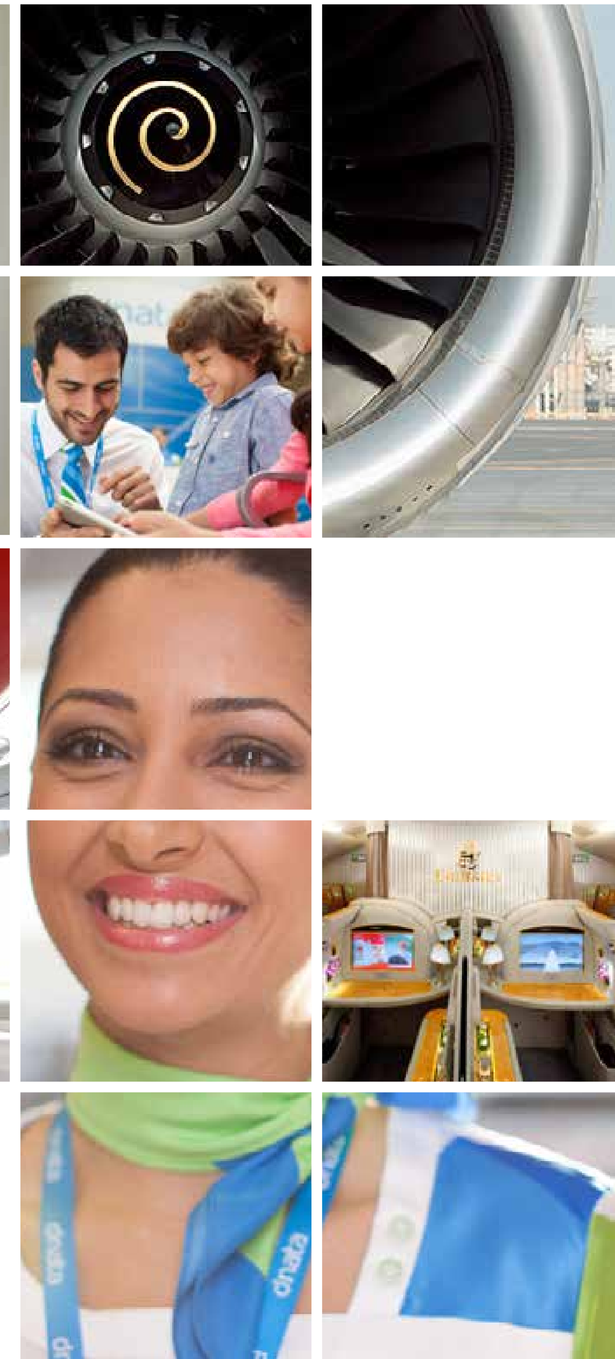
IT TAKES A WORLD

THE EMIRATES GROUP

ANNUAL REPORT 2012-13



HIS HIGHNESS SHEIKH MOHAMMED BIN RASHID AL MAKTOUM

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

The United Arab Emirates attaches great importance to the travel and tourism sector. It is an integral part of implementing the country's strategy for building a sound and sustainable economy. The industry, in the UAE, has been built with a solid foundation focusing on high standards and class-leading excellence, resulting in the country's world-class reputation both on a regional and international level.

This vital sector does not only shape the country's economy but also contributes significantly to its cultural and social fabric. Additionally, it provides boundless opportunities in new markets and strengthens our trade links with the world as well as broadening our cultural understanding.

Our leading national corporations continue to achieve robust results, exemplifying the country's vision and giving all citizens a source of pride and patriotic spirit. Such achievements allow us to aspire to higher standards of development and retain a positive outlook in order to sustain our on-going growth.

Since its inception, the Emirates Group has played a vital role in turning this country into a prominent international aviation hub, connecting east with west and north with south. The Group's strong presence in more than 70 countries and its multinational cabin crew cement the UAE's position as a dynamic nation, linking people all around the globe. The Group also succeeded in maintaining a strategic perspective that allows healthy competition, respects policies of free trade and balances between its plans for expansion, need for profitability and sustainability. Hence, the Emirates Group sets an ideal model as a corporation that continues to aspire to higher and better standards of innovation and originality.

Emirates is one of the world's fastest growing airlines. Its main activity is the provision of commercial air transportation services.

dnata is one of the largest combined air services providers 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 and travel services.

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.

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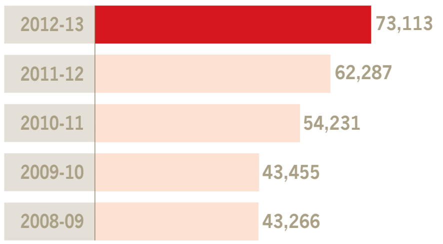
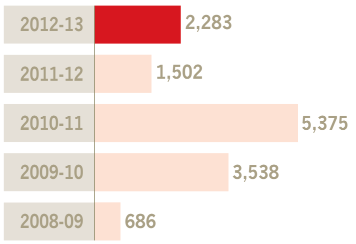
Revenue and other operating income in AED m



Profit attributable to the Owner in AED m



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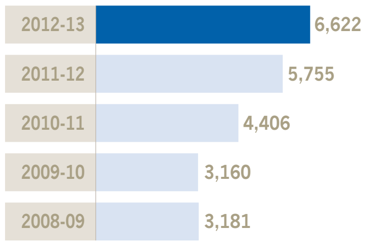

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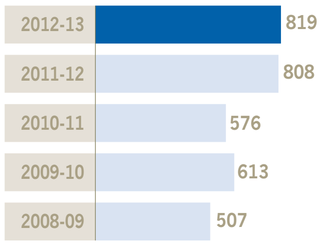


Emirates Group

Financial Highlights		2012-13	2011-12	% change
Revenue and other operating income*	AED m	77,536	66,149	17.2
Operating profit	AED m	3,654	2,597	40.7
Operating margin	%	4.7	3.9	0.8 pts
Profit attributable to the Owner	AED m	3,102	2,310	34.3
Profit margin	%	4.0	3.5	0.5 pts
Cash assets	AED m	26,968	17,586	53.3
Total assets**	AED m	102,188	84,127	21.5

20011-12 figures have been re-classified to conform with the current year's presentation.

* After eliminating inter company income/expense of AED 2,199 million in 2012-13 (2011-12: AED 1,893 million).

** After eliminating inter company receivables/payables of AED 186 million in 2012-13 (2011-12: AED 78 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		2012-13	2011-12	% change
Revenue and results				
Revenue and other operating income	AED m	73,113	62,287	17.4
Operating profit	AED m	2,839	1,813	56.6
Operating margin	%	3.9	2.9	1.0 pts
Profit attributable to the Owner	AED m	2,283	1,502	52.0
Profit margin	%	3.1	2.4	0.7 pts
Return on shareholder's funds	%	10.4	7.2	3.2 pts
Financial position and cash flow				
Total assets	AED m	94,803	77,086	23.0
Cash assets	AED m	24,572	15,587	57.6
Net debt (including aircraft operating lease) equity ratio	%	186.4	162.1	24.3 pts
EBITDAR	AED m	13,891	10,735	29.4
EBITDAR margin	%	19.0	17.2	1.8 pts
Airline operating statistics				
Passengers carried	number '000	39,391	33,981	15.9
Cargo carried	tonnes '000	2,086	1,796	16.1
Passenger seat factor	%	79.7	80.0	(0.3) pts
Overall capacity	ATKM million	40,934	35,467	15.4
Available seat kilometres	ASKM million	236,645	200,687	17.9
Aircraft	number	197	169	16.6
Employee data				
Average employee strength	number	47,678	42,422	12.4

dnata

Financial Highlights		2012-13	2011-12	% change
Revenue and results				
Revenue and other operating income	AED m	6,622	5,755	15.1
Operating profit	AED m	815	784	4.0
Operating margin	%	12.3	13.6	(1.3) pts
Profit attributable to the Owner	AED m	819	808	1.4
Profit margin	%	12.4	14.0	(1.6) pts
Return on shareholder's funds	%	21.4	23.7	(2.3) pts
Financial position				
Total assets	AED m	7,571	7,119	6.3
Cash assets	AED m	2,396	1,999	19.9
Key operating statistics				
Aircraft handled	number	264,950	253,434	4.5
Cargo handled	tonnes '000	1,570	1,543	1.7
Meals uplifted	number '000	28,584	26,708	7.0
Employee data				
Average employee strength	number	20,229	18,356	10.2

CHAIRMAN'S STATEMENT

HIS HIGHNESS SHEIKH AHMED BIN SAEED AL MAKTOUM
CHAIRMAN & CHIEF EXECUTIVE
EMIRATES AIRLINE & GROUP

A world of profitability and growth
Emirates and dnata performed solidly in 2012-13, delivering our 25th consecutive year of profitability, of which I'm very proud. We hit some major milestones this year which included the opening of Concourse A, the world's first ever dedicated A380 facility and an Emirates history-making delivery of 34 aircraft to our fleet, an unprecedented achievement. dnata commenced construction of an impressive 20-acre logistics 'city' at London Heathrow, investing heavily in its commitment to enhance the airport's air cargo infrastructure. Both across its global network and throughout its Middle Eastern base, dnata continued to win new business and strengthen customer relationships in the travel and airline sectors.

We continued to grow steadily despite continued marketplace challenges. During the financial year 2012-13 the price of jet fuel remained high, over US$127 per barrel for most of the financial year and remains our largest expense, eroding our profits. Sustained regional political uncertainties and the continuing financial instability in the Eurozone also took a toll.

Along with profitability in financial year 2012-13, there was also record organisational growth. We added 10 new passenger destinations across six continents. That's nearly one per month, a logistical feat in itself. It is no surprise that Emirates is one of the fastest growing airlines in the world. Notwithstanding, the real credit for this accomplishment goes to our nearly 68,000 employees, who, through their hard work, continue to push Emirates and dnata forward.

Investing in our future
We plan for the long-term at Emirates and dnata, so we continue to invest heavily in our future. In 2012-13, this meant we took delivery of 34 new wide-bodied aircraft, a number larger than many airlines' entire wide-bodied fleet. We increased our staff around the globe by 5,000 people. dnata strengthened its global presence, expanding its holdings in Australia and merging Alpha Flight Group with LSG/Sky Chefs Europe Holdings Ltd. in a UK-only joint venture.

Emirates: high marks for performance
Emirates revenue* in 2012-13 reached US$19.9 billion, a 17.4% increase over financial year 2011-12. Net profit was US$622 million, reflecting the enormous impact fuel prices continues to exert on our bottom line. Our profit margin was 3.1%. Our balance sheet remains solid. Cash in hand at the end of financial year 2012-13 was US$6.7 billion.

More people than ever before are choosing Emirates'. The number of passengers flown in 2012-13 totalled 39 million, a 16% increase over the previous financial year. Revenue Passenger

* including other operating income

Kilometres (RPK) reached 188.6 billion, resulting in a Passenger Seat Factor of 80%. Once again, Emirates' overall performance clearly validates the viability of our business model.

dnata: a major milestone
For the first time in dnata's 53-year history, it achieved US$1 billion in revenue in the first six months of the financial year. By the end of the financial year, dnata's total revenue and other operating income reached US$1.8 billion with a net profit margin of 12.4%.

dnata cargo delivered a robust performance for the financial year. FreightGate-8, the dnata-operated air cargo terminal at DWC, handled a total of 222,894 tonnes of cargo, an increase of 75% over the previous financial year.

Increasing brand value
The impact of the Emirates global 'Hello Tomorrow' campaign, launched a little more than a year ago, has already moved the needle on our brand value. Brand Finance, the organisation that ranks the Global 500 brands, estimates Emirates brand value in 2013 rose to US$4.1 billion from US$3.7 billion the year before, an 11% increase. Emirates is now the highest ranked, most valuable brand amongst all international airlines.

The cohesiveness of dnata's internal brand platform – One dnata – continues to bring the company and its recent acquisitions together under a consistent global banner.

The perfect home for our A380's
I am happy to say our fleet of A380s – the world's largest – is quite comfortable in its new home: Concourse A at Dubai International Airport. Opened to world acclaim in January 2013 in partnership with Dubai Airports, Concourse A further solidifies Dubai's position as a global hub. It is the first facility of its kind to be planned, built and opened exclusively for A380s, with enough gates to handle 20 at a time. Offering global passengers the largest First Class and Business Class lounges in the world, along with an array of shopping and dining options, it is a prototype for the future of air travel.

Balanced funding strategy
We explored new funding options in 2012-13 as a way to broaden and diversify our investor base. These included three different, unsecured bond issues. All were heavily oversubscribed – a sign of investor confidence in the strength of the Emirates business model.

We successfully raised US$587.5 million financing for additional A380's with a bond that used the debt capital market in the United States, a first for a non-US airline for many years. We also raised US$750 million with a 12-year amortised bond matched to the payment cycle for the aircraft. And we issued a 12-year amortised Sukuk (the Islamic equivalent of bonds) for US$1 billion.

Emirates Qantas partnership
We are pleased that the Emirates and Qantas partnership was given final approval by the Australian Competition and Consumer Commission. What better way to launch it than with a history-making flyover by both an Emirates and Qantas A380 in formation over the harbour in Sydney. The five-year codesharing partnership features integrated network collaboration, coordinated pricing, aligned frequent flyer programmes, and a shared sales and scheduling model. More significantly, Qantas has moved its hub for European flights from Singapore to Dubai, further validating Dubai's role as a global hub.

The new partnership links Australia to 65 gateways in Europe, the Middle East and Africa. Emirates customers will now be able to choose from Qantas' 55 Australian destinations.

Connecting Minds, Creating the Future
The theme of this annual report is "It Takes a World." Fitting, as Emirates is a Premier Partner supporting the UAE's bid to host the 2020 World Expo in Dubai – an initiative I am closely involved with, serving as Chairman of the Dubai Expo bid committee. If Dubai is selected, many of those visitors will arrive here on Emirates flights.

Dubai's Expo theme, "Connecting Minds, Creating the Future," will be a platform for connectivity, pioneering new partnerships for growth and sustainability. To show our support, we have added the World Expo 2020 emblem to our entire fleet of A380s. If our bid is successful, it would be the first time ever the event would be held in the Middle East.

The challenges we face
According to IATA forecasts, the price of jet fuel is expected to climb higher in financial year 2013-14, reaching US$130 per barrel. Our best mitigation strategy is to fly smarter and continue to focus on incremental fuel savings, such as purchasing the most fuel-efficient aircraft.

We are also up against ourselves. Our phenomenal growth has helped make Dubai International Airport the fastest growing airport in the world, as measured by annual seat capacity growth and the world's second busiest airport for international passenger traffic, overtaking Paris' Charles de Gaulle airport for the first time. Those accomplishments are becoming a double-edged sword, as the airport is nearing capacity. Dubai International Airport currently handles more than 58 million passengers per year and that number is expected to jump to over 65 million by the end of 2013. Even with the opening of Concourse A, we are still faced with increasing traffic congestion, putting pressure on dnata ground handling and Emirates. To ease it, plans for building Concourse D are underway, with completion expected in 2015. Emirates SkyCargo is slated to move its operations to Dubai World Central next financial year to ease congestion. Our overriding goal is to solve these capacity issues without affecting the Emirates experience that customers have come to expect.

We stay in the moment, but plan for the future
The Emirates business model fosters quick, decisive action. Yet it is based on taking a long-range view of our markets and industry.
One thing is certain; there will always be challenges to face – strikes, blizzards, floods, political turmoil, economic downturns and the like. The point here is that we are comfortable operating in this uncertain, constantly changing environment. In fact, we excel at it.

Experience has shown us that how the world is today is not how it will always be. People and places are more interconnected than ever, expanding the role air travel plays in people's lives. Our new global brand platform – 'Hello Tomorrow' – reflects this contemporary shift in consumer attitude, positioning us to take full advantage of it.

We have confidence in our ability to manage our business for the long term and we have always prided ourselves on our agility.

This is not to say that we ignore the short-term. Although we were profitable in 2012-13, we did not reach the level we had set for ourselves. Our performance in 2013-14 will be focused on gaining that ground back. While we cannot control the outside forces that shape our industry, our business model and top global team provide a distinct edge in overcoming them.

I thank each and every member of staff for the hard work they've done to make Emirates and dnata leaders in their respective industries. I have the greatest confidence that together Emirates and dnata will continue to grow and prosper.

Ahmed bin Saeed Al Maktoum

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 285 YEARS OF EXPERIENCE BETWEEN THEM BUILDING THE EMIRATES AIRLINE AND GROUP.

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

Ismail Ali Albanna
Executive Vice President
dnata

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

Abdulaziz Al Ali
Executive Vice President
Human Resources,
Emirates Group

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

Nigel Hopkins
Executive Vice President
Service Departments,
Emirates Group

Thierry Antinori
Executive Vice President
Passenger Sales Worldwide,
Emirates Airline

OUR WORLD IS YOUR WORLD

Emirates is one of the world's fastest-growing airlines. We fly to 132 destinations in 77 countries. Our Dubai hub is the new gateway to Asia, Europe and beyond. But that's not what makes us global – our 48,000 people do. Representing over 135 countries, Emirates people are a microcosm of the world we serve. We like to think we exist because of them – and you.

FUNDING OUR WORLD

Q: HOW DO YOU FINANCE 34 NEW WIDE-BODIED AIRCRAFT IN JUST 12 MONTHS?

DELIVERY OF AIRCRAFT 2012-13

10 AIRBUS A380

24 BOEING 777

A: With unconventional thinking

For the 2012-13 financial year, the price of jet fuel remained well over US$127 per barrel, making it our largest operating expense. The picture looks even bleaker for the new financial year. IATA expects fuel prices to climb higher. The economic uncertainty in the Eurozone will most likely continue, affecting consumer confidence and demand throughout the world. Despite these predictions, we will take delivery of more than 20 aircraft in 2013-14. It's easy to see why this defies the thinking of many in the aviation industry. But the interesting part of this story isn't just the number of aircraft we're purchasing – it's how they are being financed. Rather than seek conventional bank loans, we chose to issue bonds. Of course, they weren't ordinary bonds; each one had a different investment strategy behind it, reflecting our diversified approach to financing. All three were successful.

A solid reputation

Investors around the world know the Emirates brand. They also know our company's solid credit history, transparency and ample cash reserves. Despite volatility in the world economy, investors showed strong interest in our bond issues. So strong, in fact, that all three issues were oversubscribed.

Tapping into the US capital market

In June 2012, we used Enhanced Equipment Trust Certificates (EETCs) to finance the purchase of Airbus A380 aircraft. This gave US investors their first opportunity to invest in our A380 fleet. It made us the first non-US carrier to use EETCs in many years. The bond raised US$587.5 million.

Broadening our investor base

In early 2013, we issued two more bonds: a 12-year, US$750 million bond and a 10-year, US$1 billion Sukuk, an Islamic bond. Both helped deepen our investor base throughout Europe and the Middle East. Both were amortising bonds – a first in aircraft financing – allowing us to pay the principle back in instalments instead of one big payoff at the end. And both were unsecured.

It's this kind of innovative thinking that keeps our fleet growing.

MASTERING THE COMPLEXITIES OF GROWTH

10 NEW DESTINATIONS DURING THE FINANCIAL YEAR

- 1 HO CHI MINH CITY, VIETNAM 4TH JUNE 2012
- 2 BARCELONA, SPAIN 3RD JULY 2012
- 3 LISBON, PORTUGAL 9TH JULY 2012
- 4 ERBIL, IRAQ 12TH AUGUST 2012
- 5 WASHINGTON, DC, USA 12TH SEPTEMBER 2012
- 6 ADELAIDE, AUSTRALIA 1ST NOVEMBER 2012
- 7 LYON, FRANCE 5TH DECEMBER 2012
- 8 PHUKET, THAILAND 10TH DECEMBER 2012
- 9 WARSAW, POLAND 6TH FEBRUARY 2013
- 10 ALGIERS, ALGERIA 1ST MARCH 2013

Add capacity where the future business lies
At the close of the financial year 2012-13, there were 10 new international passenger destinations on our route map – Adelaide, Algiers, Barcelona, Erbil, Ho Chi Minh City, Lisbon, Lyon, Phuket, Warsaw and Washington, DC as well as six dedicated freighter routes – Chicago, Chittagong, Djibouti, Hanoi, Liege and Tripoli.

No matter how swiftly we grow, each new destination is the result of countless months of inter-departmental teamwork and input from hundreds of people. A lot has to happen. Planning, Engineering, Recruitment, Training, Flight Services, Airport Services, Catering, Flight Operations and others must work together like the gears of a clock.

Planning is the critical part
Planners are tasked with growing the network profitably. An operating plan for launching new routes and adding to existing ones is the culmination of the planning process. Using advanced computer models coupled with strategic thinking and detailed on-the-ground research, Planning identifies and evaluates potential new destinations.

Aircraft optimisation is essential for profitable deployment and higher asset utilisation. Planning looks at available landing/take-off slots, economic forecasts and potential profitability on a new route before making a decision. New routes and increased frequencies must also be balanced, complementing existing east-west and north-south passenger flows.

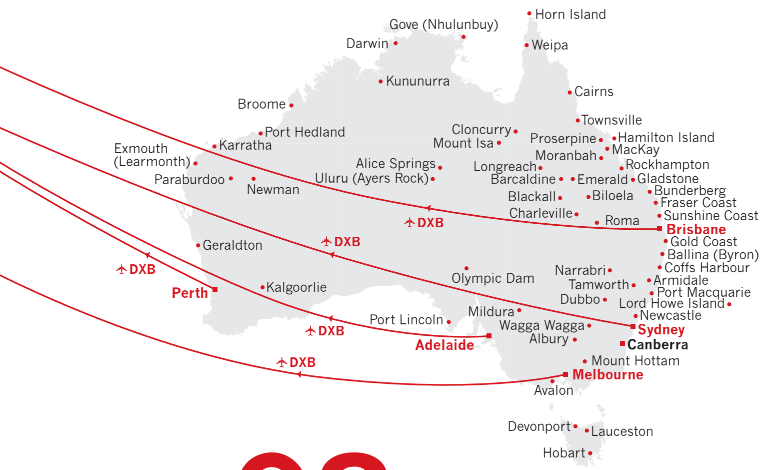
If it is a go, Planning sends out a trigger to activate the implementation process roughly six to eight months before the launch. Five months prior to launch, Recruitment begins to hire the sales team, cargo, finance and airport staff for the new destination's outstation. Meanwhile, Service Delivery coordinates onboard meals and beverages with Flight Catering. Flight Operations conducts on-the-ground inspections of diversion and medical emergency airports. Back at headquarters, Commercial Operations aligns its sales strategy with planning's research, Revenue Optimisation finalises the inventory and fare positioning and Corporate Communications works with Commercial to promote the route.

Now multiply all of this by 10.

That's what it feels like to be one of the world's fastest-growing airlines.

NEW WORLDS TO EXPLORE

EMIRATES AND QANTAS: EXCEPTIONAL AIRLINES MAKE EXCEPTIONAL PARTNERS



98 weekly flights between Australia and Dubai

55 Australian destinations with nearly 5,000 flights per week

A global partnership that benefits all
The new, five-year Emirates and Qantas global partnership is more than just a codeshare agreement. It's a game changer. For Emirates and Qantas, it means increased revenues and an integrated, tightly aligned network expansion. For our passengers, it means the world.

You can get there from here
Sydney to Glasgow. Dubai to Port Macquarie. Melbourne to Erbil. Our partnership with Qantas has created a destination map like none before. It all centres on Dubai – now the global gateway hub for both carriers.

Together, Emirates and Qantas offer 98 weekly flights between Australia and Dubai, including four daily A380 flights. By moving its hub for European flights from Singapore to Dubai, Qantas customers gain faster access to over 30 European destinations, including daily A380 flights to London Heathrow, Paris, Rome and other major cities, plus one-stop seamless travel to more than 30 Middle East and North Africa destinations.

For our customers, the partnership opens up Qantas' Australian domestic network of 55 destinations with nearly 5,000 flights per week.

Two complementary products
This is a partnership between peers, both focused on opening new worlds of travel, comfort and convenience for customers.

Together, Emirates and Qantas adhere to the same high standards for quality and service, providing a seamless experience for passengers. In recognition of that, Qantas' fleet of A380s will be joining ours as the exclusive tenants of Concourse A in Dubai.

Reciprocal awards programmes
The Emirates and Qantas partnership offers an expanded network for loyalty programme members to earn their choice of either Qantas Frequent Flyer points or Emirates Skywards Miles when they travel on codeshare flights. Gold members (or above) of either programme are given access to both Qantas and Emirates lounges in Australia, Europe, the Middle East and North Africa.

Moving fast
From the first handshake on 5th May 2012 to the inaugural flight on 31st March 2013, our partnership with Qantas was established in record time. Less than a year, thanks to the hands-on efforts of Emirates President, Tim Clark and Qantas Group Chief Executive Officer, Alan Joyce, the teams in both companies and the support of government regulators in the Australian Competition and Consumer Commission (ACCC) who made it happen.

It's a win-win proposition for both airlines. However, the real winners are Emirates and Qantas customers.

AN EXPANDING WORLD FLEET

MEETING THE DEMANDS OF THE FUTURE

AIRBUS A380

= IN SERVICE
= ON ORDER

BOEING 777

= IN SERVICE
= ON ORDER

AS OF 31ST MARCH 2013

We continue to grow
In 1985, Emirates began operation by leasing two aircraft. Who would have thought back then that we would become one of the world's fastest growing airlines? We did.

We use the same business model now as when we first started. Today, we operate the world's largest fleet of A380s – 31 as of 31st March 2013. In the financial year 2012-13, we took delivery of 10 A380s and 24 Boeing 777s. Some were used for new routes. Some were used to increase frequencies and passenger capacity on existing routes, as well as to supplement airfreight capacity. For example, all five of our daily flights to London Heathrow are now on A380s. But our appetite for new destinations or increased frequency based on potential demand is strong and with nearly 200 wide-bodied aircraft still on order, the airline has the means to keep meeting demand.

Every minute counts
Time is money. The moment an aircraft sits idle on the ground, it becomes an expense. We don't warehouse newly delivered A380s and Boeing 777s. We put them to work. Within 24 to 48 hours of their arrival in Dubai they're in the air, carrying their weight in passengers and air freight.

Being Emirates, we like to stretch beyond what's expected. On a single day we took delivery of two A380s and one Boeing 777, a record for us. It was not a surprise, but the result of advanced preparation within all operational units to ensure the availability of the required flight crew, cabin crew, engineers and airport staff in time for take-off.

AS OUR FLEET GROWS, SO GROWS EMIRATES ENGINEERING

HEIGHT OF THE WORLD'S TALLEST BUILDING BURJ KHALIFA, DUBAI

x604

= 500KM OF WIRING IN EACH A380 AIRCRAFT

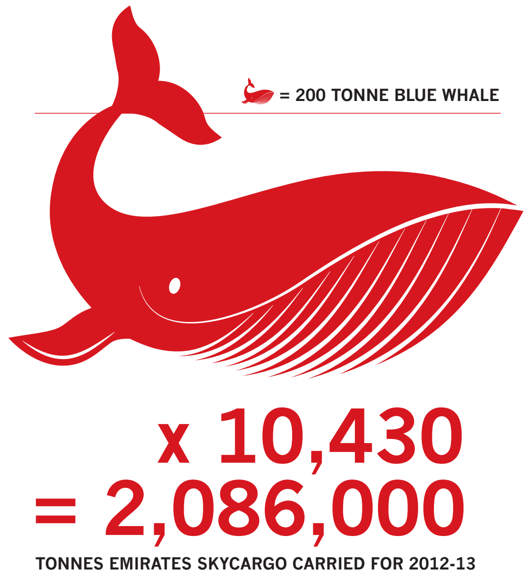
Staying one step ahead

Engineering has a tremendous responsibility at Emirates. They keep our aircraft flying safely, providing maintenance, technical services and quality assurance to the entire Emirates fleet. To do that effectively takes space – lots of it. Our current Engineering campus occupies 136 acres (55 hectares). Inside the main facility, there are eight hangars, each one large enough to house an Airbus A380. There is also a separate paint hangar in addition to an engine test cell. Things move fast at Emirates and agility is a strength we pride ourselves in, so Engineering stays in a perpetual state of readiness.

The new 225,000 square feet GE Engine Overhaul Maintenance facility under construction is being built to accommodate the growth in the fleet. When construction is complete in the second quarter of 2014, the facility will be capable of performing up to 300 engine overhauls per year for the GE90 and GP7000 engines fitted to Boeing 777 and Airbus A380 aircraft. For Emirates Engineering it's another milestone in its efforts to increase engine maintenance capability in terms of volume and repairs. Controlling these processes ourselves gives us tighter control over quality, cost and time whilst expanding Dubai's footprint in the aviation industry.

EMIRATES SKYCARGO MOVES THE WORLD

REACHING NEW MILESTONES IN AIRFREIGHT



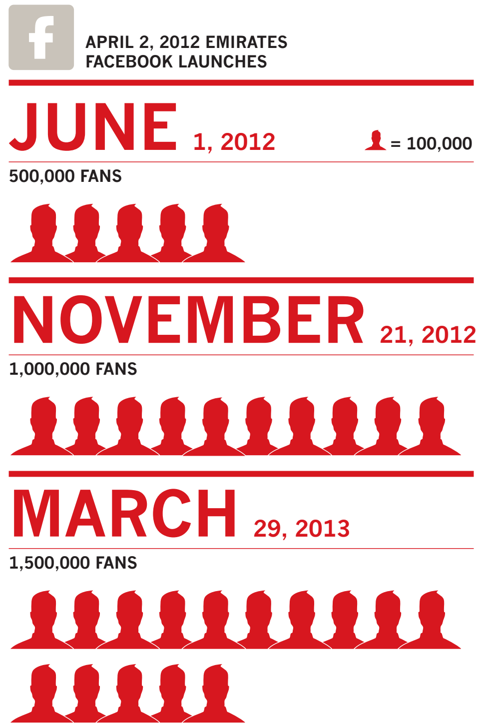
A year of superlatives
If you want to know how exceptional Emirates SkyCargo is, just ask the industry. At the World Cargo Symposium, Air Cargo World presented the top Diamond Excellence award to Emirates SkyCargo. The STAT Trade Times, organisers of the Air Cargo Africa 2013 event held in Johannesburg, named SkyCargo Global Cargo Airline of the Year. And for the 17th consecutive year, it was named Best Air Cargo Carrier Middle East at the Asian Freight & Supply Chain Awards.

Exceeding customers' expectations
Awards are great. However, we would rather concentrate on staying close to our customers. Our can-do spirit and expertise lets us tackle the jobs others can't. Like the 36 tonne hydraulic pump successfully transported from The Netherlands to Dubai. However, not all the cargo we transport is dead weight. Some of it is very alive, like the 100-plus horses shipped to London from the Sultan of Oman's stables to participate in Queen Elizabeth II's Diamond Jubilee.

Carrying more, taking it further
Emirates Sky Cargo is the largest airfreight carrier by tonnage. We've already passed the two million tonne mark. The four new Boeing 777F freighters added to the SkyCargo fleet will certainly help.

Our expertise, experience and longevity allow us to deploy the right capacity on the right route at the right time.

A BRAND THAT SPEAKS TO THE NEW WORLD



Defining a new culture

April 2012. The message was everywhere around the world. All announced the launch of our new brand platform: 'Hello Tomorrow'. It marked Emirates' evolution from a travel brand to an inclusive global lifestyle brand.

The launch added a new word to the travel lexicon: "globalista." Globalistas are people who live for new experiences, people for whom the world is getting smaller. They are well-travelled, or have aspirations to become well-travelled. For them, travel is about connectivity – a bridge between people and cultures, places and ideas, imagination and exploration. Put simply, globalistas view travel as an essential part of their lifestyle. As a lifestyle brand, Emirates is in the best position to meet their needs. And earn their loyalty.

Innovation and accessibility make us different.

As a lifestyle brand, we're focused on making our products and services more accessible to everyone, whilst maintaining our high standards of quality. To make this work, we're creating innovative products and ways to touch customers' lives beyond the airport.

'Hello Tomorrow' is already proving effective. In the Brand Finance 2013 ranking of the Global 500 Brands, our brand value jumped to US$4.1 billion, an 11% gain over last year's ranking.

The fast lane

What better way to underscore the lifestyle aspect of 'Hello Tomorrow' than with sponsorships, they help to connect us to our passengers, even when they're not flying.

In December 2012, we renewed our sponsorship deal with Arsenal FC, extending and deepening one of the strongest and most recognisable partnerships in world sport. The new £150 million deal grants us a five-year extension to our shirt partnership plus an additional seven years for stadium naming rights.

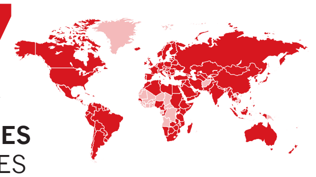
This year, we also renewed our involvement in Formula 1® racing, a high-profile, international sport which aligns well with our global network.

We've increased our tennis portfolio to encompass more competitions, including the Emirates Airline US Open Series, which culminates in the US Open. As part of our partnership with the US Tennis Association, Emirates is the Official Airline of the US Open.

Sport is not the only thing we sponsor; we also support cultural events. In 2012-13, that included the San Francisco, Melbourne and Sydney Symphonies, Dubai International Film Festival, Emirates Airline Festival of Literature and the Emirates Airline Dubai Jazz Festival.

SMALL DETAILS MAKE A BIG DIFFERENCE

CABIN CREW NATIONALITIES AND LANGUAGES



137
CABIN CREW
NATIONALITIES
58 LANGUAGES

CHANNELS ON ice DIGITAL WIDESCREEN = 100

1,441
CHANNELS

50,000 potential Cabin Crew interviewed. 4,000 recruited = 5,000

MOVIES ON ice DIGITAL WIDESCREEN = 10

323
MOVIES

An exceptional experience
What defines the Emirates experience? It's a distinctive combination of our unique product, our cabin crew and the Emirates "service personality" they reflect. However, it does not happen by chance. It's the result of a recruiting and training programme unmatched in the industry. Our cabin crew are chosen to embody the spirit of Hello Tomorrow.

The right people
Our recruiters travel all over the world to find the right people. They seek globalistas, people who want to explore new places, cultures and ideas. We often recruit for fluency in a specific language to match the demographics of a route, such as Mandarin on flights to Africa. The reason: as trade and tourism increases between China and Africa, so does the number of Chinese passengers.

We look for people with exceptional customer service skills, cross-cultural sensitivity and good attention to detail. They are not that easy to find. Last year, our recruiters interviewed more than 50,000 people to find 4,000 suitable candidates.

The right details
There is one guiding principle shared by all at Emirates: never do anything to compromise the quality of the customer experience. We focus on comfort, innovation and getting the details right. For example, the tray linens used in First Class and Business Class are stored flat, so there are no creases when presented. Our wine cellar has won international acclaim, selecting great varieties from regions of the world renowned for wine at an early stage, so we can get the best value for money whilst offering our customers some of the finest choices.

Still, we're never satisfied. We constantly add to the customer experience, like installing larger personal HDTV screens in our new A380 and Boeing 777 aircraft. All A380 cabins, including Economy Class, are now Wi-Fi enabled. We introduced the "Fly With Me Monster" collection – playful monster characters for pre-school children to collect.

Superlatives from the industry
We continue to win travel accolades. The readers of *Travel Weekly* in the USA, rated Emirates the Best Business/First Class Airline. We won the CAPA Airline of the Year award as the carrier that has had the greatest impact on the development of the airline industry. Our *ice* inflight entertainment system was once again voted the "World's Best Airline Inflight Entertainment" at the 2012 SKYTRAX World Airline Awards, for a record-setting eighth consecutive year.

A WHOLE NEW WORLD

THE FUTURE OF AIR TRAVEL IS HERE

DUBAI INTERNATIONAL AIRPORT CONCOURSE A

Redefining the airport experience
Not only do we operate the world's largest fleet of A380s, we have a dedicated home for them: the newly opened Concourse A at Dubai International Airport, an extension of Terminal 3, 11 floors high with a total built-out area of 528,000 square metres. Concourse A's passenger capacity is 15 million global customers per year, which boosts overall capacity at Dubai International Airport to 75 million passengers per year.

One word describes the new concourse best: incredible. Unlike any other airport facility in the world, the First Class and Business Class lounges in Concourse A are on separate floors and extend the entire length of the concourse. Each lounge offers direct, convenient access to aircraft boarding gates. They are the largest airport lounges in the world, occupying 29,000 square metres.

What makes each lounge special isn't just its size; it's what inside it.

Amenities include fine dining, complete with table linens; showcase kitchens; conference rooms; business centres; entertainment zones; a variety of seating areas – from cosy to open; a cigar lounge; enclosed play areas for children and duty-free shops. A staff of more than 1,200 people from Emirates Flight Catering and Emirates Airport Services attend to passengers' needs.

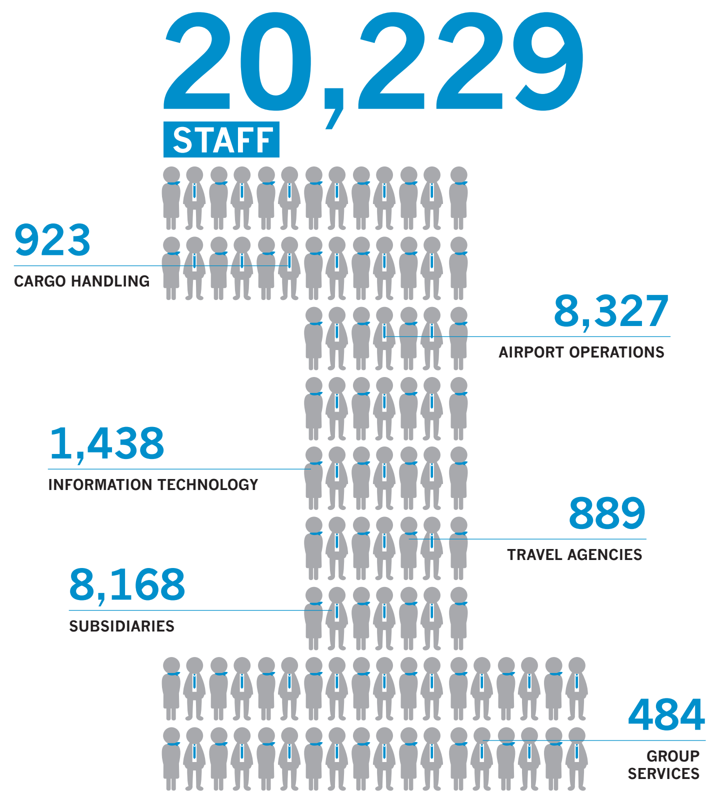
There's something else unique about our lounges. Each features a Timeless Spa. With 72 therapists, 15 treatment rooms in First Class and 14 in Business Class, they offer our customers far more than the traditional 15-minute neck rub.

The main level of Concourse A presents travellers with a mesmerising array of shopping and dining options. There's world-class shopping in the many duty-free stores, enhanced with specially-selected products not offered elsewhere. For dining, Concourse A offers a range of tempting restaurants, bistros and cafés including a top-brand champagne bar. Best of all, there's an even better experience waiting for you on board your Emirates flight.

HELPING LIFT THE WORLD OF AVIATION OFF THE GROUND

dnata's business encompasses ground and cargo handling, inflight catering, travel and technology. We employ more than 20,000 people and have businesses in 38 countries across five continents. We're an essential part of aviation, although our horizon is strictly a ground view. But even from that perspective, we see unlimited opportunities ahead.

BECOMING THE WORLD'S MOST ADMIRED AIR SERVICES PROVIDER



'One' for all
Launched in 2011, our 'One dnata' programme is an internal initiative that has helped unify and connect our company. Guided by our Vision – to be the world's most admired air services provider – the programme has energised the workforce to strive towards a clearly defined common purpose.

Revenue in the 2012-13 financial year rose to US$1.8 billion, exceeding the 2011-12 financial year, which up until now was the most successful in our 53-year history.

Safety first
A prominent feature of our new mindset and identity is a continuous focus on safety and security. Our recently developed internal campaign 'One Safety' will define and reinforce our attitude and approach to safety. The goal of the initiative is to develop a strong safety culture, moving it from a corporate issue to a personal one which resonates with all of our employees across all our businesses. Our culture will be benchmarked against 3,000 global organisations to help create specific action plans to reduce risk and improve safety performance.

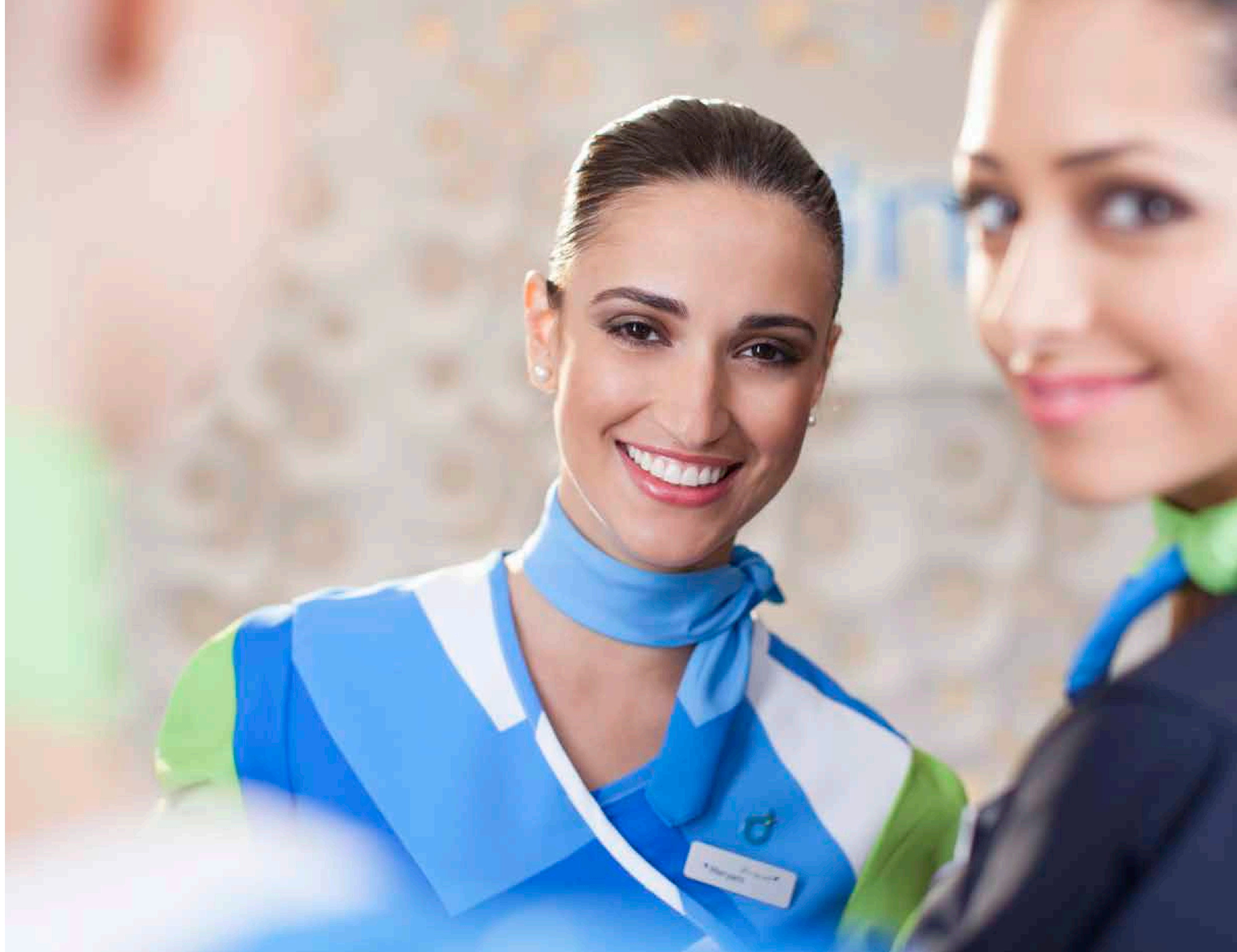
The message is a simple one: safety is everyone's business.

One uniform for all
A highly-visible manifestation of the new brand taking shape was introduced this year. New uniforms for our staff were rolled out world-wide. The uniforms added cohesive meaning and value to the brand for all of our staff, serving as tangible proof of our strong commitment to supporting 'One dnata'.

Common ground
The 'One dnata' programme has helped create a common mindset for all our employees. Building on this commonality, we launched a renewed internal communications programme that includes a global newsletter and a new employee portal to help engage, inform and inspire the workforce.

Training a leading team
To get new employees off to a common start, we have standardised our first-day training. Every newly-recruited dnata employee, regardless of location or company, now receives identical induction training on their first day.

Investing in world-class training will enable the company to deliver world-class service. Just ask the team in Singapore. Disney is renowned for its excellence in customer service and since January all staff in dnata Singapore have been put through an innovative two-day Service Excellence training course in partnership with the Disney Institute for Service Excellence Training to help the staff learn how to interact with customers in a fun, personable way.



AN INCREDIBLE INFRASTRUCTURE FOR AN AMAZING PLACE

62m

BAGS HANDLED PER YEAR = 10,000,000

EVERY 24 HOURS

90,000

BAGS HANDLED DAILY IN CONCOURSE A AT DUBAI INTERNATIONAL AIRPORT

What you don't see

To Emirates passengers, the new dedicated A380 Concourse A at Dubai International Airport is a shining example of a modern air terminal. Little do they realise that below their feet is another marvel – one of engineering.

It is the world's largest, most technologically advanced underground baggage handling system – designed, installed and managed by us.

The biggest challenge in construction was distance, as the terminal buildings and concourses at Dubai International Airport are laid out in a straight line. At peak time in the morning, Emirates has approximately 60 inbound and 70 outbound flights. A single Emirates A380 arriving from the US carries approximately 1,000 bags; of these, approximately 75% are bags in transit. They must be immediately routed to connecting flights throughout Dubai International Airport's 120 gates – all within Emirates 75-minute minimum connection time.

The solution was to tie in the baggage flow from Concourse A with the existing system by eight high-speed extended tracks. It takes 92 kilometres of baggage tracks; travelling at speeds of more than 25 kilometres through an 800 metre long underground tunnel and 3,000 people working 24/7 to make it happen.

On average it moves 90,000 bags per day and is capable of moving 150,000 bags per day.

Airport-wide, dnata handles 170,000 bags per day, on average. What's beyond average is our performance. Mishandled bags per 1,000 is the top key performance indicator (KPI). Last year, that number was down below 1.5, compared to IATA's industry average of 8.99.

Extending a welcoming hand to Bahrain

marhaba, the familiar meet-and-greet service for passengers at Dubai International Airport, announced its first international venture and commenced operations for a dedicated meet and greet service at Bahrain International Airport (BIA).

An Olympic performance

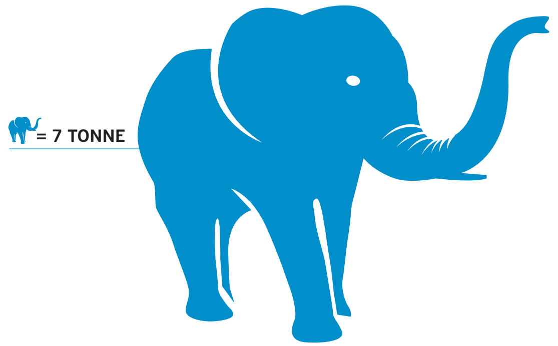
When the Summer Olympics and Paralympics came to London in 2012, 'Team dnata' handled the arrival and departure of all of the athletes, along with their baggage and equipment.

To minimise confusion and bottlenecks at the airport, we set up a check-in station for Heathrow inside the Olympic Village and worked through the night for three nights running to ensure a smooth service on arrival and departure.

No equipment or baggage was lost or damaged.

OUR CARGO BUSINESS DELIVERS THE WORLD

GROWING BY THE TONNE AT DWC



x 31,842
= 222,894

TONNES OF DNATA AIR CARGO HANDLED AT DWC FOR 2012-13

Setting new records
In 2010 we expanded our operations to Dubai World Central – Al Maktoum International Airport (DWC). The dnata-operated air cargo terminal at DWC – known as FreightGate-8 – handles local and sea-air export and import cargo as well as transit cargo.

In 2012-13 we handled a total of 222,894 tonnes of air cargo at DWC, representing an increase of 75% over the previous period. The total number of active cargo flights we handled on the ramp and in the FreightGate-8 was 4,650 for the same financial year, having grown by 71% from the previous period.

In fact, activity levels at FreightGate-8 in terms of monthly cargo tonnage handled now matches that of the more established dnata cargo terminals at Dubai International Airport (DXB).

Our numbers across our combined seven FreightGates at DXB and DWC continued to climb in the 2012-13 financial year. The Cargo handled rose to 790,856 tonnes, a 13% increase over the previous year. Flights handled climbed to 96,170, a 5% increase.

Redefining cargo handling at Heathrow
We're leading the way to an improved cargo service at Heathrow by developing a cargo logistics centre. With a project name of "dnata City" the development is an expansive 20-acre cargo complex centred on five air freight warehouses and includes a transportation facility, an in-house transport department to manage cargo flows and a yard for airside operations.

Two of the buildings currently handle 21 wide-body flights daily for a British-based carrier. Another 60,000 square foot facility nearby is dedicated to an Asian carrier's passenger and freighter cargo operations. Three additional facilities will provide 206,000 square feet of new cargo space and feature fully automated cargo handling systems, as well as chiller rooms. All in a paperless, e-freight environment. Call it a prototype for the future of all cargo business.

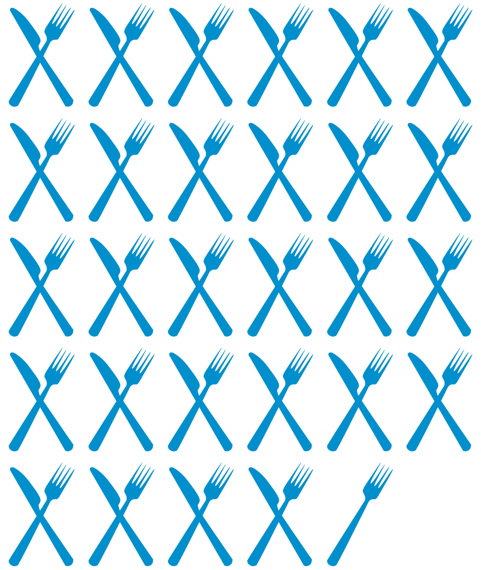
Air cargo minus the paperwork
Calogi is the world's leading paperless air cargo solutions portal, designed to simplify the cargo business.

In 2012-13, Calogi gained sizeable momentum, increasing the number of subscribing companies to 639, a 25% increase. The total number of transactions soared from 3 to 4 million. Calogi's global presence also expanded. It's now used in the Philippines, UK, Canada, Sri Lanka, Bangladesh, Pakistan, China, India, Indonesia, Malaysia and Vietnam.

In 2012-13, enhancements included significant upgrades to its e-booking system, which allows forwarder subscribers to grow their e-cargo capabilities.

CATERING TO THE WORLD

OUR CATERING OPERATIONS HEAT UP BUSINESS



28.6m X = 1,000,000 MEALS

MEALS DNATA SENT INTO THE SKIES 2012-13

Alpha LSG joint venture

In 2011 we acquired Alpha Catering S.p.A., a leading inflight caterer that provides quality service to airline clients from 62 airports across 12 countries. Building on the success of that acquisition, in 2012 we formed an equal-share joint venture in the UK with LSG Sky Chefs. Named Alpha LSG, it includes all existing Alpha and LSG Sky Chefs airline catering, airline retail and ancillary services in the UK (with certain exceptions). Alpha LSG operates in 16 airports throughout the UK and serves more than 75 airlines.

Growing in South Africa

In another region, our inflight catering expanded its presence in South Africa in 2013 by forming dnata Newrest RSA – an inflight catering services group formed when Wings (jointly owned by dnata and Mentor Africa) merged with the catering services business of Newrest First Catering.

Meeting customers' specific requirements and needs at a competitive cost is what dnata Newrest is all about. We offer a range of choices, from fresh and authentic world class cuisine to innovatively developed, sourced and packaged fresh, frozen or ambient products, competitively delivered by state-of-the-art provisioning and logistics services.

Also in 2013, we acquired a majority stake in En Route International Ltd, a supplier of bakery and packaged food solutions with operations in the UK, the UAE and the USA.

En Route provides a range of premium quality products and serves many of the world's top airlines, including Emirates. En Route also operates key distribution centres at two of the world's busiest airports – London Heathrow and Hartsfield-Jackson Atlanta International Airport in the USA.

Strengthening customer relationships

We are relationship builders - with an eye on the future. So while we focus on taking care of our customers' immediate needs, we look after their long-term ones as well.

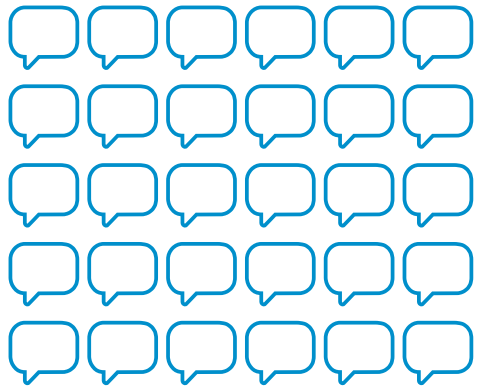
For example, Alpha Flight Group dutifully services Britain's flagship carrier at Gatwick Airport, providing delicious meals for passengers travelling in all cabins. What is unexpected in that arrangement is the impressive test kitchen Alpha just completed for the carrier at Gatwick. It not only allowed us to strengthen our bond with the airline, but also helped the British carrier solidify relationships with their own customers.

Actually, the term 'test kitchen' belies the upscale tone of the facility. The showcase kitchen recreates that of a five-star restaurant. Guest chefs are often brought in. It's the perfect place for the airline to entertain and impress their customers.

OUR TRAVEL TEAMS GO THE DISTANCE

= 10,000 CALLS HANDLED

MONTHLY CALLS HANDLED BY DNATA'S TRAVEL ADVISORS



300,000 calls

Travel Republic takes off
The 2012-13 financial year marked the first full-year revenue contribution from Travel Republic, our online travel agency in the UK, acquired in December 2011. Buoyed by its highly successful “Secure a Hotel with a one Pound deposit” promotion, travel played a significant role in fuelling dnata’s record year in 2012-13. Now, we are replicating Travel Republic’s success with online sites in Italy, Ireland, Spain and Germany.

Travel Republic contributes a lot to dnata, not just revenue, but knowledge and experience. Its online systems capability and expertise in pay-per-click search is helping our travel business in the Middle East accelerate their own online plans.

We also broadened the local market with a new joint venture. Travel Counsellors started operating in the UAE in summer 2012. The partnership combines our market experience, industry contacts and supplier relationships with Travel Counsellors’ track record in recruiting and supporting the very best home-based travel professionals.

India celebrates one year anniversary
In November 2012 we celebrated a year of successful performance with our partner, Hogg Robinson Group (HRG), after introducing its travel products and services to corporate customers in India. With offices in Delhi (Noida) and Mumbai, HRG India serves more than 75 global and national corporate clients in eight cities across India, with a travel staff that has grown from 100 at opening to 165 now.

Corporate travel customers who adopt the online travel management platform can book travel from the comfort and convenience of their offices, using a single screen. Even better, their companies will save money through better compliance, supplier negotiations and timely purchasing.

AIRLINES RUN BETTER ON MERCATOR TECHNOLOGY

18

18 MILLION
AIRFREIGHT SHIPMENTS PER YEAR MANAGED BY **OUR CARGO SOLUTIONS**

19

19 MILLION
AIRLINE LOYALTY MEMBERS AND OVER 366 MILLION TRANSACTIONS MANAGED EACH YEAR BY OUR **LOYALTY & CRM SOLUTIONS**

250

OVER 250 MILLION
TRANSACTIONS MANAGED YEARLY FOR AIRLINES ACROSS THE GLOBE BY **MERCATOR'S REVENUE ACCOUNTING SERVICES (mRAS) TEAM**

Smooth, efficient travel ahead
mercator is a provider of business technology solutions and services to the global airline industry. Its value proposition is a compelling one: reduced costs, improved processes and increased performance. In 2012, mercator introduced a new logo and brand – establishing its place among the industry leaders in airline IT. The new brand reflects mercator's mission to bring its airline clients and passengers closer to the technology solutions they need for smooth, efficient travel.

Safety management and compliance made easy
mercator's new safety and compliance management system, mSID, is now live and running at Emirates, its pilot customer. The system is focused on ensuring that standards of safety are continually improved across the Emirates Group. It also protects the welfare and safety of Emirates' customers, colleagues and equipment; and, predictably, improves operational performance. Following the success of the system at Emirates, mSID has been made available to the industry.

Where is my bag?
According to SITA, 25.8 million pieces of baggage were mishandled in 2012. Delayed bags were 85% of that total. Damaged or lost bags accounted for the remaining 15%. The cost to the aviation industry is staggering: US$2.58 billion in 2012.

Thanks to mercator's newly-developed baggage tracking and management technology, mBELT, it no longer has to be that way. The baggage management suite gives ground handlers and airports an end-to-end tool to help them manage the entire lifecycle of their passengers' bags, adding high visibility and transparency to baggage movement.

1ST QUARTER

APRIL

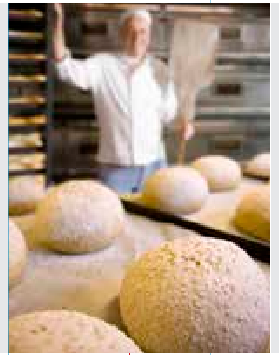
02 APRIL
Emirates launches a new global brand platform themed 'Hello Tomorrow'

26 APRIL
dnata's newest cargo terminal, FreightGate-8, located at Dubai World Central-Al Maktoum International Airport (DWC), unveils an increase in air cargo volumes of 700% for the 2011-12 financial year

29 APRIL
Emirates SkyCargo is voted Cargo Airline of the Year at the prestigious Cargo Airline of the Year 2012 awards

MAY

10 MAY
The Emirates Group announces its 24th consecutive year of profit and company-wide growth amidst unprecedented economic pressure and record high fuel prices



16 MAY
dnata, announces acquisition of a majority stake in En Route International Ltd, a supplier of bakery and packaged food solutions

22 MAY
Emirates becomes the official airline of the Irish Open

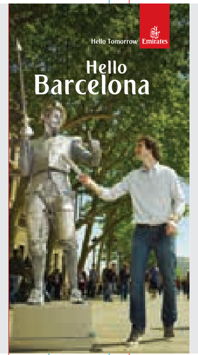
26 MAY
mercator introduces its new logo and brand

JUNE

04 JUNE
Emirates commences flights to Ho Chi Minh City

2ND QUARTER

JULY



03 JULY
First daily Emirates flights to Barcelona

5 JULY
dnata is appointed as a Passenger Sales Agent (PSA) for Costa Cruises

08 JULY
For the fourth year in a row, mercator's customer contact centre is named '2012 Best Call Centre Help Desk of the Year' at the Annual Middle East Call Centre Awards

09 JULY
First daily Emirates flights to Lisbon

15 JULY
Emirates inflight entertainment, *ice* wins the World's Best Inflight Entertainment award at the 2012 World Airline Awards for eighth consecutive year

AUGUST

01 AUGUST
Emirates launches A380 service to Amsterdam

12 AUGUST
Emirates services to Erbil commence, becoming the airline's third gateway into Iraq

23 AUGUST
Emirates is awarded the Jon C. Long Fly Quiet 'Chairperson's Award' by San Francisco International Airport for demonstrating significant efforts in reducing aircraft noise impact

SEPTEMBER

12 SEPTEMBER
Emirates launches its daily non-stop service to Washington, DC, its seventh US gateway

13 SEPTEMBER
marhaba celebrates the launch of its first international venture with commencement of services at Bahrain International Airport (BIA)

3RD QUARTER

OCTOBER

01 OCTOBER
Alpha and LSG Sky Chefs joint venture in the UK becomes effective

25 OCTOBER
Emirates launches its Google + page

NOVEMBER

01 NOVEMBER
Emirates launches flights to its fifth Australian destination with the inaugural flight to Adelaide

11 NOVEMBER
JW Marriott Marquis Dubai, the world's tallest hotel, owned by the Emirates Group opens

25 NOVEMBER
Emirates Group Security becomes the first aviation and airline security organisation in the world to be awarded the ISO 28000 certification

DECEMBER

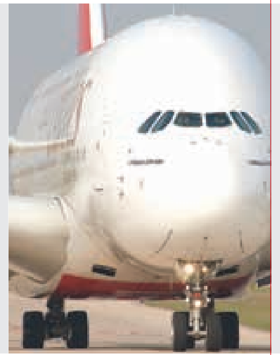
01 DECEMBER
Emirates launches a daily A380 service to Moscow

05 DECEMBER
Daily service to Lyon is launched

10 DECEMBER
Flights to Phuket, Emirates second Thai destination, commence

12 DECEMBER
dnata is announced as 'World's Leading Air Travel Service Provider' at the World Travel Awards Grand Final Gala Ceremony 2012, Delhi

27 DECEMBER
Emirates welcomes its 30th A380 to the fleet



4TH QUARTER

JANUARY

02 JANUARY
Double daily A380 services to Paris Charles de Gaulle and New York JKF are introduced

02 JANUARY
Concourse A opens at Dubai International – the world's first dedicated A380 facility and home of the Emirates A380

FEBRUARY

01 FEBRUARY
London Heathrow becomes a an all A380 route, following the launch of the fifth daily A380 service

05 FEBRUARY
Emirates signs a five year agreement to become a Global Partner of Formula 1®

13 FEBRUARY
Toll dnata commences handling services for Air New Zeland across Australia

19 FEBRUARY
Transguard Group and Swiss Post Solutions (SPS) sign a Joint Venture Agreement towards a strategic alliance to create 'Transguard SPS;' the new UAE-based mailroom and document management solutions provider

MARCH

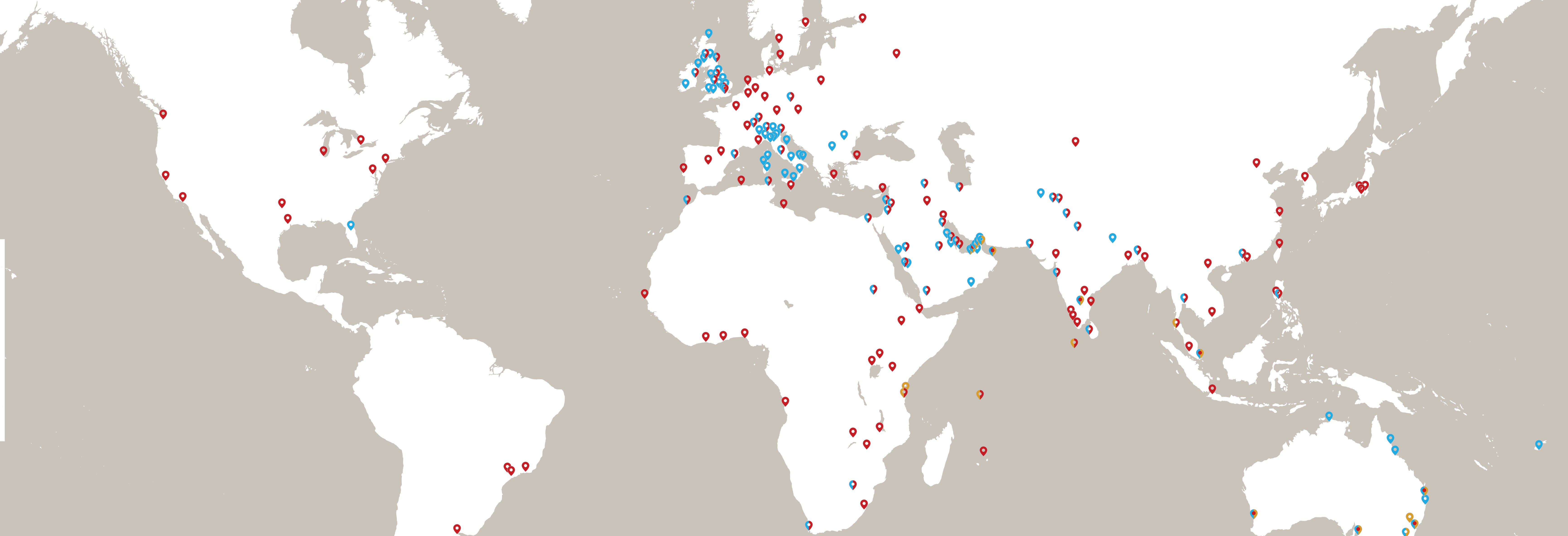
05 MARCH
Emirates opens its 35th dedicate airline lounge at Milan Malpensa airport

20 MARCH
Emirates announces five year sponsorship of Barcelona Open tennis

25 MARCH
dnata, the Newrest Group and Mentor Africa announce the formation of a new, jointly-owned inflight catering services group in South Africa.

31 MARCH
Qantas and Emirates partnership commences, offering 98 weekly flights between Dubai and Australia

OUR WORLD TODAY



EMIRATES DESTINATIONS = 30

136* AIRPORTS

* INCLUDES 3 FUTURE DESTINATIONS

DNATA PRESENCE WORLDWIDE = 30

103 LOCATIONS

DNATA PRESENCE

Aberdeen
Abu Dhabi
Adelaide
Al Ain
Al Khobar
Al Medinah
Alghero
Amman (Marka)
Ancona
Bahrain
Bangkok
Barcelona
Bari
Beirut
Belfast
Bengaluru
Bergamo
Birmingham
Bologna
Brindisi
Brisbane
Bristol
Bucharest
Cagliari
Cairns
Cairo
Canberra
Cape Town
Cardiff
Casablanca
Catania
Colombo
Coolangatta
Cork
Damascus
Dammam
Darwin
Delhi
Dhaka
Doha
Dubai
Dublin
East Midlands
Edinburgh
Erbil
Florence
Fujairah
Geneva
Genova
Glasgow
Guangzhou
Islamabad
Jeddah
Johannesburg
Jubail
Kabul
Karachi
Kathmandu
Khartoum
Kuwait
Lahore
Lamezia Terme
Leeds
Liverpool
London Gatwick
London Heathrow
Luton
Manchester
Manila
Melbourne
Milan (Malpensa & Linate)
Mumbai
Muscat
Naples
Newcastle
Olbia
Palermo
Perth
Peshawar
Pisa
Prague
Prestwick
Ras Al Khaimah
Riyadh
Rome
Salalah
Sanaa
Sanford
Sharjah
Singapore
Sofia
Stansted
Suva
Sydney
Taif
Tehran
Townsville
Tunis
Turin
Venice
Verona
Yanbu
Zurich

EMIRATES PRESENCE

Abu Dhabi
Adelaide
Bengaluru
Brisbane
Canberra
Dar es Salaam
Dubai
Fujairah
Hobart
Launceston
Malé
Melbourne
Muscat
Perth
Phuket
Ras Al Khaimah
Seychelles
Sharjah
Singapore
Sydney
Wolgan Valley
Zanzibar

EMIRATES DESTINATIONS

Abidjan
Accra
Addis Ababa
Adelaide
Ahmedabad
Al Medinah
Algiers
Almaty
Amman
Amsterdam
Athens
Auckland
Baghdad
Bahrain
Bangkok
Barcelona
Basra
Beijing
Beirut
Bengaluru
Beunos Aires
Birmingham
Brisbane
Cairo
Campinas
Cape Town
Casablanca
Chennai
Chicago
Chittagong
Christchurch
Clark
Colombo
Copenhagen
Dakar
Dallas
Damascus
Dammam
Dar es Salaam
Delhi
Dhaka
Djibouti
Doha
Dubai
Dublin
Durban
Düsseldorf
Eldoret
Entebbe
Erbil
Frankfurt
Geneva
Glasgow
Gothenburg
Guangzhou
Hamburg
Haneda
Hanoi
Harare
Ho Chi Minh City
Hong Kong
Houston
Hyderabad
Islamabad
Istanbul
Jakarta
Jeddah
Johannesburg
Karachi
Khartoum
Kochi
Kolkata
Kozhikode
Kuala Lumpur
Kuwait
Lagos
Lahore
Larnaca
Liege
Lilongwe
Lisbon
London Heathrow
London Gatwick
Los Angeles
Luanda
Lusaka
Lyon
Madrid
Malé
Malta
Manchester
Manila
Mauritius
Melbourne
Milan
Moscow
Mumbai
Munich
Muscat
Nairobi
New York
Newcastle
Nice
Osaka
Paris
Perth
Peshawar
Phuket
Prague
Rio de Janeiro
Riyadh
Rome
San Francisco
Sanaa
São Paulo
Seattle
Seoul
Seychelles
Shanghai
Singapore
Stockholm
St. Petersburg
Sydney
Taipei
Tehran
Thiruvananthapuram
Tokyo
Toronto
Tripoli
Tunis
Venice
Vienna
Warsaw
Washington, DC
Zaragoza
Zurich

The Emirates Group sees the world without boundaries; a world that gives us and our customers the space to grow and connect with each other.

At Emirates and dnata, we are people from over 130 countries working together for our customers to open up the world and all the opportunity it brings.

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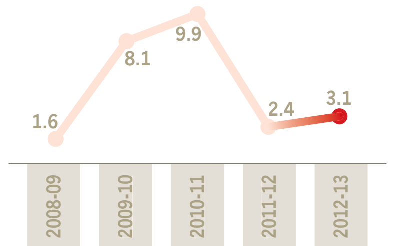
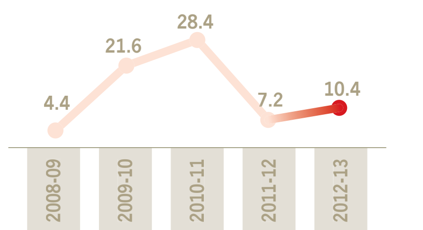
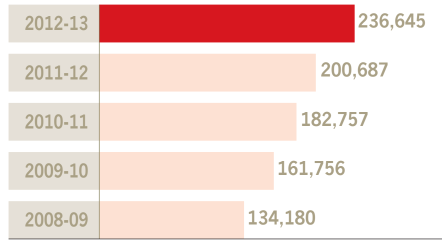
Profit margin in %



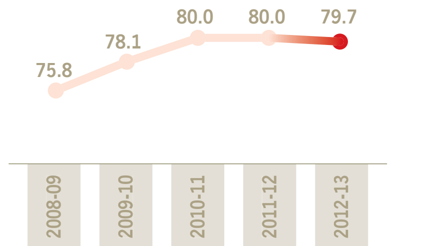
Return on shareholder's funds in %



Available seat kilometres (ASKM) in millions



Passenger seat factor in %



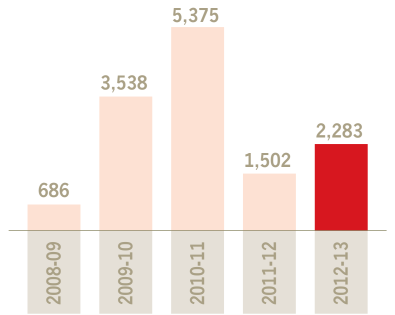
Emirates continued with its growth plan and the financial year 2012-13 has seen the largest increase in capacity in the airline's history with the addition of 34 wide-body aircraft to its fleet where added capacity measured in ATKM by 5.5 billion tonne-kilometres. Emirates launched 10 new destinations across six continents, shipped more than 2 million tonnes of cargo for the first time and carried an additional 5.4 million passengers, the highest increase in a financial year, despite the challenges faced by the aviation industry in an uncertain global economic environment.

PROFITABILITY

In its 25th consecutive year of profitable operations, Emirates profit attributable to the Owner is AED 2,283 million, is a substantial increase of 52% from last year's profit of AED 1,502 million. High jet fuel prices and pressure on yield have continued to impact the results despite the sustained increase in the revenue base.

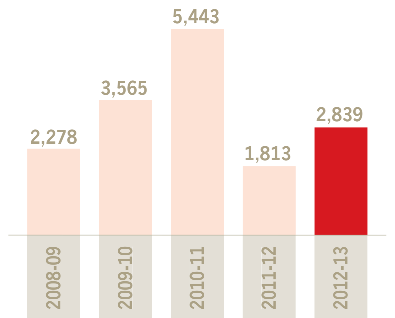
Emirates improved profit margin at 3.1% (2011-12: 2.4%) represented a positive result in yet another challenging year, marked by a weak economic environment, continued political crises in the Middle East region, volatile exchange rates for major currencies and continued high fuel prices.

Profit attributable to the Owner in AED m



Emirates' operating profit increased by 56.6% to AED 2,839 million, an increase of AED 1,026 from last year's operating profit of AED 1,813 million. This resulted in an enhanced operating margin of 3.9%, 1 percentage point higher compared to the previous year (2011-12: 2.9%).

Operating profit in AED m



REVENUE

	2012-13 AED m	2011-12 AED m	% change
Passenger	57,477	48,950	17.4
Cargo	10,346	9,546	8.4
Excess baggage	388	332	16.9
Transport revenue	**68,211**	**58,828**	**15.9**
Sale of goods	2,181	2,017	8.1
Destination and leisure	226	245	(7.8)
Others	541	418	29.4
Total	**71,159**	**61,508**	**15.7**

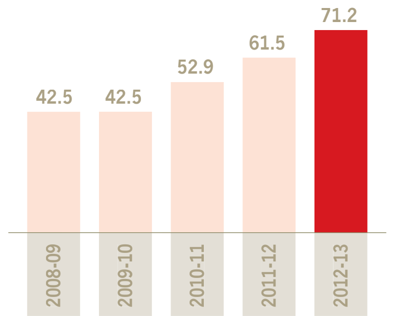
As a consequence, the return on shareholder's funds stood at 10.4%, a healthy increase of 3.2 percentage points compared with the previous year (2011-12: 7.2%).

REVENUE

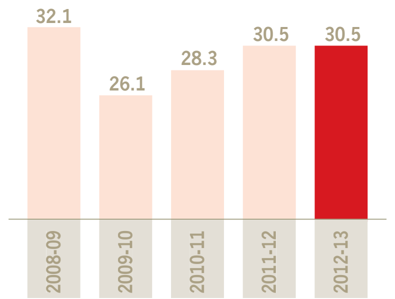
Revenue crossed the AED 70 billion mark growing by a robust 15.7% to AED 71,159 million (2011-12: AED 61,508 million). Transport revenue stood at AED 68,211 million, an improvement of 15.9% over the previous year (2011-12: AED 58,828 million) mainly supported by an increase in passenger revenue. Transport revenue continued to account for 95.9% (2011-12: 95.6%) of total revenue.

Passenger revenue (including excess baggage) grew at a remarkable rate of 17.4% or AED 8,583 million over the previous year to AED 57,865 million, the result of a 17.6% growth in RPKM and a stable yield per RPKM. Passenger seat factor at 80% for the third consecutive year was an achievement in itself against a backdrop of a significant 17.9% increase in ASKMs.

Development of revenue in AED bn

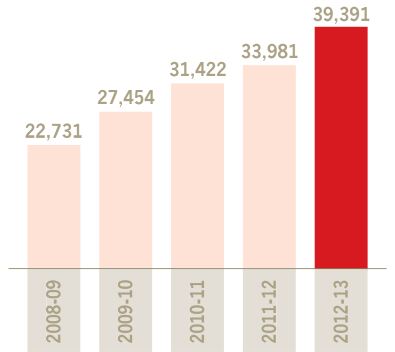


Passenger yield in fils per RPKM



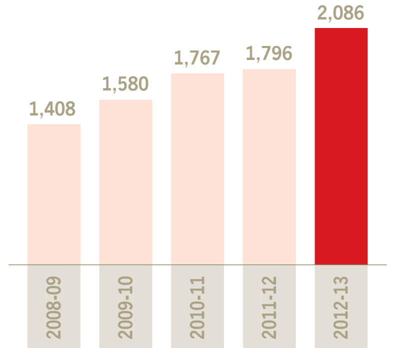
Premium class seat factor remained stable compared with the previous year and the economy class seat factor remained unchanged at 83.1% (2011-12: 83.3%). The impressive passenger seat factor over an expanded capacity has resulted in the number of passengers carried exceeding 39 million, an increase of 15.9% or 5.4 million passengers over the previous year which underlines Emirates growth and expanding network.

Passenger numbers in '000



Cargo revenue continued to grow, up 8.4% over last year, to AED 10,346 million (2011-12: AED 9,546 million). Cargo tonnage increased significantly by 16.1% over the previous year and for the first time, SkyCargo carried more than 2 million tonnes (2,086 thousand tonnes) in a financial year. A strong performance against an adverse and shrinking (1.5% in 2012) air cargo transportation market. FTKM increased by 15% to 9,270 million tonnes while the yield per FTKM declined by 6.1%. Cargo revenue continues to constitute an important 15.2% (2011-12: 16.2%) of Emirates transport revenue, aligned with the expanded revenue base.

Cargo carried in tonnes '000

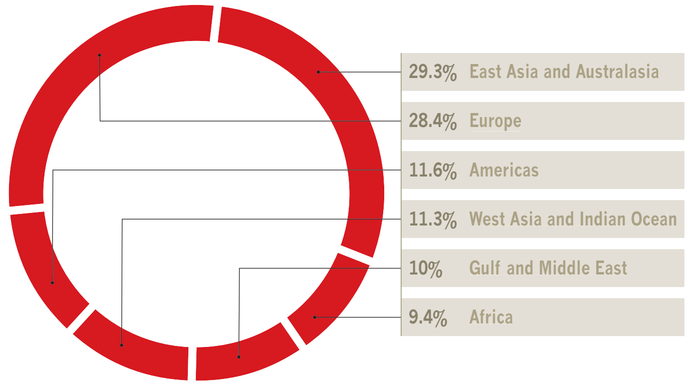


Geographical revenue in AED m

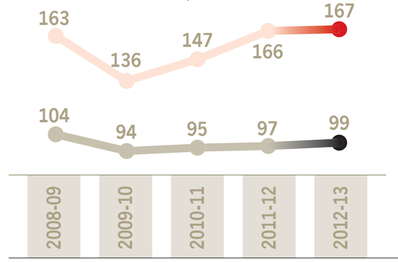
Year	East Asia and Australasia	Europe	Americas	West Asia and Indian Ocean	Gulf and Middle East	Africa	Total
2012-13	20,884	20,140	8,275	8,031	7,117	6,712	71,159
2011-12	18,227	17,058	6,696	7,083	6,314	6,130	61,508
% change	14.6%	18.1%	23.6%	13.4%	12.7%	9.5%	15.7%

Emirates continued to benefit from its strategy of having a diverse revenue base, with no region contributing more than 30% of revenues. Robust growth in revenue has been witnessed across all geographical regions lead by Europe (up AED 3,082 million or 18.1%), East Asia and Australasia (up AED 2,657 million or 14.6%) and the Americas (up AED 1,579 million or 23.6%). The Americas has further climbed one place and is now ranked amongst the three most important regions for Emirates in terms of geographical revenues reflecting the added destinations and increased frequencies on these routes. The change in revenue by geographical area is generally in line with the overall revenue growth, reflecting the introduction of ten new destinations spread across all the continents as well as the significantly increased frequencies and capacity to a large number of existing destinations.

Geographical revenue in %

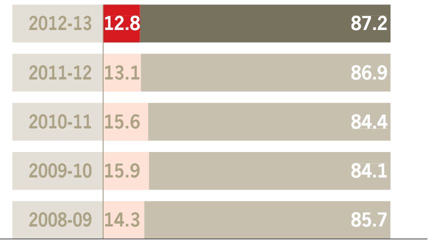


Unit costs in fils per ATKM



Unit cost
Unit cost excluding jet fuel

Employee cost as % of total operating costs



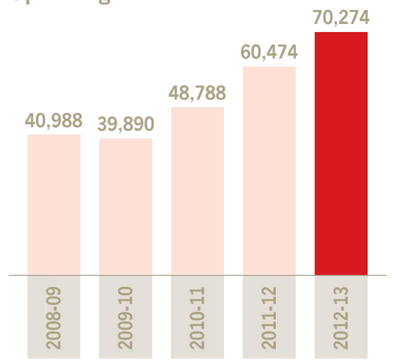
Employee cost
Operating costs

EXPENDITURE

Emirates operating costs rose marginally higher than the growth in revenue mainly due to investment in new fleet, reflected in higher depreciation and operating lease costs as well as an increased spend on sales & marketing in strengthening its brand.

Operating costs at AED 70,274 million were up by 16.2% or AED 9,800 million. Jet fuel cost continues to be the single largest cost element of the total operating cost.

Operating costs in AED m



Jet fuel costs at AED 27,855 million (2011-12: AED 24,292 million) comprised a significant 39.6% of the total operating costs, only slightly reduced from 40.2% in the previous year. The increase in absolute cost is a result of a 15.7% increase in quantity uplifts and a marginal 0.9% decrease in average jet fuel price per US gallon.

Total unit cost per ATKM is largely unchanged compared to last year and marginally up by 0.8% to 167 fils per ATKM (2011-12: 166 fils per ATKM) reflecting the continuing high jet fuel costs.

Excluding jet fuel costs, unit costs have increased 1.7% to 99 fils per ATKM (2011-12: 97 fils per ATKM), and this compares well with the general price increases.

Airline employee numbers grew 13.2% on the back of a strong 15.4% increase in capacity. Overall employee costs were up 13.8% or AED1,093 million. This second largest cost element of Emirates constituted 12.8% of the operating costs (2011-12: 13.1%).

The rise in other direct operating costs (handling, in-flight costs, overflying, landing and parking and aircraft maintenance) of AED 1,796 million or 16.8% was on account of rate increases and an increase in activity levels. Aircraft maintenance costs increased by 44% or AED 569 million on account of an increase in scheduled maintenance and phase out activities. The 11.4% increase in in-flight catering costs was mainly a result of higher passenger numbers.

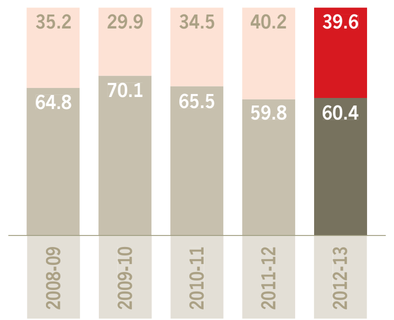
The higher depreciation charge at AED 5,046 million is up AED 993 million or 24.5%, mainly on account of an increase in owned or finance leased aircraft fleet and related assets. Aircraft operating lease cost substantially grew by AED 1,128 million or 23.6% due to an increase in the number of aircraft on operating leases.

In addition, sales and marketing expenses were up AED 889 million or 20.3% because of the brand re-launch "Hello Tomorrow", higher spend on sports sponsorship events and higher sales and distribution expenses in line with growth in operation.

Operating costs

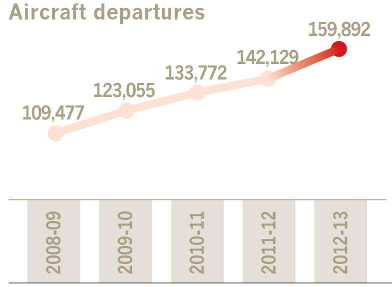
	2012-13 AED m	2011-12 AED m	% change	2012-13 % of operating costs
Jet fuel	27,855	24,292	14.7	39.6
Employee	9,029	7,936	13.8	12.8
Aircraft operating leases	5,916	4,788	23.6	8.4
Sales and marketing	5,270	4,381	20.3	7.5
Depreciation	5,046	4,053	24.5	7.2
Handling	4,073	3,584	13.6	5.8
In-flight catering and related costs	3,159	2,836	11.4	4.5
Overflying	2,086	1,878	11.1	3.0
Aircraft maintenance	1,865	1,296	43.9	2.7
Office accommodation and IT costs	1,649	1,450	13.7	2.4
Landing and parking	1,335	1,128	18.4	1.9
Cost of goods sold	1,042	926	12.5	1.5
Amortisation	90	81	11.1	0.1
Corporate overheads	1,859	1,845	0.8	2.6
Total operating costs	**70,274**	**60,474**	**16.2**	**100.0**

Jet fuel cost as % of operating cost

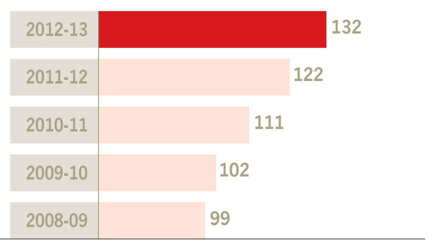


Jet fuel cost
Other operating cost

Aircraft departures



Destination cities



CAPACITY, TRAFFIC AND LOAD FACTOR

		2012-13	2011-12	% change
Capacity (ATKM)	million	40,934	35,467	15.4
Load carried (RTKM)	million	27,621	23,672	16.7
Load factor	%	67.5	66.7	0.8 pts
Break even load factor	%	66.9	65.9	1.0 pts

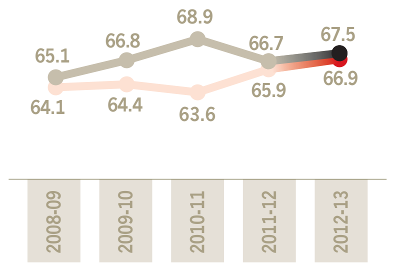
For the first time in the history of the airline, capacity measured in terms of ATKM crossed the 40 billion tonne-kilometre mark with a further growth by 15.4% to 40,934 million tonne-kilometres (2011-12: 35,467 million tonne-kilometres). The resultant traffic or RTKM showed an even stronger increase of 16.7% to 27,621 million tonne-kilometres (2011-12: 23,672). Consequently the overall load factor achieved was 67.5% which is 0.8 percentage points higher than the previous year (2011-12; 66.7%) reflecting a healthy growth in passenger carried and cargo tonnage.

With 31 flagship A380 aircraft in the fleet at 31 March 2013, Emirates continues to be the largest operator of this aircraft. With the aircraft returning healthy load and seat factors well above the network average, both in the premium and economy cabins, the A380 remains the aircraft of choice amongst our discerning customers.

The opening of the new dedicated Emirates A380 concourse in Dubai during the year, the first facility of its kind has set new standards for the industry in terms of customer service. The A380 fleet now serves a total of twenty one destinations across our network.

Two new lounges were opened in the new A380 concourse in Dubai and one in Milan. This takes the total number of Emirates dedicated airport lounges to 35.

Overall and breakeven load factor in %

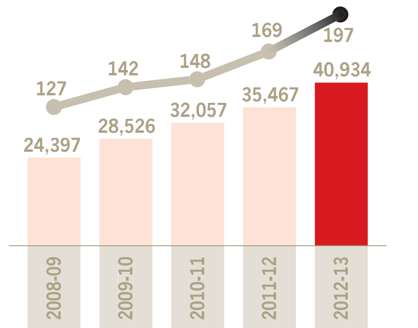


Breakeven load factor
Overall load factor

Aircraft departures increased by 12.5% to 159,892 (2011-12: 142,129) with the increase in traffic coming principally from:

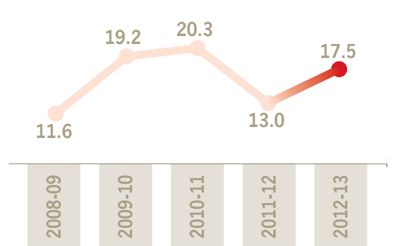
- introduction of new passenger services to 10 new destinations – Ho Chi Minh City, Barcelona, Lisbon and Erbil launched in the first half; Washington, DC, Adelaide, Lyon, Phuket, Warsaw and Algiers launched in the second half of the financial year.
- increased frequencies to several existing destinations, including Jakarta, Glasgow, Paris, Hong Kong, Doha, Milan, Jeddah, Manila and Madrid.
- increased capacity to several existing destinations with larger aircraft mainly operating to London, Copenhagen, Accra, Abidjan, Durban, Dublin, Manchester as well as new A380 services to Amsterdam, Moscow, Melbourne, Narita and Singapore.

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

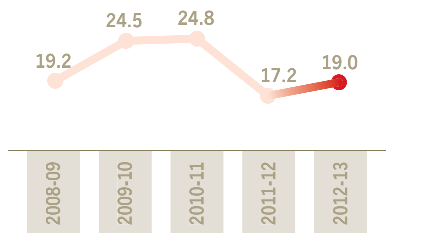


Available tonne kilometres (ATKM)
Number of aircraft in operation

Operating cash margin in %



EBITDAR margin in %



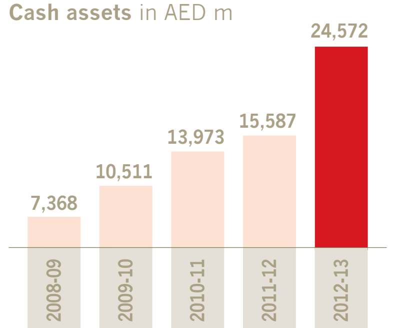
CASH POSITION

Emirates generated AED 12,814 million of cash from operating activities which is the highest level ever achieved and reflects a very strong increase of 58.1 % over last year (2011-12: AED 8,107 million). As a consequence, the operating cash margin stood at 17.5% (2011-12: 13.0%). Operating activities continue to provide sufficient cash to support the growth of the airline, investment activities and service its financing obligations.

Cash generated from operations was used to finance the investment in property, plant and equipment of AED 5,773 million, repay a AED 2,020 million Sukuk bond and settle loan and lease liabilities of AED 2,985 million with the balance invested in short term bank deposits. The proceeds from USD and Sukuk bonds of AED 6.4 billion issued in the last quarter of the financial year have been invested in short term bank deposits for financing aircraft deliveries in the year 2013-14.

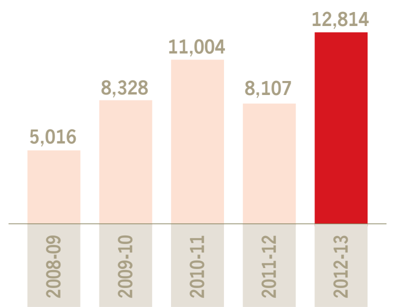
As a result, cash assets which include short term bank deposits were up substantially by AED 8,985 million or 57.6% to a healthy AED 24,572 million at 31 March 2013 and are expected to be sufficient to cover all requirements due in the next financial year when supplemented by our aircraft and corporate financing programme. The available cash balance represents a healthy and stable ratio of cash assets to revenue and other operating income at 33.6% (2011-12: 25%). Excluding the bond proceeds, the ratio remained at a healthy 24.9% in line with previous years. Emirates cash profit from operations (or EBITDAR) for the year ended 31 March 2013 was AED 13,891 million, a substantial 29.4% up over last year, the highest level ever achieved by Emirates. EBITDAR margin at 19% was up by 1.8 percentage points over last year.

Cash assets in AED m

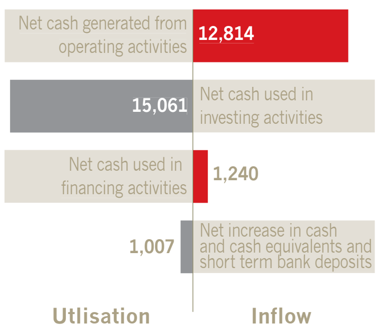


EBITDAR for the year equated to more than 14 months of debt service and lease rentals, including periodic principal and interest payments on aircraft financing and bond issues.

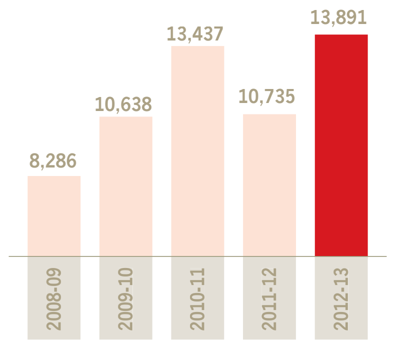
Cash generated from operating activities in AED m



Cash flow in AED m



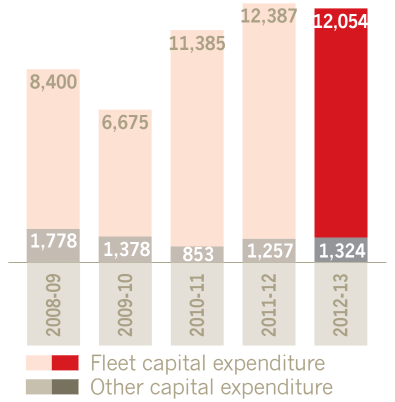
EBITDAR in AED m



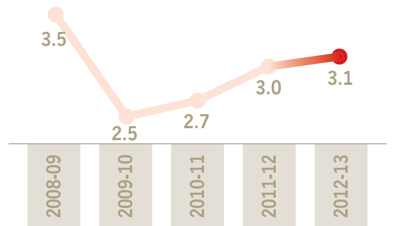
CAPITAL EXPENDITURE

Emirates continued to invest heavily in its revenue generating assets with capital expenditure during the year amounting to AED 13,378 million (2011-12: AED 13,644 million). Primary capital expenditure consisting of the spend on aircraft, major overhauls, spare engines and parts comprised 90% (2011-12: 91%) of the total capital expenditure including disbursements for aircraft delivered during the year and progress payments for future deliveries. In total, secondary capital expenditure amounted to AED 1,324 million (2011-12: AED 1,257 million) of which AED 617 million (2011-12: AED 802 million) has been spent on building construction projects including the new Emirates owned JW Marriott Marquis Hotel in Dubai.

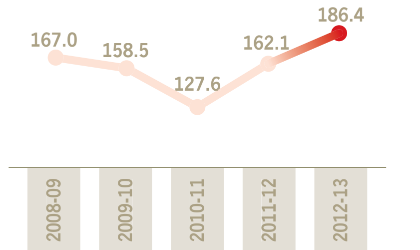
Fleet and other capital expenditure in AED m



Effective interest rate on borrowings and lease liabilities in %



Net debt (including aircraft operating leases) equity ratio in %



FLEET ACQUISITION AND FINANCING

During the financial year Emirates took delivery of a record 34 wide-body aircraft – the highest number of deliveries the airline has taken in any single year, which comprised of 20 B777-300ERs and 4 B777-200LRFs from Boeing and 10 A380s from Airbus. Emirates continues to remain the world's largest B777 operator with 126 aircraft comprising all variants of the B777 family and the largest A380 operator with 31 twin deck units in service. Emirates total order book size, excluding options, is 193 aircraft as at 31 March 2013.

Emirates raised a total of AED 28.6 billion (USD 7.8 billion) in aircraft financing during the financial year 2012-13 (funded through finance and operating lease including bonds), and has received offers of finance covering the high level of deliveries due in the forthcoming financial year, in addition to the proceeds from the issuance of bonds during the final quarter of the financial year 2012-13.

This financial year has seen Emirates achieve several significant ground-breaking financing milestones.

The year started with the issuance of a uniquely structured Enhanced Equipment Trust Certificate (EETC) funding four A380s. This deal won several accolades across the industry including the prestigious 'Innovative Deal of the Year' from both Airfinance Journal and Global Transport Finance.

In early 2013 the airline issued two amortising bonds – a conventional '144A / Reg S' and a Sukuk, to raise USD 1.75 billion in less than six weeks. These issuances were pioneering and led the way with several firsts - first senior unsecured amortising bond issued by an airline and first ever amortising Sukuk in the international market. The conventional bond is listed on the Irish Stock Exchange whilst the Sukuk is listed on NASDAQ Dubai. Emirates received an overwhelmingly positive response to these issues, indicative of its financial strength and high level of investor confidence on its successful business model and growth plans. These bonds are in line with Emirates strategy of diversification of financing sources and they allowed the airline to tap a deeper and wider geographical investor base than previously.

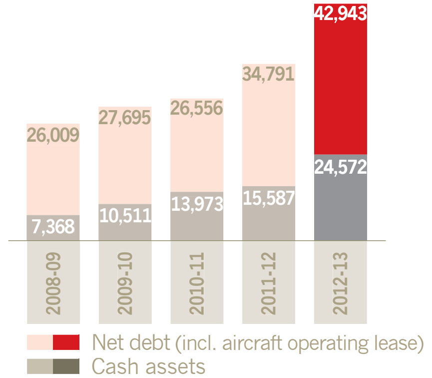
Another major landmark was achieved in February 2013, when Emirates refinanced one of its A380s through the first ever capital market bond backed by a COFACE (the French Export Credit Agency) guarantee. This trend-setting transaction has paved the way for others in the industry to follow, just as the Emirates first US Ex-Im Bank guaranteed Bond did in 2009.

DEBT

Emirates total borrowing and lease liabilities increased to AED 40,525 million, up AED 9,645 million or 31.2% over the previous year mainly on account of an increase in lease liabilities and the issuance of two new bonds ('144 A / Reg S' and Sukuk) totaling AED 6,428 million (USD 1.75 billion), partially offset by Sukuk repayments of AED 2,020 million. As a result, the ratio of borrowings and lease liabilities to total equity at 31 March 2013 was at 176% (2011-12: 143.9%).

Emirates net debt equity ratio at 31 March 2013 improved to 69.3% (2011-12: 71.2%) as the increase in borrowings was offset by an increase in cash assets and equity. After capitalising aircraft operating leases, the same ratio at 31 March 2013 was 186.4% (2011-12: 162.1%).

Net debt (including aircraft operating leases) and cash assets in AED m

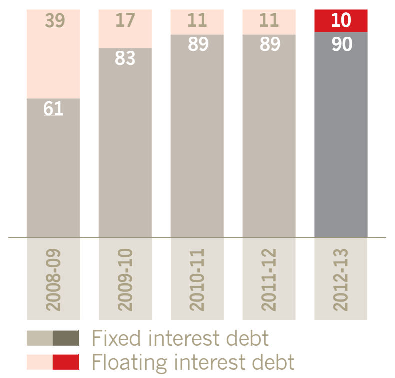


During the year, Emirates repaid a Sukuk of USD 550 million in full on its maturity date. The bond, listed on the DFM Stock Exchange, was issued in 2005 with a seven year term.

CURRENCY, INTEREST RATE RISK AND FUEL PRICE RISK

Emirates continued to target a balanced portfolio approach, whilst still taking advantage of market movements, with a long-term view to hedging around half of its interest rate and currency risk exposures and using prudent hedging solutions including swaps and options. Emirates borrowings and lease liabilities (net of cash) including aircraft operating leases, at 31 March 2013, comprised 90% on a fixed interest rate basis with the balance 10% on floating interest rates.

Fixed vs floating interest rate ratio in %

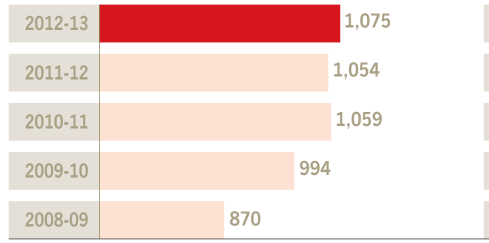


At 31 March 2013, Emirates borrowings and lease liabilities carried an effective interest rate of 3.1% (2011-12: 3.0%).

Emirates proactively managed its currency exposure by using prudent hedging solutions including currency swaps, options and natural hedges through outflows denominated in Pounds sterling, Euro, Australian dollars, New Zealand dollars, Japanese yen, Chinese yuan and South African rand. For the year ended 31 March 2013, hedging coverage in these currencies were between 42% and 77%.

Jet fuel cost is Emirates' most significant operating cost, accounting for 39.6% and 40.2% of the total operating costs in its 2012-13 and 2011-12 financial years respectively. Emirates has a dynamic approach to managing fuel price risk based upon a continuous assessment of the market. During the 2012-13 financial year the strategy was to remain un-hedged, reflecting a view that the balance of risk was considered greater to the downside given historically high price levels and the backdrop of global economic uncertainty.

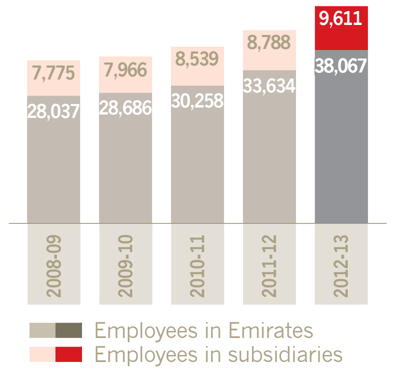
Capacity per airline employee in ATKM '000



EMPLOYEE STRENGTH AND PRODUCTIVITY

The average workforce rose by 5,256 or 12.4% to 47,678.

Average workforce

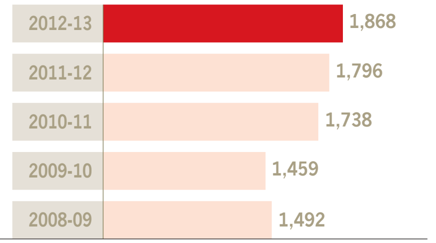


The average number of employees in the airline grew by 4,433 (13.2%) to 38,067

Employee strength

	2012-13	2011-12
UAE		
Cabin crew	15,892	13,277
Flight deck crew	3.336	2,845
Engineering	2,322	2,241
Other	10,981	9,911
	32,531	**28,274**
Overseas stations	5,536	5,360
Total Emirates	**38,067**	**33,634**
Subsidiary companies	**9,611**	**8,788**
Average employee strength	**47,678**	**42,422**

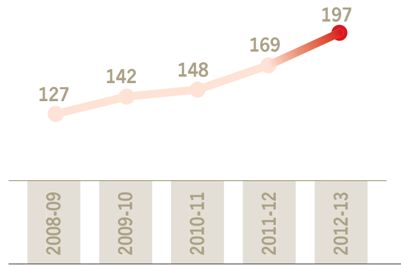
Revenue per airline employee in AED '000



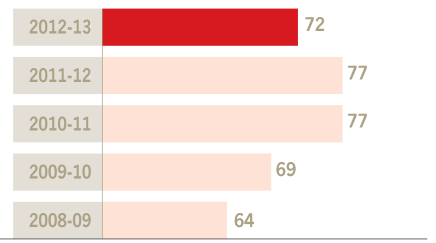
with the main growth coming from cabin and flight deck crew, the result of adding 34 aircraft to the fleet including the additional crew complement necessary to operate to two new ultra-long haul destinations. The growth in airline staff based at the outstations was primarily the result of adding ten new destinations during the year.

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 by 4% to AED 1.9 million (2011-12: AED 1.8 million), while capacity per airline employee grew at 2% at ATKM 1,075 thousand (2011-12: ATKM 1,054 thousand). The load carried per airline employee also increased by 3.1% to RTKM 726 thousand (2011-12: RTKM 704 thousand).

Number of aircraft



Average fleet age in months



Fleet Information

At 31 March 2013

Aircraft	In operation	of which on operating lease	of which on finance lease	of which owned	Change from 31-Mar-12	On firm order	Additional options
A330-200	23	18		5	-3		
A340-300	5	5			-3		
A340-500	10	8	2				
A350-900/1000 XWB						70	50
A380-800	31	14	17		+10	59	
B777-200	3	2		1			
B777-200ER	6	6					
B777-200LR	10	4	6				
B777-300	12	12					
B777-300ER	87	49	38		+20	64	20
Passenger	**187**	**118**	**63**	**6**	**+24**	**193**	**70**
B777-200LRF	8	8			+4		
B747-400ERF	2	2					
Total	**197**	**128**	**63**	**6**	**+28**	**193**	**70**

Emirates also has one B747 freighter on wet lease for its cargo operation as at 31 March 2013.

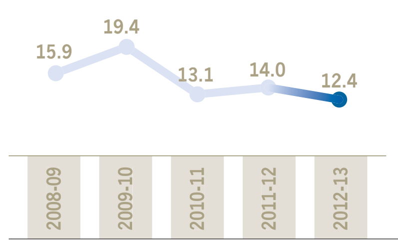
In addition to the above, Emirates has contracted for five B777-200LRFs for delivery from Dubai Aerospace Enterprise (DAE) on operating lease.

Emirates currently has 3 Airbus A340 aircraft on operating lease which have been removed from service for final inspection before return to the lessor at the end of the lease period.

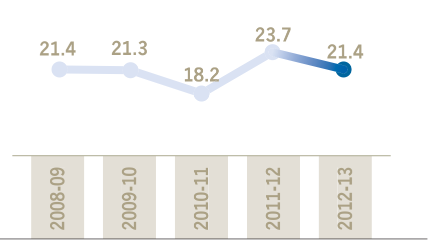
Emirates operates one of the youngest fleet in the industry with an average age of 72 months (2011-12: 77 months) with an industry average of 137* months for wide bodied aircraft in service.

*Source: WATS report dated June 2012

Profit margin in %



Return on shareholder's funds in %



dnata continues to deliver record profits and consolidated its position as one of the world's largest combined air services providers through organic growth and a strategy of acquisitions. In May 2012, dnata acquired an 80% stake in En Route International Ltd., a company providing premium quality bakery products.

On 1 October 2012 dnata transferred its in-flight catering business in the UK to form a 50:50 UK-only joint venture with LSG Sky Chefs Europe. The strategic aim was to combine the catering operations covering 16 airports and bringing together the rich history, experience and benefits of two leading companies to provide enhanced services to customers at competitive prices in the UK. In the same month, dnata disposed its subsidiary in the Netherlands.

The transferred business and disposed subsidiary are classified as discontinued operations in the consolidated financial statements, with restatement of previous year's figures (including operational statistics) for better comparison. dnata's share of results in the Alpha LSG Ltd. joint venture, for the six months from 1 October 2012 to 31 March 2013, is included in Share of results in associates and joint ventures in the consolidated income statement. This year's financial statements also include the full year impact of Travel Republic Ltd. UK, which was acquired in December 2011.

PROFITABILITY

dnata generated a profit attributable to the Owner of AED 819 million (2011-12: 808 million), up by 1.4%, which is in line with last year's record profit. This is mainly attributed to a very solid performance of ground handling and cargo business in Dubai, the ground handling business in Erbil, Iraq and the inclusion of full year results from Travel Republic, a testimony to dnata's strategy of growth through acquisitions.

Return on shareholder's funds at 21.4%, although lower by 2.3 percentage points compared with previous year, remains healthy and in line with the past five years average.

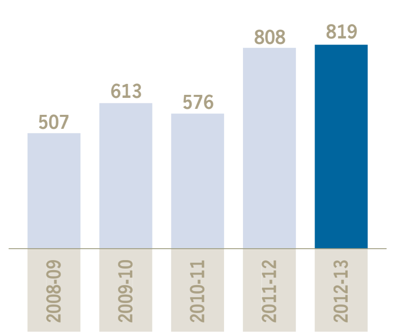
dnata's operating profit grew to AED 815 million (2011-12: AED 784 million), an increase of 4% over the previous year. The operating margin dropped slightly to 12.3% (2011-12: 13.6%) mainly on account of higher growth in costs relative to revenue in the ground handling business. Additional costs were incurred to further enhance service quality to customers. dnata's profit margin for the year was lower at 12.4% (2011-12: 14%).

REVENUE

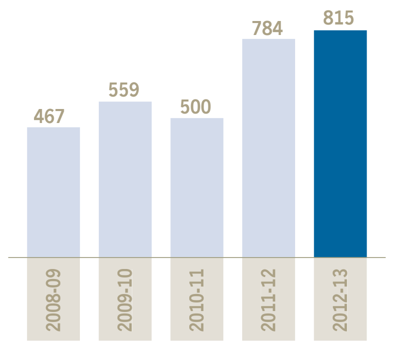
dnata's revenue grew considerably to AED 6,536 million up 15.3%, compared to AED 5,670 million in the previous year. All major revenue streams recorded an increase with the highest growth of 72.2% coming from Travel services, mainly due to the full year impact of Travel Republic. dnata's share of revenue from its international operations in the current year is nearly unchanged at 46% (2011-12: 45%).

As a result of the discontinued catering operations in the UK and Netherlands, Airport operations becomes the largest revenue contributor this year with 38% of dnata's total revenue.

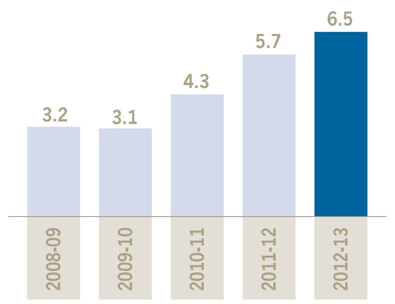
Profit attributable to the Owner in AED m



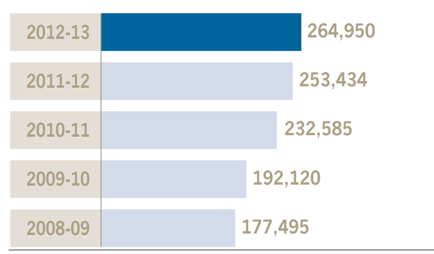
Operating profit in AED m



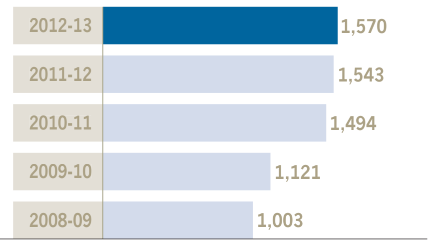
Development of revenue in AED bn



Aircraft handled



Cargo handled in tonnes '000



Airport operations recorded AED 2,474 million (2011-12: AED 2,321 million) in revenue. The growth of AED 153 million is mainly from the Dubai and Erbil operations which registered volume growth, in terms of aircraft handled, of 8.2% and 22.5% respectively. The number of aircraft handled by dnata worldwide during the year was 264,950, an increase of 4.5% compared with 2011-12. dnata, the world's largest ground handler of the A380, handles close to 250 airlines at 20 airports in eight countries across the globe.

Revenue from in-flight catering grew substantially by 15.8% to AED 1,407 million (2011-12: AED 1,215 million), with the majority of the growth coming from in-flight catering operations in Australia and the acquisition of En Route International Ltd. Catering operations in other countries like Singapore, Jordan and UAE also witnessed positive growth.

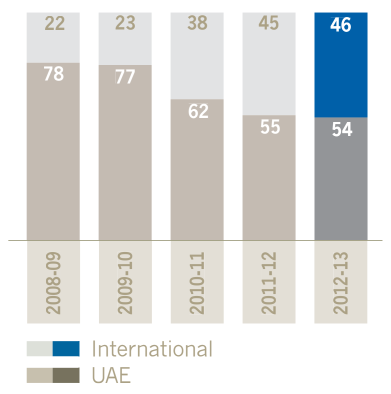
The number of meals uplifted at 28.6 million (2011-12: 26.7 million) is 7% higher than the previous year. The growth in revenue is higher than the volume growth primarily coming from high-yield long haul flights.

Cargo handling revenue increased to AED 1,077 million (2011-12: AED 1,006 million). The 7.1% growth rate came predominantly from Dubai, particularly due to a significant increase in operations at Dubai's second airport, Dubai World Central (DWC) and operations in Erbil. Cargo volumes handled at 1,570 thousand tonnes have grown by 1.7% compared to last year. For the past two years DWC has grown steadily and now accounts for 29% (2011-12: 18%) of dnata's cargo handling activities in Dubai, reflecting a gradual shift from Dubai International Airport.

Information technology services revenue was up 16.3% to AED 755 million (2011-12: AED 649 million) mainly on account of increased demand from airlines for support, development, hosting and revenue accounting services.

Travel services revenue recorded a significant growth of 72.2% to AED 544 million (2012: AED 316 million) mainly driven by the full year results of Travel Republic. The underlying travel services related turnover, measured by sales value, at AED 5.4 billion (2011-12: AED 2.7 billion) doubled compared to the previous year due to the full year impact of Travel Republic.

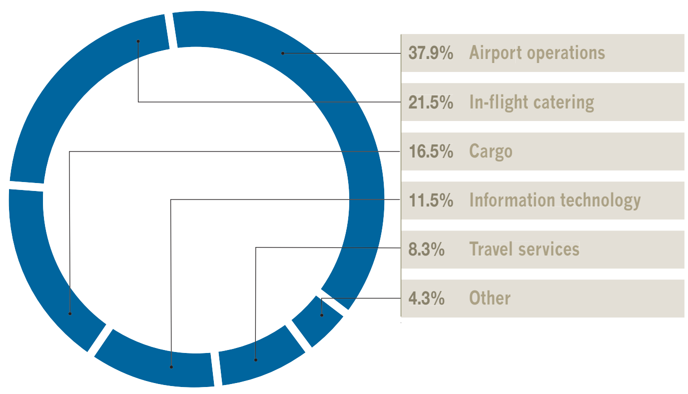
Geographical revenue in %



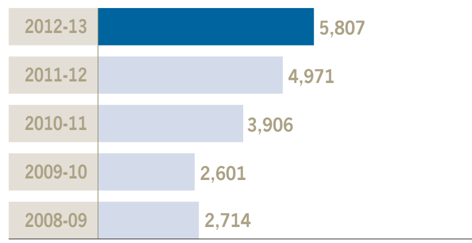
Revenue

	2012-13 AED m	2011-12 AED m	% change
Airport operations	2,474	2,321	6.6
In-flight catering	1,407	1,215	15.8
Cargo	1,077	1,006	7.1
Information technology	755	649	16.3
Travel services	544	316	72.2
Other	279	163	71.2
Total	**6,536**	**5,670**	**15.3**

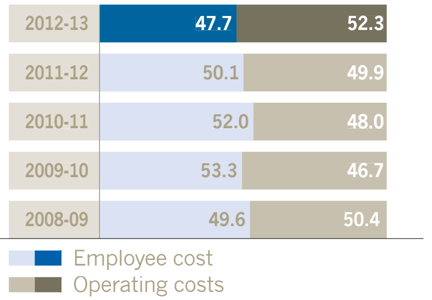
Revenue by line of business in %



Operating costs in AED m



Employee costs as % of total operating costs



EXPENDITURE

dnata's operating costs at AED 5,807 million (2011-12: AED 4,971 million) were up 16.8% or AED 836 million. The increase mainly came from the full year impact of Travel Republic, acquisition of En Route and growth in costs in line with the growth in operations and business volumes. The increase in operating costs is also due to additional costs incurred in line with dnata's commitment to enhance service quality to customers. This included for example at Dubai International Airport the introduction of self-service kiosks for higher check-in efficiency and the commencement of handling operations at the Emirates dedicated Concourse A, purpose-built for A380 aircraft.

Employee costs at AED 2,771 million (2011-12: AED 2,488 million) continued to be the single largest element of dnata's operating costs comprising 47.7% (2011-12: 50.0%). The increase of AED 283 million or 11.4% over the previous year is mainly attributable to a 10.9% increase in employee strength in Dubai, acquisition of En Route and the full year impact of Travel Republic.

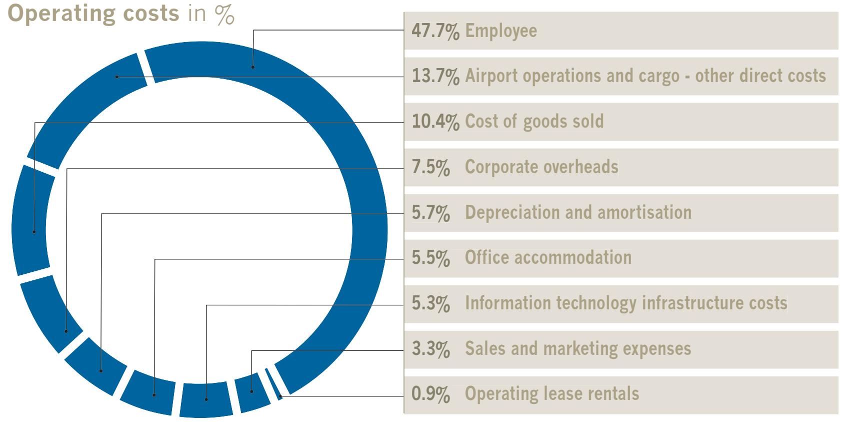
The AED 99 million or 14.2% increase in airport operations and cargo – other direct costs to AED 798 million primarily comes from Dubai where the increase is in line with the growth in revenue and business volumes.

Cost of goods sold at AED 601 million, increased by AED 150 million or 33.3% over the previous year, mainly due to acquisition of En Route, growth in business volume in Australia and other locations. The increase in sales and marketing cost by AED 127 million, primarily stems again from the full year impact of Travel Republic. The AED 68 million increase in corporate overheads corresponds to the increase in revenue and also includes the launch costs of the new uniforms unveiled as part dnata's corporate rebranding.

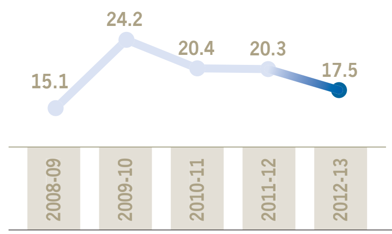
Operating costs

	2012-13 AED m	2011-12 AED m	% change
Employee	2,771	2,488	11.4
Airport operations and cargo - other direct costs	798	699	14.2
Cost of goods sold	601	451	33.3
Depreciation and amortisation	328	302	8.6
Office accommodation	317	284	11.6
Information technology infrastructure costs	308	257	19.8
Sales and marketing expenses	194	67	189.6
Operating lease rentals	55	56	(1.8)
Corporate overheads	435	367	18.5
Total	**5,807**	**4971**	**16.8**

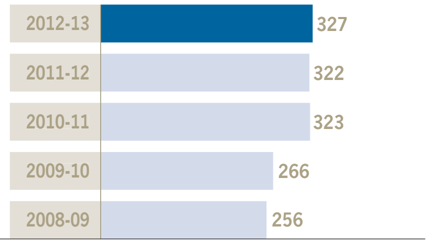
Operating costs in %



Operating cash margin in %



Revenue per employee in AED '000



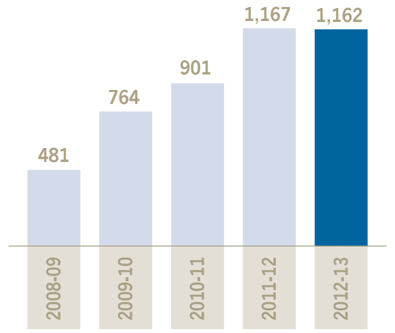
CASH POSITION

dnata's cash generated from operating activities remained stable at AED 1,162 million (2011-12: AED 1,167 million) and is in line with the unchanged level of profitability.

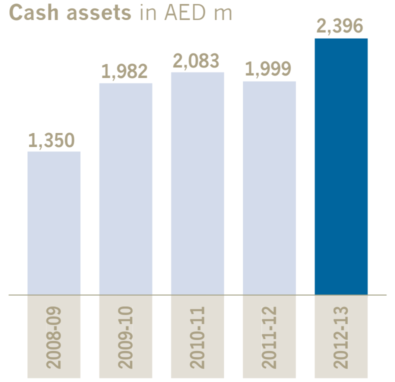
Operating cash margin remained strong at 17.5%, though lower than the previous year (2011-12: 20.3%) on account of the strong top line growth in revenues.

Cash assets increased substantially by 19.9% to AED 2,396 million (2011-12: AED 1,999 million) despite cash outflows of AED 439 million towards capital expenditure, AED 20 million towards En Route acquisition and dividend of AED 350 million for the previous year to the Owner.

Cash generated from operating activities in AED m



Cash assets in AED m

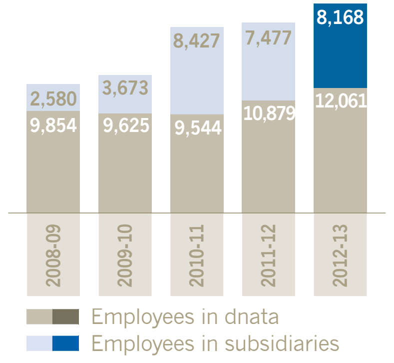


EMPLOYEE STRENGTH AND PRODUCTIVITY

During the year, the average workforce increased by 1,873 or 10.2% to 20,229. The average staff count of the Dubai operation rose 10.9% to 12,061 (2010-11: 10,879) while the average number of employees in the subsidiaries grew 9.2% to 8,168. As a consequence, 40.4% (2011-12: 40.7%) of the workforce is based internationally, outside Dubai.

Productivity measured in terms of revenue per employee has risen 1.6% to AED 327 thousand from AED 322 thousand in 2011-12.

Average workforce



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

Employee strength

	2012-13	2011-12
Airport operations	8,327	7,461
Information technology	1,438	1,214
Cargo handling	923	914
Travel services	889	790
Others	484	500
Total dnata (parent co.)	12,061	10,879
Subsidiaries	8,168	7,477
Average employee strength	20,229	18,356

The number of aircraft handled during the year increased 4.5% to 264,950 (2011-12: 253,434). The growth stems from an 8.2% growth in aircraft handled at Dubai. Productivity measured in terms of man hours per aircraft turn remained unchanged at 132 (2011-12: 132) mainly impacted by the additional work force required in Dubai ahead of the new concourse A going live.

Cargo handled during the year was up 1.7% to 1,570 thousand tonnes (2011-12: 1,543 thousand tonnes) mainly from increased volumes in Dubai and Erbil. Productivity measured in terms of cargo handled per man hour is marginally lower by 1% to 286 kgs (2011-12: 289 kgs).

EMIRATES

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 2013 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 is 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 about 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 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
5 May 2013

Warwick Hunt
Registered Auditor Number 643
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 AED m	2012 AED m
Revenue	4	71,159	61,508
Other operating income	5	1,954	779
Operating costs	6	(70,274)	(60,474)
Operating profit		**2,839**	**1,813**
Finance income	7	406	414
Finance costs	7	(900)	(657)
Share of results in associates and joint ventures	12	127	103
Profit before income tax		**2,472**	**1,673**
Income tax expense	8	(64)	(53)
Profit for the year		**2,408**	**1,620**
Profit attributable to non-controlling interests		125	118
Profit attributable to Emirates' Owner		**2,283**	**1,502**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 AED m	2012 AED m
Profit for the year		**2,408**	**1,620**
Currency translation differences	18	9	(9)
Cash flow hedges	18	56	(259)
Actuarial losses on retirement benefit obligations	24	(70)	(116)
Other comprehensive income		**(5)**	**(384)**
Total comprehensive income for the year		**2,403**	**1,236**
Total comprehensive income attributable to non-controlling interests		125	118
Total comprehensive income attributable to Emirates' Owner		**2,278**	**1,118**

Notes 1 to 38 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	2013 AED m	2012 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	10	57,039	49,198
Intangible assets	11	910	902
Investments in associates and joint ventures	12	485	430
Advance lease rentals	13	807	370
Loans and other receivables	14	508	917
Derivative financial instruments	34	92	69
Deferred income tax asset	28	15	10
		59,856	**51,896**
Current assets			
Inventories	15	1,564	1,469
Trade and other receivables	16	8,744	8,126
Derivative financial instruments	34	67	8
Short term bank deposits	32	18,048	8,055
Cash and cash equivalents	32	6,524	7,532
		34,947	**25,190**
Total assets		**94,803**	**77,086**

Notes 1 to 38 form an integral part of the consolidated financial statements.

	Note	2013 AED m	2012 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	17	801	801
Other reserves	18	(768)	(833)
Retained earnings		22,729	21,256
Attributable to Emirates' Owner		**22,762**	**21,224**
Non-controlling interests		**270**	**242**
Total equity		**23,032**	**21,466**
Non-current liabilities			
Trade and other payables	29	269	-
Borrowings and lease liabilities	19	35,483	26,843
Deferred revenue	26	1,460	1,074
Deferred credits	27	294	350
Derivative financial instruments	34	1,016	957
Provisions	23	1,930	1,350
		40,452	**30,574**
Current liabilities			
Trade and other payables	29	25,013	19,882
Income tax liabilities		24	36
Borrowings and lease liabilities	19	5,042	4,037
Deferred revenue	26	1,147	915
Deferred credits	27	87	136
Derivative financial instruments	34	6	40
		31,319	**25,046**
Total liabilities		**71,771**	**55,620**
Total equity and liabilities		**94,803**	**77,086**

The consolidated financial statements were approved on 5 May 2013 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	Note	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 2011		801	(565)	20,370	20,606	207	20,813
Currency translation differences	18	-	(9)	-	(9)	-	(9)
Cash flow hedges	18	-	(259)	-	(259)	-	(259)
Actuarial losses on retirement benefit obligations	24	-	-	(116)	(116)	-	(116)
Other comprehensive income		**-**	**(268)**	**(116)**	**(384)**	**-**	**(384)**
Profit for the year		-	-	1,502	1,502	118	1,620
Total comprehensive income		**-**	**(268)**	**1,386**	**1,118**	**118**	**1,236**
Dividends		-	-	(500)	(500)	(83)	(583)
Transactions with owners		**-**	**-**	**(500)**	**(500)**	**(83)**	**(583)**
31 March 2012		**801**	**(833)**	**21,256**	**21,224**	**242**	**21,466**
Currency translation differences	18	-	9	-	9	-	9
Cash flow hedges	18	-	56	-	56	-	56
Actuarial losses on retirement benefit obligations	24	-	-	(70)	(70)	-	(70)
Other comprehensive income		**-**	**65**	**(70)**	**(5)**	**-**	**(5)**
Profit for the year		-	-	2,283	2,283	125	2,408
Total comprehensive income		**-**	**65**	**2,213**	**2,278**	**125**	**2,403**
Dividends		-	-	(740)	(740)	(97)	(837)
Transactions with owners		**-**	**-**	**(740)**	**(740)**	**(97)**	**(837)**
31 March 2013		**801**	**(768)**	**22,729**	**22,762**	**270**	**23,032**

Notes 1 to 38 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013	2012
		AED m	AED m
Operating activities			
Profit before income tax		2,472	1,673
Adjustments for:			
Depreciation and amortisation	6	5,136	4,134
Finance costs - net	7	494	243
Gain on sale of property, plant and equipment		(10)	(52)
Share of results in associates and joint ventures	12	(127)	(103)
Net provision for impairment of trade receivables	16	(2)	24
Provision for employee benefits	6	510	430
Net movement on derivative financial instruments		(1)	27
Employee benefit payments		(442)	(394)
Income tax paid		(112)	(82)
Change in inventories		(95)	(179)
Change in receivables and advance lease rentals		(521)	(738)
Change in provisions, payables, deferred credits and revenue		5,512	3,124
Net cash generated from operating activities		**12,814**	**8,107**

	Note	2013	2012
		AED m	AED m
Investing activities			
Proceeds from sale of property, plant and equipment		439	223
Additions to intangible assets	11	(119)	(83)
Additions to property, plant and equipment	33	(5,773)	(6,800)
Investments in associates and joint ventures	12	(29)	(23)
Movement in short term bank deposits		(9,993)	(4,278)
Interest income		312	312
Dividends from associates and joint ventures	12	102	83
Net cash used in investing activities		**(15,061)**	**(10,566)**
Financing activities			
Proceeds from bonds and loans		6,382	3,706
Repayment of bonds and loans		(2,165)	(885)
Aircraft financing costs		(689)	(500)
Other finance charges		(83)	(40)
Repayment of lease liabilities		(2,068)	(1,899)
Dividend paid		(40)	(500)
Dividend paid to non-controlling shareholders		(97)	(83)
Net cash generated from / (used in) financing activities		**1,240**	**(201)**
Net decrease in cash and cash equivalents		**(1,007)**	**(2,660)**
Cash and cash equivalents at beginning of year		7,527	10,187
Cash and cash equivalents at end of year	32	**6,520**	**7,527**

Notes 1 to 38 form an integral part of the consolidated financial statements.

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 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.

Provision for maintenance amounting to AED 719 m has been restated in the comparative consolidated statement of financial position from 'Trade and other payables' in current liabilities to 'Provisions' in non-current liabilities to appropriately reflect the nature of the balance and expected settlement pattern.

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 2013 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:

- IAS 1 (revised), Presentation of Financial Statements (effective from 1 July 2012)
- IAS 19 (revised), Employee Benefits (effective from 1 January 2013)
- IAS 28 (revised), Investments in Associates and Joint Ventures (effective from 1 January 2013)
- IFRS 10, Consolidated Financial Statements (effective from 1 January 2013)
- IFRS 11, Joint Arrangements (effective from 1 January 2013)
- IFRS 12, Disclosure of Interest in Other Entities (effective from 1 January 2013)
- IFRS 13, Fair value Measurement (effective from 1 January 2013)
- IFRS 9, Financial Instruments (effective from 1 January 2015)
- Annual Improvements 2009-2011 Cycle (effective from 1 January 2013)

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 subsidiaries are eliminated.

2. Summary of significant accounting policies (continued)

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 values of the assets transferred and the liabilities incurred to the former owners of the acquiree. 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 initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates are those entities in which Emirates has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates 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 and include goodwill (net of accumulated impairment loss, if any) identified on acquisition.

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, associates and joint ventures have been changed where necessary to ensure consistency with Emirates' accounting policies.

When control, significant influence or joint control ceases, the retained interest in the entity is remeasured to fair value as at that date, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting of 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 or 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.

Revenue

Passenger and cargo 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 the 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.

2. Summary of significant accounting policies (continued)

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.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the end of the 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 other comprehensive income.

Share of results in associates and joint ventures are translated into UAE Dirhams at average exchange rates for the year. Translation differences relating to investments in subsidiaries, associates, joint ventures and monetary assets and liabilities that form part of a net investment in a foreign operation, are recognised in other comprehensive income. When investments in subsidiaries, associates 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 disposal.

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 prevailing at the end of reporting period.

Income tax

The tax expense for the period comprises current and deferred tax.

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

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 Emirates' 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 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. Also 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 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.

2. Summary of significant accounting policies (continued)

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 measured reliably. Repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost, less estimated residual values, over the estimated useful lives of the assets or the lease term, if shorter.

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 - 40 years
Other property, plant and equipment	3 - 20 years or over the lease term, if shorter

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

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

During the year, the useful lives of certain buildings have been revised from 20 years to 40 years.

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.

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.

2. Summary of significant accounting policies (continued)

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.

Gains and losses arising on sale and leaseback transaction resulting in operating lease and where the sale price is at fair value, are recognised immediately in the consolidated income statement. Where the sale price is below fair value, any gains and losses are immediately recognised in the consolidated income statement, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

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 consideration transferred over the fair value of the share of the net identifiable assets at the date of acquisition.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash generating units or group of 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 units or group of cash generating units 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.

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

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units). Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversal of the impairment loss.

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 or dealer quotes for similar instruments, 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.

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 other comprehensive income. When the forecasted transaction results in the recognition of an asset or of a liability, the gains and losses previously recognised in other comprehensive income 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 previously recognised in other comprehensive income 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.

2. Summary of significant accounting policies (continued)

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.

Provisions

Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Provision for maintenance represents the estimate of the cost to meet the contractual return conditions on certain aircraft held under operating leases. The present value of the expected cost is recognised during the lease term considering the existing fleet plan and long-term maintenance schedules.

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.

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. 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 changes in actuarial assumptions and experience adjustments are recognised in equity through consolidated statement of comprehensive income in the period in which they arise.

2. Summary of significant accounting policies (continued)

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 and liquid funds with an original maturity of three months or less. 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 in 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 significant adjustments are required.

Income tax

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.

Provision for maintenance

The measurement of the provision for maintenance return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by Emirates.

A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. It is also difficult to present the sensitivity of a change in the value of the assumptions given the complexity of the workings.

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 the assumptions given the complexity of the workings.

4. Revenue

	2013 AED m	2012 AED m
Services		
Passenger	57,477	48,950
Cargo	10,346	9,546
Excess baggage	388	332
Hotel operations	234	155
Destination and leisure	226	245
Others	307	263
	68,978	**59,491**
Sale of goods		
Consumer goods	1,196	1,081
Food and beverage	502	454
In-flight catering	483	482
	2,181	**2,017**
	71,159	**61,508**

5. Other operating income

Other operating income includes AED 1,098 m (2012: AED 194 m) from liquidated damages and other compensation received in connection with aircraft, AED 25 m (2012: AED 69 m) being the gain on sale and leaseback of aircraft, aircraft engines and parts, and income of AED 831 m (2012: AED 516 m) from ancilliary services and activities incidental to Emirates' operations.

6. Operating costs

	2013 AED m	2012 AED m
Jet fuel	27,855	24,292
Employee (see (a) below)	9,029	7,936
Aircraft operating leases (see (b) below)	5,916	4,788
Sales and marketing	5,270	4,381
Depreciation (Note 10)	5,046	4,053
Handling	4,073	3,584
In-flight catering and related costs	3,159	2,836
Overflying	2,086	1,878
Aircraft maintenance	1,865	1,296
Office accommodation and IT costs	1,649	1,450
Landing and parking	1,335	1,128
Cost of goods sold	1,042	926
Amortisation (Note 11)	90	81
Corporate overheads (see (c) below)	1,859	1,845
	70,274	**60,474**

(a) Employee costs include AED 510 m (2012: AED 430 m) in respect of post-employment benefits.

(b) Aircraft operating lease charges include AED 160 m (2012: AED 361 m) in respect of "wet" leases of freighter aircraft.

(c) Corporate overheads include non-aircraft operating lease charges amounting to AED 544 m (2012: AED 474 m) and a net foreign exchange loss of AED 244 m (2012: AED 356 m).

7. Finance income and costs

	2013 AED m	2012 AED m
Finance income		
Interest income on short term bank deposits	341	336
Related parties (Note 36)	65	76
Other finance income	-	2
	406	**414**
Finance costs		
Aircraft financing costs	(717)	(559)
Interest charges and other finance costs	(183)	(98)
	(900)	**(657)**

8. Income tax expense

	2013 AED m	2012 AED m
The components of income tax expense are:		
Current tax expense	68	65
Deferred tax credit (Note 28)	(4)	(12)
	64	**53**

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.

9. 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 and cargo services, is the main reportable segment. In-flight catering is another reportable segment which provides in-flight and institutional catering services.

Other segments include 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, in-flight catering 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 and costs in the airline segment arising from the usage of transportation services e.g. leave passage of staff and duty travel of staff and consultants that are eliminated 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 2013 is as follows:

	Airline AED m	In-flight catering AED m	All other segments AED m	Recon-ciliation AED m	Total AED m
Total segment revenue	69,169	1,814	1,825	(274)	72,534
Inter-segment revenue	-	1,331	44	-	1,375
Revenue from external customers	69,169	483	1,781	(274)	71,159
Segment profit for the year	1,951	244	213	-	2,408
Finance income	419	5	1	(19)	406
Finance costs	(897)	(3)	(19)	19	(900)
Income tax (expense) / income	(99)	-	35	-	(64)
Depreciation and amortisation	(4,925)	(75)	(136)	-	(5,136)
Share of results in associates and joint ventures	-	-	127	-	127
Segment assets	88,740	1,786	5,068	(791)	94,803
Investments in associates and joint ventures	-	-	485	-	485
Additions to property, plant and equipment	12,535	70	654	-	13,259
Additions to intangible assets	118	-	1	-	119
Additions to advance lease rentals	617	-	-	-	617

9. Segment information (continued)

The segment information for the year ended 31 March 2012 is as follows:

	Airline	In-flight catering	All other segments	Recon-ciliation	Total
	AED m	AED m	AED m	AED m	AED m
Total segment revenue	59,596	1,733	1,596	(124)	62,801
Inter-segment revenue	-	1,251	42	-	1,293
Revenue from external customers	59,596	482	1,554	(124)	61,508
Segment profit for the year	1,176	301	143	-	1,620
Finance income	438	4	1	(29)	414
Finance costs	(651)	(6)	(29)	29	(657)
Income tax (expense) / income	(93)	-	40	-	(53)
Depreciation and amortisation	(3,949)	(68)	(117)	-	(4,134)
Share of results in associates and joint ventures	-	-	103	-	103
Segment assets	71,908	1,789	4,385	(996)	77,086
Investments in associates and joint ventures	-	-	430	-	430
Additions to property, plant and equipment	12,955	120	486	-	13,561
Additions to intangible assets	79	-	4	-	83
Additions to advance lease rentals	93	-	-	-	93

Geographical information

	2013	2012
	AED m	AED m
Revenue from external customers:		
East Asia and Australasia	20,884	18,227
Europe	20,140	17,058
Americas	8,275	6,696
West Asia and Indian Ocean	8,031	7,083
Gulf and Middle East	7,117	6,314
Africa	6,712	6,130
	71,159	**61,508**

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.

10. Property, plant and equipment

	Aircraft	Aircraft engines and parts	Land and buildings	Other property, plant and equipment	Capital projects	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2011	24,979	3,378	6,447	8,358	7,093	50,255
Additions	-	201	16	1,629	11,715	13,561
Transfer from capital projects	8,069	312	970	408	(9,759)	-
Disposals / write off	(459)	(23)	(1)	(586)	-	(1,069)
Currency translation differences	-	-	3	1	(5)	(1)
31 March 2012	**32,589**	**3,868**	**7,435**	**9,810**	**9,044**	**62,746**
Depreciation						
1 April 2011	3,951	911	1,359	4,186	-	10,407
Charge for the year	1,698	211	349	1,795	-	4,053
Disposals / write off	(345)	(16)	(1)	(552)	-	(914)
Currency translation differences	-	-	-	2	-	2
31 March 2012	**5,304**	**1,106**	**1,707**	**5,431**	**-**	**13,548**
Net book amount						
31 March 2012	**27,285**	**2,762**	**5,728**	**4,379**	**9,044**	**49,198**

10. Property, plant and equipment (continued)

	Aircraft	Aircraft engines and parts	Land and buildings	Other property, plant and equipment	Capital projects	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2012	32,589	3,868	7,435	9,810	9,044	62,746
Additions	-	254	157	2,377	10,471	13,259
Transfer from capital projects	9,135	886	1,726	733	(12,480)	-
Disposals / write off	(30)	(490)	-	(1,300)	-	(1,820)
Currency translation differences	-	-	2	1	7	10
31 March 2013	**41,694**	**4,518**	**9,320**	**11,621**	**7,042**	**74,195**
Depreciation						
1 April 2012	5,304	1,106	1,707	5,431	-	13,548
Charge for the year	2,241	251	374	2,180	-	5,046
Disposals / write off	(30)	(115)	-	(1,293)	-	(1,438)
31 March 2013	**7,515**	**1,242**	**2,081**	**6,318**	**-**	**17,156**
Net book amount						
31 March 2013	**34,179**	**3,276**	**7,239**	**5,303**	**7,042**	**57,039**

The net book amount of property, plant and equipment includes AED 32,593 m (2012: AED 25,479 m) in respect of aircraft held under finance leases.

The net book amount of aircraft, aircraft engines and parts includes an amount of AED 1,042 m (2012: AED 1,125 m) in respect of assets provided as security against term loans.

Land of AED 396 m (2012: AED 306 m) is carried at cost and is not depreciated.

The net book amount of land and buildings include assets amounting to AED 155 m (2012: Nil) purchased under a deferred payment scheme. The legal titles will be transferred upon settlement of the obligations.

Property, plant and equipment includes capitalised interest amounting to AED 218 m (2012: AED 209 m). The interest on general borrowings were capitalised using a weighted average capitalisation rate of 4.3% (2012: 4.1%).

Capital projects include pre-delivery payments of AED 5,137 m (2012: AED 6,165 m) in respect of aircraft (Note 30) due for delivery between 2013 and 2024.

11. Intangible assets

	Goodwill	Service rights	Trade names	Contractual rights	Computer software	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2011	564	162	19	27	539	1,311
Additions	-	-	-	-	83	83
Disposals / write off	-	-	-	-	(1)	(1)
31 March 2012	**564**	**162**	**19**	**27**	**621**	**1,393**
Amortisation and impairment						
1 April 2011	7	65	2	4	332	410
Amortisation for the year	-	11	1	2	67	81
31 March 2012	**7**	**76**	**3**	**6**	**399**	**491**
Net book value						
31 March 2012	**557**	**86**	**16**	**21**	**222**	**902**

11. Intangible assets (continued)

	Goodwill	Service rights	Trade names	Contractual rights	Computer software	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2012	564	162	19	27	621	1,393
Additions	-	-	-	-	119	119
Disposals / write off	-	-	-	-	(22)	(22)
Currency translation differences	-	-	-	1	-	1
31 March 2013	**564**	**162**	**19**	**28**	**718**	**1,491**
Amortisation and impairment						
1 April 2012	7	76	3	6	399	491
Amortisation for the year	-	11	1	2	76	90
31 March 2013	**7**	**87**	**4**	**8**	**475**	**581**
Net book value						
31 March 2013	**557**	**75**	**15**	**20**	**243**	**910**

Computer software includes an amount of AED 88 m (2012: AED 80 m) in respect of projects under implementation.

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period. Cash flows beyond the three year period have been extrapolated using the terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rates based on management's expectations for market development. The growth rate does not exceed the long term average growth rate for the markets in which the cash generating units operate. The goodwill allocated to the cash generating unit, or group of cash generating units, and the key assumptions used in the value-in-use calculations are as follows:

Cash generating unit	Location	Reportable segment	Goodwill 2013 AED m	Goodwill 2012 AED m	Discount rate %	Gross margin %	Terminal growth %
Consumer goods	UAE	Others	159	159	12	25	4
In-flight catering	UAE	In-flight catering	369	369	12	33	4
Food and beverages	UAE	Others	25	25	12	22	4
Food and beverages	Australia	Others	4	4	12	20	4
			557	**557**			

12. Investments in subsidiaries, associates 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 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
CAE Middle East Holdings Limited	50.0	Holding company	UAE
Independent Wine and Spirit (Thailand) Company Limited	49.0	Wholesale and retail of consumer goods	Thailand

The investment in CAE Middle East Holdings Limited was made during the previous year and the investment in Independent Wine and Spirit (Thailand) Company Limited was acquired during the previous year.

Premier Inn Hotels L.L.C. and Independent Wine and Spirit (Thailand) Company Limited are subject to joint control and are therefore accounted for as jointly controlled entities.

12. Investments in subsidiaries, associates and joint ventures (continued)

Movement of investments in associated companies and joint ventures

	2013 AED m	2012 AED m
Balance brought forward	**430**	**386**
Investments during the year	29	10
Acquisition	-	13
Share of results	127	103
Dividends	(102)	(83)
Currency translation differences	1	1
Balance carried forward	**485**	**430**

The carrying value of the investments in associates amounted to AED 99 m (2012: AED 91 m) and the share of results amounted to AED 78 m (2012: AED 71 m).

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

	2013 AED m	2012 AED m
Total assets	383	390
Total liabilities	90	112
Net assets	293	278
Revenue	602	572
Profit for the year	185	169

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

	2013 AED m	2012 AED m
Non-current assets	660	588
Current assets	117	82
Non-current liabilities	311	278
Current liabilities	80	53
Total income	256	176
Total expense	207	144

13. Advance lease rentals

	2013 AED m	2012 AED m
Balance brought forward	**474**	**480**
Additions during the year	617	93
Charge for the year	(127)	(99)
Balance carried forward	**964**	**474**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 16)	**157**	**104**
Total over one year	**807**	**370**

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

Advance lease rentals include AED 311 m (2012: Nil) paid to a company under common control.

14. Loans and other receivables

	2013 AED m	2012 AED m
Related parties (Note 36)	349	784
Other receivables	62	62
	411	**846**
Prepayments	97	71
	508	**917**
The amounts (excluding prepayments) are receivable as follows:		
Between 2 and 5 years	401	831
After 5 years	10	15
	411	**846**
Loans and other receivables (excluding prepayments) are denominated in the following currencies:		
UAE Dirhams	65	64
US Dollars	318	747
Others	28	35

The fair value of loans and other receivables (excluding prepayments) amounts to AED 411 m (2012: AED 851 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.

15. Inventories

	2013 AED m	2012 AED m
Engineering	604	577
In-flight consumables	554	551
Consumer goods	262	217
Other	144	124
	1,564	**1,469**

In-flight consumables include AED 256 m (2012: AED 286 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

16. Trade and other receivables

	2013 AED m	2012 AED m
Trade receivables - net of provision	5,005	4,332
Related parties (Note 36)	1,239	2,226
Prepayments	1,224	1,045
Advance lease rentals (Note 13)	157	104
Operating lease and other deposits	814	767
Other receivables	813	569
	9,252	**9,043**
Less: Receivables over one year (Note 14)	(508)	(917)
	8,744	**8,126**

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.

16. Trade and other receivables (continued)

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

	2013 AED m	2012 AED m
Balance brought forward	**135**	**122**
Charge for the year	51	66
Unused amounts reversed	(53)	(42)
Amounts written off as uncollectible	(11)	(9)
Currency translation differences	(4)	(2)
Balance carried forward	**118**	**135**

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

The maximum exposure to credit risk of 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:

	2013 AED m	2012 AED m
Below 3 months	196	292
3-6 months	29	41
Above 6 months	150	104
	375	**437**

17. Capital

Capital represents the permanent capital of Emirates.

18. Other reserves

	Cash flow hedge reserve AED m	Translation reserve AED m	Total AED m
1 April 2011	**(661)**	**96**	**(565)**
Currency translation differences	-	(9)	(9)
Loss on fair value of cash flow hedges	(476)	-	(476)
Transferred to the consolidated income statement	217	-	217
31 March 2012	**(920)**	**87**	**(833)**
Currency translation differences	-	9	9
Loss on fair value of cash flow hedges	(138)	-	(138)
Transferred to the consolidated income statement	194	-	194
31 March 2013	**(864)**	**96**	**(768)**

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

	2013 AED m	2012 AED m
Revenue	22	103
Operating costs	(11)	(29)
Finance costs	(205)	(291)
	(194)	**(217)**

19. Borrowings and lease liabilities

	2013 AED m	2012 AED m
Non-current		
Bonds (Note 20)	9,954	5,933
Term loans (Note 21)	764	914
Lease liabilities (Note 22)	24,765	19,996
	35,483	**26,843**
Current		
Bonds (Note 20)	2,371	2,020
Term loans (Note 21)	151	145
Lease liabilities (Note 22)	2,516	1,867
Bank overdrafts (Note 32)	4	5
	5,042	**4,037**
	40,525	**30,880**
Borrowings and lease liabilities are denominated in the following currencies:		
UAE Dirhams	3,487	2,530
US Dollars	36,592	27,912
Singapore Dollars	444	438
Others	2	-

The effective interest rate per annum on lease liabilities and term loans was 2.9% (2012: 2.9%) and on bonds was 3.8% (2012: 3.4%).

20. Bonds

	2013 AED m	2012 AED m
Balance brought forward	**7,968**	**5,020**
Additions during the year	6,428	3,673
Repayments during the year	(2,020)	(744)
Currency translation differences	6	19
Balance carried forward	**12,382**	**7,968**
Less: Transaction costs	(57)	(15)
	12,325	**7,953**

	2013 AED m	2012 AED m
Bonds are repayable as follows:		
Within one year (Note 19)	**2,371**	**2,020**
Between 2 and 5 years	6,394	5,933
After 5 years	3,560	-
Total over one year (Note 19)	**9,954**	**5,933**
Bonds are denominated in the following currencies:		
Fixed interest rate bonds		
Singapore Dollars	444	438
US Dollars	10,101	3,673
	10,545	**4,111**
Floating interest rate bonds		
UAE Dirhams	1,837	1,837
US Dollars	-	2,020
	1,837	**3,857**
	12,382	**7,968**
Less: Transaction costs	(57)	(15)
	12,325	**7,953**

Contractual repricing dates for the floating interest rate bonds are set at six month intervals.

USD bonds include AED 3,673 m raised during the year from an Islamic ‘sukuk’ (bond) to finance aircraft and related assets. The Islamic ‘sukuk’ (bond) amounting to AED 2,020 m settled during the year was previously raised to finance the construction of certain buildings.

20. Bonds (continued)

	2013 AED m	2012 AED m
The fair values of the bonds are as follows:		
Fixed interest rate bonds		
Singapore Dollars	455	405
US Dollars	10,198	3,802
	10,653	**4,207**
Floating interest rate bonds		
UAE Dirhams	1,831	1,784
US Dollars	-	2,018
	1,831	**3,802**
	12,484	**8,009**

The fair value of the bonds with fixed interest rates 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.

21. Term loans

	2013 AED m	2012 AED m
Balance brought forward	**1,070**	**1,161**
Additions during the year	-	50
Repayments during the year	(145)	(141)
Balance carried forward	**925**	**1,070**
Less: Transaction costs	(10)	(11)
	915	**1,059**
Loans are repayable as follows:		
Within one year (Note 19)	**151**	**145**
Between 2 and 5 years	412	481
After 5 years	352	433
Total over one year (Note 19)	**764**	**914**

	2013 AED m	2012 AED m
Loans are denominated in the following currencies:		
UAE Dirhams	106	175
US Dollars	809	884

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 814 m (2012: AED 895 m) are secured on aircraft, aircraft engines and parts.

The fair value of the term loans amounts to AED 903 m (2012: AED 1,045 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.

22. Lease liabilities

Finance leases

	2013 AED m	2012 AED m
Gross lease liabilities:		
Within one year	3,274	2,481
Between 2 and 5 years	13,275	10,413
After 5 years	15,591	13,453
	32,140	**26,347**
Future interest	(4,859)	(4,484)
Present value of finance lease liabilities	**27,281**	**21,863**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 19)	**2,516**	**1,867**
Between 2 and 5 years	10,716	8,039
After 5 years	14,049	11,957
Total over one year (Note 19)	**24,765**	**19,996**

22. Lease liabilities (continued)

	2013	2012
	AED m	AED m
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	25,737	21,348
UAE Dirhams	1,544	515

The lease liabilities are secured on the related aircraft and aircraft engines.

The fair value of lease liabilities amounts to AED 26,738 m (2012: AED 21,297 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

	2013	2012
	AED m	AED m
Future minimum lease payments are as follows:		
Aircraft fleet	44,983	32,497
Others	2,054	2,276
	47,037	**34,773**
Within one year	6,696	5,148
Between 2 and 5 years	23,247	18,317
After 5 years	17,094	11,308
	47,037	**34,773**

In the event of the aircraft leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 2013, the penalties would have been AED 280 m (2012: AED 459 m).

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 nine out of one hundred and twenty eight (2012: thirteen out of one hundred and thirteen) aircraft under these leases.

In addition, Emirates has five (2012: nine) Boeing aircraft contracted on operating leases for delivery between April 2013 and March 2016.

23. Provisions

	2013	2012
	AED m	AED m
Retirement benefit obligations (Note 24)	769	631
Provision for maintenance (Note 25)	1,161	719
	1,930	**1,350**

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 2013, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 4.5% (2012: 5.0%) and a discount rate of 4.0% (2012: 5.0%) per annum. The present values of the defined benefit obligations at 31 March 2013 were computed using the actuarial assumptions set out above.

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

	2013	2012
	AED m	AED m
Funded scheme		
Present value of defined benefit obligations	1,508	1,251
Less: Fair value of plan assets	(1,493)	(1,236)
	15	**15**
Unfunded scheme		
Present value of defined benefit obligations	**754**	**616**
Liability recognised in the consolidated statement of financial position	**769**	**631**

(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 15 m (2012: AED 15 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.

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

	2013	2012
	AED m	AED m
Balance brought forward	**1,236**	**1,087**
Contributions received	233	195
Benefits paid	(47)	(55)
Change in fair value	71	9
Balance carried forward	**1,493**	**1,236**

24. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 250 m for existing plan members during the year ending 31 March 2014.

Actuarial gains and losses and expected return 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.

The movement in the defined benefit obligation is as follows:

	2013 AED m	2012 AED m
Balance brought forward	**616**	**467**
Current service cost	98	65
Interest cost	28	20
Actuarial losses	70	116
Payments made during the year	(58)	(52)
Balance carried forward	**754**	**616**

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

The cumulative amount of actuarial losses recognised in other comprehensive income is AED 277 m (2012: AED 207 m).

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

	2013 AED m	2012 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	221	188
Net change in the present value of defined benefit obligations over plan assets	-	3
	221	**191**
Unfunded scheme		
Current service cost	98	65
Interest cost	28	20
	126	**85**
Defined contribution plan		
Contributions expensed	**163**	**154**
Recognised in the consolidated income statement	**510**	**430**

25. Provision for maintenance

Movements in the provision for maintenance are as follows:

	2013 AED m
Balance brought forward	**757**
Charge for the year	397
Used during the year	(6)
Unwinding of discount	85
Balance carried forward	**1,233**

The provision is expected to be used as follows:

	2013 AED m
Within one year (Note 29)	**72**
Over one year (Note 23)	**1,161**

26. Deferred revenue

	2013 AED m	2012 AED m
Balance brought forward	**1,989**	**1,722**
Additions during the year	1,647	1,330
Recognised during the year	(1,029)	(1,063)
Balance carried forward	**2,607**	**1,989**
Deferred revenue will be recognised as follows:		
Within one year	**1,147**	**915**
Over one year	**1,460**	**1,074**

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.

Deferred revenue is classified within current and non-current liabilities based on the expected redemption patterns.

27. Deferred credits

	2013 AED m	2012 AED m
Balance brought forward	**486**	**537**
Net additions during the year	42	97
Recognised during the year	(147)	(148)
Balance carried forward	**381**	**486**
Deferred credits will be recognised as follows:		
Within one year	**87**	**136**
Over one year	**294**	**350**

28. 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 analysis of the deferred tax asset and the deferred tax liability is as follows:

	2013 AED m	2012 AED m
Deferred income tax asset	**15**	**10**
The movement in the deferred income tax account is as follows:		
Balance brought forward	**10**	**(2)**
Credited to the consolidated income statement (Note 8)	4	12
Currency translation differences	1	-
Balance carried forward	**15**	**10**

The deferred income tax asset is on account of unused tax losses and is recognised to the extent that the realisation of the related tax benefit through future taxable profit is probable.

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 1,882 m (2012: AED 1,869 m).

29. Trade and other payables

	2013 AED m	2012 AED m
Trade payables and accruals	13,514	9,764
Related parties (Note 36)	513	622
Passenger and cargo sales in advance	10,483	9,458
Provision for maintenance (Note 25)	72	38
Dividend payable	700	-
	25,282	**19,882**
Less: Payables over one year	(269)	-
	25,013	**19,882**

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

30. Commitments

Capital commitments

	2013 AED m	2012 AED m
Authorised and contracted:		
Aircraft fleet	141,660	163,489
Non-aircraft	4,969	2,021
Joint ventures	39	116
	146,668	**165,626**
Authorised but not contracted:		
Non-aircraft	5,184	4,683
Joint ventures	25	30
	5,209	**4,713**
	151,877	**170,339**

Commitments have been entered into for the purchase of aircraft for delivery as follows (Note 10):

Financial year	**Aircraft**
2013 - 2014	23
Beyond 2013 - 2014	170

In addition, options are held on fifty Airbus and twenty Boeing aircraft.

Operational commitments

	2013 AED m	2012 AED m
Sales and marketing	3,191	1,881

31. Guarantees

	2013 AED m	2012 AED m
Performance bonds and letters of credit provided by bankers in the normal course of business	365	370

32. Short term bank deposits and cash and cash equivalents

	2013 AED m	2012 AED m
Bank deposits	20,361	14,284
Cash and bank	4,211	1,303
Cash and bank balances	**24,572**	**15,587**
Less: Short term bank deposits - over 3 months	(18,048)	(8,055)
Cash and cash equivalents as per the consolidated statement of financial position	**6,524**	**7,532**
Bank overdraft (Note 19)	(4)	(5)
Cash and cash equivalents as per the consolidated statement of cash flows	**6,520**	**7,527**

Cash and bank balances earned an effective interest rate of 2.6% (2012: 2.6%) per annum.

33. 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:

	2013 AED m	2012 AED m
Payments for property, plant and equipment	13,259	13,561
Less: Assets acquired under finance leases	(7,486)	(6,761)
	5,773	**6,800**

34. Derivative financial instruments

Description	2013		2012	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Currency swaps and forwards	2013-2017	92	2012-2017	69
		92		**69**
Current assets				
Currency swaps and forwards		67		8
		67		**8**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2013-2023	(961)	2012-2023	(830)
Currency swaps and forwards	2013-2016	(55)	2012-2016	(127)
		(1,016)		**(957)**
Current liabilities				
Interest rate swaps		(1)		(1)
Currency swaps and forwards		(5)		(39)
		(6)		**(40)**

The notional principal amounts outstanding are:

	2013	2012
	AED m	AED m
Interest rate contracts	11,107	11,715
Currency contracts	3,244	4,082

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 8 m (2012: AED 3 m) will enter into the determination of profit between 2013 and 2017.

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.

35. 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
2012				
Assets				
Loans and other receivables (excluding prepayments)	846	-	-	846
Derivative financial instruments	-	77	-	77
Trade and other receivables (excluding prepayments and advance lease rentals)	7,048	-	-	7,048
Short term bank deposits	8,055	-	-	8,055
Cash and cash equivalents	7,532	-	-	7,532
Total	**23,481**	**77**	**-**	**23,558**
Liabilities				
Borrowings and lease liabilities	-	-	30,880	30,880
Provision for maintenance	-	-	757	757
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	9,669	9,669
Derivative financial instruments	-	997	-	997
Total	**-**	**997**	**41,306**	**42,303**

35. Classification of financial instruments (continued)

Description	Loans and receivables	Derivative financial instruments	Financial liabilities at amortised cost	Total
	AED m	AED m	AED m	AED m
2013				
Assets				
Loans and other receivables (excluding prepayments)	411	-	-	411
Derivative financial instruments	-	159	-	159
Trade and other receivables (excluding prepayments and advance lease rentals)	7,460	-	-	7,460
Short term bank deposits	18,048	-	-	18,048
Cash and cash equivalents	6,524	-	-	6,524
Total	**32,443**	**159**	**-**	**32,602**
Liabilities				
Borrowings and lease liabilities	-	-	40,525	40,525
Provision for maintenance	-	-	1,233	1,233
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	14,104	14,104
Derivative financial instruments	-	1,022	-	1,022
Total	**-**	**1,022**	**55,862**	**56,884**

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.

36. Related party transactions

The following transactions were carried out with related parties:

	2013	2012
	AED m	AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Associates	56	46
Sale of goods - Companies under common control	11	9
Sale of goods - Joint ventures	12	-
Services rendered - Companies under common control	81	59
Services rendered - Joint ventures	11	11
	171	**125**
(ii) Purchase of goods and services		
Purchase of goods - Associates	194	165
Purchase of goods - Companies under common control	4,288	3,793
Services received - Companies under common control	2,472	2,019
Services received - Joint ventures	15	14
	6,969	**5,991**
Other transactions:		
(i) Finance income		
Joint ventures	6	7
Companies under common control	59	69
	65	**76**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	98	96
Post-employment benefits	15	15
	113	**111**

	2013	2012
	AED m	AED m
Year end balances		
(i) Receivables - sale of goods and services		
Associates	26	20
Joint ventures	2	3
Companies under common control	79	2
	107	**25**
(ii) Receivables - other transactions		
Joint ventures	18	6
Companies under common control	488	776
	506	**782**
Receivable within one year	**345**	**466**
Receivable over one year (Note 14)	**161**	**316**

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.

36. Related party transactions (continued)

	2013 AED m	2012 AED m
(iii) Payables - purchase of goods and services (Note 29)		
Associates	26	29
Companies under common control	487	570
	513	**599**
(iv) Other payables (Note 29)		
Parent company	**-**	**23**
(v) Loans		
Joint ventures	65	83
Companies under common control	556	1,331
	621	**1,414**
Movement in the loans were as follows:		
Balance brought forward	**1,414**	**1,158**
Additions during the year	312	608
Repayments during the year	(1,103)	(346)
Currency translation differences	(2)	(6)
Balance carried forward	**621**	**1,414**
Receivable within one year	**436**	**948**
Receivable over one year (Note 14)	**185**	**466**

The effective interest rate on the loans was 4.5% (2012: 3.8%) per annum.

Receivables from and loans to companies under common control relate to government entities, which are unrated. Management is of the opinion that the amounts are fully recoverable.

In addition to the above, Emirates has also entered into transactions with other government controlled entities in the normal course of business. The amounts involved are, both individually and in aggregate, not significant.

	2013 AED m	2012 AED m
(vi) Loans and advances to key management personnel		
Balance brought forward	**5**	**4**
Additions during the year	4	6
Repayments during the year	(4)	(5)
Balance carried forward	**5**	**5**
Receivable within one year	**2**	**3**
Receivable over one year (Note 14)	**3**	**2**

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

37. 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. 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.

A risk management programme is carried out under procedures that are approved by a steering group comprising of senior management. Identification, evaluation and hedging financial risks is done 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) 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 the 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 48% (2012: 27%) of short term bank deposits and cash and cash equivalents are held with financial institutions under common control. Approximately 93% (2012: 89%) 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.

Other receivables mainly include advances to employees, VAT receivables and interest accruals on bank deposits. Emirates has the right to recover outstanding employee advances against the final dues payable to the employees.

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

	2013 AED m	2012 AED m
AA- to AA+	2	489
A- to A+	9,519	13,872
BBB+	13,784	-
Lower than BBB+	1	866

37. 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. Hedging activity during the year was not significant.

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 20. 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 Pounds Sterling, Euro, Australian Dollars, Japanese Yen, Indian Rupees, Chinese Yuan and South African Rand. 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.

Emirates is also subject to the risk that countries in which it may earn revenues may impose restrictions or prohibition on the export of those revenues. Emirates seeks to minimise this risk by repatriating surplus funds to the UAE on a monthly basis. Cash and cash equivalents for the current year include AED 529 m (2012: AED 217 m) held in a country where exchange controls and other legal restrictions apply.

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 19 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.

Sensitivity analysis of market risk

The following sensitivity analysis, relating to existing financial instruments, 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.

	2013		2012	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
	AED m	AED m	AED m	AED m
Interest cost				
- 25 basis points				
UAE Dirhams	9	9	2	2
US Dollars	33	(97)	30	(95)
Others	-	(1)	-	(3)
	42	**(89)**	**32**	**(96)**
+ 25 basis points				
UAE Dirhams	(9)	(9)	(2)	(2)
US Dollars	(33)	97	(30)	95
Others	-	1	-	3
	(42)	**89**	**(32)**	**96**

37. Financial risk management (continued)

	2013		2012	
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
	AED m	AED m	AED m	AED m
Interest income				
- 25 basis points	(15)	(15)	(10)	(10)
+ 25 basis points	15	15	10	10
Currency - Pounds Sterling				
+ 1%	6	2	2	(2)
- 1%	(6)	(2)	(2)	2
Currency - Euro				
+ 1%	3	(4)	3	(2)
- 1%	(3)	4	(3)	2
Currency - Australian Dollars				
+ 1%	1	(2)	4	(5)
- 1%	(1)	2	(4)	5
Currency - Japanese Yen				
+ 1%	-	(3)	-	(4)
- 1%	-	3	-	4
Currency - Singapore Dollars				
+ 1%	(4)	(4)	(4)	(4)
- 1%	4	4	4	4

(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.
- Entering into stand-by credit facility arrangements.

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.

37. Financial risk management (continued)

	Less than 1 year	2 - 5 years	Over 5 years	Total
	AED m	AED m	AED m	AED m
2013				
Borrowings and lease liabilities	6,303	21,492	19,829	47,624
Derivative financial instruments	223	748	28	999
Provision for maintenance	73	694	986	1,753
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	13,835	269	-	14,104
	20,434	**23,203**	**20,843**	**64,480**
2012				
Borrowings and lease liabilities	4,950	17,672	13,917	36,539
Derivative financial instruments	241	655	7	903
Provision for maintenance	39	123	991	1,153
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	9,669	-	-	9,669
	14,899	**18,450**	**14,915**	**48,264**

38. Capital 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 attributable to the Owner 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 2013, Emirates achieved a return on Owner's equity funds of 10.4% (2012: 7.2%) in comparison to an effective interest rate of 3.1% (2012: 3.0%) 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 2013, this ratio is 69.3% (2012: 71.2%) and if aircraft operating leases are included, the ratio is 186.4% (2012: 162.1%).

dnata

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 2013 and the consolidated statements of income, comprehensive income, changes in equity and 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 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
5 May 2013

Warwick Hunt
Registered Auditor Number 643
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 AED m	2012 AED m
Revenue	4	6,536	5,670
Other operating income		86	85
Operating costs	5	(5,807)	(4,971)
Operating profit		**815**	**784**
Finance income		43	42
Finance costs		(41)	(30)
Share of results in associates and joint ventures	9	22	68
Profit before income tax		**839**	**864**
Income tax expense	6	(38)	(35)
Profit from discontinued operations	30	53	8
Profit for the year		**854**	**837**
Profit attributable to non-controlling interests		35	29
Profit attributable to dnata's Owner		**819**	**808**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013	2012
Profit for the year		**854**	**837**
Currency translation differences		(55)	2
Net investment hedge	18	12	(9)
Actuarial losses on retirement benefit obligations net of deferred tax		(59)	(47)
Share of other comprehensive income in associates net of deferred tax	9	(18)	-
Other comprehensive income		**(120)**	**(54)**
Total comprehensive income for the year		**734**	**783**
Total comprehensive income attributable to non-controlling interests		35	28
Total comprehensive income attributable to dnata's Owner		**699**	**755**
from continuing operations		646	747
from discontinued operations	30	53	8
		699	**755**

Notes 1 to 32 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	2013 AED m	2012 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,159	1,184
Intangible assets	8	1,830	2,036
Investments in associates and joint ventures	9	533	477
Advance lease rentals	10	26	27
Deferred income tax assets	20	11	20
Trade and other receivables	12	35	15
		3,594	**3,759**
Current assets			
Inventories	11	72	87
Income tax asset		-	14
Trade and other receivables	12	1,509	1,260
Short term bank deposits	25	1,932	481
Cash and cash equivalents	25	464	1,518
		3,977	**3,360**
Total assets		**7,571**	**7,119**

Notes 1 to 32 form an integral part of the consolidated financial statements.

	Note	2013 AED m	2012 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital		63	63
Capital reserve		(23)	(14)
Other reserves	13	12	52
Retained earnings		3,976	3,513
Attributable to dnata's Owner		**4,028**	**3,614**
Non-controlling interests		69	69
Total equity		**4,097**	**3,683**
Non-current liabilities			
Trade and other payables	21	166	154
Borrowings and lease liabilities	17	638	600
Deferred income tax liabilities	20	108	148
Provisions	14	439	373
		1,351	**1,275**
Current liabilities			
Trade and other payables	21	1,885	1,991
Income tax liabilities		15	15
Borrowings and lease liabilities	17	204	135
Provisions	14	19	20
		2,123	**2,161**
Total liabilities		**3,474**	**3,436**
Total equity and liabilities		**7,571**	**7,119**

The consolidated financial statements were approved on 5 May 2013 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Attributable to dnata's Owner						
		Capital AED m	Capital reserve AED m	Other reserves AED m	Retained earnings AED m	Total AED m	Non-controlling interests AED m	Total equity AED m
1 April 2011		**63**	**(14)**	**61**	**3,099**	**3,209**	**73**	**3,282**
Currency translation differences		-	-	3	-	3	(1)	2
Net investment hedge	18	-	-	(9)	-	(9)	-	(9)
Actuarial losses on retirement benefit obligations net of deferred tax		-	-	-	(47)	(47)	-	(47)
Share of other comprehensive income in associates net of deferred tax	9	-	-	(3)	3	-	-	-
Other comprehensive income		**-**	**-**	**(9)**	**(44)**	**(53)**	**(1)**	**(54)**
Profit for the year		-	-	-	808	808	29	837
Total comprehensive income		**-**	**-**	**(9)**	**764**	**755**	**28**	**783**
Dividends		-	-	-	(350)	(350)	(32)	(382)
Transactions with owners		**-**	**-**	**-**	**(350)**	**(350)**	**(32)**	**(382)**
31 March 2012		**63**	**(14)**	**52**	**3,513**	**3,614**	**69**	**3,683**
Currency translation differences		-	-	(55)	-	(55)	-	(55)
Net investment hedge	18	-	-	12	-	12	-	12
Actuarial losses on retirement benefit obligations net of deferred tax		-	-	-	(59)	(59)	-	(59)
Share of other comprehensive income in associates net of deferred tax	9	-	-	1	(19)	(18)	-	(18)
Other comprehensive income		**-**	**-**	**(42)**	**(78)**	**(120)**	**-**	**(120)**
Profit for the year		-	-	-	819	819	35	854
Total comprehensive income		**-**	**-**	**(42)**	**741**	**699**	**35**	**734**
Dividends		-	-	-	(260)	(260)	(38)	(298)
Share of other equity movements in associates		-	-	2	(18)	(16)	-	(16)
Non-controlling interest on acquisition of a subsidiary	29	-	-	-	-	-	3	3
Option to acquire non-controlling interest	29	-	(9)	-	-	(9)	-	(9)
Transactions with owners		**-**	**(9)**	**2**	**(278)**	**(285)**	**(35)**	**(320)**
31 March 2013		**63**	**(23)**	**12**	**3,976**	**4,028**	**69**	**4,097**

Capital represents permanent capital of dnata.

Capital reserve includes the difference between the carrying value of the non-controlling interest acquired and the fair value of the consideration paid. It also includes the fair value of the option issued by dnata to acquire the non-controlling interest in a subsidiary company.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 AED m	2012 AED m
Operating activities			
Profit before income tax including discontinued operations		907	869
Adjustments for:			
Depreciation and amortisation	7,8	344	347
Finance cost - net		2	(8)
Amortisation of advance lease rentals	10	1	1
Share of results in associates and joint ventures	9	(22)	(68)
(Gain) / loss on sale / dilution of investment in associates		(8)	5
Loss / (gain) on sale of property, plant and equipment		20	(3)
Gain on sale of discontinued operations	30	(20)	-
Net provision for impairment of trade receivables	12	(2)	9
Provision for employee benefits	5	115	120
Employee benefit payments		(70)	(90)
Income tax paid		(71)	(62)
Change in inventories		7	4
Change in trade and other receivables		(78)	(114)
Change in trade and other payables		37	157
Net cash generated from operating activities		**1,162**	**1,167**

	Note	2013 AED m	2012 AED m
Investing activities			
Additions to property, plant and equipment	7	(371)	(320)
Additions to intangible assets	8	(68)	(33)
Proceeds from sale of property, plant and equipment		7	17
Investments in associates and joint ventures		-	(13)
Dividends from associates and joint ventures	9	28	26
Proceeds from sale of an associate		-	8
Acquisition of subsidiary	29	(20)	(200)
Acquisition of non-controlling interest		-	(43)
Proceeds from discontinued operations	30	20	-
Loans to related parties - net		(87)	(16)
Movement in short term bank deposits	25	(1,451)	105
Finance income		32	38
Net cash used in investing activities		**(1,910)**	**(431)**
Financing activities			
Net movement in term loans	18	64	(166)
Net lease liabilities		20	14
Finance cost		(39)	(34)
Dividends paid to non-controlling interests		(38)	(32)
Dividends paid to dnata's Owner		(350)	(500)
Net cash used in financing activities		**(343)**	**(718)**
Net (decrease) / increase in cash and cash equivalents		**(1,091)**	**18**
Cash and cash equivalents at beginning of year		1,492	1,465
Effects of exchange rate changes		(16)	9
Cash and cash equivalents at end of year	25	**385**	**1,492**

1. General information

dnata comprises dnata ("the parent company") 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 except for revaluation of certain financial assets and liabilities at fair value through profit or loss.

Comparative figures for the consolidated income statement, consolidated statement of comprehensive income and related notes have been reclassified to conform with the disclosure requirement of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Note 30).

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 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 2013 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:

- IAS 1 (revised), Presentation of Financial Statements (effective from 1 July 2012)
- IAS 19 (revised), Employee Benefits (effective from 1 January 2013)
- IAS 28 (revised), Investments in Associates and Joint Ventures (effective from 1 January 2013)
- IFRS 10, Consolidated Financial Statements (effective from 1 January 2013)
- IFRS 11, Joint Arrangements (effective from 1 January 2013)
- IFRS 12, Disclosure of Interest in Other Entities (effective from 1 January 2013)
- IFRS 13, Fair value Measurement (effective from 1 January 2013)
- IFRS 9 Financial Instruments (effective from 1 January 2015)
- Annual Improvements 2009-2011 Cycle (effective from 1 January 2013)

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 de-consolidated from the date on which control ceases. Inter-company transactions, balances and unrealised gains and losses arising on transactions between dnata and subsidiaries are eliminated.

2. Summary of significant accounting policies (continued)

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 the liabilities incurred to the former owners of the acquiree. 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 initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is as transactions with the owners in their capacity as owners. For purchases of non-controlling interests, the difference between fair value of 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.

Associates are those entities in which dnata has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates 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 and include goodwill (net of accumulated impairment loss, if any) identified on acquisition.

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

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

When control, joint control or significant influence ceases, the retained interest in the entity is remeasured to fair value as at that date, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting of 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 a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

Revenue

Revenue from airport operations and cargo 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. The stage of completion is determined on the basis of actual cost incurred as a proportion of total estimated cost.

Revenue from travel services includes commission earned from the sale of air and land arrangements and is recognised on the completion of sale.

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 and returns.

Interest income is recognised on a time proportion basis using the effective interest 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 the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rates prevailing at the end of the reporting period. The resultant foreign exchange gains and losses, other than those on qualifying net investment hedges and net investment in foreign operations 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 the reporting period. The resulting exchange differences are recognised in other comprehensive income.

Share of results in associates and joint ventures are translated into UAE Dirhams at average exchange rates for the year. Translation differences relating to investments in subsidiaries, associates, joint ventures 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 operations are recognised in other comprehensive income. When investments in subsidiaries, associates or joint ventures are disposed, the translation differences held in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

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 prevailing at 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 on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost, less estimated residual values, over the estimated useful lives of the assets or lease term, if shorter. The estimated useful lives are:

Buildings	5 - 33 years
Leasehold property	shorter of useful life or lease term
Plant and machinery	4 - 15 years
Office equipment and furniture	3 - 6 years
Motor vehicles	5 years

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

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 are recognised in the consolidated income statement.

2. Summary of significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets at the date of acquisition

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to cash generating units or group of 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 or group cash generating units exceeds its recoverable amount. Impairment losses on goodwill are 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.

In the case of internally developed computer software, development expenditure is capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and there exists an intent and ability to complete the development and to use or sell the asset. Other research and development expenditure not meeting the criteria for capitalisation are recognised in the consolidated income statement as incurred.

Customer relationships and contractual rights are recognised on acquisition at fair values. Contractual rights also include licenses to operate in certain airports.

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

Trade names	10 years
Computer software	3 - 5 years
Customer relationships	3 - 5 years
Contractual rights	over the expected term of the rights

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversal of the impairment loss.

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.

2. Summary of significant accounting policies (continued)

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.

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 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 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.

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 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 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. 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 changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise.

2. Summary of significant accounting policies (continued)

Income tax

The tax expense for the year comprises current and deferred tax.

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 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. Also 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 substantively 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 method.

Cash and cash equivalents

Cash and cash equivalents comprise all cash and liquid funds with an original maturity of three months or less. 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 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, 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.

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 comprising 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 associates 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 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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The estimates made in arriving at the value-in-use calculation are set out in Note 8.

4. Revenue

	2013 AED m	2012 AED m
Services		
Airport operations	2,474	2,321
Cargo	1,077	1,006
Information technology	755	649
Travel services	544	316
Other	105	91
	4,955	**4,383**
Sale of goods		
In-flight catering	1,407	1,215
Other	174	72
	1,581	**1,287**
	6,536	**5,670**

5. Operating costs

	2013 AED m	2012 AED m
Employee (see below)	2,771	2,488
Airport operations and cargo - other direct costs	798	699
Cost of goods sold	601	451
Depreciation and amortisation	328	302
Office accommodation	317	284
Information technology infrastructure costs	308	257
Sales and marketing expenses	194	67
Operating lease rentals	55	56
Corporate overheads	435	367
	5,807	**4,971**

Employee costs include AED 115 m (2012: AED 114 m) in respect of post-employment benefits (Note 15).

6. Income tax expense

	2013 AED m	2012 AED m
The components of income tax expense are:		
Current tax	46	55
Deferred tax credit	(8)	(20)
	38	**35**
The income tax expense for the year can be reconciled to the accounting profit from continuing operations as follows:		
Profit before income tax	839	864
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**23**	**23**
Effect of share of results in associates and joint ventures reported net of tax	5	-
Effect of non-deductible expenses	7	11
Recognition of previously unrecognised tax losses	(2)	-
Re-measurement of deferred tax - effect of changes in tax rates	-	1
Tax losses for which no deferred tax asset recognised	4	3
Effect of other items	1	(3)
Income tax expense	**38**	**35**

The tax rates used for the reconciliation above are the rates applicable to the profits in the respective tax jurisdictions.

7. 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 2011	965	1,163	1,007	48	30	3,213
Acquisition	-	-	6	-	-	6
Additions	28	136	131	6	19	320
Transfer from capital projects	3	-	13	-	(16)	-
Disposals / write off	-	(36)	(52)	(2)	(6)	(96)
Currency translation differences	(4)	(3)	(3)	-	1	(9)
31 March 2012	**992**	**1,260**	**1,102**	**52**	**28**	**3,434**
Depreciation						
1 April 2011	349	880	815	37	-	2,081
Acquisition	-	-	3	-	-	3
Charge for the year	57	87	102	5	-	251
Disposals / write off	-	(33)	(47)	(2)	-	(82)
Currency translation differences	(1)	(2)	-	-	-	(3)
31 March 2012	**405**	**932**	**873**	**40**	**-**	**2,250**
Net book amount at						
31 March 2012	**587**	**328**	**229**	**12**	**28**	**1,184**

7. 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 2012	992	1,260	1,102	52	28	3,434
Acquisition	-	2	1	-	-	3
Additions	10	166	117	4	74	371
Transfer from capital projects	-	-	19	-	(19)	-
Disposals / write off	(28)	(79)	(55)	(4)	-	(166)
Currency translation differences	(4)	(21)	(3)	-	(2)	(30)
Discontinued operations (Note 30)	(265)	(203)	(25)	(7)	-	(500)
31 March 2013	**705**	**1,125**	**1,156**	**45**	**81**	**3,112**
Depreciation						
1 April 2012	405	932	873	40	-	2,250
Charge for the year						
Continuing operations	35	78	104	4	-	221
Discontinued operations	5	7	1	-	-	13
Disposals / write off	(15)	(74)	(66)	(3)	-	(158)
Currency translation differences	(3)	(12)	(3)	-	-	(18)
Discontinued operations (Note 30)	(162)	(166)	(20)	(7)	-	(355)
31 March 2013	**265**	**765**	**889**	**34**	**-**	**1,953**
Net book amount at						
31 March 2013	**440**	**360**	**267**	**11**	**81**	**1,159**

The net book amount of property, plant and equipment includes AED 75 m (2012: AED 61 m) in respect of plant and machinery held under finance leases (Note 19).

Land of AED 17 m (2012: AED 20 m) is carried at cost and is not depreciated.

8. Intangible assets

	Goodwill	Computer software	Trade names	Customer relationships	Contractual rights	Total
	AED m	AED m	AED m	AED m	AED m	AED m
Cost						
1 April 2011	847	236	-	12	691	1,786
Acquisition	528	42	37	-	-	607
Additions	-	33	-	-	-	33
Currency translation differences	25	1	1	-	9	36
31 March 2012	**1,400**	**312**	**38**	**12**	**700**	**2,462**
Amortisation						
1 April 2011	-	134	-	11	183	328
Charge for the year	-	24	1	1	70	96
Currency translation differences	-	-	-	-	2	2
31 March 2012	**-**	**158**	**1**	**12**	**255**	**426**
Net book value at 31 March 2012	**1,400**	**154**	**37**	**-**	**445**	**2,036**
Cost						
1 April 2012	1,400	312	38	12	700	2,462
Acquisition	10	1	-	13	-	24
Additions	-	68	-	-	-	68
Disposals / write off	-	(20)	-	-	-	(20)
Currency translation differences	(53)	(2)	(2)	(1)	(26)	(84)
Discontinued operations (Note 30)	(48)	(7)	-	-	(56)	(111)
31 March 2013	**1,309**	**352**	**36**	**24**	**618**	**2,339**
Amortisation						
1 April 2012	-	158	1	12	255	426
Charge for the year						
Continuing operations	-	39	4	2	62	107
Discontinued operations	-	-	-	-	3	3
Disposals / write off	-	(1)	-	-	-	(1)
Currency translation differences	-	(1)	-	-	(8)	(9)
Discontinued operations (Note 30)	-	(7)	-	-	(10)	(17)
31 March 2013	**-**	**188**	**5**	**14**	**302**	**509**
Net book value at 31 March 2013	**1,309**	**164**	**31**	**10**	**316**	**1,830**

8. Intangible assets (continued)

Computer software includes an amount of AED 43 m (2012: AED 43 m) in respect of projects under implementation.

For the purpose of testing goodwill for impairment, the recoverable amounts for cash generating units or group of cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a period of three to five years. Cash flows beyond such period have been extrapolated using terminal growth rates stated below. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate, gross margins consistent with historical trends and growth rate based on management's expectations for market development. The growth rate does not exceed the long term average growth rate for the markets in which the cash generating units or group of cash generating units operate. The goodwill allocated to cash generating units or group of cash generating units and the key assumptions used in the value-in-use calculations are as follows:

Cash generating unit / Group of cash generating units	Location	Goodwill 2013	Goodwill 2012	Discount rate	Gross margin	Terminal growth rate
		AED m	AED m	%	%	%
Airport services	Singapore	100	99	7.0	17.0	3.0
Airport services	Switzerland	263	277	6.0	10.0	1.5
In-flight catering group	UK	425	476	8.0	14.5	1.5
Travel services	UK	518	545	9.0	8.0	1.5
Travel services	UAE	3	3	-	-	-
		1,309	**1,400**			

The recoverable value of cash generating units or group of cash generating units would not fall below their carrying amount with a 1% reduction in terminal growth rate or a 1% increase in the discount rate.

9. Investments in subsidiaries, associates 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	Holding company	Singapore
dnata Singapore Pte Ltd.	100	Aircraft handling and catering services	Singapore
Maritime and Mercantile International Travel LLC	100	Travel agency	United Arab Emirates
Dnata GmbH	100	Holding company	Austria
dnata Switzerland AG	100	Aircraft handling services	Switzerland
Al Hidaya Travel & Tourism WLL	100	Travel agency	Bahrain
Cleopatra International Travel WLL	100	Travel agency	Bahrain
Dnata Aviation Services Ltd.	100	Holding company	United Kingdom
dnata Limited	100	Aircraft handling services	United Kingdom
Mercator Asia Co., Ltd.	100	Information Technology services	Thailand
Dnata for Airport Services Ltd.	100	Aircraft handling services	Iraq
Dnata Catering Services Ltd.	100	Holding company	United Kingdom
Alpha Flight Group Ltd.	100	In-flight catering services	United Kingdom
Alpha Flight UK Ltd.	100	In-flight catering services	United Kingdom
Alpha Flight Services Pty Ltd.	100	In-flight catering services	Australia
Alpha Flight Ireland Ltd.	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 In-Flight US LLC	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
Incorporated during the previous year:			
DWT International Private Limited	100	Travel agency	India
dnata World Travel Limited	75	Holding company	United Kingdom
Acquired during the previous year:			
Travel Republic Limited	75	Online travel services	United Kingdom
Incorporated during the year:			
Marhaba Bahrain SPC	100	Passenger meet and greet services	Bahrain
Airline Cleaning Services Pty Ltd.	100	Aircraft cleaning services	Australia

9. Investments in subsidiaries, associates and joint ventures (continued)

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries			
Acquired during the year:			
En Route International Limited	80	Bakery and packaged food solutions	United Kingdom
Disposed during the year:			
Alpha Flight Services BV	100	In-flight catering services	Netherlands

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%, dnata World Travel Ltd and Travel Republic Ltd is 100%.

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal associates			
Dubai Express LLC	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	P. R. China
Oman United Agencies Travel LLC	50	Corporate Travel services	Oman
Hogg Robinson Group Plc	22	Corporate Travel services	United Kingdom
Mindpearl AG	49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd.	49	Contact centre operations	South Africa

9. Investments in subsidiaries, associates and joint ventures (continued)

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal joint ventures			
PAL PAN Airport Logistics LLC	50	Logistics services	United Arab Emirates
dnata Travel Limited	70	Travel agency	Saudi Arabia
Transguard Group LLC	100	Security services	United Arab Emirates
Toll Dnata Airport Services Pty Ltd.	50	Aircraft handling services	Australia
Dunya Travel LLC	50	Travel agency	United Arab Emirates
SDV UAE LLC	25.5	Logistics services	United Arab Emirates
Najm Travels LLC	50	Travel agency	Afghanistan
Al Tawfeeq Travel (Dnata Travels) LLC	50	Travel agency	Qatar
Servair Air Chef srl	50	In-flight catering services	Italy
Acquired during the previous year:			
dnata Newrest (Pty) Ltd. (formerly Wings Inflight Services (Pty) Ltd)	33.3	In-flight catering services	South Africa
Incorporated during the year			
Travel Counsellors LLC	50	Travel services	United Arab Emirates
Alpha LSG Ltd	50	In-flight catering services	United Kingdom

Although the percentage of equity owned in dnata Travel Limited, dnata Newrest (Pty) Ltd. and SDV UAE LLC are 70%, 33.3% and 25.5% respectively, they are subject to joint control. The beneficial interest in Transguard Group LLC is 50% and is subject to joint control.

9. Investments in subsidiaries, associates and joint ventures (continued)

Movement of investments in associates and joint ventures

	2013 AED m	2012 AED m
Balance brought forward	**477**	**435**
Investments during the year	99	13
Share of results	22	68
Share of other comprehensive income	(18)	-
Share of other equity movements	(16)	-
Dividends	(28)	(26)
Dilution / disposal	6	(11)
Currency translation differences	(9)	(2)
Balance carried forward	**533**	**477**

Investments during the year relates to Alpha LSG Limited (Note 30).

The carrying value of the investments in associates amounted to AED 135 m (2012: AED 158 m) and the share of results amounted to AED 26 m (2012: AED 36 m). The investments in associates and joint ventures include a quoted investment, the fair value of which amounts to AED 227 m (2012: AED 294 m) at the end of the reporting period.

The financial statements of an associate have been prepared from 1 January 2012 to 31 December 2012 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 prepared above have been used and appropriate adjustments have been made, where necessary, for the effect of significant events between 1 January 2013 and 31 March 2013.

Summarised financial information in respect of associates is set out below:

	2013 AED m	2012 AED m
Total assets	3,068	3,349
Total liabilities	2,598	2,759
Net assets	470	590
Revenue	2,545	2,678
Profit for the year	144	141

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

	2013 AED m	2012 AED m
Non-current assets	553	369
Current assets	423	279
Non-current liabilities	135	72
Current liabilities	443	257
Total income	1,654	820
Total expense	1,658	788

10. Advance lease rentals

	2013 AED m	2012 AED m
Balance brought forward	**27**	**28**
Charge for the year	(1)	(1)
Balance carried forward	**26**	**27**

11. Inventories

	2013 AED m	2012 AED m
Plant and machinery - spares and consumables	19	19
Food and beverage	32	47
Other	21	21
	72	**87**

12. Trade and other receivables

	2013 AED m	2012 AED m
Trade receivables - net of provision	779	792
Prepayments	66	106
Related parties (Note 27)	404	177
Deposits and other receivables	295	200
	1,544	**1,275**
Less: Receivable over one year	(35)	(15)
	1,509	**1,260**

Other receivables include derivative financial instruments of AED 2 m. This relates to a subsidiary company which enters into currency forward contracts to manage its foreign currency exposure. The notional principal outstanding is AED 398 m and contracts are expected to cover exposures ranging from one month to one year. These are not designated as hedges under IAS 39.

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:

	2013 AED m	2012 AED m
Balance brought forward	**49**	**45**
Charge for the year	10	20
Unused amounts reversed	(12)	(11)
Amounts written off as uncollectible	(1)	(4)
Currency translation differences	(1)	(1)
Balance carried forward	**45**	**49**

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:

	2013 AED m	2012 AED m
Below 3 months	331	310
3-6 months	31	25
Above 6 months	54	56
	416	**391**

13. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2011	**61**	-	**61**
Currency translation differences	3	-	3
Net investment hedge (Note 18)	(9)	-	(9)
Share of other comprehensive income in associates net of deferred tax	(3)	-	(3)
31 March 2012	**52**	**-**	**52**
Currency translation differences	(55)	-	(55)
Net investment hedge (Note 18)	12	-	12
Share of other comprehensive income in associates net of deferred tax	2	(1)	1
Share of other equity movement in an associate	-	2	2
31 March 2013	**11**	**1**	**12**

14. Provisions

	2013 AED m	2012 AED m
Non-current		
Retirement benefit obligations (Note 15)	430	331
Other provisions (Note 16)	9	42
	439	**373**
Current		
Other provisions (Note 16)	19	20
	19	**20**
	458	**393**

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 2013 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:

	2013	2012
	AED m	AED m
Funded schemes		
Present value of defined benefit obligations	297	126
Less: Fair value of plan assets	(245)	(116)
	52	**10**
Unfunded schemes		
Present value of defined benefit obligations	**378**	**321**
Liability recognised in consolidated statement of financial position	**430**	**331**

Funded schemes

a) Parent company

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:

	2013	2012
	AED m	AED m
Present value of funded defined benefit obligations	79	72
Fair value of plan assets	76	67
	3	**5**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 4.5% (2012: 5.0%) and a discount rate of 4.0% (2012: 5.0%) per annum. The present values of the defined benefit obligations at 31 March 2013 were computed using the actuarial assumptions set out above.

The liability of AED 3 m (2012: AED 5 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)

The movement in the fair value of the plan assets is:

	2013	2012
	AED m	AED m
Balance brought forward	**67**	**59**
Contributions received	12	11
Benefits paid	(5)	(2)
Change in fair value	2	(1)
Balance carried forward	**76**	**67**

b) Subsidiaries

The defined benefit obligations and plan assets relating to the pension plan of a group subsidiary in Switzerland were recognised during the year upon reassessment of its characteristics. The plan is funded by way of contributions to an insurance policy. The previous year values relate to a group subsidiary in the Netherlands, which was disposed of during the year (Note 30).

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

	2013	2012
	AED m	AED m
Present value of funded defined benefit obligations	218	54
Fair value of plan assets	169	49
	49	**5**

The actuarial valuation for the Swiss plan as at 31 March 2013 included assumptions relating to discount rate of 2.0%, expected salary increases of 1.0% and expected return on plan assets of 2.0%. The assets of the plan are wholly invested in insurance contracts.

The movement in the present value of defined benefit obligation of the Swiss plan is:

	2013
	AED m
Addition	190
Service cost	12
Interest cost	4
Actuarial loss	13
Employee contributions	8
Benefits paid	(6)
Currency translation differences	(3)
Balance carried forward	**218**

The movement in the fair value of the plan assets of the Swiss plan is:

	2013
	AED m
Addition	154
Expected return on plan assets	4
Actuarial gain	2
Employer contributions	10
Employee contributions	8
Benefits paid	(6)
Currency translation differences	(3)
Balance carried forward	**169**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 22 m during the year ending 31 March 2014.

15. Retirement benefit obligations (continued)

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.

The movement in the defined benefit obligation is:

	2013 AED m	2012 AED m
Balance brought forward	**321**	**248**
Current service cost	54	48
Interest cost	14	13
Actuarial loss	22	47
Payments made during the year	(33)	(36)
Currency translation differences	-	1
Balance carried forward	**378**	**321**

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

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

	2013 AED m	2012 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost	23	10
Net change in the present value of defined benefit obligations over plan assets	(2)	3
	21	**13**
Unfunded schemes		
Current service cost	54	48
Interest cost	14	13
	68	**61**
Defined contribution plans		
Contributions expensed	**26**	**40**
Recognised in the consolidated income statement	**115**	**114**

The cumulative amount of actuarial losses recognised in other comprehensive income is AED 141 m (2012: AED 71 m).

16. Other provisions

	Dilapi-dations AED m	Onerous contracts AED m	Others AED m	Total AED m
1 April 2012	**38**	**8**	**16**	**62**
Additions	10	-	3	13
Charge for the year	-	-	2	2
Unused amounts reversed	(2)	(8)	-	(10)
Unwinding of discount	2	-	-	2
Used during the year	-	-	(1)	(1)
Discontinued operations	(39)	-	-	(39)
Currency translation differences	-	-	(1)	(1)
31 March 2013	**9**	**-**	**19**	**28**

Provisions are expected to be used as follows:

	2013 AED m	2012 AED m
Within one year	19	20
Over one year	9	42
31 March 2013	**28**	**62**

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.

17. Borrowings and lease liabilities

	2013 AED m	2012 AED m
Non-current		
Term loans (Note 18)	590	568
Lease liabilities (Note 19)	48	32
	638	**600**
Current		
Term loans (Note 18)	112	98
Lease liabilities (Note 19)	13	11
Bank overdrafts (Note 25)	79	26
	204	**135**
	842	**735**

Borrowings and lease liabilities are denominated in the following currencies:

	2013 AED m	2012 AED m
Pounds Sterling	487	341
Swiss Francs	239	267
Singapore Dollars	104	122
Others	12	5

18. Term loans

	2013	2012
	AED m	AED m
Movements in the term loans are as follows:		
Balance brought forward	**669**	**760**
Acquisitions	5	63
Additions	175	-
Repayments	(111)	(166)
Currency translation differences	(31)	12
	707	**669**
Unamortised transaction costs	(5)	(3)
Balance carried forward	**702**	**666**
Term loans are repayable as follows:		
Within one year	**112**	**98**
Between 2 and 5 years	590	458
After 5 years	-	110
Total over one year	**590**	**568**
Term loans are denominated in the following currencies:		
Pounds Sterling	407	292
Swiss Francs	212	252
Singapore Dollars	83	122

A term loan amounting to AED 83 m (2012: AED 123 m) is secured by a charge on the shares of CIAS International Pte Ltd. and dnata Singapore 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 3.0% (2012: 2.9%) 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 credit spread.

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 through other comprehensive income.

19. Lease liabilities

	2013	2012
	AED m	AED m
Gross lease liabilities:		
Within one year	16	11
Between 2 and 5 years	40	31
After 5 years	13	5
	69	**47**
Future interest	(8)	(4)
Present value of finance lease liabilities	**61**	**43**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**13**	**11**
Between 2 and 5 years	36	28
After 5 years	12	4
Total over one year	**48**	**32**
The present value of finance lease liabilities are denominated in the following currencies:		
Pounds Sterling	34	28
Swiss Francs	27	15

Lease liabilities are secured on the related plant and machinery.

The carrying amount of lease liabilities approximate their 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.

20. 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:

	2013	2012
	AED m	AED m
Deferred income tax assets	11	20
Deferred income tax liabilities	(108)	(148)
	(97)	**(128)**
The movement in the deferred tax account is as follows:		
Balance brought forward	**(128)**	**(130)**
Acquisition	(3)	(20)
Credited to the consolidated income statement	8	25
Deferred tax on retirement benefit obligation	11	-
Discontinued operations (Note 30)	12	-
Currency translation differences	3	(3)
Balance carried forward	**(97)**	**(128)**

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**	**Intangible assets**	**Other**	**Total**
	AED m	AED m	AED m	AED m
1 April 2011	**(45)**	**(102)**	**(2)**	**(149)**
Acquisition	-	(20)	-	(20)
Credited to the consolidated income statement	5	17	-	22
Currency translation differences	(1)	(3)	-	(4)
31 March 2012	**(41)**	**(108)**	**(2)**	**(151)**
Acquisition	-	(3)	-	(3)
Credited to the consolidated income statement	(2)	17	-	15
Discontinued operations (Note 30)	3	10	-	13
Currency translation differences	-	5	-	5
31 March 2013	**(40)**	**(79)**	**(2)**	**(121)**

Deferred income tax assets	**Tax losses**	**Provisions**	**Other**	**Total**
	AED m	AED m	AED m	AED m
1 April 2011	**12**	**1**	**6**	**19**
Charged to the consolidated income statement	(1)	-	4	3
Currency translation differences	-	-	1	1
31 March 2012	**11**	**1**	**11**	**23**
Charged to the consolidated income statement	(4)	(1)	(2)	(7)
Recognised in other comprehensive income	-	11	-	11
Discontinued operations (Note 30)	-	-	(1)	(1)
Currency translation differences	(2)	-	-	(2)
31 March 2013	**5**	**11**	**8**	**24**

Deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 128 m.

21. Trade and other payables

	2013 AED m	2012 AED m
Trade payables and accruals	1,268	1,345
Related parties (Note 27)	97	66
Employee leave pay	101	91
Airlines	135	112
Customer deposits	24	27
Dividend payable	260	350
Other payable	166	154
	2,051	**2,145**
Less: Payable over one year	166	154
	1,885	**1,991**

The non-current portion represents the deferred and contingent consideration related to the acquisition of a subsidary in the previous year. It also includes the fair value of options issued to acquire a non-controlling interest in a subsidiary acquired during the year (Note 29).

22. Operating leases

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

	2013 AED m	2012 AED m
Less than 1 year	99	65
Between 2 and 5 years	306	167
After 5 years	603	301
	1,008	**533**

23. Capital commitments

	2013 AED m	2012 AED m
Authorised and contracted	135	110
Authorised but not contracted	754	478
	889	**588**

24. Guarantees

	2013 AED m	2012 AED m
Guarantees provided by dnata's bankers in the normal course of business	**84**	**84**

25. Short term bank deposits, cash and cash equivalents

	2013 AED m	2012 AED m
Short term bank deposits	1,969	1,462
Cash and bank	427	537
Cash and bank balances	**2,396**	**1,999**
Less: Short term bank deposits over 3 months	(1,932)	(481)
Cash and cash equivalents as per the consolidated statement of financial position	**464**	**1,518**
Bank overdraft (Note 17)	(79)	(26)
Cash and cash equivalents as per the consolidated statement of cash flows	**385**	**1,492**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 2.2% (2012: 2.0%) per annum.

26. Classification of financial instruments

The accounting policies for financial instruments have been applied to the following:

Description	**Loans and receivables** AED m	**Assets and liabilities at fair value through profit and loss** AED m	**Financial liabilities at amortised cost** AED m	**Total** AED m
2012				
Assets				
Trade and other receivables (excluding prepayments)	1,169	-	-	1,169
Short term bank deposits	481	-	-	481
Cash and cash equivalents	1,518	-	-	1,518
Total	**3,168**	**-**	**-**	**3,168**
Liabilities				
Borrowings and lease liabilities	-	-	735	735
Trade and other payables (excluding customer deposits)	-	78	2,040	2,118
Total	**-**	**78**	**2,775**	**2,853**
2013				
Assets				
Trade and other receivables (excluding prepayments)	1,476	2	-	1,478
Short term bank deposits	1,932	-	-	1,932
Cash and cash equivalents	464	-	-	464
Total	**3,872**	**2**	**-**	**3,874**
Liabilities				
Borrowings and lease liabilities	-	-	842	842
Trade and other payables (excluding customer deposits)	-	92	1,935	2,027
Total	**-**	**92**	**2,777**	**2,869**

Except as otherwise stated, the carrying amounts of financial assets and financial liabilities approximate their fair values.

27. Related party transactions

The following transactions were carried out with related parties:

Trading transactions

	2013 AED m	2012 AED m
(i) Sales / purchases of goods and services		
Sales		
Sale of goods - Companies under common control	369	336
Services rendered - Associates	10	14
Services rendered - Joint ventures	6	6
Services rendered - Companies under common control	1,869	1,581
	2,254	**1,937**
Purchases		
Purchase of goods - Companies under common control	100	78
Services received - Associates	12	-
Services received - Joint ventures	195	140
Services received - Companies under common control	56	45
	363	**263**
(ii) Year end balances arising from sale / purchase of goods and / or services		
Receivables from related parties (Note 12)		
Associates	3	4
Joint ventures	32	13
Companies under common control	141	99
	176	**116**
Payables to related parties (Note 21)		
Joint ventures	10	21
Companies under common control	87	45
	97	**66**

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

Other transactions

	2013 AED m	2012 AED m
(i) Compensation to key management personnel		
Salaries and short-term employee benefits	21	20
Post-employment benefits	3	3
Termination benefits	1	-
	25	**23**
(ii) Loans		
Associates	7	8
Joint ventures	221	53
	228	**61**
Movement in the loans were as follows:		
Balance brought forward	**61**	**44**
Additions	178	16
Repayments	(2)	-
Currency translation differences	(9)	1
Balance carried forward (Note 12)	**228**	**61**

The loans earned effective interest of 4.3% (2012: 5.5%) per annum.

In addition to the above, dnata has also entered into transactions with other government controlled entities in the normal course of business. The amounts involved are, both individually and in aggregate, not significant.

28. 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. dnata reviews its risk management procedures and systems on a regular basis to reflect changes in markets, products and emerging best practice.

Risk management procedures are approved by a steering group comprising of senior management. Their identification, evaluation and hedging of financial risks are peformed 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. 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 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 and interest income on its bank deposits.

Borrowings obtained at variable rates expose dnata to cash flow interest rate risk. No hedging cover is obtained 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 Pounds Sterling and SIBOR for Singapore Dollars. A 25 basis point change in these interest rates would not have a significant impact on profit or equity.

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 Pounds Sterling. Cash flows from the Singapore, Switzerland and United Kingdom operations are adequate to meet the repayment schedules. A 1% change in exchange rate for these currencies would not have a significant impact on profit or equity.

(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 that 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. dnata places significant deposits with high credit quality banks. 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 22% (2012: 42%) of short term bank deposits and 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.

28. Financial risk management (continued)

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

	2013	2012
	AED m	AED m
AA- to AA+	62	134
A- to A+	830	1,810
BBB+	1,268	8
Lower than BBB+	15	16

(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 is monitored by senior management and 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.
- Entering in to stand-by credit facility arrangements.

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	2 - 5 years	Over 5 years	Total
	AED m	AED m	AED m	AED m
2013				
Borrowings and lease liabilities	228	683	-	911
Trade and other payables (excluding customer deposits)	1,861	217	-	2,078
	2,089	**900**	**-**	**2,989**
2012				
Borrowings and lease liabilities	138	450	156	744
Trade and other payables (excluding customer deposits)	1,964	217	-	2,181
	2,102	**667**	**156**	**2,925**

29. Business combinations

On 15 May 2012, dnata acquired an 80% beneficial interest in En Route International Limited (En Route), through its wholly owned subsidiary dnata Catering Services Limtied (DCSL). En Route is a supplier of bakery and packaged food solutions with operations in United Kingdom, United Arab Emirates and United States of America.

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

	AED m
Fair value of net assets acquired	**14**
Less: Non-controlling interest	(3)
dnata's share of net assets acquired	**11**
Goodwill (Note 8)	10
Total purchase consideration	**21**
Less: Cash and cash equivalents acquired	(1)
Cash outflow on acquisition	**20**

The goodwill is attributable to the profitability of the acquired business and expected synergies with the existing catering operations.

DCSL also entered into a symmetrical put and call options arrangement to acquire the remaining 20% non-controlling interest in En Route. The fair value of the amount that becomes payable on exercise of the option is included in trade and other payables.

In the previous year, dnata acquired 100% beneficial interest in Travel Republic Group, through its wholly owned subsidiary dnata World Travel Limited (DWTL). Travel Republic is an online travel services company primarily operating in the United Kingdom.

The assets and liabilities arising from and recognised on acquisition of the subsidiary were as follows:

	AED m
Property, plant and equipment (Note 7)	3
Intangible assets (Note 8)	79
Other current assets	9
Cash and cash equivalents	147
Borrowings and lease liabilities	(63)
Deferred tax liabilities (Note 20)	(20)
Current liabilities	(148)
Fair value of net assets acquired	**7**
dnata's share of net assets acquired	**7**
Goodwill (Note 8)	528
Total purchase consideration	**535**
Less: Cash and cash equivalents acquired	(147)
Less: Deferred consideration	(110)
Less: Contingent consideration	(78)
Cash outflow on acquisition	**200**

Contingent consideration is payable after 5 years from the acquisition date and is based on growth in EBITDA and free cash less outstanding debts. The amount has been estimated based on management's long term plan for the business.

30. Discontinued operations

Alpha Flight Group Limited (United Kingdom) ("Alpha")

On 1 October 2012, Alpha and LSG/SkyChefs Europe Holdings Ltd. (“LSG”) set up a jointly controlled entity, Alpha LSG Limited in the United Kingdom, to combine their in-flight catering businesses. Alpha transferred its UK business owned by Alpha Flight UK Limited to the jointly controlled entity. The transferred business is classified as discontinued operations. The interest in Alpha LSG is accounted as a joint venture (Note 9).

The combination of Alpha and LSG’s UK in-flight catering business will allow the new joint venture to provide sustainable services to existing and potential customers in the United Kingdom. It will also enable the joint venture to better compete with new entrants by providing a high quality product and service at competitive prices to customers.

Alpha Flight Services BV (Netherlands)

On 25 October 2012, Alpha sold its equity stake in Alpha Flight Services BV, Netherlands to Gate Gourmet Holding Netherlands BV. This disposal is consistent with dnata’s strategy of focusing on markets that offer high growth opportunities at reasonable profit margins.

The combined results of the discontinued operations included in the profit for the year are set out below.

Profit from discontinued operations

	2013 AED m	2012 AED m
Revenue	741	1,237
Other operating income	-	8
Operating costs	(676)	(1,236)
Operating profit	65	9
Finance costs	(4)	(4)
Profit before income tax	61	5
Income tax (expense) / credit	(15)	3
Profit after income tax	46	8
Net gain on sale of discontinued operations	7	-
Profit from discontinued operations before income tax	68	5
Profit from discontinued operations after income tax	53	8

Cash flows from discontinued operations

	2013 AED m	2012 AED m
Net cash from operating activities	34	57
Net cash from investing activities	(7)	(22)
Net cash used in financing activities	(29)	(49)
Net cash from discontinued operations	(2)	(14)

30. Discontinued operations (continued)

Effect of disposal

	2013 AED m
Assets and liabilities de-recognised	
Property, plant and equipment	145
Goodwill	48
Other intangible assets	46
Deferred tax assets	1
Current assets	32
Retirement benefit obligations	(5)
Deferred tax liabilities	(13)
Current liabilities	(47)
	207
Sale consideration	
Equity shares in joint venture	99
Receivable from joint venture	106
Cash and cash equivalents	22
	227
Net gain on sale of discontinued operations	
Gain on sale of discontinued operations	20
Disposal costs	(13)
	7
Net cash inflow	
Sale consideration received in cash and cash equivalents	22
Less: cash and cash equivalents disposed of	(2)
	20

31. Subsequent events

Business combinations

On 15 April 2013, dnata acquired the business of Broadlex Air Services (“BAS”) through its wholly owned subsidiary Airline Cleaning Services Pty. Limited, Australia. The company is a professional aircraft cabin cleaning provider operating at various airports in Australia.

The purchase consideration is AED 60 m and management is currently assessing the fair value of the net assets acquired.

32. 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 2013, dnata achieved a return on equity of 21.4% (2012: 23.7%) in comparison to an effective interest rate of 3.0% (2012: 2.9%) on borrowings.

EMIRATES TEN-YEAR OVERVIEW

Consolidated income statement		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Revenue and other operating income	AED m	73,113	62,287	54,231	43,455	43,266	38,810	29,173	22,658	17,909	13,116
Operating costs	AED m	70,274	60,474	48,788	39,890	40,988	34,359	25,834	20,006	15,290	11,368
· of which jet fuel	AED m	27,855	24,292	16,820	11,908	14,443	11,005	7,525	5,445	3,279	1,633
· of which employee costs	AED m	9,029	7,936	7,615	6,345	5,861	5,475	4,024	3,187	2,701	2,254
Operating profit	AED m	2,839	1,813	5,443	3,565	2,278	4,451	3,339	2,652	2,619	1,749
Profit attributable to the Owner	AED m	2,283	1,502	5,375	3,538	686	5,020	3,096	2,475	2,407	1,574
Consolidated statement of financial position											
Non-current assets	AED m	59,856	51,896	43,223	36,870	31,919	27,722	22,530	17,018	12,219	8,438
Current assets	AED m	34,947	25,190	21,867	18,677	15,530	18,790	15,428	14,376	11,499	9,900
· of which bank deposits and cash	AED m	24,572	15,587	13,973	10,511	7,168	10,360	9,123	9,199	7,328	6,455
Total assets	AED m	94,803	77,086	65,090	55,547	47,449	46,512	37,958	31,394	23,719	18,338
Total equity	AED m	23,032	21,466	20,813	17,475	15,571	16,843	13,170	10,919	8,112	5,013
· of which equity attributable to the Owner	AED m	22,762	21,224	20,606	17,274	15,412	16,687	13,040	10,788	7,962	4,897
Non-current liabilities	AED m	40,452	30,574	22,987	19,552	17,753	14,206	14,210	10,616	8,927	8,101
Current liabilities	AED m	31,319	25,046	21,290	18,520	14,125	15,463	10,578	9,859	6,680	5,224
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	12,814	8,107	11,004	8,328	5,016	7,335	5,765	4,106	4,009	2,555
Cash flow from investing activities	AED m	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)	(4,749)	(5,049)	(2,638)	(1,086)
Cash flow from financing activities	AED m	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)	(198)	867	(487)	893
Net change in cash and cash equivalents	AED m	(1,007)	(2,660)	866	4,769	1,827	(5,354)	818	(76)	885	2,362
Other financial data											
Net change in cash and cash equivalents and short term bank deposits	AED m	8,985	1,614	3,462	3,343	(3,192)	1,237	(76)	1,871	873	2,242
EBITDAR	AED m	13,891	10,735	13,437	10,638	8,286	9,730	7,600	5,970	5,331	3,764
Borrowings and lease liabilities	AED m	40,525	30,880	23,230	19,605	16,512	13,717	13,338	11,247	8,142	7,620
Less: Cash assets	AED m	24,572	15,587	13,973	10,511	7,368	12,715	11,594	9,828	7,645	6,605
Net debt	AED m	15,953	15,293	9,257	9,094	9,144	1,002	1,744	1,419	497	1,015
Capital expenditure	AED m	13,378	13,644	12,238	8,053	10,178	9,058	5,388	4,528	3,115	1,409

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.

Key ratios		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Operating margin	%	3.9	2.9	10.0	8.2	5.3	11.5	11.4	11.7	14.6	13.3
Profit margin	%	3.1	2.4	9.9	8.1	1.6	12.9	10.6	10.9	13.4	12.0
Return on shareholder's funds	%	10.4	7.2	28.4	21.6	4.4	33.8	26.0	26.4	37.4	36.6
EBITDAR margin	%	19.0	17.2	24.8	24.5	19.2	25.1	26.1	26.3	29.8	28.7
Cash assets to revenue and other operating income	%	33.6	25.0	25.8	24.2	17.0	32.8	39.7	43.4	42.7	50.4
Net debt equity ratio	%	69.3	71.2	44.5	52.0	58.7	5.9	13.2	13.0	6.1	20.2
Net debt (including aircraft operating leases) equity ratio	%	186.4	162.1	127.6	158.5	167.0	98.1	116.1	111.9	116.6	175.2
Net debt (including aircraft operating leases) to EBITDAR	%	309.1	324.1	197.6	260.3	313.9	169.9	201.2	204.6	177.4	233.3
Effective interest rate on borrowings and lease liabilities	%	3.1	3.0	2.7	2.5	3.5	5.2	5.7	4.5	3.5	3.7
Fixed to float debt mix		90:10	89:11	89:11	83:17	61:39	68:32	63:37	63:37	67:33	56:44
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	249	251	232	211	254	236	216	203	192	181
Unit cost	Fils per ATKM	167	166	147	136	163	151	129	122	111	107
Unit cost excluding jet fuel	Fils per ATKM	99	97	95	94	104	101	90	88	86	91
Breakeven load factor	%	66.9	65.9	63.6	64.4	64.1	64.1	59.9	60.2	58.0	59.0
Fleet											
Aircraft	number	197	169	148	142	127	109	96	85	69	61
Average fleet age	months	72	77	77	69	64	67	63	61	55	46
Production											
Destination cities	number	132	122	111	102	99	99	89	83	76	73
Overall capacity	ATKM million	40,934	35,467	32,057	28,526	24,397	22,078	19,414	15,803	13,292	10,207
Available seat kilometres	ASKM million	236,645	200,687	182,757	161,756	134,180	118,290	102,337	82,009	68,930	54,657
Aircraft departures	number	159,892	142,129	133,772	123,055	109,477	101,709	92,158	79,937	72,057	58,763
Traffic											
Passengers carried	number '000	39,391	33,981	31,422	27,454	22,731	21,229	17,544	14,498	12,529	10,441
Passenger seat kilometres	RPKM million	188,618	160,446	146,134	126,273	101,762	94,346	77,947	62,260	51,398	40,110
Passenger seat factor	%	79.7	80.0	80.0	78.1	75.8	79.8	76.2	75.9	74.6	73.4
Cargo carried	tonnes '000	2,086	1,796	1,767	1,580	1,408	1,282	1,156	1,019	838	660
Overall load carried	RTKM million	27,621	23,672	22,078	19,063	15,879	14,739	12,643	10,394	8,649	6,629
Overall load factor	%	67.5	66.7	68.9	66.8	65.1	66.8	65.1	65.8	65.1	64.9
Employee											
Average employee strength	number	38,067	33,634	30,258	28,686	28,037	23,650	20,273	17,296	15,858	12,804
Revenue per employee	AED '000	1,868	1,796	1,738	1,459	1,492	1,625	1,431	1,285	1,104	993

dnata
TEN-YEAR OVERVIEW

Consolidated income statement		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Revenue and other operating income	AED m	6,622	5,755	4,406	3,160	3,181	2,585	1,996	1,734	1,390	1,079
Operating costs	AED m	5,807	4,971	3,906	2,601	2,714	2,340	1,700	1,444	1,149	920
- of which employee costs	AED m	2,771	2,488	2,032	1,387	1,347	1,227	993	863	700	577
- of which cost of goods sold	AED m	601	451	241	35	40	30	33	32	13	nil
- of which airport operations & cargo - other direct costs	AED m	798	699	582	442	391	234	75	n/a	n/a	n/a
Operating profit	AED m	815	784	500	559	467	245	296	290	241	159
Profit attributable to the Owner	AED m	819	808	576	613	507	305	360	324	260	174
Consolidated statement of financial position											
Non-current assets	AED m	3,594	3,759	3,072	1,934	1,984	1,950	1,107	863	935	313
Current assets	AED m	3,977	3,360	3,328	2,704	1,963	1,992	1,846	1,580	1,141	1,039
- of which bank deposits and cash	AED m	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,099	843	834
Total assets	AED m	7,571	7,119	6,400	4,638	3,947	3,942	2,953	2,442	2,076	1,352
Total equity	AED m	4,097	3,683	3,282	3,194	2,553	2,180	1,823	1,453	1,126	866
- of which equity attributable to the Owner	AED m	4,028	3,614	3,209	3,194	2,553	2,180	1,823	1,453	1,126	866
Non-current liabilities	AED m	1,351	1,275	1,115	672	697	845	460	464	480	136
Current liabilities	AED m	2,123	2,161	2,003	772	697	917	670	526	470	350
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,162	1,167	901	764	481	540	531	423	370	295
Cash flow from investing activities	AED m	(1,910)	(431)	(1,333)	391	(71)	(1,420)	(373)	(129)	(638)	(120)
Cash flow from financing activities	AED m	(343)	(718)	(96)	(73)	(68)	224	(46)	(40)	281	(40)
Net cash flow for the year	AED m	(1,091)	18	(528)	1,082	342	(656)	113	254	12	135
Other financial data											
Cash assets	AED m	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,228	972	834

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.

Key ratios		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Operating margin	%	12.3	13.6	11.3	17.7	14.7	9.5	14.8	16.7	17.3	14.7
Profit margin	%	12.4	14.0	13.1	19.4	15.9	11.8	18.0	18.7	18.7	16.1
Return on shareholder's funds	%	21.4	23.7	18.0	21.3	21.4	15.2	22.0	25.2	26.1	21.9
Employee											
Average employee strength	number	20,229	18,356	17,971	13,298	12,434	11,640	9,832	9,860	9,607	7,325
Revenue per employee*	AED '000	327	322	323	266	256	241	210	176	155	150
Performance Indicators											
Airport											
Aircraft handled*	number	264,950	253,434	232,585	192,120	177,495	119,510	109,648	101,607	93,004	79,932
Cargo handled*	tonnes '000	1,570	1,543	1,494	1,121	1,003	633	535	503	458	406
Man hours per turn	hours	132	132	122	115	124					
Aircraft handled per employee*	number						21	20	18	17	17
Cargo handled per man hour	kgs	286	289	283	277	241					
Cargo handled per employee*	kgs '000						611	564	552	512	478
Catering											
Meals uplifted	number '000	28,584	26,708	11,743							

* 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
- 50% CAE Middle East Holdings Ltd (UAE)

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
  - 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)
    - 100% Maritime and Mercantile International FZE (UAE)
    - 50% Oman United Agencies LLC
    - 50% Sirocco FZCO (UAE)
    - 49% Fujairah Maritime and Mercantile International LLC (UAE)
  - 50% MMI Tanzania Pvt Ltd
  - 49% Independent Wine and Spirit (Thailand) Co. Ltd
  - 40% Zanzibar Maritime and Mercantile International Co. Ltd

Hotel operations and food and beverage operations

Emirates

- 100% Emirates Hotel LLC (UAE)
- 100% Emirates Hotels (Australia) Pty Ltd
- 100% Emirates Hotels (Seychelles) Ltd
- 100% Emirates Leisure Retail (Holding) LLC (UAE)
  - 100% Emirates Leisure Retail (Australia) Pty Ltd
  - 100% Emirates Leisure Retail (Singapore) Pte Ltd
  - 70% Emirates Leisure Retail (Oman) LLC
  - 68.7% Emirates Leisure Retail LLC (UAE)
    - 100% Community Club Management FZE (UAE)
- 51% Premier Inn Hotels LLC (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% dnata Singapore Pte Ltd (Singapore)*
      - 20% Guangzhou Baiyun International Airport Ground Handling 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. (Philippines)
- 100% Dnata Aviation Services Ltd (UK)
  - 100% dnata Limited (UK)
    - 100% dnata Ground Ltd (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
- 100% Marhaba Bahrain SPC
- 80% Dnata Airport Services Kurdistan Ltd (Cayman Islands)
  - 100% Dnata for Airport Services Ltd (Iraq)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)
- 50% Toll Dnata Airport Services Pty Ltd (Australia)

Travel services

dnata / dnata World Travel

- 100% Maritime and Mercantile International Travel LLC (UAE)
  - 50% Oman United Agencies Travel LLC
- 100% Dnata Travel (UK) Limited
- 100% DWT International Pvt Ltd (India)
- 100% Dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Limited (UK)
    - 100% Travel Republic Holdings Limited (UK)
      - 100% Travel Republic Limited (UK)
    - 100% Haddon Blake Limited (UK)
- 100% Al Hidaya Travel & Tourism WLL (Bahrain)
- 100% Cleopatra International Travel WLL (Bahrain)
- 70% dnata Travel Limited (Saudi Arabia)
- 50% Al Tawfeeq Travel (Dnata Travels) LLC (Qatar)
- 50% Travel Counsellors LLC (UAE)
- 50% Dunya Travel LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 49% Mindpearl Group Ltd (Cayman Islands)
- 22% 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 In-Flight US LLC
    - 100% Alpha Flight Ireland Ltd
    - 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)
    - 100% Alpha Flight Italia srl (Italy)
    - 64.2% Alpha Rocas SA (Romania)
    - 50% Alpha LSG Ltd (UK)
    - 50% Servair Air Chef srl (Italy)
    - 49% Alpha Flight Services UAE LLC
    - 35.8% Jordan Flight Catering Company Ltd
  - 80% En Route International Limited (UK)
    - 100% En Route International USA, Inc.
    - 51% En Route International General Trading LLC (UAE)
  - 33.3% dnata Newrest (Pty) Ltd (South Africa)**

Freight forwarding services

dnata

- 50% Dubai Express LLC (UAE)
- 50% PAL PAN Airport Logistics LLC (UAE)
- 50% Freightworks 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.
** Held through Mountainfield Investments (Pty) Ltd.

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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 and excess baggage and mail revenue.

U

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

Y

Yield (Fils per RTKM) – Revenue (airline only) earned per RTKM.

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