consolidated income statement when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to a compensation for loss of income or towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Foreign currency translation

Emirates' consolidated financial statements are presented in UAE Dirhams (AED), which is also the parent company's functional currency. Subsidiaries determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency.

2. Summary of significant accounting policies (continued)

Foreign currency transactions are translated into functional currency at exchange rates approximating to those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the end of reporting period. The resultant foreign exchange gains and losses, other than those on qualifying cash flow hedges deferred in other comprehensive income, are recognised in the consolidated income statement.

Income and cash flow statements of subsidiaries are translated into UAE Dirhams at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in the translation reserve in equity.

Share of results in associated companies and joint ventures are translated into UAE Dirhams at average exchange rates for the year. Translation differences relating to investments in subsidiaries, associated companies, joint ventures and monetary assets and liabilities that form part of a net investment in a foreign operation are classified as a translation reserve in equity. When the investment in subsidiaries, associated companies or joint ventures are disposed of, the translation differences held in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates ruling at the end of reporting period.

Taxation

Taxation is provided for as and when the liability arises except where management is of the opinion that exemption from such taxation will ultimately be granted by the relevant authorities in the countries concerned.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Land is not depreciated. Depreciation is calculated on other items of property, plant and equipment so as to write off its cost, 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 - new	15 years (residual value 10%)
Aircraft - used	5 - 8 years (residual value 10-20%)
Aircraft engines and parts	5 - 15 years (residual value 0 - 10%)
Buildings	15 - 20 years
Other property, plant and equipment	3 - 15 years or over the lease term, if shorter

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul or lease term or useful life of the asset concerned.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment loss.

Capital projects are stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to the appropriate category under property, plant and equipment and depreciated.

2. Summary of significant accounting policies (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

All other borrowing costs are recognised as an expense when incurred.

Manufacturers' credits

Emirates receives credits from manufacturers in connection with the acquisition of certain aircraft and engines. Depending on their nature, these credits are either recorded as a reduction to the cost of the related aircraft and engines or reduced from ongoing operating expenses. Where the aircraft are held under operating leases, these 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.

Finance and operating leases

Where property, plant and equipment have been financed by lease agreements under which substantially all of the risks and rewards incidental to ownership are transferred to Emirates, they are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or 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. The interest element is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Property, plant and equipment acquired under finance leases are depreciated in accordance with Emirates' policies.

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Profits arising on sale and leaseback transactions resulting in operating leases are recognised in the consolidated income statement to the extent that the sale proceeds do not exceed the fair value of the assets concerned. Any excess of sale proceeds over the fair value is accounted as deferred credit and amortised over the lease term. In the case of profits arising on sale and leaseback transactions resulting in finance leases, the excess of sale proceeds over the carrying amount is deferred and amortised over the lease term.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease (without renewing it) in a way that it would have been classified differently at inception had the changed terms been in effect at that time.

The revised agreement is considered as a new agreement and accounted for prospectively over the remaining term of the lease.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired by Emirates in its subsidiaries at the date of acquisition. In the case of a subsequent exchange transaction where control is already established, goodwill is calculated with reference to the net asset value at the date of transaction. Goodwill is presented within intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised when the carrying value of the cash generating unit exceeds its recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Intangible assets are capitalised at cost only when future economic benefits are probable. Cost includes the purchase price together with any directly attributable expenditure.

2. Summary of significant accounting policies (continued)

When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment loss.

Intangible assets are amortised on a straight-line basis over their estimated useful lives which are:

Service rights	15 years
Trade names	20 years
Contractual rights	15 years
Computer software	5 years

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss. Such investments are initially recognised in the consolidated statement of financial position on the trade date at fair value including transaction costs. Assets in this category are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of reporting period. The investments are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

Quoted investments are subsequently measured at their fair value based on quoted bid prices.

Unquoted investments in this category are stated at fair value or at cost less impairment when fair values cannot be reliably measured.

Unrealised gains and losses arising from a change in fair value are recognised in the fair value reserves in equity until the investment is sold or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the consolidated income statement.

At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. In such instances, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less impairment loss previously recognised in the consolidated income statement - is removed from equity and recognised in the consolidated income statement.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity that management has the intent and ability to hold to maturity are recognised in the consolidated statement of financial position on the trade date as held-to-maturity financial assets. Such investments are initially recognised at fair value including transaction costs and are carried at amortised cost using the effective interest method. The investments are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. Where necessary, the carrying amount is written down through the consolidated income statement to the present value of expected future cash flows discounted at the effective interest rate computed at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such amounts are initially recognised at fair value including transaction costs and carried at amortised cost using the effective interest method. The amounts are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. Where necessary, the carrying amount is written down through the consolidated income statement to the present value of expected future cash flows discounted at the effective interest rate computed at initial recognition.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are designated either as a hedge of the fair value of a recognised asset or liability or of a firm commitment (fair value hedge) or a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2. Summary of significant accounting policies (continued)

Emirates' criteria to account for a derivative financial instrument as a hedge include:

- formal documentation of the hedging instruments, hedged items, hedging objective, strategy and basis of measuring effectiveness all of which are prepared prior to applying hedge accounting and
- documentation showing that the hedge effectiveness is assessed on an ongoing basis and is determined to have been highly effective in offsetting the risk of the hedged item throughout the reporting period.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the consolidated income statement, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. This accounting treatment is discontinued when the fair value hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that prove to be highly effective in relation to the hedged risk, are recognised in the fair value reserve in equity. When the forecasted transaction results in the recognition of an asset or of a liability, the gains and losses previously deferred in equity are transferred from equity and recognised in profit or loss in the same period during which the asset or liability affects profit or loss. In all other cases, amounts deferred in equity are transferred to the consolidated income statement in the period during which the forecasted transaction affects the consolidated income statement and are presented in the same line item as the gains and losses from hedged items.

When a cash flow hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time is retained in equity and is ultimately recognised in the consolidated income statement when the forecasted transaction occurs. If a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The gain or loss on the ineffective portion is recognised in the consolidated income statement.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis with the exception of consumer goods inventory which is determined on a first-in-first-out basis.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Retirement benefit obligations

Emirates operates or participates in various end of service benefit plans, which are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which Emirates pays fixed contributions and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

2. Summary of significant accounting policies (continued)

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date, together with adjustments for unrecognised past-service costs and unamortised actuarial gains and losses. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that are in excess of the corridor limits determined in accordance with IAS 19, are amortised to the consolidated income statement over a period of three years.

Frequent flyer programme

Emirates operates a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on Emirates and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

Emirates accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability (deferred revenue) in the consolidated statement of financial position. The fair value is determined using estimation techniques that take into account the fair value of awards for which miles could be redeemed. Miles accrued through utilising the services of programme partners and paid for by the participating partners are also accounted for as deferred revenue until they are utilised. In these instances, a liability is not recognised for miles that are expected to expire.

Revenue is recognised in the consolidated income statement only when Emirates fulfils its obligations by supplying free or discounted goods or services on redemption of the miles accrued.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised only when the contractual rights to the cash flows expire or substantially all the risks and rewards of ownership are transferred along with the contractual rights to receive cash flows. Financial liabilities are derecognised only when they are extinguished i.e. when the obligations specified in the contract are discharged or cancelled or expire.

Cash and cash equivalents

Cash and cash equivalents comprise cash, liquid funds with an original maturity of three months or less, and bank overdrafts. Other bank deposits with maturity less than a year are classified as short term bank deposits. Bank overdrafts are shown within current borrowings and lease liabilities on the consolidated statement of financial position.

Dividend distribution

Dividend distribution to Emirates' Owner is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

3. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following discussion addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major items of property, plant and equipment and determined that no adjustment is necessary.

Taxation

Income tax liabilities are not provided for when management is of the opinion that exemption from income tax will ultimately be granted by the relevant authorities in the concerned jurisdictions. In making its judgement, management considers the status of discussions with the relevant authorities in different countries, the existence of reciprocal exemptions or of a memorandum of understanding. The resolution of issues is not always within the control of management and is often dependant upon external parties. When, due to a change in circumstances, it is unlikely that a tax exemption will be obtained, the income tax liability is fully provided for on a conservative basis until a resolution is reached or the final tax outcome is determined.

Frequent flyer programme

Emirates accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted as a liability (deferred revenue) in the consolidated statement of financial position.

Estimation techniques are used to determine the fair value of mile credits and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards. A rolling 12 month historical trend forms the basis of the calculations. Adjustments to the fair value of miles are also made for miles not expected to be redeemed by members and the extent to which the demand for an award cannot be met for the dates requested.

A level of judgement is exercised by management due to the diversity of inputs that go into determining the fair value of miles. It is also difficult to present the sensitivity of a change in the value of one or set of the inputs given the complexity of the workings.

4. Revenue

	2011 AED m	2010 AED m
Services		
Passenger	41,415	32,995
Cargo	8,803	6,899
Excess baggage	293	278
Destination and leisure	226	156
Hotel operations	148	143
Others	286	279
	51,171	**40,750**
Sale of goods		
Consumer goods	957	882
In-flight catering	548	472
Food and beverage	422	373
	1,927	**1,727**
	53,098	**42,477**

5. Other operating income

Other operating income includes AED 209 m (2010: AED 224 m) from liquidated damages, AED 479 m (2010: AED 211 m) being the gain on sale and leaseback of aircraft, aircraft engines and parts, AED 195 m (2010: Nil) being the gain on sale of available-for-sale financial assets and a net foreign exchange gain of AED 5 m (2010: AED 113 m).

6. Operating costs

	2011 AED m	2010 AED m
Jet fuel	16,820	11,908
Employee (see (a) below)	7,617	6,345
Aircraft operating leases (see (b) below)	4,317	4,111
Sales and marketing	3,862	3,020
Depreciation (Note 11)	3,600	2,893
Handling	3,195	2,807
In-flight catering and related costs	2,305	2,180
Overflying	1,620	1,438
Aircraft maintenance	1,030	847
Landing and parking	974	874
Cost of goods sold	934	844
Amortisation (Note 12)	77	69
Corporate overheads (see (c) below)	2,592	2,554
	48,943	**39,890**

(a) Employee costs include AED 373 m (2010: AED 301 m) in respect of post-employment benefits and AED 770 m (2010: AED 175 m) in respect of an employee profit share scheme.

(b) Aircraft operating lease charges include AED 433 m (2010: AED 467 m) in respect of "wet" leases of freighter aircraft.

(c) Corporate overheads include non-aircraft operating lease charges amounting to AED 451 m (2010: AED 383 m).

7. Other gains and losses

Other gains and losses represent changes in the fair value of financial instruments at fair value through profit and loss. As part of its programme of managing jet fuel costs, Emirates uses certain derivatives that do not qualify for hedge accounting.

8. Finance income and costs

	2011 AED m	2010 AED m
Finance income		
Interest income on short term bank deposits	448	255
Related parties (Note 35)	39	39
Other interest income	34	36
	521	**330**
Finance costs		
Aircraft financing costs	(444)	(272)
Interest charges on borrowings	(59)	(81)
Other interest charges	(3)	(2)
	(506)	**(355)**

9. Income tax expense

	2011 AED m	2010 AED m
The components of income tax expense are:		
Current tax expense	80	59
Deferred tax credit (Note 27)	(2)	(9)
	78	**50**

Emirates has secured tax exemptions by virtue of double taxation agreements and airline reciprocal arrangements in most of the jurisdictions in which it operates. Therefore, the income tax expense relates only to certain overseas stations where Emirates is subject to income tax. Providing information on effective tax rates is therefore not meaningful.

10. Segment information

Emirates' management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The airline business unit which provides commercial air transportation including passenger, cargo and postal carriage services is the main reportable segment.

Other operations include in-flight and institutional catering, wholesale and retail of consumer goods, food and beverage operations and hotel operations. As none of these segments meet the quantitative thresholds for determining reportable segments under IFRS 8, Operating segments, these are categorised as "all other segments".

The performance of airline and other segments is evaluated based on net profit or loss and is measured consistently with profit for the year in the consolidated financial statements.

Segment revenue is measured in a manner consistent with that in the consolidated income statement, with the exception of notional revenues from staff leave passage and duty travel which are included in total segment revenue under the airline segment but adjusted against operating costs when preparing the consolidated financial statements. This adjustment is presented in the reconciliation. The breakdown of revenue from external customers by nature of business activity is provided in Note 4.

Segment assets include inter-segment loans and receivables, which are eliminated on consolidation. This consolidation adjustment is represented in the reconciliation.

The segment information for the year ended 31 March 2011 is as follows:

	Airline AED m	All other segments AED m	Reconciliation AED m	Total AED m
Total segment revenue	51,261	2,800	(124)	53,937
Inter-segment revenue	-	839	-	839
Revenue from external customers	51,261	1,961	(124)	53,098
Segment profit	4,718	747	-	5,465
Finance income	513	8	-	521
Finance costs	(497)	(9)	-	(506)
Income tax expense	(76)	(2)	-	(78)
Depreciation and amortisation	(3,509)	(168)	-	(3,677)
Share of results in associated companies and joint ventures	-	91	-	91
Segment assets	60,611	5,347	(868)	65,090
Investments in associated companies and joint ventures	-	386	-	386
Additions to property, plant and equipment	11,787	402	-	12,189
Additions to intangible assets	44	5	-	49
Additions to advance lease rentals	262	-	-	262

10. Segment information (continued)

The segment information for the year ended 31 March 2010 is as follows:

	Airline AED m	All other segments AED m	Recon-ciliation AED m	Total AED m
Total segment revenue	40,815	2,522	(116)	43,221
Inter-segment revenue	-	744	-	744
Revenue from external customers	40,815	1,778	(116)	42,477
Segment profit	3,313	302	-	3,615
Finance income	323	7	-	330
Finance costs	(340)	(15)	-	(355)
Income tax expense	(49)	(1)	-	(50)
Depreciation and amortisation	(2,811)	(151)	-	(2,962)
Share of results in associated companies and joint ventures	-	77	-	77
Impairment of available-for-sale financial assets	-	(109)	-	(109)
Segment assets	51,107	5,094	(654)	55,547
Investments in associated companies and joint ventures	-	461	-	461
Additions to property, plant and equipment	7,213	768	-	7,981
Additions to intangible assets	70	2	-	72
Additions to advance lease rentals	93	-	-	93

Geographical information

	2011 AED m	2010 AED m
Revenue from external customers:		
East Asia and Australasia	15,503	11,843
Europe	14,433	11,612
West Asia and Indian Ocean	6,405	5,322
Gulf and Middle East	5,641	4,941
Africa	5,598	4,756
Americas	5,518	4,003
	53,098	**42,477**

Revenue from inbound and outbound airline operations between the UAE and the overseas point are attributed to the geographical area in which the respective overseas points are located. Revenue from other segments are reported based upon the geographical area in which sales are made or services are rendered.

The major revenue earning asset is the aircraft fleet, which is registered in the UAE. Since the aircraft fleet is deployed flexibly across Emirates' route network, providing information on non-current assets by geographical areas is not considered meaningful.

No single external customer contributes 10% or more of Emirates' revenues.

11. Property, plant and equipment

	Aircraft AED m	Aircraft engines and parts AED m	Land and buildings AED m	Other property, plant and equipment AED m	Capital projects AED m	Total AED m
Cost						
1 April 2009	16,435	3,852	5,312	5,687	5,189	36,475
Additions	-	123	13	1,441	6,404	7,981
Currency translation differences	-	-	34	10	51	95
Transfer from capital projects	6,180	115	828	415	(7,429)	109
Disposals / write off	(749)	(544)	(20)	(334)	-	(1,647)
31 March 2010	**21,866**	**3,546**	**6,167**	**7,219**	**4,215**	**43,013**
Depreciation						
1 April 2009	3,126	1,048	959	2,256	-	7,389
Charge for the year	1,205	221	267	1,200	-	2,893
Currency translation differences	-	-	1	1	-	2
Disposals / write off	(608)	(117)	(11)	(288)	-	(1,024)
31 March 2010	**3,723**	**1,152**	**1,216**	**3,169**	**-**	**9,260**
Net book amount						
31 March 2010	**18,143**	**2,394**	**4,951**	**4,050**	**4,215**	**33,753**

11. Property, plant and equipment (continued)

	Aircraft AED m	Aircraft engines and parts AED m	Land and buildings AED m	Other property, plant and equipment AED m	Capital projects AED m	Total AED m
Cost						
1 April 2010	21,866	3,546	6,167	7,219	4,215	43,013
Additions	487	393	13	1,488	9,808	12,189
Currency translation differences	-	-	51	10	(1)	60
Transfer from capital projects	5,901	222	378	428	(6,929)	-
Disposals / write off	(3,275)	(783)	(162)	(787)	-	(5,007)
31 March 2011	**24,979**	**3,378**	**6,447**	**8,358**	**7,093**	**50,255**
Depreciation						
1 April 2010	3,723	1,152	1,216	3,169	-	9,260
Charge for the year	1,535	200	302	1,563	-	3,600
Currency translation differences	-	-	3	2	-	5
Disposals / write off	(1,307)	(441)	(162)	(548)	-	(2,458)
31 March 2011	**3,951**	**911**	**1,359**	**4,186**	**-**	**10,407**
Net book amount						
31 March 2011	**21,028**	**2,467**	**5,088**	**4,172**	**7,093**	**39,848**

The net book amount of property, plant and equipment includes AED 19,497 m (2010: AED 14,459 m) in respect of aircraft held under finance leases.

The net book amount of aircraft, aircraft engines and parts includes an amount of AED 1,209 m (2010: AED 305 m) in respect of assets provided as security against term loans.

Land of AED 306 m (2010: AED 279 m) is carried at cost and is not depreciated.

Capital projects include pre-delivery payments of AED 4,995 m (2010: AED 2,376 m) in respect of aircraft (Note 29) due for delivery between 2011 and 2020. During the previous year, an amount of AED 109 m was transferred to deferred credits consequent to the sale and lease back of certain aircraft.

12. Intangible assets

	Goodwill AED m	Service rights AED m	Trade names AED m	Contractual rights AED m	Computer software AED m	Total AED m
Cost						
1 April 2009	563	162	19	17	432	1,193
Additions	-	-	-	2	70	72
Disposals / write off	-	-	-	-	(7)	(7)
Currency translation differences	1	-	-	-	1	2
31 March 2010	**564**	**162**	**19**	**19**	**496**	**1,260**
Amortisation and impairment						
1 April 2009	7	44	-	-	219	270
Amortisation for the year	-	11	1	1	56	69
Disposals / write off	-	-	-	-	(6)	(6)
31 March 2010	**7**	**55**	**1**	**1**	**269**	**333**
Net book amount						
31 March 2010	**557**	**107**	**18**	**18**	**227**	**927**

12. Intangible assets (continued)

	Goodwill AED m	Service rights AED m	Trade names AED m	Contractual rights AED m	Computer software AED m	Total AED m
Cost						
1 April 2010	564	162	19	19	496	1,260
Additions	-	-	-	5	44	49
Disposals / write off	-	-	-	-	(1)	(1)
Currency translation differences	-	-	-	3	-	3
31 March 2011	**564**	**162**	**19**	**27**	**539**	**1,311**
Amortisation and impairment						
1 April 2010	7	55	1	1	269	333
Amortisation for the year	-	10	1	2	64	77
Disposals / write off	-	-	-	-	(1)	(1)
Currency translation differences	-	-	-	1	-	1
31 March 2011	**7**	**65**	**2**	**4**	**332**	**410**
Net book amount						
31 March 2011	**557**	**97**	**17**	**23**	**207**	**901**

Computer software includes an amount of AED 52 m (2010: AED 67 m) in respect of projects under implementation.

For the purpose of testing goodwill for impairment, goodwill amounting to AED 159 m (2010: AED 159 m) is allocated to the consumer goods cash generating unit, AED 25 m (2010: AED 25 m) is allocated to the food and beverages cash generating unit and AED 369 m (2010: AED 369 m) is allocated to the in-flight catering services cash generating unit. These cash generating units are based in the UAE. The recoverable amounts for these cash generating units have been determined on the basis of value-in-use calculations.

The key assumptions used in the value-in-use calculations include a risk adjusted discount rate, growth rates based on management's expectations for market development and historical gross margins of 24%, 24% and 27% for consumer goods, food and beverages and in-flight catering services cash generating units respectively. Cash flow projections are based on forecasts approved by management covering a three year period. Projected cash flows are discounted using a pre-tax discount rate of 12% per annum, which reflects specific risks relating to the cash generating units. Cash flows beyond the three year period have been extrapolated using a growth rate of 4% per annum. The growth rate does not exceed the long term average growth rate for the markets in which the cash generating units operate.

Goodwill allocated to the food and beverages cash generating unit in Australia amounts to AED 4 m (2010: AED 4 m) and management is of the opinion that this goodwill is not impaired.

13. Investments in subsidiaries, associated companies and joint ventures

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries			
Maritime & Mercantile International L.L.C.	68.7	Wholesale and retail of consumer goods	UAE
Maritime & Mercantile International Holding L.L.C.	100.0	Holding company	UAE
Emirates Leisure Retail Holding L.L.C.	100.0	Holding company	UAE
Emirates Leisure Retail L.L.C.	68.7	Food and beverage operations	UAE
Emirates Leisure Retail (Oman) L.L.C.	70.0	Food and beverage operations	Oman
Emirates Leisure Retail (Singapore) Pte Ltd.	100.0	Food and beverage operations	Singapore
Emirates Leisure Retail (Australia) Pty Ltd.	100.0	Food and beverage operations	Australia
Emirates Hotel L.L.C.	100.0	Hotel operations	UAE
Emirates Hotels (Australia) Pty Ltd.	100.0	Hotel operations	Australia
Emirates Flight Catering Company L.L.C.	90.0	In-flight and institutional catering	UAE

Principal associated company

The investment in Alpha Flight Services Pty Ltd. was sold during the year.

Principal joint ventures			
Emirates-CAE Flight Training L.L.C.	50.0	Flight simulator training	UAE
Premier Inn Hotels L.L.C.	51.0	Hotel operations	UAE
CAE Flight Training (India) Private Ltd.	50.0	Flight simulator training	India

Premier Inn Hotels L.L.C. is subject to joint control and is therefore accounted for as a jointly controlled entity.

13. Investments in subsidiaries, associated companies and joint ventures (continued)

Movement of investments in associated companies and joint ventures

	2011 AED m	2010 AED m
Balance brought forward	**461**	**441**
Investments during the year	-	18
Share of results	91	77
Dividends	(93)	(95)
Currency translation differences	9	20
Disposal during the year	(82)	-
Balance carried forward	**386**	**461**

The carrying value of the investments in associated companies amounted to AED 91 m (2010: AED 165 m) and the share of results amounted to AED 76 m (2010: AED 72 m).

Summarised financial information in respect of the associated companies is set out below:

	2011 AED m	2010 AED m
Total assets	382	625
Total liabilities	114	205
Net assets	268	420
Revenue	938	866
Profit for the year	176	164

Summarised financial information in respect of Emirates' share in jointly controlled entities is set out below:

	2011 AED m	2010 AED m
Non-current assets	550	506
Current assets	74	60
Non-current liabilities	274	221
Current liabilities	55	49
Total income	135	103
Total expense	120	98

14. Advance lease rentals

	2011 AED m	2010 AED m
Balance brought forward	**283**	**223**
Additions / transfers during the year	262	93
Charge for the year	(65)	(33)
Balance carried forward	**480**	**283**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 17)	**96**	**50**
Total over one year	**384**	**233**

Advance lease rentals are non-refundable in the event of the related lease being terminated prior to its expiry.

15. Loans and other receivables

	2011 AED m	2010 AED m
Related parties (Note 35)	1,558	1,333
Other receivables	65	99
	1,623	**1,432**
Prepayments	81	-
	1,704	**1,432**
The amounts (excluding prepayments) are receivable as follows:		
Between 2 and 5 years	1,596	1,363
After 5 years	27	69
	1,623	**1,432**
Loans and other receivables (excluding prepayments) are denominated in the following currencies:		
UAE Dirhams	55	53
US Dollars	1,523	1,334
Others	45	45

The fair value of loans and receivables amounts to AED 1,623 m (2010: AED 1,435 m). Fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturity and currencies based on credit spreads applicable at the end of each reporting period.

The maximum exposure to credit risk at the reporting date is the carrying value of the loans and other receivables. At the end of the reporting period, loans and other receivables were neither past due nor impaired.

16. Inventories

	2011 AED m	2010 AED m
Engineering	548	483
In-flight consumables	454	355
Consumer goods	186	149
Other	102	97
	1,290	**1,084**

In-flight consumables include AED 239 m (2010: AED 154 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

17. Trade and other receivables

	2011 AED m	2010 AED m
Trade receivables - net of provision	3,487	3,142
Related parties (Note 35)	1,977	2,010
Prepayments	1,026	1,532
Advance lease rentals (Note 14)	96	50
Operating lease and other deposits	905	899
Other receivables	694	807
	8,185	**8,440**
Less: Receivables over one year (Note 15)	(1,704)	(1,432)
	6,481	**7,008**

The impairment charge on trade receivables recognised in the consolidated income statement during the year mainly relates to ticketing agents who are in unexpected difficult economic situations and are unable to meet their obligations under the IATA agency programme. This charge is included in operating costs. Amounts charged to the provision account are written off when there is no expectation of further recovery.

17. Trade and other receivables (continued)

Movements in the provision for impairment of trade receivables are as follows:

	2011 AED m	2010 AED m
Balance brought forward	**90**	**84**
Charge for the year	76	47
Unused amounts reversed	(34)	(33)
Amounts written off as uncollectible	(13)	(10)
Currency translation differences	3	2
Balance carried forward	**122**	**90**

The other classes of trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk of current trade and other receivables at the reporting date is the carrying value of each class of receivables.

Ageing of receivables that are past due but not impaired is as follows:

	2011 AED m	2010 AED m
Below 3 months	275	516
3-6 months	19	31
Above 6 months	109	94
	403	**641**

18. Capital

Capital represents the permanent capital of Emirates.

19. Other reserves

	Fair value reserve			
	Hedging instruments AED m	**Other** AED m	**Translation reserve** AED m	**Total** AED m
1 April 2009	**(135)**	**-**	**(66)**	**(201)**
Currency translation differences	-	-	124	124
Loss on available-for-sale financial assets	-	(109)	-	(109)
Loss on fair value of cash flow hedges	(167)	-	-	(167)
Transferred to the consolidated income statement	(77)	109	-	32
31 March 2010	**(379)**	**-**	**58**	**(321)**
Currency translation differences	-	-	53	53
Gain on available-for-sale financial assets	-	195	-	195
Loss on fair value of cash flow hedges	(525)	-	-	(525)
Transferred to the consolidated income statement	243	(195)	(15)	33
31 March 2011	**(661)**	**-**	**96**	**(565)**

The amounts transferred to the consolidated income statement have been (debited) / credited to the following line items:

	2011 AED m	**2010** AED m
Revenue	(41)	177
Other operating income	210	-
Operating costs	(38)	(137)
Finance costs	(164)	(72)
	(33)	**(32)**

20. Borrowings and lease liabilities

	2011 AED m	2010 AED m
Non-current		
Bonds (Note 21)	4,290	4,900
Term loans (Note 22)	1,009	296
Lease liabilities (Note 23)	15,203	11,557
	20,502	**16,753**
Current		
Bonds (Note 21)	727	1,835
Term loans (Note 22)	139	113
Lease liabilities (Note 23)	1,853	891
Bank overdrafts (Note 31)	9	13
	2,728	**2,852**
	23,230	**19,605**
Borrowings and lease liabilities are denominated in the following currencies:		
UAE Dirhams	2,023	2,085
US Dollars	19,860	16,301
Singapore Dollars	1,164	1,046
Others	183	173

The effective interest rate per annum on lease liabilities and term loans was 3.0% (2010: 2.5%) and on bonds was 1.8% (2010: 2.4%).

21. Bonds

	2011 AED m	2010 AED m
Bonds are denominated in the following currencies:		
UAE Dirhams	1,836	1,837
Singapore Dollars	1,164	1,047
US Dollars	2,020	3,857
	5,020	**6,741**
Less: Transaction costs	(3)	(6)
	5,017	**6,735**

	2011 AED m	2010 AED m
Bonds are repayable as follows:		
Within one year (Note 20)	**727**	**1,835**
Between 2 and 5 years	3,854	4,507
After 5 years	436	393
Total over one year (Note 20)	**4,290**	**4,900**

Contractual repricing dates are set at six month intervals except for bonds denominated in Singapore Dollars amounting to AED 582 m (2010: AED 524 m) which carry a fixed interest rate over their term.

USD bonds, carried at AED 2,020 m (2010: AED 2,020 m), represent the proceeds raised from an Islamic 'sukuk' (bond) issue to finance the construction of certain buildings.

The fair value of bonds amount to AED 4,802 m (2010: AED 6,268 m). The fair value of the Singapore Dollar bonds is AED 1,095 m (2010: AED 879 m), which is based on listed prices. The fair value of the other bonds is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread.

22. Term loans

	2011 AED m	2010 AED m
Balance brought forward	**409**	**531**
Additions during the year	992	-
Repayments during the year	(240)	(122)
Balance carried forward	**1,161**	**409**
Less: Transaction costs	(13)	-
	1,148	**409**
Loans are repayable as follows:		
Within one year (Note 20)	**139**	**113**
Between 2 and 5 years	498	296
After 5 years	511	-
Total over one year (Note 20)	**1,009**	**296**

22. Term loans (continued)

	2011 AED m	2010 AED m
Loans are denominated in the following currencies:		
UAE Dirhams	189	251
US Dollars	959	158

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 973 m (2010: AED 158 m) are secured on aircraft, aircraft engines and parts.

The fair value of the term loans amounts to AED 1,129 m (2010: AED 404 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread.

23. Lease liabilities

Finance leases

	2011 AED m	2010 AED m
Gross lease liabilities:		
Within one year	2,390	1,280
Between 2 and 5 years	7,671	5,700
After 5 years	11,238	9,048
	21,299	**16,028**
Future interest	(4,243)	(3,580)
Present value of finance lease liabilities	**17,056**	**12,448**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 20)	**1,853**	**891**
Between 2 and 5 years	5,549	3,862
After 5 years	9,654	7,695
Total over one year (Note 20)	**15,203**	**11,557**

	2011 AED m	2010 AED m
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	16,878	12,284
Others	178	164

The lease liabilities are secured on the related aircraft and aircraft engines. In the event of these finance leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 2011, the penalties would have been AED 64 m (2010: AED 264 m).

The fair value of lease liabilities amounts to AED 16,377 m (2010: AED 10,730 m). The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread.

Operating leases

	2011 AED m	2010 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	28,832	31,001
Other	2,444	2,769
	31,276	**33,770**
Within one year	4,485	4,452
Between 2 and 5 years	16,807	16,201
After 5 years	9,984	13,117
	31,276	**33,770**

In the event of the aircraft leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 2011, the penalties would have been AED 414 m (2010: AED 1,014 m).

23. Lease liabilities (continued)

Emirates is entitled to extend certain aircraft leases for a further period of one to six years at the end of the initial lease period. Further, Emirates is entitled to purchase fifteen of one hundred and three (2010: eighteen of one hundred and one) aircraft under these leases.

In addition, Emirates has seven (2010: seven) Boeing aircraft contracted on operating leases for delivery between April 2011 and March 2016.

24. Retirement benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 March 2011, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 5.0% (2010: 5.0%) and a discount rate of 6.0% (2010: 6.0%) per annum. The present values of the defined benefit obligations at 31 March 2011 were computed using the actuarial assumptions set out above.

The liabilities recognised in the consolidated statement of financial position are:

	2011 AED m	2010 AED m
Funded scheme		
Present value of defined benefit obligations	1,099	861
Less: Fair value of plan assets	(1,087)	(851)
	12	**10**
Unfunded scheme		
Present value of defined benefit obligations	467	388
Unamortised actuarial losses	(89)	(34)
	378	**354**
Liability recognised in the consolidated statement of financial position	**390**	**364**

(i) Funded scheme

Senior employees based in the UAE participate in a defined benefit provident scheme to which Emirates contributes a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a monthly basis irrespective of fund performance and are not pooled, but are separately identifiable and attributable to each participant. The fund comprises a diverse mix of managed funds and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns, is less than the end of service benefits that would have been payable to that employee under relevant local regulations, Emirates pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives between seventy five and one hundred percent of their fund balance. Vested assets of the scheme are not available to Emirates or its creditors in any circumstances.

The liability of AED 12 m (2010: AED 10 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

24. Retirement benefit obligations (continued)

The movement in the fair value of the plan assets are as follows:

	2011 AED m	2010 AED m
Balance brought forward	**851**	**603**
Contributions received	170	152
Benefits paid	(41)	(19)
Change in fair value	107	115
Balance carried forward	**1,087**	**851**

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 175 m for existing plan members during the year ending 31 March 2012.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or other defined contribution plans follow relevant local regulations, which are mainly based on periods of cumulative service and levels of employees' final basic salaries. The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for past-service costs and unamortised actuarial gains.

The movement in the defined benefit obligation is as follows:

	2011 AED m	2010 AED m
Balance brought forward	**354**	**335**
Current service cost	63	52
Interest cost	17	14
Payments made during the year	(56)	(47)
Balance carried forward	**378**	**354**

Payments made during the year include the transfer of accumulated benefits to Emirates' funded scheme.

The total amount recognised in the consolidated income statement is as follows:

	2011 AED m	2010 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	159	146
Net change in the present value of defined benefit obligations over plan assets	2	(22)
	161	**124**
Unfunded scheme		
Current service cost	63	52
Interest cost	17	14
	80	**66**
Defined contribution plan		
Contributions expensed	**132**	**111**
Recognised in the consolidated income statement	**373**	**301**

25. Deferred revenue

Deferred revenue relates to the frequent flyer programme and represents the fair value of outstanding award credits. Revenue is recognised when Emirates fulfills its obligations by supplying free or discounted goods or services on the redemption of the award credits.

26. Deferred credits

	2011 AED m	2010 AED m
Balance brought forward	**622**	**661**
Net additions during the year	109	131
Recognised during the year	(167)	(170)
Transferred to property, plant and equipment	(27)	-
Balance carried forward	**537**	**622**
Deferred credits will be recognised as follows:		
Within one year	**136**	**162**
Over one year	**401**	**460**

Deferred credits transferred to property, plant and equipment are consequent to a change in the classification of certain aircraft from an operating lease to a finance lease.

27. Deferred income tax liability

	2011 AED m	2010 AED m
Balance brought forward	**4**	**13**
Credited to the consolidated income statement (Note 9)	(2)	(9)
Balance carried forward	**2**	**4**

The deferred income tax liability is on account of accelerated tax depreciation.

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 1,620 m (2010: AED 1,086 m).

28. Trade and other payables

	2011 AED m	2010 AED m
Trade payables and accruals	10,112	8,402
Related parties (Note 35)	390	285
Passenger and cargo sales in advance	7,080	6,209
Dividend payable	-	600
	17,582	**15,496**
Less: Payables over one year	(31)	(21)
	17,551	**15,475**

The carrying value of trade and other payables over one year approximate their fair value.

29. Commitments

Capital commitments

	2011 AED m	2010 AED m
Authorised and contracted:		
Aircraft fleet	140,145	92,145
Non-aircraft	1,451	1,028
Joint ventures	66	56
	141,662	**93,229**
Authorised but not contracted:		
Non-aircraft	2,429	1,429
Joint ventures	61	11
	2,490	**1,440**
	144,152	**94,669**

Commitments have been entered into for the purchase of aircraft for delivery as follows (Note 11):

Financial year	Aircraft
2011-2012	21
Beyond 2011 - 2012	172

In addition, options are held on fifty Airbus aircraft.

Operational commitments

	2011 AED m	2010 AED m
Sales and marketing	1,347	1,592

30. Guarantees

	2011 AED m	2010 AED m
Performance bonds and letters of credit provided by bankers in the normal course of business	357	319

31. Short term bank deposits and cash and cash equivalents

	2011 AED m	2010 AED m
Bank deposits	12,753	9,553
Cash and bank	1,220	958
Cash and bank balances	**13,973**	**10,511**
Less: Short term bank deposits - margins placed	-	(230)
Less: Short term bank deposits - over 3 months	(3,777)	(946)
Short term bank deposits	**(3,777)**	**(1,176)**
Cash and cash equivalents as per the consolidated statement of financial position	**10,196**	**9,335**
Bank overdraft (Note 20)	(9)	(13)
Cash and cash equivalents as per the consolidated statement of cash flows	**10,187**	**9,322**

Cash and bank balances earned an effective interest rate of 3.6% (2010: 3.7%) per annum. Margins are placed against letters of credit issued by bankers.

32. Cash outflow on property, plant and equipment

For the purposes of the consolidated statement of cash flows, cash outflow on property, plant and equipment is analysed as follows:

	2011 AED m	2010 AED m
Payments for property, plant and equipment	12,189	7,981
Less: Assets acquired under finance leases	(5,685)	(4,565)
	6,504	**3,416**

33. Derivative financial instruments

Description	2011		2010	
	Term	AED m	Term	AED m
Non-current assets				
Cash flow hedge				
Currency swaps and forwards		-	2010-2017	64
		-		**64**
Current assets				
Cash flow hedge				
Currency swaps and forwards		53		70
Fair value through profit and loss				
Jet fuel price futures and options		70		4
		123		**74**
Non-current liabilities				
Cash flow hedge				
Interest rate swaps	2011-2021	(552)	2010-2020	(467)
Currency swaps and forwards	2011-2017	(90)		-
		(642)		**(467)**
Current liabilities				
Cash flow hedge				
Interest rate swaps		(4)		(6)
Currency swaps and forwards		(57)		(6)
		(61)		**(12)**

The notional principal amounts outstanding are:

	2011 AED m	2010 AED m
Interest rate contracts	6,822	7,645
Currency contracts	4,998	3,646
Fuel price contracts	4,297	578

The full fair value of the derivative instrument is classified as non-current if the remaining maturity of the hedged item is more than 12 months as at the end of the reporting period.

Net losses on account of terminated currency derivatives amounting to AED 27 m (2010: AED 23 m) will enter into the determination of profit between 2011 and 2017.

Gains on account of terminated interest rate derivatives amounting to AED 19 m (2010: AED 36 m) will enter into the determination of profit between 2011 and 2012.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

34. Classification of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Description	Loans and receivables	Derivative financial instruments	Financial liabilities at amortised cost	Total
	AED m	AED m	AED m	AED m
2010				
Assets				
Loans and other receivables	1,432	-	-	1,432
Derivative financial instruments	-	138	-	138
Trade and other receivables (excluding prepayments and advance lease rentals)	5,426	-	-	5,426
Short term bank deposits	1,176	-	-	1,176
Cash and cash equivalents	9,335	-	-	9,335
Total	**17,369**	**138**	**-**	**17,507**
Liabilities				
Borrowings and lease liabilities	-	-	19,605	19,605
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	8,241	8,241
Derivative financial instruments	-	479	-	479
Total	**-**	**479**	**27,846**	**28,325**

34. Classification of financial instruments (continued)

Description	Loans and receivables AED m	Derivative financial instruments AED m	Financial liabilities at amortised cost AED m	Total AED m
2011				
Assets				
Loans and other receivables	1,704	-	-	1,704
Derivative financial instruments	-	123	-	123
Trade and other receivables (excluding prepayments and advance lease rentals)	5,359	-	-	5,359
Short term bank deposits	3,777	-	-	3,777
Cash and cash equivalents	10,196	-	-	10,196
Total	**21,036**	**123**	**-**	**21,159**
Liabilities				
Borrowings and lease liabilities	-	-	23,230	23,230
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	9,665	9,665
Derivative financial instruments	-	703	-	703
Total	**-**	**703**	**32,895**	**33,598**

Financial instruments held at fair value by level of fair value hierarchy

The levels of fair value hierarchy are defined as follows:

Level 1 : Measurement is made by using quoted prices (unadjusted) from active market.
Level 2 : Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.
Level 3 : Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

Derivative financial instruments fall into Level 2 of the fair value hierarchy.

35. Related party transactions

The following transactions were carried out with related parties:

	2011 AED m	2010 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Associated companies	51	33
Sale of goods - Companies under common control	12	8
Services rendered - Joint ventures	12	10
Services rendered - Companies under common control	78	64
	153	**115**
(ii) Purchase of goods and services		
Purchase of goods - Associated companies	268	282
Purchase of goods - Companies under common control	2,668	2,322
Services received - Companies under common control	1,634	1,469
	4,570	**4,073**
Other transactions:		
(i) Finance income		
Joint ventures	8	8
Companies under common control	31	31
	39	**39**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	187	124
Post-employment benefits	14	13
Termination benefits	-	1
	201	**138**

	2011 AED m	2010 AED m
(iii) Sale of investment		
Sale of investment in associated company- Companies under common control	**82**	**-**
(iv) Provision of letters of credit		
Parent company	**-**	**918**
Year end balances		
(i) Receivables - sale of goods and services (Note 17)		
Associated companies	14	28
Joint ventures	9	6
Companies under common control	13	31
	36	**65**
(ii) Receivables - other transactions		
Joint ventures	6	5
Companies under common control	773	830
Parent company	-	500
	779	**1,335**
Receivable within one year (Note 17)	**115**	**592**
Receivable over one year (Note 15)	**664**	**743**

The amounts outstanding at year end are unsecured and will be settled in cash. No impairment charge has been recognised during the year in respect of amounts owed by related parties.

35. Related party transactions (continued)

	2011 AED m	2010 AED m
(iii) Payables - purchase of goods and services (Note 28)		
Associated companies	30	19
Companies under common control	360	266
	390	**285**
(iv) Loans		
Joint ventures	96	100
Companies under common control	1,062	504
	1,158	**604**
Movement in the loans were as follows:		
Balance brought forward	**604**	**721**
Addition during the year	571	33
Repayments during the year	(18)	(155)
Currency translation differences	1	5
Balance carried forward	**1,158**	**604**
Receivable within one year (Note 17)	**265**	**17**
Receivable over one year (Note 15)	**893**	**587**

The effective interest rate on the loans was 5.2% (2010: 6.9%) per annum.

	2011 AED m	2010 AED m
(v) Loans and advances to key management personnel		
Balance brought forward	**6**	**8**
Additions during the year	3	3
Repayments during the year	(5)	(5)
Balance carried forward	**4**	**6**
Receivable within one year (Note 17)	**3**	**3**
Receivable over one year (Note 15)	**1**	**3**

Loans and advances are interest free and repayable over a period upto sixty months. Emirates has the right to recover outstanding loans and advances against the final dues payable to the employees.

36. Financial risk management

Financial risk factors

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

Emirates risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. Emirates regularly reviews its risk management procedures and systems to reflect changes in markets, products and emerging best practice. Emirates uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by corporate treasury under procedures that are approved by a steering group comprising of senior management. Corporate treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. Senior management is also responsible for the review of risk management and the control environment. The most important types of risk are credit risk and concentrations of risk, market risk and liquidity risk. Market risk includes currency risk, interest rate risk and price risk.

(i) Credit risk

Emirates is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to Emirates by failing to discharge an obligation. Financial assets that potentially subject Emirates to credit risk consist principally of deposits with banks and other financial institutions, derivative counterparties as well as receivables from agents selling commercial air transportation. Emirates uses external ratings such as Standard & Poor's and Moody's or their equivalent in order to measure and monitor its credit risk exposures to financial institutions. In the absence of independent ratings, credit quality is assessed based on counterparty's financial position, past experience and other factors.

Emirates manages limits and controls concentrations of risk wherever they are identified. In the normal course of business, Emirates places significant deposits with high credit quality banks and financial institutions. Transactions with derivative counterparties are similarly limited to high credit quality financial institutions. Exposure to credit risk is also managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately 38% (2010: 42%) of short term bank deposits and cash and cash equivalents are held with financial institutions under common control. Approximately 93% (2010: 92%) of cash and bank balances are held with financial institutions based in the UAE.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association (IATA) approved sales agents. All IATA agents have to meet a minimum financial criteria applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through their Agency Programme. The credit risk associated with such sales agents is relatively small owing to a broad diversification.

The table below presents an analysis of short term bank deposits, cash and cash equivalents and held-to-maturity financial assets by rating agency designation at the end of reporting period based on Standard & Poor's ratings or its equivalent for the main banking relationships:

	2011 AED m	2010 AED m
AA- to AA+	388	466
A- to A+	12,167	8,738
Lower than A-	977	889

36. Financial risk management (continued)

(ii) Market risk

Emirates is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk - jet fuel price risk, currency risk and interest rate risk.

Jet fuel price risk

Emirates is exposed to volatility in the price of jet fuel and closely monitors the actual cost against the forecast cost. To manage the price risk, Emirates utilises commodity futures and options to achieve a level of control over higher jet fuel costs so that profitability is not adversely affected.

Currency risk

Emirates is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises due to exchange rate fluctuations between the UAE Dirham and other currencies generated from Emirates revenue earning and borrowing activities. Long term debt obligations are mainly denominated in UAE Dirhams, the functional currency or in US Dollars to which the UAE Dirham is pegged. Currency exposure exists on the Singapore Dollar bond, the summarised quantitative data for which is available in Note 21. Senior management monitors currency positions on a regular basis.

Emirates is in a net payer position with respect to the US Dollar and in a net surplus position for other currencies. Currency surpluses are converted to US Dollar and UAE Dirham funds. Currency risks arise mainly from Emirates' revenue earning activities in UK Pounds, Euro, Australian Dollars and Japanese Yen. Currency risks are hedged using forwards and options, as appropriate, as well as by way of a natural hedge between foreign currency inflows and outflows.

Interest rate risk

Emirates is exposed to the effects of fluctuations in the prevailing levels of interest rates on borrowings and investments. Exposure arises from interest rate fluctuations in the international financial markets with respect to interest cost on its long term debt obligations, operating lease rentals and interest income on its cash surpluses. The key reference rates based on which interest costs are determined are LIBOR, EIBOR for UAE Dirhams and SIBOR for Singapore Dollars. Summarised quantitative data is available in Note 20 for interest cost exposures.

Borrowings taken at variable rates expose Emirates to cash flow interest rate risk while borrowings issued at fixed rates expose Emirates to fair value interest rate risk. Emirates targets a balanced portfolio approach, whilst nevertheless taking advantage of opportune market movements, by hedging around half of its net interest rate exposure going forward, using appropriate hedging solutions including interest swaps. Variable rate debt and cash surpluses are mainly denominated in UAE Dirhams and US Dollars.

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2011		2010	
	Effect on profit AED m	**Effect on equity** AED m	**Effect on profit** AED m	**Effect on equity** AED m
Interest cost				
- 100 basis points				
UAE Dirhams	21	21	21	21
US Dollars	76	(209)	61	(422)
Singapore Dollars	6	6	5	5
Others	-	(21)	-	(28)
	103	**(203)**	**87**	**(424)**
+ 100 basis points				
UAE Dirhams	(21)	(21)	(21)	(21)
US Dollars	(76)	209	(61)	422
Singapore Dollars	(6)	(6)	(5)	(5)
Others	-	21	-	28
	(103)	**203**	**(87)**	**424**

36. Financial risk management (continued)

	2011		2010	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Interest income				
- 100 basis points	(29)	(29)	(17)	(17)
+ 100 basis points	29	29	17	17
Currency - UK Pounds				
+ 1%	1	(5)	1	(4)
- 1%	(1)	5	(1)	4
Currency - Euro				
+ 1%	2	(7)	3	(3)
- 1%	(2)	7	(3)	3
Currency - Australian Dollars				
+ 1%	1	(5)	3	1
- 1%	(1)	5	(3)	(1)
Currency - Japanese Yen				
+ 1%	-	(3)	-	(1)
- 1%	-	3	-	1
Currency - Singapore Dollars				
+ 1%	(12)	(12)	(10)	(10)
- 1%	12	12	10	10
Fuel price				
+ 5 US Dollar	-	44	(1)	(1)
- 5 US Dollar	-	(22)	2	2

(iii) Liquidity risk

Liquidity risk is the risk that Emirates is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Emirates liquidity management process as monitored by the senior management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature. Emirates maintains diversified credit lines to enable this to happen.
- Maintaining rolling forecasts of Emirates' liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios against internal standards.
- Maintaining debt financing plans.

Sources of liquidity are regularly reviewed by senior management to maintain a diversification by geography, provider, product and term.

Summarised below in the table is the maturity profile of financial liabilities and net-settled derivative financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2011				
Borrowings and lease liabilities	3,196	12,523	12,328	28,047
Derivative financial instruments	299	335	(24)	610
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	9,634	31	-	9,665
	13,129	**12,889**	**12,304**	**38,322**

36. Financial risk management (continued)

	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2010				
Borrowings and lease liabilities	3,386	11,001	9,463	23,850
Derivative financial instruments	249	300	(70)	479
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	8,220	21	-	8,241
	11,855	**11,322**	**9,393**	**32,570**

37. Capital risk management

Emirates' objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for its Owner and to maintain an optimal capital structure to reduce the cost of capital.

Emirates monitors the return on Owner's equity which is defined as the profit for the year expressed as a percentage of average Owner's equity. Emirates seeks to provide a better return to the Owner by borrowing and taking aircraft on operating leases to meet its growth plans. In 2010, Emirates achieved a return on Owner's equity funds of 28.3% (2010: 21.6%) in comparison to an effective interest rate of 2.7% (2010: 2.5%) on borrowings.

Emirates also monitors capital on the basis of a gearing ratio which is calculated as the ratio of borrowings and lease liabilities, net of cash to total equity. In 2011 this ratio was 44.3% (2010: 52.0%) and if aircraft operating leases are included, the same ratio was 127.1% (2010: 158.5%).

Independent auditor's report to the Owner of dnata

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dnata and its subsidiaries (together referred to as “dnata”), which comprise the consolidated statement of financial position as of 31 March 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of dnata as of 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
4 May 2011

Warwick Hunt
Registered Auditor Number 643
Dubai, United Arab Emirates

Consolidated income statement
for the year ended 31 March 2011

	Note	2011 AED m	2010 AED m
Revenue	4	4,327	3,121
Other operating income		79	39
Operating costs	5	(3,906)	(2,601)
Operating profit		**500**	**559**
Finance income	6	85	54
Finance costs	6	(17)	(14)
Share of results in associated companies and joint ventures	10	8	19
Profit before income tax		**576**	**618**
Income tax expense	7	(11)	(5)
Profit for the year		**565**	**613**
Profit attributable to non-controlling interests		**5**	**-**
Profit attributable to dnata's Owner		**560**	**613**

Consolidated statement of comprehensive income
for the year ended 31 March 2011

	Note	2011 AED m	2010 AED m
Profit for the year		**565**	**613**
Currency translation differences		138	53
Net investment hedge	16	(38)	(19)
Share of other comprehensive income in associated companies	10	(4)	(6)
Other comprehensive income		**96**	**28**
Total comprehensive income for the year		**661**	**641**
Total comprehensive income attributable to non-controlling interests		**6**	**-**
Total comprehensive income attributable to dnata's Owner		**655**	**641**

Notes 1 to 28 form an integral part of the consolidated financial statements.

Consolidated statement of financial position
as at 31 March 2011

	Note	2011 AED m	2010 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,132	754
Intangible assets	9	1,458	662
Investments in associated companies and joint ventures	10	538	483
Advance lease rentals	11	28	26
Loans to related parties	25	1	1
Deferred income tax assets	18	18	8
		3,175	**1,934**
Current assets			
Inventories	12	88	25
Trade and other receivables	13	1,157	697
Short term bank deposits	23	586	-
Cash and cash equivalents	23	1,465	1,982
		3,296	**2,704**
Total assets		**6,471**	**4,638**

	Note	2011 AED m	2010 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	14	63	63
Retained earnings		3,236	3,176
Other reserves		35	(45)
Attributable to dnata's Owner		**3,334**	**3,194**
Non-controlling interests		**73**	**-**
Total equity		**3,407**	**3,194**
Non-current liabilities			
Borrowings and lease liabilities	16	674	383
Retirement benefit obligations	15	219	198
Other provisions	17	36	-
Deferred income tax liabilities	18	148	91
		1,077	**672**
Current liabilities			
Trade and other payables	19	1,837	695
Other provisions	17	23	-
Borrowings and lease liabilities	16	108	61
Income tax liabilities		19	16
		1,987	**772**
Total liabilities		**3,064**	**1,444**
Total equity and liabilities		**6,471**	**4,638**

The consolidated financial statements were approved on 4 May 2011 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

Notes 1 to 28 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2011

	Attributable to dnata's Owner						
	Capital AED m	Capital reserve AED m	Translation reserve AED m	Retained earnings AED m	Total AED m	Non-controlling interests AED m	Total equity AED m
1 April 2009	**63**	**1**	**(74)**	**2,563**	**2,553**	**-**	**2,553**
Currency translation differences	-	-	53	-	53	-	53
Net investment hedge (Note 16)	-	-	(19)	-	(19)	-	(19)
Share of other comprehensive income in associated companies (Note 10)	-	-	(6)	-	(6)	-	(6)
Other comprehensive income	**-**	**-**	**28**	**-**	**28**	**-**	**28**
Profit for the year	-	-	-	613	613	-	613
Total comprehensive income	**-**	**-**	**28**	**613**	**641**	**-**	**641**
31 March 2010	**63**	**1**	**(46)**	**3,176**	**3,194**	**-**	**3,194**
Currency translation differences	-	-	137	-	137	1	138
Net investment hedge (Note 16)	-	-	(38)	-	(38)	-	(38)
Share of other comprehensive income in associated companies (Note 10)	-	-	(4)	-	(4)	-	(4)
Other comprehensive income	**-**	**-**	**95**	**-**	**95**	**1**	**96**
Profit for the year	-	-	-	560	560	5	565
Total comprehensive income	**-**	**-**	**95**	**560**	**655**	**6**	**661**
Non-controlling interest on acquisition of subsidiary (Note 27)	-	-	-	-	-	146	146
Acquired from non-controlling interest	-	(15)	-	-	(15)	(67)	(82)
Dividend	-	-	-	(500)	(500)	(12)	(512)
Transactions with owners	**-**	**(15)**	**-**	**(500)**	**(515)**	**67**	**(448)**
31 March 2011	**63**	**(14)**	**49**	**3,236**	**3,334**	**73**	**3,407**

Capital reserve includes the difference between the carrying value of the non-controlling interest acquired and the fair value of the consideration paid.

Notes 1 to 28 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2011

	2011 AED m	2010 AED m
Operating activities		
Profit before income tax	576	618
Adjustments for:		
Depreciation and amortisation (Note 5)	260	243
Finance income - net (Note 6)	(68)	(40)
Amortisation of advance lease rentals (Note 11)	1	1
Share of results in associated companies and joint ventures (Note 10)	(8)	(19)
(Gain) / loss on sale of property, plant and equipment	(4)	2
Net provision for impairment of trade receivables (Note 13)	13	4
Provision for employee benefits (Note 5)	71	56
Employee benefit payments	(60)	(50)
Income tax paid	(38)	(17)
Change in inventories	11	(1)
Change in trade and other receivables	(115)	(27)
Change in trade and other payables	262	(6)
Net cash generated from operating activities	**901**	**764**

	2011 AED m	2010 AED m
Investing activities		
Additions to property, plant and equipment (Note 8)	(158)	(48)
Additions to intangible assets (Note 9)	(58)	(24)
Proceeds from sale of property, plant and equipment	11	8
Investments in associated companies and joint ventures (Note 10)	(5)	(4)
Dividends from associated companies and joint ventures (Note 10)	18	14
Acquisition of subsidiary (Note 27)	(543)	(59)
Acquisition of non controlling interest	(82)	-
Loans to related parties - net (Note 25)	(16)	(2)
Movement in short term bank deposits	(584)	454
Finance income	84	52
Net cash (used in) / generated from investing activities	**(1,333)**	**391**
Financing activities		
Net movement in loans (Note 16)	(64)	(59)
Net lease liabilities	(3)	-
Finance cost	(17)	(14)
Dividend paid to non controlling interest	(12)	-
Net cash used in financing activities	**(96)**	**(73)**
Net (decrease) / increase in cash and cash equivalents	**(528)**	**1,082**
Cash and cash equivalents at beginning of year	1,982	896
Effects of exchange rate changes	11	4
Cash and cash equivalents at end of year (Note 23)	**1,465**	**1,982**

Notes 1 to 28 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 March 2011

1. General information

dnata comprises Dnata and its subsidiaries. Dnata was incorporated in the emirate of Dubai, UAE with limited liability, under an Emiri Decree issued by H.H. Sheikh Maktoum bin Rashid Al-Maktoum on 4 April 1987. On that date, the total assets and liabilities of Dubai National Air Travel Agency were transferred to dnata, with effect from 1 April 1987, for nil consideration. Dnata is wholly owned by the Investment Corporation of Dubai, a Government of Dubai entity.

Dnata is incorporated and domiciled in Dubai, UAE. The address of its registered office is Dnata Travel Centre, PO Box 1515, Dubai, UAE.

The main activities of dnata comprise:

- aircraft handling and engineering services
- handling services for export and import cargo
- inflight catering
- information technology services
- representing airlines as their general sales agent
- travel agency and other travel related services

2. Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these consolidated financial statements, is set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and IFRIC interpretations. The consolidated financial statements are prepared under the historical cost convention.

Standards, interpretations and amendments to published standards that are not yet effective, have not been early adopted and are relevant to dnata's operations

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to the existing standards have been published that are mandatory for accounting periods commencing after 1 April 2011 or later periods, but have not been early adopted. Management is currently assessing the following standards, interpretations and amendments which are likely to have an impact on dnata's operations:

- IFRS 9, Financial instruments (effective from 1 January 2013)
- IAS 24 (Revised), Related Party Disclosures (effective from 1 January 2011)

Basis of consolidation

Subsidiaries are those entities in which dnata has the power to govern the entity's operating and financial policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to dnata and are no longer consolidated from the date on which control ceases. All material inter-company transactions, balances and unrealised gains and losses arising on transactions between dnata and its subsidiaries are eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred and liabilities incurred or assumed. Acquisition-related costs are expensed as incurred. Identifiable assets including intangible assets acquired, liabilities and contingent liabilities, if any incurred or assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis any non-controlling interests in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. Summary of significant accounting policies (continued)

Transactions with non-controlling interests are treated as transactions with the equity Owner of dnata. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Associated companies are those entities in which dnata has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investment in associated companies are accounted for by applying the equity method and includes goodwill (net of accumulated impairment loss, if any) identified on acquisition.

Joint ventures are contractual arrangements which establish joint control. Investments in jointly controlled entities are accounted for by applying the equity method and includes goodwill (net of accumulated impairment loss, if any) identified on acquisition.

All material unrealised gains and losses arising on transactions between dnata and its associated companies and joint ventures are eliminated to the extent of dnata's interest.

Accounting policies of subsidiaries, associated companies and joint ventures have been changed where necessary to ensure consistency with dnata's accounting policies.

When control or significant influence ceases, the retained interest in the entity is remeasured to fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the related assets and liabilities have been directly disposed of. This could result in amounts previously recognised in other comprehensive income being reclassified to profit or loss. If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

dnata has changed its accounting policy for transactions with non-controlling interests and the accounting for the loss of control or significant influence from 1 April 2010 when revised IAS 27, Consolidated and separate financial statements, became applicable. The revision to IAS 27 contained consequential amendments to IAS 28, Investments in associates and IAS 31, Interests in joint ventures.

Previously transactions with non-controlling interests were treated as transactions with external parties. Disposals therefore resulted in gains or losses that were recorded in the consolidated income statement while purchases resulted in the recognition of goodwill.

Previously, when dnata ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial asset.

The new policy has been applied prospectively to transactions occurring on or after 1 April 2010 and no adjustments have been made to any of the amounts previously recognised in the consolidated financial statements.

Revenue

Revenue from services other than from information technology services is stated net of value-added taxes, rebates and discounts, and is recognised on the performance of services.

Revenue from information technology services is recognised as services are rendered for time-and-material contracts and as per the percentage-of-completion method with reference to the stage of completion for software implementation services.

Revenue from sale of goods is recognised when the risks and rewards of ownership are transferred to the customer and is stated net of discounts.

Interest income is recognised on a time proportion basis using the effective interest rate method.

2. Summary of significant accounting policies (continued)

Foreign currency translation

dnata's consolidated financial statements are presented in UAE Dirhams (AED), which is also the parent company's functional currency. Subsidiaries determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency.

Foreign currency transactions are translated into the functional currency, at exchange rates approximating to those ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rates ruling at the end of the reporting period. The resultant foreign exchange gains and losses are recognised in the consolidated income statement.

Income statements and cash flows of subsidiaries are translated into UAE Dirhams at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange rates ruling on the end of the reporting period. Share of results in associated companies and joint ventures are translated into UAE Dirhams at average exchange rates for the year.

Translation differences relating to investments in associated companies, joint ventures, subsidiaries and foreign currency borrowings that provide a hedge against a net investment in a foreign entity and monetary assets and liabilities that form part of net investment in foreign operation are classified as a translation reserve in equity until the disposal of the investment, when the translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates ruling on the end of the reporting period.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow and the cost can be reliably measured. Repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Land is not depreciated. Depreciation is calculated on other items of property, plant and equipment so as to write off the cost of property, plant and equipment on a straight line basis over the estimated useful life of the assets concerned. The estimated useful lives are:

Buildings	5 - 33 years
Leasehold property	over the remaining term of the lease
Plant and machinery	4 - 15 years
Office equipment and furniture	3 - 6 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

When the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment charges.

Capital projects are stated at cost. When the asset is ready for its intended use, it is transferred from capital projects to the appropriate category under property, plant and equipment and depreciated in accordance with dnata's policies.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and recognised in the consolidated income statement.

2. Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of dnata's share of the identifiable net assets acquired in its subsidiaries at the date of acquisition. Goodwill is presented within intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to cash generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised when the carrying value of the cash generating unit exceeds its recoverable amount. Impairment loss on goodwill is not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Computer software is capitalised at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure. Customer relationships and contractual rights are recognised on acquisition at fair values.

When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of the impairment loss. Intangible assets are amortised on a straight-line basis over the estimated useful lives, which are:

Computer software	5 years
Customer relationships	3 - 5 years
Contractual rights	over the term of the rights

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such amounts are initially recognised at fair value including transaction costs and carried at amortised cost using the effective interest method. The amounts are derecognised when rights to receive cash flows have expired or have been transferred along with substantially all the risks and rewards of ownership.

At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. Where necessary the carrying amount is written down through the consolidated income statement to the present value of expected future cash flows discounted at the effective interest rate computed at initial recognition.

Finance and operating leases

Where property, plant and equipment have been financed by lease agreements under which substantially all of the risks and rewards incidental to ownership are transferred to dnata, they are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or 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. The interest element is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Property, plant and equipment acquired under finance leases are depreciated in accordance with dnata's policies.

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis except for food and beverage inventory which is determined on a first-in-first-out basis.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment of these receivables. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the consolidated income statement over the period of the borrowing using the effective interest rate method.

Provisions

Provisions are recognised when dnata has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Retirement benefit obligations

dnata operates or participates in various end of service benefit plans, which are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which dnata pays fixed contributions and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date, together with adjustments for unrecognised past-service costs and unamortised actuarial gains and losses. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions that are in excess of the corridor limits determined in accordance with IAS 19, are amortised to the consolidated income statement over a period of three years.

2. Summary of significant accounting policies (continued)

Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where dnata's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by dnata and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise all cash and liquid funds with an original maturity of three months or less and bank overdrafts. Other bank deposits with maturity less than a year are classified as short term bank deposits. Bank overdrafts, if any, are shown within current liabilities in the consolidated statement of financial position.

Dividend distribution

Dividend distribution to dnata's Owner is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

3. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements, a number of estimates and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets and liabilities and income and expense. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following discussion addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Valuation of intangible assets on acquisition

For each acquisition management assesses the fair value of intangible assets acquired. The instance where individual fair values of assets in a group are not reliably measurable, a single asset separate from goodwill is recognised. Where an active market does not exist for an intangible asset, fair values are established using valuation techniques e.g. discounting future cash flows from the asset. In the process, estimates are made of the future cash flows, the useful life and the discount rate based on management's experience and expectation at the time of acquisition.

Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use of assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management has reviewed the residual value and useful lives of major items of property, plant and equipment and determined that no adjustment is necessary.

Amortisation of intangible assets

Management assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and the historical experience. Subsequent changes in circumstances such as technological advances, changes in the terms of the underlying contracts or prospective utilisation of the assets concerned could result in the useful lives or residual values differing from initial estimates. Management has reviewed the residual values and useful lives of major intangible assets and determined that no adjustment is necessary.

Impairment of investment in associated companies and joint ventures (equity accounted investments)

Management applies the guidance in IAS 39 to identify if potential impairment exists for its equity accounted investments. At the end of each reporting period, an assessment is made whether there is any objective evidence of impairment. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. Calculating the value-in-use implies obtaining cash flow forecasts from the management of the equity accounted investments. Publicly listed companies often operate under restrictions due to the applicable listing regulations on disclosure of information to a selective group of shareholders. Thus, for such investments management develops its own estimated cash flows using publicly available data or analyst forecasts, as appropriate.

4. Revenue

	2011 AED m	2010 AED m
Services		
Airport operations	1,980	1,627
Cargo	882	607
Information technology	546	526
Agency commission	243	234
Other	84	20
	3,735	**3,014**
Sale of goods		
In-flight catering	576	107
Other	16	-
	592	**107**
	4,327	**3,121**

5. Operating costs

	2011 AED m	2010 AED m
Employee (see below)	2,032	1,387
Airport operations and cargo - other direct costs	582	442
Depreciation and amortisation	260	243
Cost of goods sold	241	35
Office accommodation	216	106
Information technology infrastructure costs	198	178
Operating lease rentals	53	49
Corporate overheads	324	161
	3,906	**2,601**

Employee costs include AED 71 m (2010: AED 56 m) in respect of post-employment benefits and AED 135 m (2010: AED 33 m) in respect of an employee profit share scheme.

6. Finance income and costs

	2011 AED m	2010 AED m
Finance income:		
Interest income	**85**	**54**
Finance costs:		
Interest charges	**(17)**	**(14)**

7. Income tax expense

	2011 AED m	2010 AED m
The components of income tax expense are:		
Current tax	22	14
Deferred tax credit (Note 18)	(11)	(9)
	11	**5**

Income tax relates only to subsidiary companies which are subject to tax.

8. Property, plant and equipment

	Land, Buildings and leasehold property AED m	Plant and machinery AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2009	484	543	901	29	9	1,966
Acquisition (Note 27)	16	115	14	2	-	147
Additions	-	14	26	2	6	48
Currency translation differences	19	-	-	2	-	21
Transfer from capital projects	-	-	11	-	(11)	-
Disposals / write off	-	(24)	(42)	(2)	-	(68)
31 March 2010	**519**	**648**	**910**	**33**	**4**	**2,114**
Depreciation						
1 April 2009	97	380	630	18	-	1,125
Acquisition (Note 27)	10	78	14	2	-	104
Charge for the year	23	61	101	4	-	189
Currency translation differences	1	(2)	1	-	-	-
Disposals / write off	-	(22)	(35)	(1)	-	(58)
31 March 2010	**131**	**495**	**711**	**23**	**-**	**1,360**
Net book amount						
31 March 2010	**388**	**153**	**199**	**10**	**4**	**754**

8. Property, plant and equipment (continued)

	Land, Buildings and leasehold property AED m	Plant and machinery AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2010	519	648	910	33	4	2,114
Acquisition (Note 27)	398	453	56	15	4	926
Additions	6	40	79	3	30	158
Currency translation differences	37	30	2	(1)	1	69
Transfer from capital projects	5	3	1	-	(9)	-
Disposals / write off	-	(11)	(41)	(2)	-	(54)
31 March 2011	**965**	**1,163**	**1,007**	**48**	**30**	**3,213**
Depreciation						
1 April 2010	131	495	711	23	-	1,360
Acquisition (Note 27)	182	312	44	11	-	549
Charge for the year	28	64	95	4	-	191
Currency translation differences	8	19	-	1	-	28
Disposals / write off	-	(10)	(35)	(2)	-	(47)
31 March 2011	**349**	**880**	**815**	**37**	**-**	**2,081**
Net book amount						
31 March 2011	**616**	**283**	**192**	**11**	**30**	**1,132**

The net book amount of property, plant and equipment includes AED 41 m (2010: AED Nil) in respect of plant and machinery held under finance leases.

Land of AED 24 m (2010: AED Nil) is carried at cost and is not depreciated.

9. Intangible assets

	Goodwill AED m	Computer software AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
Cost					
1 April 2009	302	141	12	360	815
Additions	-	24	-	-	24
Currency translation differences	23	1	-	26	50
31 March 2010	**325**	**166**	**12**	**386**	**889**
Amortisation					
1 April 2009	-	88	5	74	167
Charge for the year	-	14	2	38	54
Currency translation differences	-	-	-	6	6
31 March 2010	**-**	**102**	**7**	**118**	**227**
Net book amount					
31 March 2010	**325**	**64**	**5**	**268**	**662**

9. Intangible assets (continued)

	Goodwill AED m	Computer software AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
Cost					
1 April 2010	325	166	12	386	889
Acquisition (Note 27)	464	12	-	243	719
Additions	-	58	-	-	58
Currency translation differences	58	1	-	62	121
Disposals / write off	-	(1)	-	-	(1)
31 March 2011	**847**	**236**	**12**	**691**	**1,786**
Amortisation					
1 April 2010	-	102	7	118	227
Acquisition (Note 27)	-	11	-	-	11
Charge for the year	-	20	4	45	69
Currency translation differences	-	1	-	20	21
31 March 2011	**-**	**134**	**11**	**183**	**328**
Net book amount					
31 March 2011	**847**	**102**	**1**	**508**	**1,458**

Computer software includes an amount of AED 36 m (2010: AED 34 m) in respect of projects under implementation.

For the purpose of testing goodwill for impairment, goodwill amounting to AED 99 m (2010: AED 89 m) is allocated to the airport services cash generating unit in Singapore, AED 269 m (2010: AED 233 m) is allocated to the airport services cash generating unit in Switzerland and AED 476 m (2010: AED Nil) is allocated to the in-flight catering services cash generating unit. The recoverable amount for the cash generating unit has been determined on the basis of value-in-use calculations.

The key assumptions used in the value-in-use calculations include a risk adjusted discount rate, growth rates based on management's expectations for market development and historical gross margins of 24%,19% and 10% for Singapore, Switzerland and in-flight catering services cash generating units respectively. Cash flow projections for these cash generating units are based on forecasts approved by management covering a five year period and discount rates of 10%, 8.5% and 8% per annum respectively. Cash flows beyond the five year period have been extrapolated using growth rates of 3%, 2% and 2% respectively. These growth rates do not exceed the long term average growth rate for the markets in which these cash generating units operate.

Goodwill allocated to the travel agency cash generating unit amounts to AED 3 m (2010: AED 3 m) and the management is of the opinion that this goodwill is not impaired.

10. Investments in subsidiaries, associated companies and joint ventures

Principal subsidiaries

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Dnata Travel (UK) Ltd.	100	Travel agency	United Kingdom
Dnata Inc.	100	Aircraft handling services	Philippines
Dnata International Airport Services Pte Ltd.	100	Investment company	Singapore
Changi International Airport Services Pte Ltd.	100	Aircraft handling and catering services	Singapore
MMI Travel L.L.C.	100	Travel agency	United Arab Emirates
Dnata Gmbh	100	Investment company	Austria
Dnata Switzerland AG	100	Aircraft handling services	Switzerland
Al Hidaya Travel WLL	90	Travel agency	Bahrain
Cleopatra WLL	90	Travel agency	Bahrain
Dnata Aviation Services Ltd.	100	Investment company	United Kingdom
Plane Handling Ltd.	100	Aircraft handling services	United Kingdom
Incorporated during the year:			
Mercator Asia Ltd.	100	Information Technology services	Thailand
Dnata for Airport Services Ltd.	100	Aircraft handling services	Iraq
Dnata Catering Services Ltd.	100	Investment company	United Kingdom
Acquired during the year:			
Alpha Flight Group Ltd.	100	In-flight catering services	United Kingdom
Alpha Flight UK Ltd.	100	In-flight catering services	United Kingdom
Alpha Services Pty Limited	100	In-flight catering services	Australia
Alpha Flight Services BV	100	In-flight catering services	Netherlands
Alpha Flight Ireland Limited	100	In-flight catering services	Ireland
Alpha Airport Services EOOD	100	In-flight catering services	Bulgaria
Alpha Flight a.s	100	In-flight catering services	Czech Republic
Alpha Flight U.S L.L.C	100	In-flight catering services	United States of America
Alpha Rocas SA	64.2	In-flight catering services	Romania
Alpha Flight Services UAE	49	In-flight catering services	United Arab Emirates
Jordan Flight Catering Company Ltd.	35.9	In-flight catering services	Jordan

Dnata Aviation Services Ltd was incorporated and Plane Handling Ltd was acquired during the previous year.

10. Investments in subsidiaries, associated companies and joint ventures (continued)

Alpha Flight Services UAE and Jordan Flight Catering Company Ltd qualify as subsidiaries as overall control is exercised by dnata, therefore results of these companies are consolidated. Beneficial interest in Dnata for Airport Services Ltd is 80%.

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal associated companies			
Dubai Express L.L.C.	50	Freight clearing and forwarding	United Arab Emirates
Gerry's Dnata (Private) Ltd.	50	Aircraft handling services	Pakistan
Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd.	20	Aircraft handling services	China
Xi'an Dnata Aviation Services Co Ltd.	45	Aircraft handling services	China
Oman United Agencies Travel L.L.C.	50	Corporate Travel services	Oman
Hogg Robinson Group Plc	23.2	Corporate Travel services	United Kingdom
Mindpearl AG	49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd.	49	Contact centre operations	South Africa
Principal joint ventures			
Dnata-PWC Airport Logistics L.L.C.	50	Logistics services	United Arab Emirates
Dnata Saudi Travel Agency	70	Travel agency	Saudi Arabia
Transguard Group L.L.C.	100	Security services	United Arab Emirates
Toll Dnata Airport Services	50	Aircraft handling services	Australia
Dunya Travel L.L.C.	50	Travel agency	United Arab Emirates
SDV (UAE) L.L.C.	25.5	Logistics services	United Arab Emirates
Najm Travel	50	Travel agency	Afghanistan
Al Tawfeeq Travels L.L.C	50	Travel agency	Qatar
Acquired during the year:			
Servair Air Chef srl	50	In-flight catering services	Italy

The investment in Al Tawfeeq Travels L.L.C was made during the previous year. The beneficial interest in Transguard Group L.L.C is 50% and is subject to joint control. The percentage of equity owned in Dnata Saudi Travel Agency changed during the year to 70% from 50% and is subject to joint control.

10. Investments in subsidiaries, associated companies and joint ventures (continued)

Movement of investments in associated companies and joint ventures

	2011 AED m	2010 AED m
Balance brought forward	**483**	**468**
Acquisition (Note 27)	45	-
Investments during the year	5	4
Share of results	8	19
Share of other comprehensive income	(4)	(6)
Dividends	(18)	(14)
Currency translation differences	19	12
Balance carried forward	**538**	**483**

The carrying value of the investments in associated companies amounted to AED 251 m (2010: AED 245 m) and the share of results amounted to AED 6 m (2010: AED 14 m). The investments in associated companies and joint ventures include a quoted investment, the fair value of which amounts to AED 243 m (2010: AED 126 m) at the end of the reporting period.

The financial statements of an associated company have been drawn from 1 January 2010 to 31 December 2010 to comply with the accelerated reporting timetable of dnata. For the purpose of applying the equity method of accounting and disclosures, the financial statements as drawn above have been used and appropriate adjustments have been made, where necessary, for the effect of significant events between 1 January 2011 and 31 March 2011.

Summarised financial information in respect of associated companies is set out below:

	2011 AED m	2010 AED m
Total assets	3,467	3,313
Total liabilities	2,512	2,389
Net assets	955	922
Revenue	2,410	2,272
Profit for the year	40	30

Summarised financial information in respect of dnata's share in joint ventures are set out below:

	2011 AED m	2010 AED m
Non-current assets	301	303
Current assets	274	207
Non-current liabilities	82	174
Current liabilities	206	98
Total income	596	409
Total expense	594	404

11. Advance lease rentals

	2011 AED m	2010 AED m
Balance brought forward	**26**	**25**
Charge for the year	(1)	(1)
Currency translation differences	3	2
Balance carried forward	**28**	**26**

12. Inventories

	2011 AED m	2010 AED m
Plant and machinery - spares and consumables	18	18
Food and beverage	54	2
Other	16	5
	88	**25**

13. Trade and other receivables

	2011 AED m	2010 AED m
Trade receivables - net of provision	717	479
Prepayments	89	64
Related parties (Note 25)	156	54
Deposits and other receivables	195	100
	1,157	**697**

The impairment charge on trade receivables recognised in the consolidated income statement during the year mainly relates to commercial, travel agency and airline customers who are in unexpected difficult economic situations and are unable to meet their obligations. This charge is included in operating costs. Amounts charged to the provision account are written off when there is no expectation of further recovery.

Movements in the provision for impairment of trade receivables are as follows:

	2011 AED m	2010 AED m
Balance brought forward	**25**	**21**
Acquisition	9	-
Charge for the year	25	16
Unused amounts reversed	(12)	(12)
Amounts written off as uncollectible	(4)	-
Currency translation differences	2	-
Balance carried forward	**45**	**25**

The other classes of trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk of current trade and other receivables at the reporting date is the carrying value of each class of receivable mentioned above.

Ageing of receivables that are past due but not impaired is as follows:

	2011 AED m	2010 AED m
Below 3 months	329	218
3-6 months	22	19
Above 6 months	61	59
	412	**296**

14. Capital

Capital represents the permanent capital of dnata.

15. Retirement benefit obligations

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 March 2011, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements.

The liabilities recognised in the consolidated statement of financial position are:

	2011 AED m	2010 AED m
Funded scheme		
Present value of defined benefit obligations	135	50
Less: Fair value of plan assets	(126)	(48)
	9	**2**
Unfunded scheme		
Present value of defined benefit obligations	234	195
Unamortised actuarial gains / (losses)	(24)	1
	210	**196**
Liability recognised in consolidated statement of financial position	**219**	**198**

(i) Funded scheme

Plan 1

Senior employees based in the UAE participate in a defined benefit provident scheme to which dnata contributes a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a monthly basis irrespective of fund performance and are not pooled, but are separately identifiable and attributable to each participant. The fund comprises a diverse mix of managed funds and investment decisions are controlled directly by the participating employees.

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, dnata pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives between seventy five and one hundred percent of their fund balance. Vested assets of the scheme are not available to dnata or its creditors in any circumstances.

The present value of obligation and fair value of plan assets are as follows:

	2011 AED m	2010 AED m
Present value of funded defined benefit obligations	61	50
Fair value of plan assets	58	48
	3	**2**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 5.0% (2010: 5.0%) and a discount rate of 6.0% (2010: 6.0%) per annum. The present values of the defined benefit obligations at 31 March 2011 were computed using the actuarial assumptions set out above.

The liability of AED 3 m (2010: AED 2 m) represents the amount that will not be settled from plan assets and is calculated as the excess of the present value of the defined benefit obligation for an individual employee over the fair value of the employee's plan assets at the end of the reporting period.

Contributions received include the transfer of accumulated benefits from unfunded schemes.

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

15. Retirement benefit obligations (continued)

Plan 2

Employees of a group subsidiary, acquired during the year and based in the Netherlands participate in a defined benefit pension plan, which is funded by way of contributions to an insurance policy. The present value of obligation and fair value of plan assets of the subsidiary are as follows:

	2011 AED m	2010 AED m
Present value of funded defined benefit obligations	74	-
Fair value of plan assets	68	-
	6	**-**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 2.5% and a discount rate of 4.9% per annum. The present values of the defined benefit obligations at 31 March 2011 were computed using the last annual assessment carried out at the acquisition date and using actuarial assumptions set out above. The assets of the plan are wholly invested in insurance contracts.

The movement in the fair value of the plan assets for both plans is:

	2011 AED m	2010 AED m
Balance brought forward	**48**	**38**
Acquisition	64	-
Contributions received	11	9
Benefits paid	(4)	(7)
Change in fair value	4	8
Currency translation differences	3	-
Balance carried forward	**126**	**48**

dnata expects to contribute approximately AED 10 m for existing plan members during the year ended 31 March 2012.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or other defined contribution plans follow relevant local regulations, which are mainly based on periods of cumulative service and levels of employees' final basic salary. The liability recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for past-service costs and unamortised actuarial gains.

The movement in the defined benefit obligation is:

	2011 AED m	2010 AED m
Balance brought forward	**195**	**187**
Acquisition	4	-
Current service cost	17	12
Interest cost	12	11
Payments made during the year	(18)	(15)
Balance carried forward	**210**	**195**

Payments made during the year include the transfer of accumulated benefits to dnata's funded scheme.

15. Retirement benefit obligations (continued)

The total amount recognised in the consolidated income statement is as follows:

	2011 AED m	2010 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	9	8
Net change in the present value of defined benefit obligations over plan assets	-	(2)
	9	**6**
Unfunded scheme		
Current service cost	17	12
Interest cost	12	11
	29	**23**
Defined contribution plan		
Contributions expensed	**33**	**27**
Recognised in the consolidated income statement	**71**	**56**

16. Borrowings and lease liabilities

	2011 AED m	2010 AED m
Non-current		
Term loans	658	383
Lease liabilities	16	-
	674	**383**
Current		
Term loans	97	61
Lease liabilities	11	-
	108	**61**
	782	**444**

Borrowings and lease liabilities are denominated in the following currencies:

	2011 AED m	2010 AED m
Sterling Pound	346	-
Swiss Francs	274	261
Singapore Dollars	162	182
Others	-	1

(a) Term loans

	2011 AED m	2010 AED m
Movement in the term loans are as follows:		
Balance brought forward	**445**	**469**
Acquisitions	315	-
Additions	-	1
Repayments	(64)	(60)
Currency translation differences	64	35
	760	**445**
Unamortised transaction costs	(5)	(1)
Balance carried forward	**755**	**444**
Term loans are repayable as follows:		
Within one year	**97**	**61**
Between 2 and 5 years	523	242
After 5 years	135	141
Total over one year	**658**	**383**
Loans are denominated in the following currencies:		
Sterling Pound	319	-
Swiss Francs	274	261
Singapore Dollars	162	182
Others	-	1

16. Borrowings and lease liabilities (continued)

A term loan amounting to AED 163 m (2010: AED 183 m) is secured by a charge on the shares of Changi International Airport Services (International) Pte Ltd. (a subsidiary of Dnata International Airport Services Pte Ltd.) and Changi International Airport Services Pte Ltd. A corporate guarantee has also been provided by dnata for the total value of the term loans.

Contractual repricing dates are set at six month intervals. The effective interest rate on the term loans was 2.7% (2010: 2.8%) per annum. The carrying amounts of the term loans approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for contractual pricing.

The term loan in Swiss Francs is designated as a hedge of the net investment in Dnata Switzerland AG. The foreign exchange gain or loss on translation of the loan at the end of the reporting period is recognised in the translation reserve in equity.

(b) Lease liabilities

	2011 AED m	2010 AED m
Gross lease liabilities:		
Within one year	13	-
Between 2 and 5 years	18	-
	31	**-**
Future interest	(4)	-
Present value of finance lease liabilities	**27**	**-**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**11**	**-**
Between 2 and 5 years	16	-
Total over one year	**16**	**-**

The present value of finance lease liabilities are denominated in Sterling Pound.

The lease liabilities are secured on the related plant and machinery.

The carrying amount of lease liabilities approximates its fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve for the remaining term to maturities and currencies adjusted for credit spread.

17. Other provisions

	Dilapi-dations AED m	Onerous contracts AED m	Others AED m	Total AED m
1 April 2010	**-**	**-**	**-**	**-**
Acquisition (Note 27)	29	10	19	58
Currency translation differences	1	-	-	1
31 March 2011	**30**	**10**	**19**	**59**

Provisions are expected to be used as follows:

	2011 AED m	2010 AED m
Within one year	23	-
Over one year	36	-
31 March 2011	**59**	**-**

The provision for dilapidations represents an estimate of the costs of restoring certain leasehold properties to their original condition at the end of the lease term discounted at the applicable weighted average cost of capital.

The provision for onerous contracts represents an estimate of unavoidable net costs accruing on contracts, discounted at the applicable weighted average cost of capital.

18. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same income tax authority. The offset amounts are as follows:

	2011 AED m	2010 AED m
Deferred income tax assets	18	8
Deferred income tax liabilities	(148)	(91)
	(130)	**(83)**
The movement in the deferred tax account is as follows:		
Balance brought forward	**(83)**	**(92)**
Acquisition (Note 27)	(47)	8
Credited to the consolidated income statement	11	9
Currency translation differences	(11)	(8)
Balance carried forward	**(130)**	**(83)**

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities

	Property, plant and equipment AED m	Intangible assets AED m	Other AED m	Total AED m
1 April 2009	**(33)**	**(59)**	**(2)**	**(94)**
Credited to the consolidated income statement	1	8	-	9
Currency translation differences	(3)	(4)	-	(7)
31 March 2010	**(35)**	**(55)**	**(2)**	**(92)**
Acquisition (Note 27)	(8)	(49)	-	(57)
Credited to the consolidated income statement	2	9	-	11
Currency translation differences	(4)	(7)	-	(11)
31 March 2011	**(45)**	**(102)**	**(2)**	**(149)**

Deferred income tax assets

	Tax losses AED m	Provisions AED m	Property, plant and equipment AED m	Total AED m
1 April 2009	**1**	**1**	**-**	**2**
Acquisition (Note 27)	-	-	8	8
Currency translation differences	-	-	(1)	(1)
31 March 2010	**1**	**1**	**7**	**9**
Acquisition (Note 27)	10	-	-	10
Currency translation differences	1	-	(1)	-
31 March 2011	**12**	**1**	**6**	**19**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 86 m (2010: Nil).

19. Trade and other payables

	2011 AED m	2010 AED m
Trade payables and accruals	1,089	474
Related parties (Note 25)	20	26
Employee leave pay	93	66
Airlines	113	109
Customer deposits	22	20
Dividend payable	500	-
	1,837	**695**

20. Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	2011 AED m	2010 AED m
Less than 1 year	46	33
Between 2 and 5 years	122	60
After 5 years	264	235
	432	**328**

21. Capital commitments

	2011 AED m	2010 AED m
Authorised and contracted	74	33
Authorised but not contracted	403	358
	477	**391**

22. Guarantees

	2011 AED m	2010 AED m
Guarantees provided by dnata's bankers in the normal course of business	**68**	**18**

23. Short term bank deposits, cash and cash equivalents

	2011 AED m	2010 AED m
Short term bank deposits	1,894	1,875
Cash and bank	157	107
Cash and bank balances	**2,051**	**1,982**
Less: Short term bank deposits over 3 months	(586)	-
Cash and cash equivalents	**1,465**	**1,982**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 4.0% (2010: 3.2%) per annum.

24. Classification of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Description	Loans and receivables AED m	Financial liabilities at amortised cost AED m	Total AED m
2010			
Assets			
Loans to related parties (non-current)	1	-	1
Trade and other receivables (excluding prepayments)	633	-	633
Cash and cash equivalents	1,982	-	1,982
Total	**2,616**	**-**	**2,616**
Liabilities			
Borrowings and lease liabilities	-	444	444
Trade and other payables (excluding customer deposits)	-	675	675
Total	**-**	**1,119**	**1,119**
2011			
Assets			
Loans to related parties (non-current)	1	-	1
Trade and other receivables (excluding prepayments)	1,068	-	1,068
Short term bank deposits	586	-	586
Cash and cash equivalents	1,465	-	1,465
Total	**3,120**	**-**	**3,120**
Liabilities			
Borrowings and lease liabilities	-	782	782
Trade and other payables (excluding customer deposits)	-	1,815	1,815
Total	**-**	**2,597**	**2,597**

25. Related party transactions

The following transactions were carried out with related parties:

Trading transactions

	2011 AED m	2010 AED m
(i) Sale / purchase of goods and services		
Sale		
Sale of goods - Companies under common control	103	37
Services rendered - Associated companies	14	11
Services rendered - Joint ventures	10	4
Services rendered - Companies under common control	1,308	1,136
	1,435	**1,188**
Purchase		
Purchase of goods - Companies under common control	8	6
Services received - Associated companies	1	1
Services received - Joint ventures	122	66
Services received - Companies under common control	38	38
	169	**111**
(ii) Year end balances arising from sale / purchase of goods and / or services		
Receivables from related parties (Note 13)		
Associated companies	3	1
Joint ventures	15	4
Companies under common control	95	24
	113	**29**
Payables to related parties (Note 19)		
Joint ventures	17	5
Companies under common control	3	21
	20	**26**

The amounts outstanding at year end are unsecured and will be settled in cash.

Other transactions

	2011 AED m	2010 AED m
(i) Compensation to key management personnel		
Salaries and short-term employee benefits	29	24
Post-employment benefits	3	2
	32	**26**
(ii) Loans		
Associated companies	6	4
Joint ventures	38	22
	44	**26**
Movement in the loans were as follows:		
Balance brought forward	**26**	**24**
Additions	31	2
Currency translation differences	2	-
Repayments	(15)	-
Balance carried forward	**44**	**26**
Within one year (Note 13)	**43**	**25**
Total over one year	**1**	**1**

The loans earned effective interest of 6.5% (2010: 5.4%) except for loans amounting to AED 1 m (2010: AED 8 m) which were interest free.

(iii) Purchase of shares from non controlling interest

	2011 AED m	2010 AED m
Companies under common control	**82**	**-**

26. Financial risk management

dnata has limited exposure to financial risks by virtue of the nature of its operations. In the areas where financial risks exist, the aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on dnata's financial position.

dnata's risk management procedures are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. dnata reviews its risk management procedures and systems on a regular basis to reflect changes in markets.

Risk management is carried out by Corporate Treasury under procedures that are approved by a steering group comprising of senior management. Corporate Treasury identifies and evaluates opportunities for hedging financial risks in close cooperation with the operating units. Senior management is also responsible for the review of risk management and the control environment. The various financial risk elements are discussed below.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risks relevant to dnata's operations are interest rate risk and currency risk.

Interest rate risk

dnata is exposed to the effects of fluctuations in the prevailing levels of interest rates on its long term borrowings and cash surpluses placed on short term deposits. Cash surpluses are primarily held in UAE Dirhams, the functional currency and US Dollars to which the UAE Dirham is pegged.

Long term borrowings have been taken at variable rates and thus expose dnata to cash flow interest rate risk. No hedging cover is taken due to the stable interest rate environment that exists in the countries where the loans are contracted. The key reference rates based on which interest costs are determined are CHF LIBOR for Swiss Francs, GBP LIBOR for Sterling Pounds and SIBOR for Singapore Dollars. Summarised quantitative data is available in Note 16 for interest cost exposures.

Currency risk

dnata is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its long term debt obligations denominated in Singapore Dollars, Swiss Francs and Sterling Pounds. Cash flows from the Singapore, Switzerland and United Kingdom operations are adequate to meet the repayment schedules.

The following sensitivity analysis shows how profit and equity would change if the market risk variables had been different at the end of the reporting period with all other variables held constant and has been computed on the basis of assumptions and indices used and considered by other market participants.

	2011		2010	
	Effect on profit AED m	Effect on equity AED m	Effect on profit AED m	Effect on equity AED m
Interest cost				
- 100 basis points				
Singapore Dollars	2	2	2	2
Swiss Francs	3	3	3	3
Sterling Pounds	1	1	-	-
	6	**6**	**5**	**5**
+ 100 basis points				
Singapore Dollars	(2)	(2)	(2)	(2)
Swiss Francs	(3)	(3)	(3)	(3)
Sterling Pounds	(1)	(1)	-	-
	(6)	**(6)**	**(5)**	**(5)**
Interest income				
- 100 basis points	(1)	(1)	(1)	(1)
+ 100 basis points	1	1	1	1
Currency - Singapore Dollars				
+ 1%	-	(2)	-	(2)
- 1%	-	2	-	2
Currency - Swiss Francs				
+ 1%	-	(3)	-	(3)
- 1%	-	3	-	3

26. Financial risk management (continued)

	2011		2010	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
	AED m	AED m	AED m	AED m
Currency - Sterling Pounds				
+ 1%	-	(3)	-	-
- 1%	-	3	-	-

(ii) Credit risk

dnata is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to dnata by failing to discharge an obligation. Financial assets which potentially subject dnata to credit risk consist principally of deposits with banks and trade receivables. dnata uses external ratings such as Standard & Poor's, Moody's or their equivalent in order to measure and monitor its credit risk exposures to financial institutions. In the absence of independent ratings, credit quality is assessed based on the counterparty's financial position, past experience and other factors.

dnata manages limits and controls concentration of risk wherever they are identified. Exposure to credit risk is managed through regular analysis of the ability of counterparties and potential counterparties to meet their obligations and by changing their limits where appropriate. Approximately 62% (2010: 81%) of cash and bank balances are held with financial institutions under common control.

Policies are in place to ensure that sales are made to customers with an appropriate credit history failing which an appropriate level of security is obtained, where necessary sales are made on cash terms. Credit limits are also imposed to cap exposure to a customer.

The table below presents an analysis of short term bank deposits and cash and cash equivalents by rating agency designation at the end of reporting period based on Standard & Poor's ratings or its equivalent for the main banking relationships:

	2011	2010
	AED m	AED m
AA- to AA+	2	18
A- to A+	1,799	1,918
Lower than A-	198	-

(iii) Liquidity risk

Liquidity risk is the risk that dnata is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

dnata's liquidity management process includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature. dnata maintains diversified credit lines to enable this to happen.
- Maintaining rolling forecasts of dnata's liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios against internal and external regulatory requirements.
- Maintaining debt financing plans.

Sources of liquidity are regularly reviewed as required by senior management to maintain a diversification by geography, provider, product and term.

Summarised below in the table is the maturity profile of financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Description	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2011				
Borrowings and lease liabilities	119	505	225	849
Trade and other payables (excluding customer deposits)	1,815	-	-	1,815
	1,934	**505**	**225**	**2,664**
2010				
Borrowings and lease liabilities	73	188	235	496
Trade and other payables (excluding customer deposits)	675	-	-	675
	748	**188**	**235**	**1,171**

27. Business combinations

On 31 December 2010, dnata acquired 100% of the shares in Alpha Flight Group Limited (Alpha), through its wholly-owned subsidiary Dnata Catering Services Limited. Alpha is a leading international in-flight catering business operating at 61 airports in 11 countries.

Alpha has various direct and indirect subsidiaries including those where the ownership interests are less than 100%. The non-controlling interests in such subsidiaries are measured at their proportionate share of the net assets acquired.

The assets and liabilities arising from the acquisition of the subsidiary are as follows:

	Recognised on acquisition AED m
Property, plant and equipment (Note 8)	377
Intangible assets (Note 9)	244
Investments in associated companies and joint venture (Note 10)	45
Deferred tax assets (Note 18)	10
Other current assets	383
Cash and cash equivalents	55
Borrowings and lease liabilities	(341)
Retirement benefit obligations	(10)
Other provisions (Note 17)	(58)
Deferred tax liabilities (Note 18)	(57)
Current liabilities	(368)
Fair value of net assets acquired	**280**
Less: Non controlling interest	(146)
dnata's share of net assets acquired	**134**
Goodwill (Note 9)	464
Total purchase consideration	**598**
Less: Cash and cash equivalents acquired	(55)
Cash outflow on acquisition	**543**

Costs of acquisition amounting to AED 7 m is included under operating costs.

The goodwill is attributable to the profitability of the acquired business and expected synergies with companies under common control. The acquisition of Alpha represents a significant expansion of dnata's existing in-flight catering operations and reflects dnata's strategic aim to provide a broad range of high quality travel and aviation services, including airport ground handling, cargo handling, travel services and IT solutions as well as in-flight catering.

At the acquisition date, Alpha owned 51% of Alpha Australia Pty Limited (Alpha Australia), the in-flight catering subsidiary in Australia. Subsequent to the acquisition, dnata bought the non-controlling interest of 49%. This transaction is accounted as an equity transaction and presented in the statement of changes in equity as transaction with owners.

The acquired business (including 100% ownership in Alpha Australia) contributed revenue of AED 465 m and a loss of AED 5 m from the acquisition date to 31 March 2011. If the acquisition had taken place at the beginning of the year, the revenue and profit would have been AED 2,143 m and AED 108 m respectively.

27. Business combinations (continued)

In the previous year, dnata acquired, through its subsidiary Dnata Aviation Services Ltd., 100% of the shares in Plane Handling Ltd. and certain assets of Aviance Limited, which were subsequently integrated into Plane Handling Ltd. The acquired business contributed revenue of AED 76 m and profit of AED Nil from the acquisition date to 31 March 2010. The principal activities of Plane Handling Ltd. is to provide aircraft and cargo handling services at London Heathrow, Manchester and Glasgow airports in the United Kingdom.

The assets and liabilities arising from the acquisition of the subsidiary are as follows:

	Recognised on acquisition AED m
Property, plant and equipment (Note 8)	43
Deferred tax assets (Note 18)	8
Other current assets	79
Current liabilities	(71)
Fair value of net assets	**59**
Total purchase consideration	59
Cash outflow on acquisition	**59**

The purchase consideration includes direct costs of acquisition amounting to AED 1 m.

28. Capital management

dnata monitors the return on equity which is defined as profit for the year expressed as a percentage of average equity. dnata seeks to provide a higher return to the Owner by resorting to borrowings to finance its acquisitions. In 2011, dnata achieved a return on equity of 17.2% (2010: 21.3%) in comparison to an effective interest rate of 2.7% (2010: 2.8%) on borrowings.

Ten year Overview

Consolidated income statement		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Revenue and other operating income	AED m	54,384	43,455	43,266	38,810	29,173	22,658	17,909	13,116	9,514	7,137
Operating costs	AED m	48,943	39,890	40,988	34,359	25,834	20,006	15,290	11,368	8,513	6,511
- of which jet fuel	AED m	16,820	11,908	14,443	11,005	7,525	5,445	3,279	1,633	998	830
- of which employee costs	AED m	7,617	6,345	5,861	5,475	4,024	3,187	2,701	2,254	1,749	1,291
Operating profit	AED m	5,441	3,565	2,278	4,451	3,339	2,652	2,619	1,749	1,001	626
Profit attributable to the Owner	AED m	5,373	3,538	686	5,020	3,096	2,475	2,407	1,574	907	468
Consolidated statement of financial position											
Non-current assets	AED m	43,223	36,870	31,919	27,722	22,530	17,018	12,219	8,438	7,485	6,551
Current assets	AED m	21,867	18,677	15,530	18,790	15,428	14,376	11,499	9,900	6,594	5,233
- of which bank deposits and cash	AED m	13,973	10,511	7,168	10,360	9,123	9,199	7,328	6,455	4,213	3,124
Total assets	AED m	65,090	55,547	47,449	46,512	37,958	31,394	23,719	18,338	14,079	11,784
Total equity	AED m	20,902	17,475	15,571	16,843	13,170	10,919	8,112	5,013	3,818	2,986
- of which equity attributable to the Owner	AED m	20,695	17,274	15,412	16,687	13,040	10,788	7,962	4,897	3,709	2,931
Non-current liabilities	AED m	23,690	19,552	17,753	14,206	14,210	10,616	8,927	8,101	6,385	6,019
Current liabilities	AED m	20,498	18,520	14,125	15,463	10,578	9,859	6,680	5,224	3,876	2,779
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	11,004	8,328	5,016	7,335	5,765	4,106	4,009	2,555	2,252	1,328
Cash flow from investing activities	AED m	(5,092)	(577)	1,896	(8,869)	(4,749)	(5,049)	(2,638)	(1,086)	(619)	(582)
Cash flow from financing activities	AED m	(5,046)	(2,982)	(5,085)	(3,820)	(198)	867	(487)	893	(489)	813
Net change in cash and cash equivalents	AED m	866	4,769	1,827	(5,354)	818	(76)	885	2,362	1,144	1,560
Other financial data											
Net change in cash and cash equivalents and short trem bank deposits	AED m	3,462	3,343	(3,192)	1,237	(76)	1,871	873	2,242	1,089	1,676
EBITDAR	AED m	13,435	10,638	8,286	9,730	7,600	5,970	5,331	3,764	2,487	1,890
Borrowings and lease liabilities	AED m	23,230	19,605	16,512	13,717	13,338	11,247	8,142	7,620	6,050	5,723
Less: Cash assets	AED m	13,973	10,511	7,368	12,715	11,594	9,828	7,645	6,605	4,261	3,152
Net debt	AED m	9,257	9,094	9,144	1,002	1,744	1,419	497	1,015	1,789	2,571
Capital expenditure	AED m	12,238	8,053	10,178	9,058	5,388	4,528	3,115	1,409	1,573	1,880

Notes :

1. The ten-year overview has been extracted from the audited financial statements which have been drawn up in compliance with IFRS. New Standards and amendments to existing IFRS have been adopted on the effective dates applicable to Emirates.
2. Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended.

Ten year Overview

Key ratios		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating margin	%	10.0	8.2	5.3	11.5	11.4	11.7	14.6	13.3	10.5	8.8
Profit margin	%	9.9	8.1	1.6	12.9	10.6	10.9	13.4	12.0	9.5	6.6
Return on shareholder's funds	%	28.3	21.6	4.4	33.8	26.0	26.4	37.4	36.6	27.3	17.9
EBITDAR margin	%	24.7	24.5	19.2	25.1	26.1	26.3	29.8	28.7	26.1	26.5
Cash assets to revenue and other operating income	%	25.7	24.2	17.0	32.8	39.7	43.4	42.7	50.4	44.8	44.2
Net debt equity ratio	%	44.3	52.0	58.7	5.9	13.2	13.0	6.1	20.2	46.9	86.1
Net debt (including aircraft operating leases) equity ratio	%	127.1	158.5	167.0	98.1	116.1	111.9	116.6	175.2	185.5	221.8
Net debt (including aircraft operating leases) to EBITDAR	%	197.7	260.3	313.9	169.9	201.2	204.6	177.4	233.3	284.8	350.5
Effective interest rate on borrowings and lease liabilities	%	2.7	2.5	3.5	5.2	5.7	4.5	3.5	3.7	3.8	5.3
Fixed to float debt mix		89:11	83:17	61:39	68:32	63:37	63:37	67:33	56:44	45:55	43:57
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	229	211	254	236	216	203	192	181	169	166
Unit cost	Fils per ATKM	149	136	163	151	129	122	111	107	111	108
Unit cost excluding jet fuel	Fils per ATKM	96	94	104	101	90	88	86	91	97	93
Breakeven load factor	%	65.0	64.4	64.1	64.1	59.9	60.2	58.0	59.0	65.4	65.1
Fleet											
Aircraft	number	148	142	127	109	96	85	69	61	46	38
Average fleet age	months	77	69	64	67	63	61	55	46	36	37
Production											
Destination cities	number	111	102	99	99	89	83	76	73	64	57
Overall capacity	ATKM million	32,057	28,526	24,397	22,078	19,414	15,803	13,292	10,207	7,350	5,718
Available seat kilometres	ASKM million	182,757	161,756	134,180	118,290	102,337	82,009	68,930	54,657	41,337	32,630
Aircraft departures	number	133,772	123,055	109,477	101,709	92,158	79,937	72,057	58,763	45,452	38,914
Traffic											
Passengers carried	number '000	31,422	27,454	22,731	21,229	17,544	14,498	12,529	10,441	8,503	6,765
Passenger seat kilometres	RPKM million	146,134	126,273	101,762	94,346	77,947	62,260	51,398	40,110	31,661	24,231
Passenger seat factor	%	80.0	78.1	75.8	79.8	76.2	75.9	74.6	73.4	76.6	74.3
Cargo carried	tonnes '000	1,767	1,580	1,408	1,282	1,156	1,019	838	660	525	401
Overall load carried	RTKM million	22,078	19,063	15,879	14,739	12,643	10,394	8,649	6,629	5,145	3,908
Overall load factor	%	68.9	66.8	65.1	66.8	65.1	65.8	65.1	64.9	70.0	68.3
Employee											
Average employee strength	number	30,258	28,686	28,037	23,650	20,273	17,296	15,858	12,804	10,507	8,697
Revenue per employee	AED '000	1,738	1,459	1,492	1,625	1,431	1,285	1,104	993	884	794

Ten year Overview

Consolidated income statement		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Revenue and other operating income	AED m	4,406	3,160	3,181	2,585	1,996	1,734	1,390	1,079	942	798
Operating costs	AED m	3,906	2,601	2,714	2,340	1,700	1,444	1,149	920	818	685
- of which employee costs	AED m	2,032	1,387	1,347	1,227	993	863	700	577	502	434
- of which airport operations & cargo - other direct costs	AED m	582	442	391	234	75	n/a	n/a	n/a	n/a	n/a
Operating profit	AED m	500	559	467	245	296	290	241	159	124	113
Profit attributable to the Owner	AED m	560	613	507	305	360	324	260	174	142	135
Consolidated statement of financial position											
Non-current assets	AED m	3,175	1,934	1,984	1,950	1,107	863	935	313	269	251
Current assets	AED m	3,296	2,704	1,963	1,992	1,846	1,580	1,141	1,039	875	727
- of which bank deposits and cash	AED m	2,051	1,982	1,350	1,383	1,403	1,099	843	834	701	484
Total assets	AED m	6,471	4,638	3,947	3,942	2,953	2,442	2,076	1,352	1,144	978
Total equity	AED m	3,407	3,194	2,553	2,180	1,823	1,453	1,126	866	721	618
- of which equity attributable to the Owner	AED m	3,334	3,194	2,553	2,180	1,823	1,453	1,126	866	721	618
Non-current liabilities	AED m	1,077	672	697	845	460	464	480	136	124	107
Current liabilities	AED m	1,987	772	697	917	670	526	470	350	299	253
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	901	764	481	540	531	423	370	295	265	207
Cash flow from investing activities	AED m	(1,333)	391	(71)	(1,420)	(373)	(129)	(638)	(120)	10	(44)
Cash flow from financing activities	AED m	(96)	(73)	(68)	224	(46)	(40)	281	(40)	(40)	(40)
Net cash flow for the year	AED m	(528)	1,082	342	(656)	113	254	12	135	234	123
Other financial data											
Cash assets	AED m	2,051	1,982	1,350	1,383	1,403	1,228	972	834	701	558

Notes :

1. The ten-year overview has been extracted from the audited financial statements which have been drawn up in compliance with IFRS. New Standards and amendments to existing IFRS have been adopted on the effective dates applicable to dnata.
2. Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended
3. Effective 2006-07 "airport operations and cargo - other direct costs" are reported as a separate line item within operating costs. Prior to that year, such costs are reflected as not available or "n/a and they were reported under the corporate overheads line.

Ten year Overview

Key ratios		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating margin	%	11.3	17.7	14.7	9.5	14.8	16.7	17.3	14.7	13.1	14.1
Profit margin	%	12.7	19.4	15.9	11.8	18.0	18.7	18.7	16.1	15.0	16.9
Return on shareholder's funds	%	17.2	21.3	21.4	15.2	22.0	25.2	26.1	21.9	21.2	23.6
Employee											
Average employee strength	number	17,971	13,298	12,434	11,640	9,832	9,860	9,607	7,325	6,392	6,526
Revenue per employee*	AED '000	323	266	256	241	210	176	155	150	151	125
Airport performance indicators											
Aircraft handled*	number	232,585	192,120	177,495	119,510	109,648	101,607	93,004	79,932	69,322	59,994
Cargo handled*	tonnes '000	1,494	1,121	1,003	633	535	503	458	406	399	635
Man hours per turn	hours	122	115	124							
Aircraft handled per employee*	number				21	20	18	17	17	18	16
Cargo handled per man hour	kgs	283	277	241							
Cargo handled per employee*	kgs '000				611	564	552	512	478	492	547

* Figures for 2007-08 and prior years exclude subsidiaries.

Group Companies of Emirates

Air Transportation and related services

- Emirates
  - 100% The High Street LLC (UAE)
  - 50% Emirates - CAE Flight Training LLC (UAE)
  - 50% CAE Flight Training (India) Pvt Ltd

In-flight and institutional catering services

- Emirates
  - 90% Emirates Flight Catering Co. LLC (UAE)

Consumer goods

- Emirates
  - 100% Maritime and Mercantile International Holding LLC (UAE)
    - 100% Maritime and Mercantile International Maldives Pvt Ltd
    - 40% Zanzibar Maritime and Mercantile International Co. Ltd
  - 68.7% Maritime and Mercantile International LLC (UAE)
    - 100% Duty Free Dubai Ports FZE (UAE)
    - 100% Harts International Retailers (M.E.) FZE (UAE)
    - 100% Harts International LLC (UAE)
    - 50% Sirocco FZCO (UAE)
    - 50% Oman United Agencies LLC
    - 49% Fujairah Maritime and Mercantile International LLC (UAE)

Hotel operations and food and beverage operations

- Emirates
  - 100% Emirates Hotel LLC (UAE)
  - 100% Emirates Hotels (Australia) Pty Ltd
  - 100% Emirates Hotels (Seychelles) Ltd
  - 51% Premier Inn Hotels LLC (UAE)
  - 100% Emirates Leisure Retail (Holding) LLC (UAE)
    - 100% Emirates Leisure Retail (Bahrain) SPC
    - 100% Emirates Leisure Retail (Singapore) Pte Ltd
    - 100% Emirates Leisure Retail (Australia) Pty Ltd
    - 70% Emirates Leisure Retail (Oman) LLC
    - 68.7% Emirates Leisure Retail LLC (UAE)
      - 100% Community Club Management FZE (UAE)

Note: Percentages indicate beneficial interest in the company. Legal share holding may be different. Group companies of associated companies and joint ventures have been excluded.

Group Companies of dnata

Cargo and ground handling

dnata

- 100% Dnata International Airport Services Pte Ltd (Singapore)
  - 100% CIAS International Pte Ltd (Singapore)
    - 100% Changi International Airport Services Pte Ltd (Singapore)*
      - 20% Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd (P. R. China)
  - 45% Xi'an Dnata Aviation Services Co. Ltd (P. R. China)
- 100% Dnata Aviation Services GmbH (Austria)
  - 100% Dnata GmbH (Austria)
    - 100% Dnata Switzerland AG
      - 30% GVAssistance SA (Switzerland)
- 100% Dnata Inc. (Phillippines)
- 100% Dnata Aviation Services Ltd (UK)
  - 100% Plane Handling Ltd (UK)
- 80% Dnata Airport Services Kurdistan Ltd (Cayman Islands)
  - 100% Dnata for Airport Services Ltd (Iraq)
- 50% Toll Dnata Airport Services Pty Ltd (Australia)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)

Travel services

dnata / Dnata World Travel

- 100% MMI Travel LLC (UAE)
  - 50% Oman United Agencies Travel LLC
- 100% Dnata Travel (UK) Limited
- 100% DWT International Pvt Ltd (India)
- 90% Al Hidaya Travel & Tourism WLL (Bahrain)
- 90% Cleopatra International Travel WLL (Bahrain)
- 50% Dunya Travel LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Al Tawfeeq Travel LLC (Qatar)
- 49% Mindpearl Group Ltd (Cayman Islands)
- 23.2% Hogg Robinson Group Plc (UK)

Catering

dnata

- 100% Dnata Catering Services Ltd (UK)
  - 100% Alpha Flight Group Ltd (UK)
    - 100% Alpha Flight US Inc.
      - 100% Alpha Inflight US LLC
    - 100% Alpha Flight Ireland Ltd
    - 100% Alpha Flight Services BV (Netherlands)
      - 100% Alpha Flight Services Pty Ltd (Australia)
    - 100% Alpha Flight a.s. (Czech Republic)
    - 100% Alpha Flight UK Ltd
      - 100% Alpha-airfayre Ltd (UK)
        - 100% Alpha Heathrow Ltd (UK)
        - 100% Airfayre Heathrow Ltd (UK)
    - 100% Alpha Airport Services EOOD (Bulgaria)
    - 64% Alpha Rocas SA (Romania)
    - 50% Servair Air Chef srl (Italy)
    - 49% Alpha Flight Services UAE LLC
    - 35.87% Jordan Flight Catering Company Ltd
- 100% Dnata Catering Services Australia Pty Ltd

Freight forwarding services

dnata

- 50% Dubai Express LLC (UAE)
- 50% Dnata-PWC Airport Logistics LLC (UAE)
- 25.5% SDV UAE LLC

Others

dnata

- 100% Mercator Asia Co. Ltd (Thailand)
- 50% Transguard Group LLC (UAE)

* Also provides catering services.

Note: Percentages indicate beneficial interest in the company. Legal share holding may be different. Group companies of associated companies and joint ventures have been excluded.

Glossary

A

ASKM (Available Seat Kilometre) - Passenger seat capacity measured in seats available multiplied by the distance flown.

ATKM (Available Tonne Kilometre) - Overall capacity measured in tonnes available for carriage of passengers and cargo load multiplied by the distance flown.

B

Breakeven load factor - The load factor at which revenue will equal operating costs.

C

Capacity - see ATKM

Capital expenditure - The sum of additions to property, plant and equipment and intangible assets excluding goodwill.

Capitalised value of aircraft operating lease costs - 60% of future minimum lease payments for aircraft on operating lease.

Cash assets - The sum of short term bank deposits, cash and cash equivalents and other cash investments classified into other categories of financial assets (e.g. held-to-maturity investments).

E

EBITDAR - Operating profit before depreciation, amortisation and aircraft operating lease rentals.

EBITDAR margin - EBITDAR expressed as a percentage of the sum of revenue and other operating income.

F

Fixed to float debt mix - Ratio of fixed rate debt to floating rate debt. The ratio is based on net debt including aircraft operating leases.

Freight yield (Fils per FTKM) - Cargo revenue divided by FTKM.

FTKM - Cargo tonnage uplifted multiplied by the distance carried.

M

Manhours per turn - Manhours to handle an aircraft arrival and departure.

N

Net debt - Borrowings and lease liabilities (current and non-current) net of cash assets.

Net debt equity ratio - Net debt in relation to total equity.

Net debt including aircraft operating leases - The sum of net debt and the capitalised value of aircraft operating lease costs.

O

Operating cash margin - Cash generated from operating activities expressed as a percentage of the sum of revenue and other operating income.

Operating margin - Operating profit expressed as a percentage of the sum of revenue and other operating income.

Overall load factor - RTKM divided by ATKM.

P

Passenger seat factor - RPKM divided by ASKM.

Passenger yield (Fils per RPKM) - Passenger revenue divided by RPKM.

Profit margin - Profit attributable to the Owner expressed as a percentage of sum of revenue and other operating income.

R

Return on shareholder's funds - Profit attributable to the Owner expressed as a percentage of shareholder's funds.

RPKM (Revenue Passenger Kilometre) - Number of passengers carried multiplied by the distance flown.

RTKM (Revenue Tonne Kilometre) - Actual traffic load (passenger and cargo) carried measured in terms of tonnes multiplied by the distance flown.

S

Shareholder's funds - Average of opening and closing equity attributable to the Owner.

T

Traffic - see RTKM

Transport revenue - The sum of passenger, cargo, courier, excess baggage and mail revenue.

U

Unit cost (Fils per ATKM) - Operating costs (airline only) incurred per ATKM.

Y

Yield (Fils per RTKM) - Transport revenue earned per RTKM.

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