Going further

THE EMIRATES GROUP ANNUAL REPORT | 2013-14

His Highness Sheikh Mohammed bin Rashid Al Maktoum

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

The United Arab Emirates was ranked 19th overall in the World Economic Forum's 2013 Global Competitiveness Index (GCI), and 1st globally in six sectors of the GCI index. It is an achievement we are proud of, and one that drives us to work harder to obtain further progress.

From our historical roots as a trading post, the UAE and Dubai have embraced and built on the advantages of our geographic location. We invest in strong and sustainable infrastructure such as world-class airports, marine ports, tourism and commercial institutions, to establish our country as an important gateway for global trade flows, investments and travel; while not forgetting social priorities like education, healthcare and housing for the people who live and work here.

Our leading national corporations help contribute to the vision and goals of our country, and in many ways they also exemplify the spirit that defines us as a nation - the dynamic and global mindset, openness to healthy competition, and the quest for continuous improvement.

The Emirates Group's footprint now spans over 80 countries, connecting people, business and opportunities all over the world. In its 55 years of operations, the Group has managed to maintain a balance between profitability and sustainability, and stayed true to the principles of good business – healthy competition, accountability, and delivering added value.

The aviation sector is a strategic pillar for the UAE economy without which tourism and trade cannot flourish, and the Emirates Group plays a vital role in this eco-system. Looking at its track record, strategies, and investments in people and infrastructure, I am confident the Emirates Group is in a strong position to address future challenges with agility and imagination, and that it will continue to make valuable contributions not only to the UAE, but also the global aviation industry.

Emirates is a global airline, serving 142 cities in 80 countries from its hub in Dubai, United Arab Emirates. Operating the world's largest fleets of Airbus A380 and Boeing 777 aircraft, 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.

Financial Highlights

Emirates Group

Financial Highlights		2013-14	2012-13	% change
Revenue and other operating income*	AED m	**87,766**	77,536	13.2
Operating profit	AED m	**5,123**	3,654	40.2
Operating margin	%	**5.8**	4.7	1.1 pts
Profit attributable to the Owner	AED m	**4,083**	3,102	31.6
Profit margin	%	**4.7**	4.0	0.7 pts
Financial position				
Total assets**	AED m	**110,100**	102,188	7.7
Cash assets	AED m	**18,995**	26,968	(29.6)
Employee data				
Average employee strength	number	**75,496**	67,907	11.2

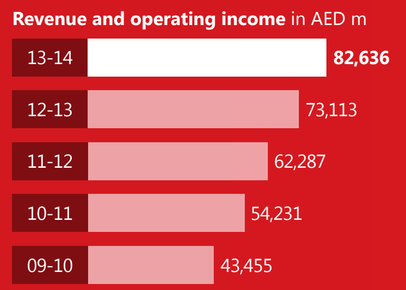
2012-13 figures have been re-classified to conform with the current year's presentation.

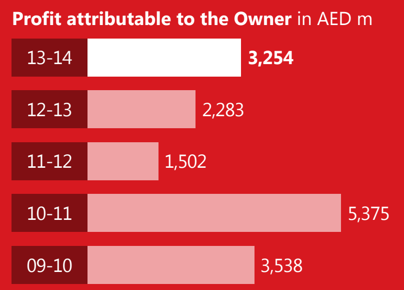
* After eliminating inter company income/expense of AED 2,435 million in 2013-14 (2012-13: AED 2,199 million).

** After eliminating inter company receivables/payables of AED 171 million in 2013-14 (2012-13: AED 186 million).

Percentages and ratios are derived based on the full figure before rounding.

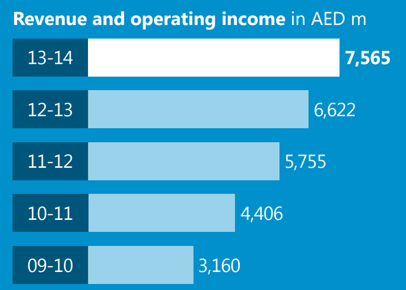
The financial year of the Emirates Group is from 1 April to 31 March. Throughout this report all figures are in UAE Dirhams (AED) unless otherwise stated. The exchange rate of the Dirham to the US Dollar is fixed at 3.67.

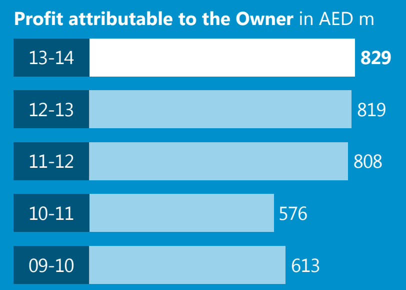




Emirates

Financial Highlights		2013-14	2012-13	% change
Revenue and results				
Revenue and other operating income	AED m	**82,636**	73,113	13.0
Operating profit	AED m	**4,260**	2,839	50.1
Operating margin	%	**5.2**	3.9	1.3 pts
Profit attributable to the Owner	AED m	**3,254**	2,283	42.5
Profit margin	%	**3.9**	3.1	0.8 pts
Return on shareholder's funds	%	**13.6**	10.4	3.2 pts
Financial position and cash flow				
Total assets	AED m	**101,604**	94,803	7.2
Cash assets	AED m	**16,561**	24,572	(32.6)
Net debt (including aircraft operating lease) equity ratio	%	**209.9**	186.4	23.5 pts
EBITDAR	AED m	**17,229**	13,891	24.0
EBITDAR margin	%	**20.8**	19.0	1.8 pts
Airline operating statistics				
Passengers carried	number '000	**44,537**	39,391	13.1
Cargo carried	tonnes '000	**2,250**	2,086	7.9
Passenger seat factor	%	**79.4**	79.7	(0.3) pts
Overall capacity	ATKM million	**46,820**	40,934	14.4
Available seat kilometres	ASKM million	**271,133**	236,645	14.6
Aircraft	number	**217**	197	10.2
Employee data				
Average employee strength	number	**52,516**	47,678	10.1





dnata

Financial Highlights		2013-14	2012-13	% change
Revenue and results				
Revenue and other operating income	AED m	**7,565**	6,622	14.2
Operating profit	AED m	**863**	815	5.9
Operating margin	%	**11.4**	12.3	(0.9) pts
Profit attributable to the Owner	AED m	**829**	819	1.2
Profit margin	%	**11.0**	12.4	(1.4) pts
Return on shareholder's funds	%	**19.1**	21.4	(2.3) pts
Financial position				
Total assets	AED m	**8,667**	7,571	14.5
Cash assets	AED m	**2,434**	2,396	1.6
Key operating statistics				
Aircraft handled	number	**288,335**	264,950	8.8
Cargo handled	tonnes '000	**1,604**	1,570	2.2
Meals uplifted	number '000	**41,275**	28,584	44.4
Travel services related net sales	AED bn	**5.9**	5.4	10.0
Employee data				
Average employee strength	number	**22,980**	20,229	13.6

Chairman's Statement

Going further – our defining mindset

In every aspect of our operations, we strive to go further. It's an organisational culture and mindset that we believe sets us apart, and positions us optimally for the long term. This same driving force is reflected everywhere you look in Dubai, our home and hub. In less than four decades, Dubai has transformed into a vibrant global city and a major commerce and tourism centre, because it is constantly aiming further, and going further.

As part of its long-term vision for social and economic progress, Dubai has committed billions of dollars to develop its infrastructure across industry sectors. These investments are driven not by a desire to be the biggest, but to be world-class.

Winning the bid to host the World Expo in 2020 has only added to the momentum. Over the next six years an estimated US$ 8.1 billion will be spent on infrastructure projects leading up to the event, generating tremendous opportunities for those who are prepared and able to act on it.

Plotting a long-term course

At Emirates and dnata, we plot a course to sustainable profitability. For us, going further means being agile and going the extra mile to excel in what we do. It means investing in our products, our people, our infrastructure, and the technology we use.

This year, across Emirates and dnata, we strengthened our footprint and capabilities while keeping a laser focus on delivering the best value to our customers. We worked hard to strike the right balance between achieving immediate business priorities, and planning ahead to capitalise on the possibilities of the future.

Emirates expanded its global network by nine to 142 passenger and cargo destinations, offering even more connections for travel and trade, upgraded its products on board and on the ground, and invested in new technologies. dnata made strategic acquisitions to complement and grow its travel, ground handling and catering services in various markets, invested in new facilities in the UK and Dubai, and launched a global One Safety campaign across its business. Across the Group, we added to our talent pool with 7,600 new staff recruited from over 50 countries.

AED 22bn

(US$ 6 billion) invested across the Group, the highest amount ever in one financial year, to build a solid foundation for our future.

Emirates announces the largest-ever aircraft order at the Dubai Air Show for 50 A380s and 150 Boeing 777X together worth US$ 99 billion at list prices.

The numbers bear out the results of our approach, as Emirates and dnata marked another record year. Our Group revenue of AED 87.8 billion (US$ 23.9 billion) is the highest in our 28-year history, up 13% on 2012-13. Profits of AED 4.1 billion (US$ 1.1 billion) were achieved, keeping pace with our growth even as we invested AED 22.0 billion (US$ 6.0 billion) across the Group – the highest amount ever in one financial year – to build a solid foundation for our future.

Emirates carried 44.5 million passengers, 5.1 million more than in 2012-13, and 2.3 million tonnes of airfreight, up 8%. dnata handled 1.6 million tonnes of cargo, handled 288,000 aircraft, a 9% increase over 2012-13, and served over 41 million meals at 62 airports.

Embracing opportunities

People and businesses across the world want to connect, both virtually and physically, with an energy that cannot be stemmed. They demand the best goods, services and ideas in a global marketplace, and technology makes all this possible at the tap of a finger.

Some 3.5 billion people will be "online" by 2017, accessing the internet for information, communications and transactions. By then, 3.9 billion people are expected to travel by air, a 31% increase from 2012. In that same period, air cargo is expected to grow 17%.

The opportunities for Emirates as a global connector of people and places, and for dnata, a world-class air services provider are obvious.

We will continue to work hard to stay ahead of our game and sustain our performance. Our track record and investments put us in a strong position to embrace the future and all of its possibilities and challenges.

More than ever before, we are ready to go further.

Ahmed bin Saeed Al Maktoum

Leadership team

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

Tim Clark
President
Emirates Airline

Gary Chapman
President
Group Services & dnata

Adel Ahmad Al Redha
Executive Vice President,
Chief Operations Officer,
Emirates Airline

Thierry Antinori
Executive Vice President,
Chief Commercial Officer,
Emirates Airline

Abdulaziz Al Ali
Executive Vice President
Human Resources,
Emirates Group

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

Ismail Ali Albanna
Executive Vice President
dnata

Nigel Hopkins
Executive Vice President
Service Departments,
Emirates Group

Going further to achieve our potential

Each day, Emirates connects over 122,000 people and 6,000 tonnes of cargo with one of the 142 destinations we serve. In 80 countries on six continents, our team of over 52,000 people from 162 nationalities go further each day to ensure our customers can too.

Charting our future

Emirates is fortunate to have a home and hub in Dubai – a dynamic city that draws global commerce and tourism through its progressive economic policies; a city whose favourable geographic location allows an airline to potentially serve 80% of the world's population within an eight-hour flying distance. Emirates' growth is inextricably linked to that of Dubai. We have the right ingredients for success, but with competition from over 120 other airlines operating out of Dubai, we do not take things for granted.

In 2013-14, Emirates flew 44.5 million passengers and 2.3 million tonnes of cargo to 142 destinations in 80 countries. 24 wide-bodied aircraft were added to our fleet, increasing our total capacity by 15% measured in available seat kilometres (ASKMs). Importantly, demand for our services has kept pace with our growth, reflected in a high seat load factor of 79.4% for the year.

By 2020, Emirates anticipates that we will carry some 70 million passengers to more than 180 destinations, utilising an ultra-modern fleet of more than 300 aircraft. Emirates SkyCargo, today the world's largest international air freight airline by revenue tonne kilometres (RTKMs), will handle more than 15,000 tonnes of freight a day.

Between now and 2020, the demand for air transport services is forecast to continue growing with the momentum of global trade and consumer demand.

We believe our future is in our hands, and that to stay at the top of our game we have to go further in everything that we do, even as we lay the groundwork to position ourselves for future success.

Investing in the infrastructure to take us further

At the 2013 Dubai Air Show, Emirates made its largest aircraft order yet - for 150 Boeing 777X and 50 Airbus A380 aircraft, together worth US$ 99 billion. Many of these aircraft, to be delivered from 2018 onwards, will replace the older ones in our fleet. It reinforces our strategy of operating the most modern and efficient wide-body aircraft in the sky, not only for environmental and operational reasons, but also because we want to provide our customers with the best flight experience.

700,000

tonnes per year handling capacity at Emirates SkyCargo's new terminal at Dubai World Central, with expansion potential to reach 1 million tonnes.

Emirates Engineering Centre is the largest and most advanced facility of its kind owned by an airline. In 2013-14, we added new maintenance hangars and completed our new engine shop in Dubai.

Having the best aircraft in the sky also means ensuring they operate in peak condition. Emirates today operates the largest dedicated engineering facility owned by an airline. In 2013-14, we built new maintenance hangars and completed our engine shop in Dubai in conjunction with General Electric. These multi-million dollar investments help us achieve long-term flexibility, quality control and rapid response speeds, even as we reap immediate cost savings associated with transporting engines for repair.

Al Maktoum International airport at Dubai World Central (DWC) welcomed its first passenger flights in October 2013 as part of its phased development. Emirates continues to be a part of the journey at DWC, working closely with its architects to map its capabilities and build flexibility into the designs to allow for future development and evolution. Our work this year focussed on the construction of our new cargo terminal at DWC, in readiness for the move of all our freighter operations from May 2014.

The terminal infrastructure includes 46 truck docks and 80 truck parking spaces, in addition to 12 aircraft stands directly in front of the terminal. It will feature the latest technology and systems, and allow Emirates SkyCargo to handle 700,000 tonnes per year at the facility, with a potential for further expansion to one million tonnes.

Our other project at DWC, the AED 500 million Emirates Flight Academy, was announced in November. When complete, the facility will have its own 1.5 kilometre runway, control tower, airport code and fleet of training aircraft. Initially catering to Emirates' own pilot cadet training needs, the Academy will eventually help address the Middle East's projected need for 40,000 pilots over the next 20 years.

In the hospitality sector, our JW Marriott Marquis Hotel Dubai property marked its first full year of operations at Tower 1 and the soft opening of Tower 2. The latter will be fully operational in 2014-15.

24 new aircraft

joined Emirates' fleet, adding a record 5.9 billion ATKMs – the largest capacity increase in Emirates' history in a single year.

New passenger routes 2013-14:
Haneda, Japan
Stockholm, Sweden
Clark, Philippines
Milan-New York
Conakry, Guinea
Sialkot, Pakistan
Kiev, Ukraine
Kabul, Afghanistan
Taipei, Taiwan
Boston, USA

New freighter routes 2013-14:
Kano, Nigeria
Guangzhou, China
Quito, Ecuador

New destinations served by Emirates' A380 aircraft:
London Gatwick, Brisbane, Zurich, Los Angeles, Mauritius, and Barcelona.

Taking our customers further

In 2013-14, we took delivery of 16 Airbus A380 and eight Boeing 777 aircraft. These enabled us to strengthen our route network and launch new services to: Haneda, Japan; Stockholm, Sweden; Conakry, Guinea; Sialkot, Pakistan; Kiev, Ukraine; Kabul, Afghanistan; Taipei, Taiwan; Boston, USA; and a new service between Milan and New York. We also launched flights to Clark in the Philippines in October, but reflecting the dynamic nature of our industry, we made the decision to stop the service from May 2014.

Each new destination added to our global network not only opens up new points for our customers, but also creates new city-pair combinations for valuable trade and passenger traffic flows. Our Boston-Dubai route for instance, will benefit Boston and its surrounding region to the tune of US$ 132 million, according to data from the Massachusetts Port Authority.

Emirates enjoyed our first full year of partnership with Qantas, allowing more than a million people to take advantage of our combined network into Australia, through Dubai and beyond. We also signed a codeshare agreement with Jetstar, opening up 27 additional destinations in Australia, New Zealand and South East Asia for Emirates passengers, and expanding their opportunities to earn and redeem frequent flyer miles.

Our flagship A380 remains very popular with customers, having flown over 18 million passengers when we marked the aircraft's fifth year of service in August. In 2013-14, we brought the total number of destinations served by the Emirates A380 to 27, with the introduction of A380 services to six new destinations – London Gatwick, Brisbane, Zurich, Los Angeles, Mauritius, and Barcelona. Emirates' Los Angeles service is today the world's longest A380 flight at 16 hours and 20 minutes.

In August, we launched Emirates Executive, an Airbus A319 private jet service for business travellers and VIPs. With every attention to quiet luxury and exclusive service, Emirates Executive has had a successful start, flying guests to destinations ranging from Kuwait and Johannesburg to Brazzaville and Gabala, and clocking over 132,000 kilometres on commercial charters in its first months of operations. This year, we conducted a review of our Destination and Leisure Management portfolio comprising Emirates Holidays and Arabian Adventures, and have started a change management process towards our five year goal of handling two million customers. In 2013-14, Emirates Holidays expanded its global distribution reach in September with its first global franchise, when it launched Emirates Vacations in the USA in partnership with Destination Southern Africa Inc. (DSA vacations). This was followed in November by the launch of an Emirates Holidays franchise in Sri Lanka in partnership with Aitken Spence Travels and a new partnership from December with Tour Brokers International in Nigeria.

Taking the cargo business further

Emirates SkyCargo continues to play a major role in the Dubai airfreight success story. In 2013-14, our tonnage transported increased by 8% to 2.3 million tonnes. In addition to bellyhold cargo capacity to Emirates' new passenger destinations, in 2013-14 we launched new freighter operations to Kano, Nigeria; Guangzhou, China and Quito, Ecuador.

We also received delivery of two Boeing 777 freighter aircraft, bringing our total number of freighter aircraft to 12. Over the next two years, we will take delivery of three more 777 freighters, increasing our agility and ability to support trade flows between some of the world's most important production centres.

This year, we continued to build the foundations for our future growth. We created an additional 700,000 tonnes of capacity at our new cargo terminal at Dubai World Central, and at Dubai International airport we doubled capacity to 1.9 million tonnes. We also created a road corridor linking the two airports to ensure freight movements will be fast and smooth when our freighter operations move on 1 May 2014 to DWC.

In April, Emirates SkyCargo became the first to implement Electronic-Air Waybill (e-AWB) shipments under the new industry standard, working with over 120 institutional freight customers and industry stakeholders on a smooth transition. To enhance our ability to fly perishable goods and pharmaceutical products more cost effectively, we also developed an innovative coating technology that moderates inflight freight temperature.

Against the prevailing industry trend, Emirates SkyCargo achieved a 9% uptick in revenue to AED 11.3 billion, contributing 15% to Emirates' total transport revenues. In the context of a global air cargo industry that is seeing sluggish recovery from the 2008 financial crisis, our performance reflects the strong demand for our product, and the fruits of our investments in innovation and infrastructure.

Overview

Emirates

dnata

Group

Financial Information

Additional Information

11m

calls from customers in 45 countries were handled by Emirates' contact centre team in 18 languages.

Emirates expanded its chauffeur-drive services to complete close to one million trips in 2013-14. We upgraded the Emirates Lounge in Paris Charles De Gaulle airport, and began upgrading work in London Gatwick and Bangkok as part of a multi-million US dollar lounge refurbishment programme.

Taking the Emirates experience further

Emirates is an enthusiastic participant in the evolution of the aviation industry, and we work hard to continually raise the bar across our business.

On the ground and in the air, our aim is to provide the best possible experience for our customers. We keep abreast of the latest technology and products, we look at creative ways to meet our customers' needs, and we never stop trying to improve.

This year, Emirates invested significantly to ensure our inflight entertainment systems continue to set the highest standards at 30,000 feet. In 2008, Emirates was the first airline to enable passengers to use mobile phones to send text messages and make calls during their flight. In 2013-14, we marked the one millionth mobile phone call, and the 13 millionth text message sent on board by our passengers, since the service was introduced.

We launched "live" television channels, so passengers can stay abreast of global news and sports events from the skies, and expanded access to affordable high-speed connectivity for passengers in every cabin, so our passengers can browse the internet or stay in touch with friends and colleagues on their personal devices. To date, a quarter of the aircraft in our fleet are already equipped with Wi-Fi and we will continue to roll out installation across all of our aircraft.

We look at the Emirates experience holistically. It is not only about the flight, but the experience at every part of the journey - whether on board or online. This year we significantly modernised our digital presence, to make sure the transaction experience is smoother than ever. We launched the "Inspire Me" tool, helping passengers to find ideal travel destinations on www.emirates.com by suggesting options to meet personalised criteria such as location, climate and activities.

In March, Emirates increased its social media footprint with the launch of its two official Twitter channels, one of which is dedicated to supporting customers' queries. We also announced a new, 300-seat customer contact centre in Budapest, to support our future growth and enhance the language and response capabilities of our six other global contact centres. Today, our contact centres handle 11 million calls in 18 languages a year, supporting customers from 45 countries.

We also expanded our chauffeur-drive services across our network, completing close to one million trips in 2013-14, and transporting 23% more premium customers to and from the airport compared to the previous year. At the airport, we harnessed custom-designed Windows based software to revamp our check-in procedures.

We also invested EUR 3.8 million to upgrade the Emirates Lounge in Paris Charles De Gaulle airport, and began upgrading work for our dedicated lounges in London Gatwick and Bangkok. These projects are part of a multi-million dollar refurbishment programme to bring all of the 30-plus Emirates Lounges in our network to the same design experience as our hub in Dubai International airport Concourse A. We also expanded our dedicated Emirates Lounge network, with the opening of a brand new EUR 2.8 million Lounge at Rome's Leonardo da Vinci Fiumicino airport, our second in Italy after Milan.

Our unrelenting commitment to quality and customer experience was recognised at the annual Skytrax awards in June, where Emirates was named "World's Best Airline" and we also won "Best Inflight Entertainment" for an unprecedented ninth consecutive year. The Skytrax awards are based on the votes of 18 million business and leisure customers from more than 160 countries.

At US$5.5 billion, Emirates is the world's

Most Valuable Airline Brand

for the third consecutive year.

Emirates Team New Zealand sailed against Oracle Team USA in San Francisco Bay in the final races of the 34th America's Cup in 2013.

Extending our brand reach

Emirates continued to invest strategically in its brand throughout 2013-14, and make progress towards our goal to become a top global lifestyle brand. Our brand platform, "Hello Tomorrow", celebrates the endless possibilities that global connectivity can bring for the human race - a potential that results from the connection of people and places, of passions and cultures, of ideas and opportunities.

Our sponsorships are one of the most visible ways in which we connect people with their passions. Emirates today is one of the most recognised brands in top-level sport through our partnerships with some of the world's most famous football clubs, Formula 1®, international cricket, rugby, tennis, golf, horse racing, and America's Cup sailing.

This year, we expanded our brand reach by signing as Official Partner of the Roland Garros tennis tournament in Paris for five years, and extending our investment in The European Tour across an additional 10 golf tournaments until 2017 as Official Airline. We announced we will sponsor the Rugby World Cups 2015 in England and 2019 in Japan, and signed a shirt sponsorship deal with the New York Cosmos.

We partnered with international football superstars Pelé and Cristiano Ronaldo who both became Emirates' Global Ambassadors, and starred in our campaign which showed how people can make the most unexpected "connections" at 30,000 feet on board an Emirates flight. The campaign attracted over 280 million views online in less than four weeks from its launch in March.

In July, we provided aviation enthusiasts with a whole new way to experience Emirates when we opened the Emirates Aviation Experience, a £4 million visitor attraction in London featuring four commercial flight simulators under one roof.

Our brand team also worked closely with departments across the airline to ensure that everything we do – from marketing campaigns to our food menus, from the language used by our service staff to the uniforms they wear, from our website experience to the soft toys and amenities provided on board – express what our brand represents.

Our brand power helps us achieve outstanding results in activities such as recruitment, sales and marketing, and the attracting of investment. More tangibly, Emirates was named the world's "Most Valuable Airline Brand" for the third consecutive year in the Brand Finance Global 500 Report for 2014, with an estimated brand value of US$ 5.5 billion. This was an increase of 34% over its 2013 value.

Over 20%

of employees have been with the company for 10 years or more, and 5% for over 20 years, testament to Emirates' excellence as an employer.

This year we recruited 4,800 new employees from all over the world to join the Emirates family of more than 160 nationalities, taking the total number of employees to over 52,000. The strength of the Emirates brand and the company's track record of performance attracted over 430,000 applications across the company in 2013-14.

Taking our people further

This year we recruited 4,800 new employees from all over the world, taking the Emirates family comprising of over 160 nationalities to more than 50,000-strong.

The strength of the Emirates Group brands and the company's track record of performance attracted over 430,000 applications across all divisions in 2013-14. However, keeping pace with the dynamic staffing needs across the company remained a significant task for our Human Resources team, as Emirates continues to grow and operate into new markets – requiring new and specialist talent.

Our Human Resources team also worked hard to provide the industry's best training opportunities and create a work culture where our employees know they are valued and vital members of a multi-cultural, multi-lingual global team.

This year, we aligned our training processes to better meet the requirements of our growth. Satellite training centres for airport service functions were established in America, Australia, the United Kingdom and India, enabling us to quickly equip new recruits with the skills needed to make a success of their chosen career. Plans to open a centre in South Africa were also finalised.

For our pilots, this year Emirates invested more than US$ 35 million to add two new simulators - an A380 and a Boeing 777 - to our existing nine. We also streamlined training processes to maximise aircraft simulator face-time.

In the UAE, we launched the prestigious Emirates Aviation College Aviation Management Programme, enabling us to train 40 young Emiratis over a four-year period in every aspect of airline industry management. Each student is a full-time employee of Emirates from the start of the course.

An innovative performance management system has been developed, our staff travel and medical benefits were enhanced, and self-service kiosks were introduced to help staff access administrative HR services at their convenience.

The results of our work are clear. Today, over 11,300 of our 52,000 employees have been with Emirates for more than a decade, and 2,700 for more than 20 years.

AED 12bn

funding raised in 2013-14, using a mix of instruments to finance new aircraft.

Emirates and Airservices Australia marked 10 years of the Flex Tracks programme for flights between Dubai and Australia which has reduced fuel burn by over 3,800 tonnes over the year, and more than 12,000 tonnes of CO2 emissions.

Focusing on results and long term goals

Achieving long-term, sustainable profitability is a guiding principle for Emirates. Without it, there could not be the investment in innovation and service that defines us, nor could we hope to meet our growth targets.

This year, despite launching ten new passenger routes, three new freighter routes and increasing our seat capacity and belly hold cargo significantly with the arrival of new aircraft to our fleet, we maintained seat factors at close to 80% - a similar level to the previous year's performance and a considerable achievement.

Internally, our commercial teams have worked hard to go further in terms of securing off-peak revenues and maximising peak revenues for the long-term. This year, we extensively restructured our commercial focus areas and created a global sales department to better reflect the changed geographical realities of our times. As a result, our commercial teams finish the year well positioned to react quickly and profitably to the ever-changing nature of global demand, both for passenger flights and for the transport of airfreight.

Externally, we worked tirelessly to find and serve new flows of passengers and airfreight. We continually engage with industry stakeholders and regulators all over the world to champion the role that air transport has on economies, and the benefits of open skies policies over outdated protectionist thinking that only serve to limit economic growth.

We recognise that aside from contributing economically in the markets where we operate, we also have a responsibility to the broader community. In November, Emirates announced a partnership with Airbus Corporate Foundation and Action Against Hunger, to utilise future Emirates A380 deliveries to transport humanitarian support to the United Nations Humanitarian Response Depot. Earlier in April, Emirates announced our "Greener Tomorrow" initiative which commits US$ 150,000 collected from our internal recycling efforts to support of environmental or conservation projects. These are in addition to the projects supported by the Emirates Airline Foundation.

We also look for efficiencies in every aspect of our operations. High fuel prices are a major consideration for our long-term profitability, and so we continue to work closely with air service navigation providers to find more direct flight paths. In December 2013, Emirates and Airservices Australia marked the 10-year anniversary of the Flex Tracks programme for flights between Dubai and Australia. The programme saved over 3,800 tonnes of fuel on daily flights to Australia over the year, reducing CO2 emissions by more than 12,000 tonnes. Our flight operational procedures of using idle reverse thrust on landing and shutting one engine down while taxiing also saved 6,076 tonnes of fuel, equivalent to more than 19,000 tonnes of CO2.

Financing for the future

In terms of securing funds for future growth, our proposition remains highly attractive to the international financial community. In 2013-14, we raised AED 12.0 billion for aircraft financing and have already received offers of finance sufficient to cover almost all deliveries due in 2014-15. This year, eight of the aircraft of which we took delivery were funded through two cutting-edge corporate bonds that blended Sharia-compliant and traditional financing techniques. The amortising bonds have since garnered international awards for innovation and for performance.

This year also saw Emirates achieve significant financing milestones. We began the year with the issuance through a lessor of a second Enhanced Equipment Trust Certificate, for the funding of four A380 acquisitions, improving our access to US capital markets. The issuance was in line with our ongoing strategy of ensuring financing sources are both geographically diverse and spread over a wide investor base. Another landmark was achieved when Emirates refinanced two A380s through the first ever floating-rate capital market bond, backed by COFACE (the French Export Credit Agency) guarantee.

Profitability and sound commercial management is about going further to ensure we do even the little things the right way. We will continue to innovate and invest, to maintain our reputation for being a premium and respected airline brand, but we never lose sight of the imperative for profitability.

We believe the future could not be more exciting, and Emirates is going further today to put in place the necessary resources and infrastructure to ensure that we are prepared for it.

Taking our business further

On five continents, in 38 countries, in 90 cities and at 75 airports, dnata moves the aviation industry forward. We work hard to reach new heights, without ever leaving the ground. From the UK to Australia, in catering, ground handling, cargo and travel, our team of 23,000 people delivers the promises our customers make.

The air services provider that goes further

A complex and wide-ranging business that spans the globe, dnata's aim is a simple one: be the most admired air services provider in the world. This goal underpins every strategic decision we make. It pushes us to innovate, it drives us to deliver on the promises our customers make, and it is the backbone of our operations around the world.

We provide airport operations, travel, catering, and technology services to thousands of clients each day. Today, dnata is in 90 cities across the world, ensuring our customers' promises are delivered. Though our reach is global, our touch is local. We touch millions of people's lives daily, across 38 countries, at 75 airports on five continents, and we strive to maintain the highest standards. Our position in the market must be one of quality: quality through innovation and service.

dnata's work, in every geography in which we operate, provides the vital functions that allow the aviation industry as a whole to thrive. Our team of 23,000 staff uplifts meals; services aircraft, moves all types of cargo, helps people arrange their travel plans, handles baggage, provides airlines and freight operators with business technology, and ensures passengers reach their final destination. We are proud of the role we play within the industry.

2013-14 has been another record year for dnata, with revenues climbing 14% to AED 7.6 billion. Across all areas of operation, we have focused on delivering innovation and long-term growth. This year, we have also invested heavily in strategic acquisitions, in our people, and in our products and services, to position our company for the challenges and opportunities of tomorrow's global marketplace. Our investments into the business this year reached a new record of AED 850 million.

In Dubai, we have worked hard to ensure we keep pace with the continued growth of the airport and travel industry, while providing service excellence in all that we deliver to our clients.

This year, we welcomed the first passenger flights at Al Maktoum International Airport at Dubai World Central, adding to our roster of passenger and cargo airline customers operating from Dubai's second airport. We also worked with the airport's designers

AED 850m

invested across the dnata business in 2013-14, a new record.

No compromise on safety

Safety is our number one priority.

dnata launched the 'One Safety' programme towards the end of the last financial year – a global initiative to which we have committed AED 70 million. Since its launch, One Safety has already brought considerable benefits for our business and most importantly, our employees.

This year, we established the Executive Safety Board chaired by our President, sending a clear message that safety is a core value and ensuring that it gets the attention it deserves.

The Board establishes the safety vision, provides direction, sponsors safety change initiatives, monitors our safety metrics and is there to remove barriers that prevent change or success. It is part of a new governance structure that enables issues to be addressed at each level of the workplace, while allowing escalation to the most senior executive levels.

One Safety goes beyond eradicating workplace hazards. Driven by carefully selected 12-strong teams of 'Safety ICONs', it is designed to strengthen a culture of collective responsibility and common purpose that safeguards everyone within the dnata family.

Our goal is to be a leader in the field of workplace safety, and to ensure that safety is at the top of every employee's mind. It is our responsibility as an employer and as a service provider for our customers. We will never compromise on safety.

to ensure the infrastructure gives us everything required to provide state-of-the-art service to our airline clients for both the short- and long-term future.

Beyond Dubai, we continued to develop our business in many of our key markets, particularly in the United Kingdom and Australia, where we have cemented our position as the air services provider of choice to a large number of market-leading clients for ground handling and cargo management, as well as corporate and retail travel services.

Our growth strategy, while ambitious, is controlled. We continue to look at acquisition targets and green field opportunities. We identify regions which will benefit from our expertise, and where dnata can contribute and add value to the community.

Where possible, we have broadened our capabilities to be able to offer clients a 'one-stop shop' proposition for all air service functions, be they line maintenance, aircraft cleaning, catering, travel services, or cargo management.

In March, we reorganised our leadership team into four core business divisions: International Airport Operations, UAE Airport Operations, Catering, and Travel. This reflects dnata's burgeoning international operations, and positions the business for future growth through efficiencies within its ground handling and cargo management services.

Today, we aim to separate ourselves from the competition through the quality we provide to our customers. We want to be the partner of choice for airlines committed to excellence.

dnata won numerous awards this year, including the prestigious "Ground Handler of the Year" award from Air Cargo News, and Air Transport News. These awards, involving independent expert panels and a global voting audience, evaluated dnata's performance in safety, innovation, entrepreneurship, achievements, financial performances, new products and contributions to society. These wins were particularly significant achievements as it signals how dnata is now being seen and judged holistically.

We are proud of the work we do, and we believe we have the staff, the culture and the business agility to continue to flourish over the coming years.

Airport operations: investing in capacity and capability

In 2013-14, we invested significantly in our ground handling operations at home and abroad.

At Dubai International airport an aircraft lands or takes off every 70 seconds, 24 hours a day, seven days a week. That equates to an average of 1,100 aircraft movements per day, and dnata handles each of them.

This year, dnata handled 125,000 bags a day for Emirates alone and that number continues to grow. By 2017, we expect to handle upwards of 100 million bags a year at Dubai International airport. Add to this the millions of bags we will handle as Dubai World Central welcomes more passengers, and it becomes clear why ensuring each piece of luggage arrives at its destination is no small task.

Given the huge volumes of bags handled, our rate of mishandled bags – 4.3 per thousand – is outstanding, placing us way ahead of the industry average of 6.96 per thousand.

This year, in addition to managing more than 70 million passenger movements through Dubai, dnata oversaw ongoing developments to expand airport capacity including a new concourse which will be ready by early 2015. We also worked closely with the architects and designers at Dubai World Central on the design of future underground baggage networks and baggage tracking systems.

Our focus on operational efficiency and use of the latest equipment also helps us reduce our environmental footprint. This year, we replaced diesel-powered equipment at Terminal 2 where possible, including 15 of the tractors used to pull cargo-trolleys, with electric-powered equipment, marking a big step towards a zero-emissions operation.

Beyond Dubai, we also invested heavily to upgrade and expand our ground handling operations globally.

Handling

250 airlines at 27 airports in 9 countries,

dnata is also the world's largest ground handler of the Airbus A380.

dnata purchased the aircraft cleaning company Broadlex, to complement its Australian ground handling services; launched private aviation services at London Heathrow; and ramped up operations in Dubai with ongoing capacity expansion at Dubai International, as well as the launch of passenger services at Dubai World Central.

In the UK, we completed projects that will bring a quantum change to our ability to offer customers best-in-class service. Expanding on the services already offered, we launched private aviation services for customers at London's Heathrow airport, with the ability to handle aircraft ranging from helicopters and private jets to large charter jets. This is our second entry into private aviation services, having recently launched these services at Singapore's Changi airport.

Our team at Heathrow also welcomed the addition of new ground-power units that provide enough power to pull back an aircraft without needing to start the plane's engines or burn fuel.

Operationally, dnata enjoyed a stellar year at Heathrow, rising rapidly to finish second in the airport's ground handler rankings to a specialist, single-airline handler. Our team was also invited by the airport to consult on a project to organise future baggage handling at Terminal 3, reflecting the esteem in which our UK operations are held.

In Zurich, we installed equipment to allow our teams to service A380 aircraft, and in Australia, we purchased Broadlex, an aircraft cleaning company. This was a strategic move as Broadlex complements our other Australian ground handling services and enables us to offer a more complete proposition to our airline customers.

Special mention must be made of the dnata team at Manila airport who responded admirably to the humanitarian emergency caused by Typhoon Haiyan in November. Illustrating our preparedness to 'go further', our Manila team worked around the clock in the immediate aftermath of the typhoon, rising to the challenge to manage more than 50 aid flights that came into the airport from all over the world with essential supplies for the many thousands of people affected by the disaster.

£70m

investment in dnata City added 20,000 sqm to existing capacity. It is the first major cargo-dedicated construction project in Heathrow in over 10 years.

dnata this year expanded its capacity at Dubai Freight Gate 5, and at seven airports in the UK – Heathrow, Manchester, Glasgow, Birmingham, Newcastle, East Midlands, and Gatwick. It also launched a new 2,000 square metre cool chain facility in Singapore.

Cargo: meeting challenges and seizing opportunities

dnata has also made massive investments to lay the groundwork for our cargo management services over the coming years.

At Dubai International airport, where space constraints remain a significant challenge to the effective handling of cargo, we invested AED 120 million to significantly modernise the automated cargo processes at our warehouse facility, Freight Gate 5, resulting in an additional storage volume of 40,000 tonnes of cargo.

In the UK, we took major steps to improve our cargo proposition. At Heathrow, we completed dnata City, a £70 million investment that offers cutting-edge warehousing and cargo handling facilities in the heart of Europe's most important airport.

dnata City, the first major cargo-dedicated construction project at Heathrow for more than a decade, is an ultra-modern concept which added 20,000 square metres of cargo space to our existing facility. The facility's appeal was immediately apparent, with eight airline customer wins on the back of its launch in the first quarter of 2014.

We also significantly increased the size of dnata's warehouses at Heathrow and Manchester, and added five new warehouses at Glasgow, Birmingham, Newcastle, East Midlands, and Gatwick. At each of these locations, we added warehouse space and ensured each is fitted with the most modern technology. dnata's UK cargo network is now one of the most advanced in the country, ensuring the smooth transport of goods from point to point.

In Singapore, we opened a 2,000 square metre cool chain facility in August, offering the latest cold storage technology and web-based monitoring, and enhancing our ability to handle consignments of pharmaceutical products and perishable goods.

We also continued to develop and roll out Calogi, an integrated business environment that enables the cargo community to transact seamlessly in a paper-free environment. Calogi continues to gain popularity across the world, recording an increase in the number of subscribing companies to 775, up 19% and the number of online transactions to 1 million, up by 5%.

Catering: expanding our global footprint

Our global catering operations had an outstanding year marked by acquisitions, mergers and the streamlining of existing capabilities. In 62 airports around the world, our food division delivers more than 138,000 meals every day. To ensure customer satisfaction, we continually review processes and invest in our products and services.

We finished the year with revenues of AED 1.8 billion, an increase of 25% over 2012-13, marking a record year in the history of our catering operations.

As passengers become ever more demanding and discerning about the food served inflight, dnata's catering division makes every effort to retain industry leadership status, investing heavily in innovation and increased capacity in several geographies.

In Italy, we took 100% ownership of the catering organisation we previously operated as a joint venture with Servair. The move enabled us to undertake a major refurbishment of our kitchens in Rome and Milan, complete with the creation of dedicated halal kitchens in each location. This investment won us the Emirates airline catering business out of both Milan and Rome, and is aligned with our strategy to cater for a broad range of ethnic and dietary requirements in an increasingly global market.

In Romania, we invested AED 25 million over a four-year period to launch 13 food and beverage (F&B) outlets at Bucharest's Henri Coanda airport, including the Brioche Dorée and Lavazza franchises. dnata's catering division now owns and operates the majority of F&B outlets at Henri Coanda.

Through Alpha, we operate a number of food and beverage outlets at airports located in the UAE, Jordan, Italy, Bulgaria and Romania. In September 2013 we opened our new Grab and Go concept at Amman's iconic new terminal at Queen Alia International airport, the latest addition to a total of eight F&B outlets in Amman.

41m

meals were uplifted by dnata in 2013-14, a sharp increase of 44% due to the consolidated operation in Italy as well as growth in the UK and Australian markets.

dnata delivers over 138,000 inflight meals a day, in addition to its airport F&B business in the UAE, Jordan, Italy, Bulgaria and Romania, and its inflight retail business of food, beverage and boutique products.

We also extended our business to the Czech Republic, when we began working with Travel Service, the country's second largest and fastest growing airline.

In South Africa, we marked a successful first year of our joint venture catering operation, dnata Newrest, serving several major clients in South Africa, including British Airways, Emirates, Singapore Airlines and Thai Airways.

In Singapore, our catering operations continued to grow with two new airline contracts added this year. Our team at Changi airport also received numerous customer appreciation accolades, a testament to our unrelenting customer focus.

In the UK, we enjoyed our first full year of ownership of En Route, which we acquired in May 2012. En Route saw significant revenue growth over the course of the year, enhanced by the continuing global rollout of the LiteBite box concept for economy cabins.

In Australia, dnata invested nearly AUS$ 13 million to open a new kitchen in Adelaide that will provide employment opportunities for close to 100 people and supply catering for Qantas and several other major airlines. We considerably upgraded and expanded our longstanding catering facilities in Sydney and Melbourne, and added more than 5,000 square metres of floorspace in Brisbane and Perth. These investments reflect dnata's commitment to the Australian market and our belief in its long-term health and profitability.

Globally, we continue to build our catering business by introducing the best technology, infrastructure and people. This is not driven by a desire to be the biggest, but the desire to ensure our customers receive the best value in terms of service and quality. We will continue work hard to be the catering partner of choice for airlines around the world.

Travel: a focused strategy for growth

dnata Travel offers comprehensive travel services for individuals, companies and the travel trade across 27 countries, managing over 200 retail outlets across the Middle East and handles more than 250,000 customer contacts each month at its 24/7 contact centres.

In 2013-14, dnata Travel enjoyed growth in all key markets as we strengthened our reputation as the Middle East's leading travel services provider.

We saw tremendous sales growth of over 100% in India, and registered strong double-digit growth in our traditional Gulf markets.

In our second year of operations in India, we have continued to build our brand and exceeded our expectations. India will continue to be a focus market for our travel services over the coming years.

We have expanded our GSA business regionally this year by representing Qantas in Iraq, Afghanistan, Egypt and Lebanon, Philippine Airlines in Oman, Iraq and Afghanistan. We were also instrumental in supporting Emirates in setting up commercial operations in Afghanistan. Our GSA expertise and high standards of service continue to win us the confidence and custom of airlines seeking representation in markets across the region.

We launched high quality business-to-consumer websites in the Middle East, leveraging on synergies from Travel Republic which we acquired in December 2011. Starting in the UAE, our website immediately offered our customers over 50,000 additional holiday property options, all over the world. Revenue from dnatatravel.com grew strongly, up 95% from last year.

As customers in the region become more comfortable with an online travel experience, we will also expand digitally to new markets, and continue to work hard to

100%

sales growth in India and strong double-digit growth in Gulf markets.

dnata continues to invest in its travel-shop experience. This year, it launched 14 additional travel retail locations in the Middle East, and announced plans for 50 more outlets in the Kingdom of Saudi Arabia.

ensure that our online offering is as strong as our bricks and mortar experience.

The Middle East travel market still values the human touch. This year, we invested to improve our travel-shop experience and ensure it is customer-centric. dnata launched 14 additional travel retail locations across the region with plans for 50 more outlets in the Kingdom of Saudi Arabia.

dnata also saw solid growth in our corporate travel business with a 30% rise in bookings, as customers better understand how our extensive industry relationships, particularly with the Hogg Robinson Group, could add value to their travel experience. The Government Travel division, catering to Government entities across the UAE witnessed a 21% growth in sales through a focused approach in promoting leisure products catering specifically to the needs of the local community.

Our growth strategy over the coming years is centred on the organic growth of our existing companies, and also making acquisitions where the synergies are obvious.

In 2013-14, our most significant acquisition was of the UK-based travel services provider Gold Medal Travel Group in February. One of the UK's leading travel distributors of scheduled long-haul flights, hotels and car hire, the Gold Medal Travel Group acquisition strengthens dnata's position in the UK market.

The purchase also adds the award-winning Netflights.com and the upmarket travel brand Pure Luxury to dnata's portfolio, boosting our global presence in the luxury travel sector.

Increasingly, we are seeing demand for a professional, modern travel agent product, tailored to the needs of the Middle East market. Our ability to offer customers the full range of travel-related services, as well as our global reach through our partnerships and associations, will continue to be a key differentiator in the market.

More than

19m

loyalty members, and over 366 million transactions are managed annually by mercator's Loyalty & CRM Solutions.

mercator's solutions process over 965 million passenger coupons, and 18 million airfreight shipments of cargo each year.

mercator: better business through technology

mercator helps its customers to do better business through its innovative suite of IT solutions which are developed specifically for airlines, trialled and tested in the real world. For more than 25 years mercator has developed an extensive portfolio of Cargo, CRM, Finance, Passenger and Safety solutions to help airlines deliver their promises.

More than 100 airlines in over 80 countries across six continents rely on mercator technology to manage their passenger and cargo operations. In 2013-14, we continued to win new clients and contracts across our portfolio. This included working with United, one of the world's largest cargo carriers, to customise and "go live" with the award-winning SkyChain solution representing one of the largest cargo IT solutions migrations in the industry.

The year also saw significant milestones for mercator's passenger services and reservations systems. West-Africa-based Senegal Airlines implemented the Jupiter passenger services system for full service carriers, and the Avantik solution continued to fuel the expansion plans for several new low cost carriers and regional airlines across Europe, Africa and Asia.

mercator also updated its highly-successful Revenue Accounting Solution (RAPID) to version 3.0, using the latest technology to deliver industry best practice in a complete, end-to-end integrated solution. Already used by many of the world's largest airlines, RAPID will now provide enhanced tools and more sophisticated reporting.

Other highlights include the launch of a new mobile app for airline loyalty programmes, which is designed to keep frequent flyers and programme partners engaged via dynamic features such as a gamification platform, alerts and messages, auctions and locator tools.

As well as helping airlines engage better with their customers, mercator is committed to its own customer relationship management which continues to be at the forefront of what we do. This year saw the launch of the new mercator.com website and account management portal to provide customers with a better user experience and let them easily interact with mercator as well as the broader product user community.

Towards the close of the year, our focus was turned towards mercator's future. In order to allow mercator to build on its expertise and fully focus on serving the needs of the global aviation IT services market, we signed an agreement for global private equity firm Warburg Pincus to acquire the mercator business and take full control of its day-to-day management. dnata retains a 20% share in the new company. This was a considered decision which we believe will open significant growth opportunities for both mercator and its customers.

1 Apr | 3 Apr | 8 Apr | 16 Apr | 30 Apr | 15 May | 16 May | 27 May | 17 May | 30 May | 3 Jun | 5 Jun | 13 Jun | 19 Jun

18 June

Emirates named World's Best by Skytrax

Skytrax names Emirates "World's Best Airline", "Best Middle East Airline" and for a record 9th year running, "World's Best Inflight Entertainment".

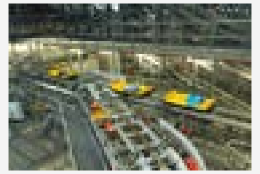
1st quarter

1 APRIL
Emirates and Qantas mark the official start of their historic partnership, with the first Qantas flights departing from Sydney and Melbourne to London via Dubai

3 APRIL
Emirates announces its "Greener Tomorrow" initiative, committing US$150,000 collected from internal recycling efforts in support of environmental or conservation projects

8 APRIL
dnata expands relationship with Virgin Atlantic at London Heathrow to include ramp handling for long and short haul flights (see picture above)

8 APRIL
mercator unveils mBELT, a complete solution to manage the entire life cycle of passenger baggage, at the Passenger Terminal Expo in Spain



16 APRIL
dnata acquires Broadlex Air Services which provides aircraft cleaning, laundry and passenger support services across Australia

30 APRIL
Emirates SkyCargo is awarded "Cargo Airline of the Year" by Air Cargo News

30 APRIL
Emirates SkyCargo becomes the 1st carrier to implement electronic air waybill (e-AWB) shipments under the newly-ratified industry standard

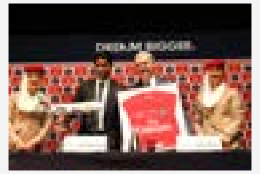
15 MAY
New Zealand Transport Minister approves Emirates-Qantas partnership

15 MAY
Emirates and Jetblue announce plans to expand their partnership to include bilateral code sharing and reciprocal frequent flyer benefits. Emirates started placing its code on select JetBlue-operated flights in April 2012, expanding an interline agreement that dates back to 2010.

16 MAY
dnata acquires further 50% share in Italian airport-based Servair Air Chef, bringing its total ownership to 100% as part of its inflight catering business growth strategy

27 MAY
Emirates-CAE Flight Training inaugurated its second state-of-the-art pilot training facility at Dubai Silicon Oasis, bringing Emirates and CAE's joint investment in the Middle East region to over US$ 260 million

17 and 30 MAY
Emirates signs five-year agreements to be shirt based sponsors of top European football clubs Paris Saint-Germain and Real Madrid



3 JUNE
Emirates launches a daily service to Haneda, its 3rd gateway in Japan

5 JUNE
Emirates signs shirt deal with the New York Cosmos

13 JUNE
dnata Singapore wins two new inflight catering contracts

19 JUNE
Aero Mexico is the first customer to sign up for mercator's new Loyalty application which lets loyalty programme members accrue and redeem points faster, via their personal mobile devices

1 Jul | 3 Jul 5 Jul | 17 Jul 4 Aug | 5 Aug 5 Aug | 15 Aug

1 September

SNTTA Cargo

the UAE's premier air cargo general sales agent, launched a branded version of Calogi's online portal, attracting subscriptions from over 50 forwarders to the new web portal on the first day of its launch

27 Aug | 3 Sep 4 Sep 5 Sep 19 Sep | Sep

2nd quarter

1 JULY
Emirates marks 20 years of service to Muscat,
having carried nearly 2.4 million passengers on the route since flights began on 1st July 1993

3 JULY
Emirates sails the San Francisco Bay as title sponsor of Emirates Team New Zealand during the 34th America's Cup

5 JULY
Emirates officially opens the Emirates Aviation Experience,
a £4 million visitor attraction in London featuring four commercial flight simulators under one roof **(see picture above)**

17 JULY
Construction begins on the new Emirates SkyCargo terminal and facilities at Dubai World Central
in preparation for planned move of freighter operations in May 2014

4 AUGUST
Emirates celebrates five years of A380 operations,
having flown over 18 million passengers on its A380 fleet since 2008

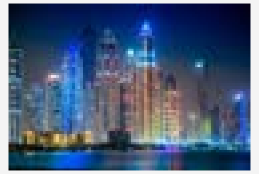
5 AUGUST
dnata opens its new perishable cargo facility in Singapore, a US$4 million investment with a handling capacity of 75,000 tonnes annually

5 AUGUST
Arabian Adventures signs partnership agreement with Ukraine's Travel Professional Group to provide reciprocal destination management services for clients

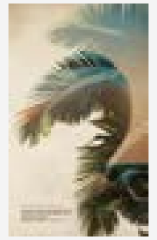
15 AUGUST
Emirates launches Emirates Executive, the private luxury jet service operated by an A319

27 AUGUST
United Airlines migrates its cargo logistics and revenue accounting systems to mercator's SkyChain and RAPID solutions

3 SEPTEMBER
Emirates Holidays launches its first global franchise, Emirates Vacations in the USA, in partnership with US-based Destination Southern Africa Inc (DSA vacations)



4 SEPTEMBER
Condé Nast Traveller readers name Emirates "Best Long-haul Airline"



4 SEPTEMBER
Emirates Group publishes its third annual environment report including airline operations, dnata's handling business and a wide range of commercial activities on the ground

5 SEPTEMBER
Emirates starts daily services to Stockholm, Sweden

19 SEPTEMBER
The Emirates Facebook page hits two million likes,
making it one of the top airlines on the social media site worldwide. Emirates also launched on LinkedIn, attracting more than 201,000 followers to date

SEPTEMBER
National Geographic premiered its 10-part "Ultimate Airport" programme featuring Dubai Airport, with dnata and Emirates taking the spotlight

1 Oct | 4 Oct | 10 Oct | 24 Oct | 27 Oct | 27 Oct | 30 Oct | 5 Nov | 7 Nov | 12 Nov | 17 Nov | 18 Nov | 19 Nov | 20 Nov | 26 Nov | 2 Dec | 3 Dec | 4 Dec | 22 Dec | 31 Dec

3 December

Emirates launches World's longest A380 flight

Emirates launches the world's longest A380 flight from Dubai non-stop to Los Angeles with a travel time of 16 hours 20 minutes

3rd quarter

1 OCTOBER
Emirates and Qantas expand their joint network into New Zealand

1 OCTOBER
Emirates inaugurates a new route between Milan, and New York JFK

4 OCTOBER
Emirates SkyCargo launches freighter service to Kano, Nigeria

10 OCTOBER
Emirates, Official Airline Partner of the Glasgow 2014 Commonwealth Games Queen's Baton Relay

began the first leg of the Baton's journey round the world in Glasgow

24 OCTOBER
Emirates SkyCargo receives its 10th Boeing 777 freighter, taking the total freighter fleet to 12

27 OCTOBER
Emirates Aviation College celebrates largest ever graduating class

with 471 graduates across various programmes, reflecting aviation industry growth in the region, and the resulting demand for qualified professionals

27 OCTOBER
Emirates launches services to Conakry, Guinea

27 OCTOBER
dnata handles the first passenger flight at Al Maktoum International airport at Dubai World Central, as Dubai's second airport opens its doors to passengers

30 OCTOBER
dnata opens three new facilities at Gatwick, Birmingham and Glasgow,

expanding its cargo capabilities to five of the UK's key regional airports including Heathrow and Manchester. To date, dnata has invested more than £100 million in cargo infrastructure throughout the UK

(see picture above)

5 NOVEMBER
Emirates launches services to Sialkot, its 5th destination in Pakistan

7 NOVEMBER
Emirates Skywards announces its partnership with American Express' Membership Rewards Programme

offering Card Members the opportunity to redeem points on Emirates flights

12 NOVEMBER
Emirates and dnata announce half-yearly profits of US$600 million and US$125 million respectively

17 NOVEMBER
Emirates announces largest-ever order for 150 Boeing 777X and 50 more Airbus A380 aircraft at the Dubai Air Show, together worth US$99 billion at list prices

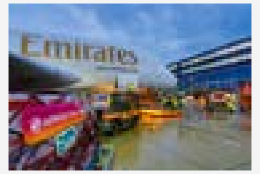
18 NOVEMBER
Emirates to help address the need for 40,000 pilots in the Middle East over the next two decades,

by investing AED500 million in the Emirates Flight Academy to be built at Dubai World Central

19 NOVEMBER
dnata awarded "Ground Handler of the Year" at Aviation Business Awards for 6th year running

20 NOVEMBER
Emirates partners Airbus Corporate Foundation and Action Against Hunger,

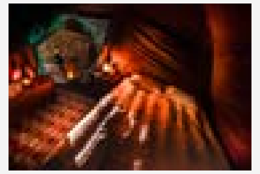
to utilise future Emirates A380 deliveries to transport humanitarian support to the United Nations Humanitarian Response Depot



26 NOVEMBER
dnata UK launches Private Aviation Services at Heathrow airport to cater to the growing executive jet sector

2 DECEMBER
The Emirates Dubai Rugby Sevens broke a new attendance record over the three day tournament,

as the highly-anticipated annual event attracted more than 100,000 fans



3 DECEMBER
Emirates SkyCargo launches freighter service to Quito, Ecuador

4 DECEMBER
Emirates launches flights to Kabul, Afghanistan

22 DECEMBER
Arabian Adventures launches its new "Arabian Dreams" overnight camp experience in the Dubai Desert Conservation Reserve

31 DECEMBER
Emirates circles the globe over 18,000 times in 2013 operating over 164,000 flights

17 Jan | 27 Jan | 30 Jan | 10 Feb | 11 Feb | 13 Feb | 17 Feb | 19 Feb | 20 Feb

4th quarter

17 JANUARY
Emirates launches services to Kiev, Ukraine

27 JANUARY
Emirates announces sponsorship of the Rugby World Cups 2015 (in England) and 2019 (in Japan)

(see picture above)

11 FEBRUARY
dnata acquires the Gold Medal Group, one of the leading travel businesses in the UK

30 JANUARY
Emirates completes 21 aircraft makeovers

or nearly 10% of its fleet in its own state-of-the-art engineering facility which houses the world's largest aircraft paint hangar owned by an airline

10 FEBRUARY
Emirates launches daily services to Taipei, Taiwan

13 FEBRUARY
Emirates and Jetstar announce a codeshare and frequent flyer programme agreement

which opens 27 new routes and six new destinations for Emirates passengers across Australia, New Zealand and South East Asia, and adds opportunities to earn and redeem frequent flyer miles

17 FEBRUARY
dnata airport operations launches new aircraft line maintenance services

to become a one-stop-shop for customers at both Dubai International airport (DXB) and Al Maktoum International airport (DWC)

19 FEBRUARY
dnata and Qantas Freight announce a partnership

that will see dnata's UK business provide freight ground handling at London's Heathrow airport to Qantas. Under the agreement, Qantas Freight will relocate its UK office and all operations to dnata City

20 FEBRUARY
Emirates is named the world's "Most Valuable Airline Brand"

for a 3rd consecutive year in the Brand Finance Global 500 Report for 2014, with an estimated brand value of US$5.5 billion

11 March
dnata wins the
Air Transport News Award
for "Ground Handler of the Year"

based on readers' votes and a panel of judges who evaluated nominees on criteria including: innovation, entrepreneurship, financial performance, new products launched and contribution to society

23 Feb | 24 Feb | 10 Mar | 12 Mar | 13 Mar | 17 Mar | 27 Mar | 28 Mar | 30 Mar | 30 Mar

23 FEBRUARY
Emirates SkyCargo signs a five-year trucking contract with Dubai-based Allied Transport

for road feeder services between Dubai International and Dubai World Central, in preparation of its move of freighter operations to DWC in May 2014

24 FEBRUARY
Emirates Group signs an MoU with the Emirates National Development Programme,

to provide ongoing support for the Absher Initiative which focuses on the successful integration and development of the Emirati workforce

12 MARCH
Emirates brings its A380 to India with a first-ever display at the Hyderabad Air Show

13 MARCH
Emirates SkyCargo received the "Diamond Award"

at the Air Cargo World Awards in Los Angeles, taking top position in the carrier category with more than 800,000 tonnes of cargo per annum

10 MARCH
Emirates launches flights to Boston, its 8th gateway in the USA

27 MARCH
Emirates expands its social media footprint with the launch of its official Twitter channels

to engage with fans and provide service to customers

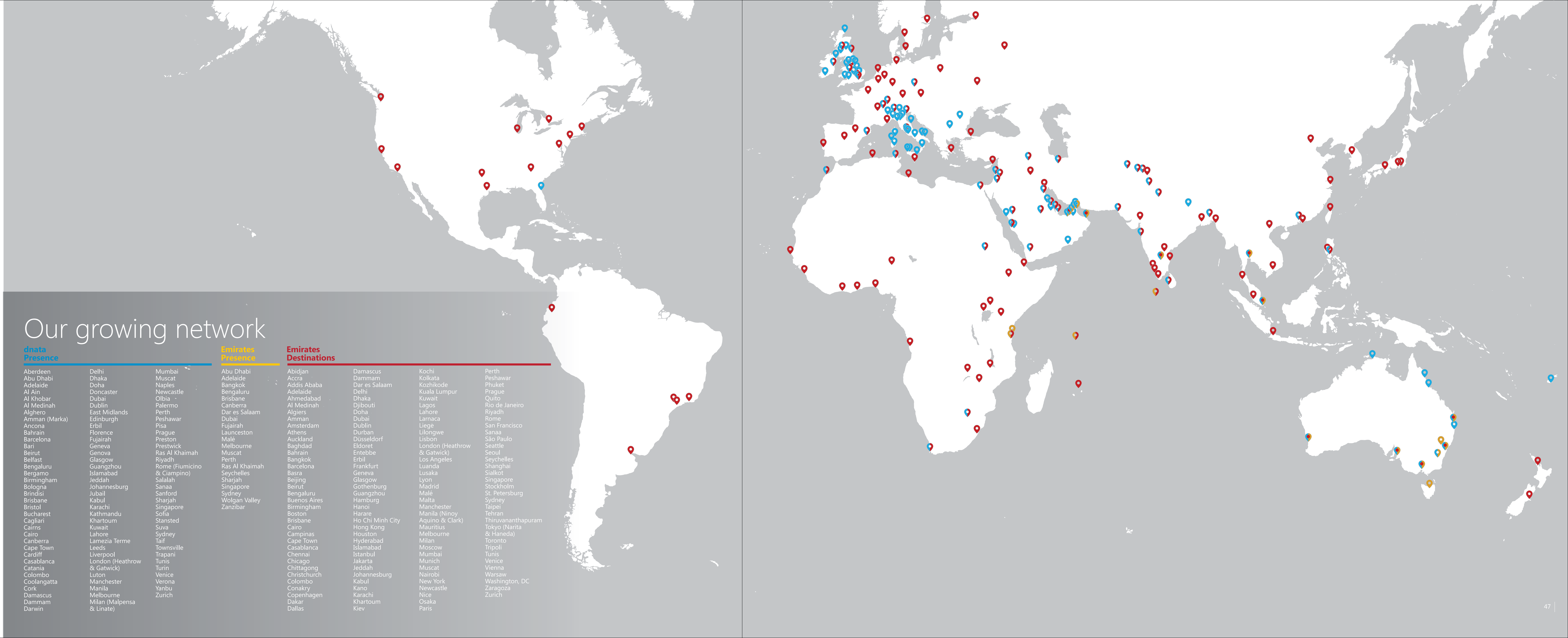
17 MARCH
Emirates SkyCargo launches a weekly freighter service to Tunis and Abidjan

28 MARCH
Football legends Pelé and Cristiano Ronaldo star in Emirates' global campaign to connect sports fans around the world, as global ambassadors for the airline

30 MARCH
Emirates becomes the first airline to offer a scheduled A380 service at London Gatwick,

taking to 27 the total number of Emirates destinations served by its flagship A380. This year, Emirates also introduced its A380 service to Brisbane, Zurich, Mauritius, Los Angeles and Barcelona

30 MARCH
Emirates receives delivery of its second set of A380 "twins" this year, bringing its A380 fleet to 47, and its total operating fleet to 217 aircraft



Our growing network

dnata Presence

Aberdeen
Abu Dhabi
Adelaide
Al Ain
Al Khobar
Al Medinah
Alghero
Amman (Marka)
Ancona
Bahrain
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
Doncaster
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 (Heathrow & Gatwick)
Luton
Manchester
Manila
Melbourne
Milan (Malpensa & Linate)
Mumbai
Muscat
Naples
Newcastle
Olbia
Palermo
Perth
Peshawar
Pisa
Prague
Preston
Prestwick
Ras Al Khaimah
Riyadh
Rome (Fiumicino & Ciampino)
Salalah
Sanaa
Sanford
Sharjah
Singapore
Sofia
Stansted
Suva
Sydney
Taif
Townsville
Trapani
Tunis
Turin
Venice
Verona
Yanbu
Zurich

Emirates Presence

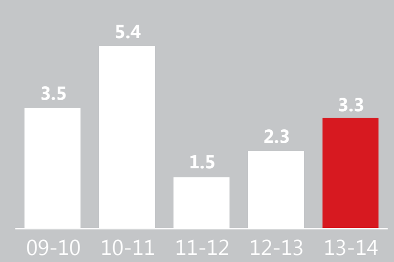
Abu Dhabi
Adelaide
Bangkok
Bengaluru
Brisbane
Canberra
Dar es Salaam
Dubai
Fujairah
Launceston
Malé
Melbourne
Muscat
Perth
Ras Al Khaimah
Seychelles
Sharjah
Singapore
Sydney
Wolgan Valley
Zanzibar

Emirates Destinations

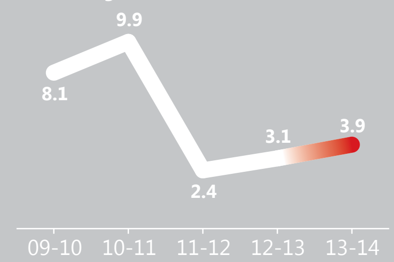
Abidjan
Accra
Addis Ababa
Adelaide
Ahmedabad
Al Medinah
Algiers
Amman
Amsterdam
Athens
Auckland
Baghdad
Bahrain
Bangkok
Barcelona
Basra
Beijing
Beirut
Bengaluru
Buenos Aires
Birmingham
Boston
Brisbane
Cairo
Campinas
Cape Town
Casablanca
Chennai
Chicago
Chittagong
Christchurch
Colombo
Conakry
Copenhagen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

Emirates Financial Commentary

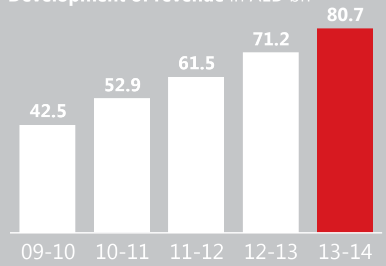
Profit attributable to the Owner in AED bn



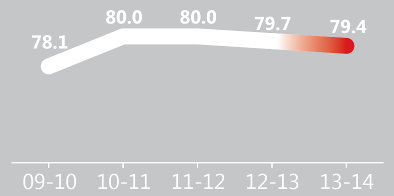
Profit margin in %



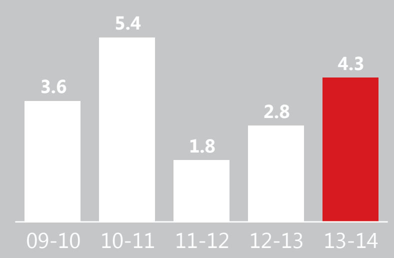
Development of revenue in AED bn



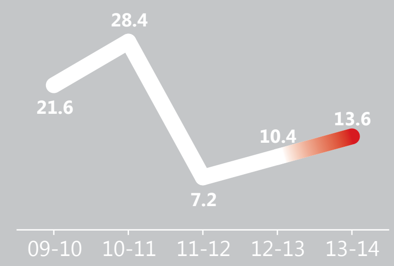
Passenger seat factor in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	2013-14	2012-13	% change
Passenger	65,405	57,477	13.8
Cargo	11,263	10,346	8.9
Excess baggage	412	388	6.2
Transport revenue	**77,080**	**68,211**	**13.0**
Sale of goods	2,555	2,181	17.1
Hotel operations	395	234	68.8
Destination and leisure	228	226	0.9
Others	459	307	49.5
Total	**80,717**	**71,159**	**13.4**

During the financial year 2013-14 we continued with our growth strategy adding 24 wide bodied aircraft to the fleet and returning four aircraft at the end of their lease terms. This resulted in additional 5.9 billion tonne-kilometers capacity measured in ATKM. We launched nine new destinations across five continents, shipped an additional 164 thousand tonnes of cargo and carried 5.1 million more passengers than the previous year.

Profitability

Profit attributable to the Owner

In its 26th consecutive year of profitable operations, profit attributable to the Owner stood at AED 3.3 billion, a substantial 42.5% increase over last year's profit of AED 2.3 billion. Costs grew at a slower pace than the expansion in revenue. Lower unit costs and a stable yield on an expanded capacity were the main drivers for the growth in profitability.

Profit margin

Profit margin improved to 3.9% (2012-13: 3.1%) and represents a positive result given that the airline's capacity measured in ATKM has increased by 32% over the last two years.

Operating profit

Operating profit increased 50.1% to AED 4.3 billion, an increase of AED 1.5 billion from last year's operating profit level of AED 2.8 billion. This result boosted the operating margin to 5.2%, 1.3 percentage points higher than the previous year (2012-13: 3.9%).

Return on shareholder's funds

The increased profitability has resulted in the return on shareholder's funds improving to 13.6%, a healthy increase of 3.2 percentage points compared to the previous year (2012-13: 10.4%).

Revenue

Revenue at AED 80.7 billion increased 13.4% (2012-13: AED 71.2 billion). In general, currencies were weaker against the US dollar and this impacted yields and revenue. Transport revenue stood at AED 77.1 billion, a 13% improvement over last year (2012-13: AED 68.2 billion) mainly on account of the increase in passenger revenue. Transport revenue remains at a significant 95.5% (2012-13: 95.9%) of total revenue.

Passenger revenue and seat factor

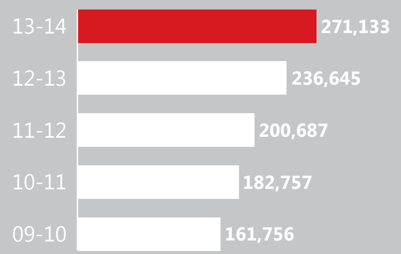
Passenger revenue (including excess baggage) grew 13.7% or AED 8 billion over the previous year to AED 65.8 billion, the result of a 14.2% growth in RPKM and a stable yield per RPKM.

Passenger seat factor at 79.4% was an achievement in itself against a backdrop of a significant 17.9% increase in ASKMs in the previous financial year and further increase of 14.6% in the current year.

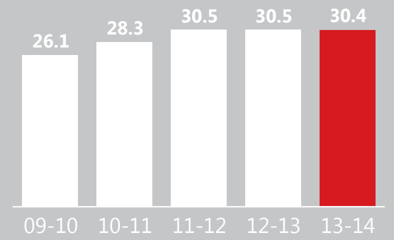
Premium class seat factor increased 2.1 percentage points compared with the previous year while economy class seat factor remained above the 80% level at 82.4% (2012-13: 83.1%) despite the increase in capacity. The strong passenger seat factor over the expanded capacity has resulted in passenger numbers exceeding 44 million, an increase of 13.1% or 5.1 million passengers over last year. This increase comes on the back of an additional 5.4 million passengers carried in the last financial year and underlines Emirates' growth and expanding network.

		2013-14	2012-13	% change
Passengers carried	million	44.5	39.4	13.1
Available seat km	ASKM million	271,133	236,645	14.6
Passenger seat km	RPKM million	215,353	188,618	14.2
Passenger seat factor	%	79.4	79.7	(0.3) pts

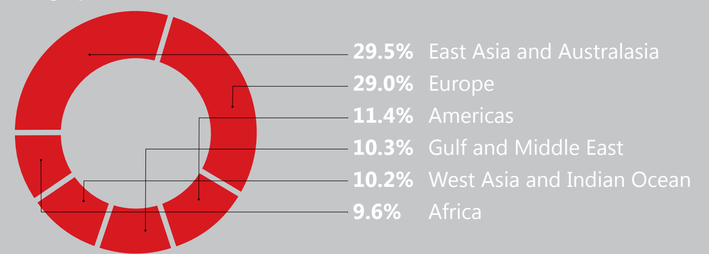
Available seat kilometres (ASKM) in millions



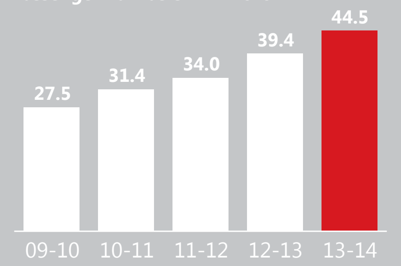
Passenger yield in fils per RPKM



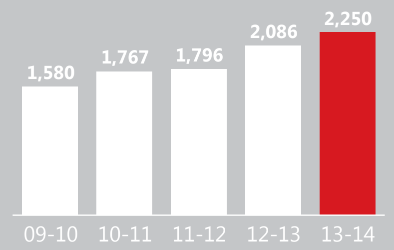
Geographical revenue in %



Passenger numbers in millions



Cargo carried in tonnes '000



Geographical revenue in AED bn

Year	East Asia and Australasia	Europe	Americas	Gulf and Middle East	West Asia and Indian Ocean	Africa	Total
2013-14	23.8	23.4	9.2	8.3	8.3	7.7	80.7
2012-13	20.9	20.1	8.3	7.1	8.0	6.7	71.1
% change	14.1	16.3	10.9	16.6	2.8	15.1	13.4

On average, 3.7 million passengers boarded Emirates flights each month in 2013-14. January 2014 was a memorable month with some defining milestones reached for the first time; one million passengers in a single week and four million in a month.

In its first full year of operations the newly commissioned Concourse A at Dubai International airport for our growing A380 fleet, witnessed a significant passenger throughput with 37% or 8.2 million Emirates' passengers departing Dubai using the concourse gates to board 26,864 flights.

Cargo revenue

Cargo revenue continued to grow and is up 8.9% over last year to AED 11.3 billion (2012-13: AED 10.3 billion) and constitutes an important 14.6% (2012-13: 15.2%) of transport revenue. In addition to belly hold cargo capacity to nine new passenger destinations, dedicated freighter operations were launched to Kano, Nigeria and Quito, Ecuador with full year of operations to Hanoi, Vietnam and Chicago, USA launched in the 4th quarter of 2012-13.

Cargo tonnage increased 7.9% over the previous year to 2,250 thousand tonnes. FTKM increased by 10.1% to 10,207 million tonnes while yield per FTKM declined by 1%, impacted in part by weaker currencies. This compares favorably with a sluggish 1.2% global growth in FTKM for international air cargo transportation in 2013.

We added two new 777-200LRF aircraft to our fleet resulting in a 20.7% growth in freighter tonnage while cargo carried in the belly of passenger aircraft increased 5.9%. Growth in tonnage comes predominantly from the Far-East and African routes.

Non-transport revenue

This financial year marks the first full year of operation of Tower 1 of our flagship hotel in Dubai, the JW Marriott Marquis comprising 804 rooms, conferencing and fine dining facilities. Tower 2 which is in the process of becoming fully operational in the next financial year will also house an additional 804 rooms, 294 of which opened effective mid February 2014. As a consequence, revenue from hotel operations is up 68.8% to AED 395 million and it also accounts for a substantial part of the AED 123 million increase in food and beverage revenue to AED 625 million.

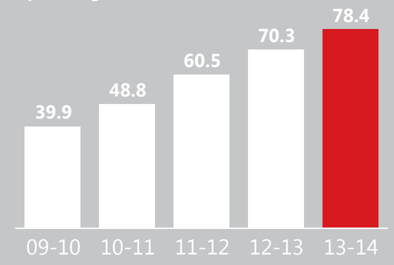
Consumer goods, the highest revenue earner in the sale of goods component is up AED 117 million to AED 1.3 billion reflecting the growth of Maritime and Mercantile International LLC operations in Dubai.

In-flight catering revenue of Emirates Flight Catering is up 27.7% to AED 617 million reflecting new business emanating from the change in Qantas' hub to Dubai as well as the expansion in sales to existing customers.

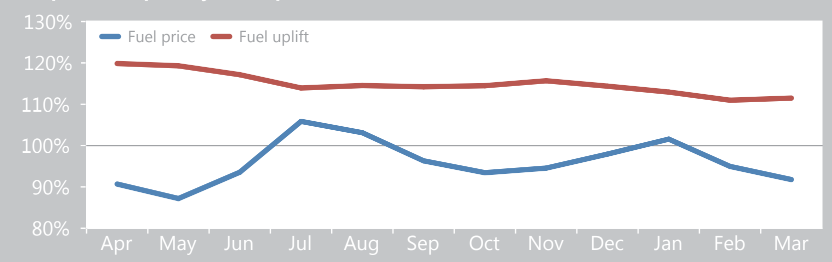
Revenue distribution

With no region contributing more than 30% of revenues, we derive benefits from a strategy of having a diverse revenue base. A robust growth in revenue has been witnessed across most geographical regions led by Europe (up AED 3.3 billion or 16.3%), East Asia and Australasia (up AED 2.9 billion or 14.1%), Gulf and Middle East (up AED 1.2 billion or 16.6%) and Africa (up AED 1 billion or 15.1%). The changes in revenue by geographical area is generally in line with the overall revenue and capacity growth reflecting the introduction of nine new destinations, one new route and the increase in frequencies and capacity to many existing destinations.

Operating costs in AED bn

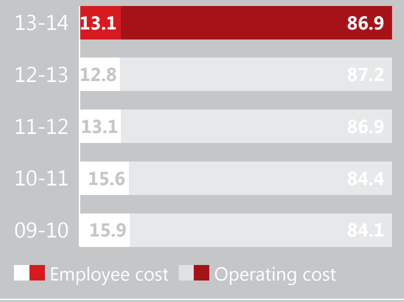


Fuel price and quantity development

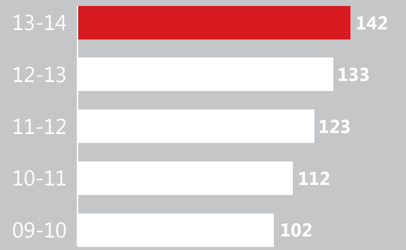


Graph represents % change in average monthly fuel price and quantity in 2013-14 indexed to 2012-13

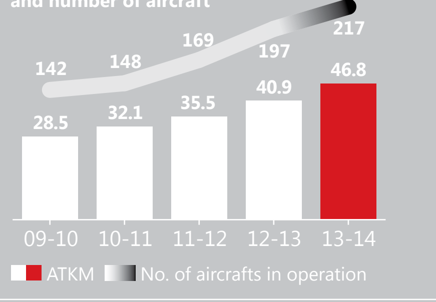
Employee cost as % of total operating costs



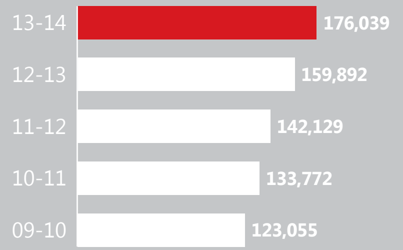
Destination cities



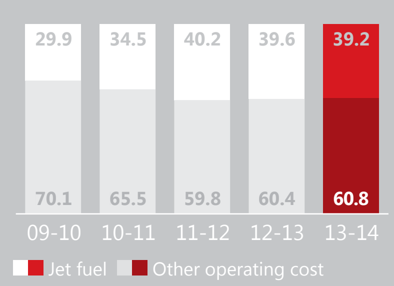
Available tonne kilometres (ATKM) in bn **and number of aircraft**



Aircraft departures

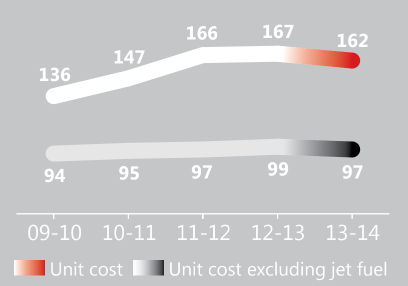


Jet fuel cost as % of operating costs

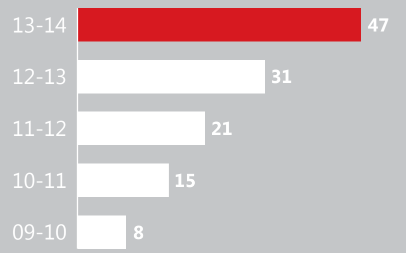


Operating costs in AED m	2013-14	2012-13	% change	2013-14 % of operating costs
Jet fuel	30,685	27,855	10.2	39.2
Employee	10,230	9,029	13.3	13.1
Aircraft operating leases	6,548	5,916	10.7	8.4
Depreciation and amortisation	6,421	5,136	25.0	8.2
Sales and marketing	5,421	5,270	2.9	6.9
Handling	4,648	4,073	14.1	5.9
In-flight catering and related costs	3,529	3,159	11.7	4.5
Overflying	2,386	2,086	14.4	3.0
Aircraft maintenance	2,146	1,865	15.1	2.7
Office accommodation and IT costs	1,878	1,649	13.9	2.4
Landing and parking	1,568	1,335	17.5	2.0
Cost of goods sold	1,190	1,042	14.2	1.5
Corporate overheads	1,726	1,859	(7.2)	2.2
Total operating costs	**78,376**	**70,274**	**11.5**	**100.0**

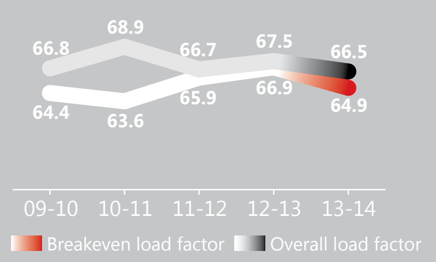
Unit costs in fils per ATKM



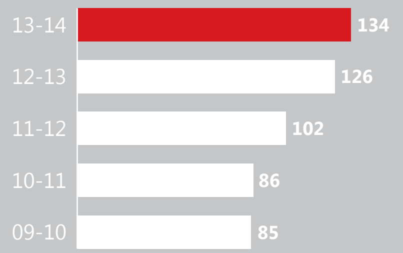
A380 aircraft numbers



Overall and breakeven load factor in %



B777 aircraft numbers



Expenditure

Operating costs

Operating costs at AED 78.4 billion grew 11.5% or AED 8.1 billion, which is at a slower pace than the increase in capacity. This also compares favorably with the 13.4% growth in revenue. The weaker currency exchange rates had a positive impact on costs, but have only partially offset the negative impact of currencies on revenue.

Jet fuel costs

Growth in jet fuel costs was lower than the capacity increase in the airline which provided some relief due to more favorable market prices during the financial year. This cost element at AED 30.7 billion (2012-13: AED 27.9 billion) comprises a significant 39.2% (2012-13: 39.6%) of the total operating costs and remains the highest cost element of operating costs. The absolute cost is the result of a 14.8% increase in uplift quantities and a 4% decrease in the average jet fuel price per US gallon. As a result, fuel cost per ATKM also declined by 3.7%.

Our strategy of remaining unhedged on jet fuel prices has paid off in the current financial year. This position is based on a continuous assessment of market conditions and the global economy reflecting a view that the balance of risk is considered greater to the downside given historic high jet fuel price levels.

Employee costs

Airline employee numbers increased 8.9% and reflects higher productivity and better economies of scale when compared to the 14.4% increase in capacity. Total employee costs at AED 10.2 billion were up 13.3% or AED 1.2 billion and constitutes 13.1% of total operating costs (2012-13: 12.8%).

Direct operating costs

Direct operating costs (handling, in-flight catering, overflying, landing and parking and aircraft maintenance) rose by AED 1.8 billion or 14.1% to AED 14.3 billion and are in line with the increase in activity levels.

Other operating costs

Depreciation costs are up 25% or AED 1.3 billion to AED 6.4 billion. The disproportionate increase in depreciation charge reflects 19 aircraft additions to the fleet in the current and 13 in the previous year. The depreciation charge on account of major engine overhaul events also rose due to an 11% increase in block hours flown.

Aircraft operating lease charges increased 10.7% to AED 6.5 billion mainly arising from the full year impact of 21 aircraft taken on operating lease in the last financial year and a further 6 additions in the current financial year.

Unit costs

The total unit cost per ATKM has reduced by 3% to 162 fils per ATKM (2012-13: 167 fils per ATKM) reflecting largely the reduction in jet fuel prices. Excluding jet fuel, unit costs are down 2% to 97 fils per ATKM (2012-13: 99 fils per ATKM).

Capacity, traffic and load factor

The airline's capacity measured in terms of ATKM increased 14.4% to 46.8 billion tonne-kilometres (2012-13: 40.9 billion). Traffic or RTKM growth was marginally lower at 12.7% to 31.1 billion tonne-kilometers (2012-13: 27.6 billion) mainly on account of a slower growth in cargo volumes. This in turn has impacted the overall load factor by 1 percentage point which stands at 66.5% (2012-13: 67.5%). However, the break even load factor has improved by 2 percentage points to 64.9% on account of the reduction in unit costs.

With a record of 16 A380 added during the year, our fleet includes 47 flagship A380 aircraft at 31 March 2014. This makes us by far the largest operator of the superjumbo. With this aircraft returning load and seat factors well above the network average, both in the premium and economy cabins, the A380 remains the preferred choice of our discerning customers. The superjumbo fleet transported 20% of our passengers in 2013-14 and on average accounts for every 8th aircraft departure.

We are also the world's largest B777 operator with 134 aircraft in the fleet. The B777 is the pillar of our fleet and accounts for almost 70% of the airline's capacity, carrying 63% of our passengers and 71% of cargo tonnage.

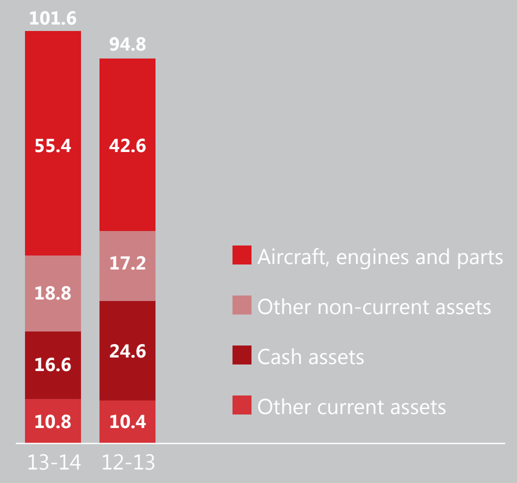
Aircraft departures increased 10.1% to 176,039 (2012-13: 159,892) with the growth in traffic coming principally from:

- Introduction of new passenger services to 9 destinations – Haneda, Stockholm, Clark, Conakry, Sialkot, Kabul, Kiev, Taipei, and Boston as well as the new route Milan-New York.
- Increase in frequencies to several existing destinations, including Colombo, Islamabad, Lahore, Amsterdam, Bangkok, Hong Kong, Kuala Lumpur, Luanda, Paris, Dhaka and Dammam.
- Increase in capacity to several existing destinations with larger aircraft mainly to Karachi, Lyon, Sydney, Phuket, Algiers, Cape Town, Seattle, Venice and Hamburg.
- New A380 services to Mauritius, Barcelona, London Gatwick, Zurich, Brisbane and Los Angeles raising the total number of destinations to 27.

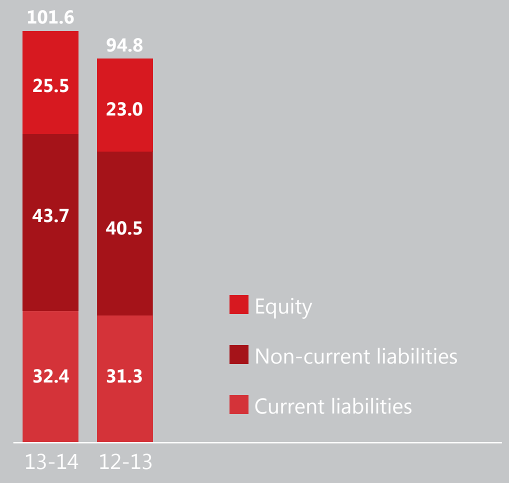
Total block hours flown crossed the One million mark for the first time and are up 11% over the previous year. Block hours operated by our freighter fleet of 12 aircraft are up 29.9%, the result of additional aircraft being inducted into our fleet in the current and previous financial year.

		2013-14	2012-13	% change
Capacity (ATKM)	million	46,820	40,934	14.4
Load carried (RTKM)	million	31,137	27,621	12.7
Load factor	%	66.5	67.5	(1 pts)
Break even load factor	%	64.9	66.9	(2 pts)

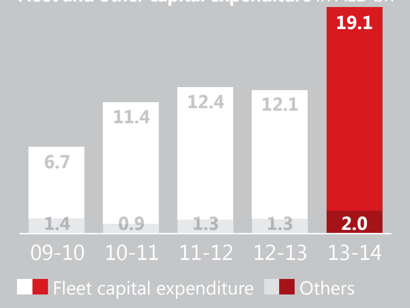
Assets in AED bn



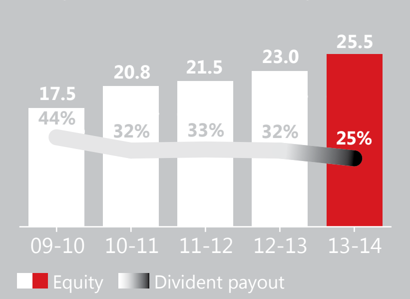
Equity and liabilities in AED bn



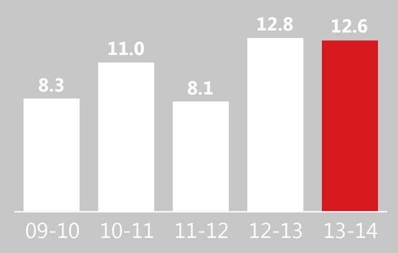
Fleet and other capital expenditure in AED bn



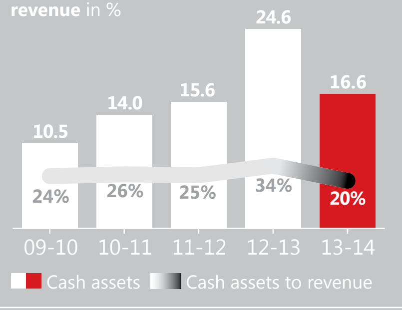
Equity in AED bn **and dividend payout** in %



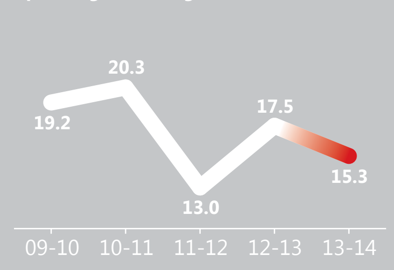
Cash generated from operating activities in AED bn



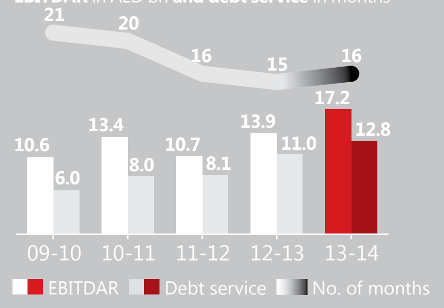
Cash Assets in AED bn **and Cash assets to revenue** in %



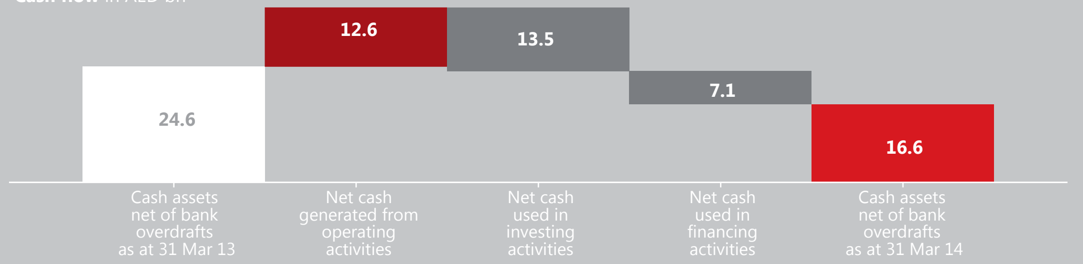
Operating cash margin in %



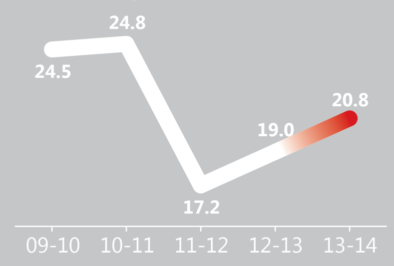
EBITDAR in AED bn **and debt service** in months



Cash flow in AED bn



EBITDAR margin in %



Balance sheet structure

Emirates balance sheet total crossed the AED 100 billion mark for the first time, rising AED 6.8 bn to AED 101.6 billion (2012-13: AED 94.8 billion). The increase comes predominantly from aircraft, engines and parts offset by a fall in cash assets utilised to finance these investments. The increase of AED 12.8 billion in aircraft, engines and parts is mainly due to the addition of 19 aircraft; 12 A380, 6 B777-300ER and 1 A319J. These aircraft were financed in part through bond proceeds raised in the last quarter of the previous financial year and explains the reduction in cash asset balances.

Assets in AED bn	2013-14	2012-13	change	% change
Aircraft, engines and parts*	55.4	42.6	12.8	30.1%
Other non-current assets	18.8	17.2	1.6	9.1%
Cash assets	16.6	24.6	(8.0)	(32.6%)
Other current assets	10.8	10.4	0.4	4.0%
Total	**101.6**	**94.8**	**6.8**	**7.2%**

*includes aircraft pre-delivery payments

Equity

Total equity increased 10.6% to AED 25.5 billion on account of the profit for the year including AED 826 million dividends declared to the Owner. As a result, the equity ratio has improved to 25.1% compared to 24.3% in the previous financial year.

The dividend declared for the year is in line with the Owner's strategy to reinvest the majority of profit to support the Emirates' growth. This year's dividend represent 25% of the profit attributable to the Owner compared with 32% last year.

Capital expenditure

Emirates continued to invest heavily in its revenue generating assets investing AED 21.1 billion (2012-13: AED 13.4 billion) during the year. Primary capital expenditure comprising spend on aircraft, major overhauls, spare engines and parts is 90% (2012-13: 90%) of total capital expenditure and includes outflows for aircraft deliveries during the year as well as progress payments for future deliveries. The total secondary capital expenditure amounted to AED 2.0 billion (2012-13: AED 1.3 billion) of which AED 1.5 billion (2012-13: AED 617 million) has been invested in building construction projects including expanding our new JW Marriott Marquis flagship hotel in Dubai.

Equity and liabilities in AED bn	2013-14	2012-13	change	% change
Total equity	25.5	23.0	2.5	10.6%
Non-current liabilities	43.7	40.5	3.2	8.0%
Current liabilities	32.4	31.3	1.1	3.5%
Total	**101.6**	**94.8**	**6.8**	**7.2%**

Cash position

Cash from operating activities

AED 12.6 billion cash has been generated from operating activities, marginally lower than the previous financial year (2012-13: AED 12.8 billion), the effect of a higher cash profit offset by a change in working capital. Considering the increase in revenues, the operating cash margin is lower at 15.3% (2012-13: 17.5%).

Cash from operating activities remains sufficient to service our financing obligations as well as support the growth of the airline by meeting a part of our on-going investment in property, plant and equipment.

Cash assets

Cash assets which includes short term bank deposits of AED 16.6 billion at 31 March 2014 is lower (2012-13: AED 24.6 billion) on account of the investment in aircraft from bond proceeds raised in the last quarter of the previous financial year of AED 6.4 billion (US$ 1.75 billion).

This results in a cash assets to revenue and other operating income of 20% (2012-13: 34%) within our target range of 25% +/- 5%.

EBITDAR

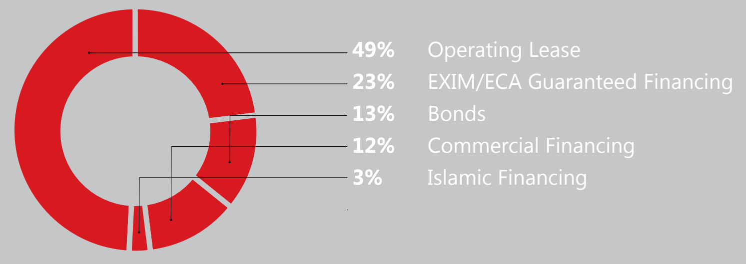
Cash profit from operations (or EBITDAR) for the year ended 31 March 2014 at AED 17.2 billion, is up a substantial 24% over last year.

This equates to an EBITDAR margin of 20.8%, up 1.8% points over last year.

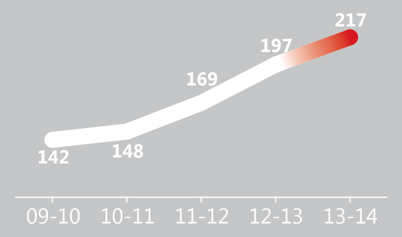
EBITDAR for the year equates to more than 16 months of future debt service and lease rentals, including periodic principal and interest payments on aircraft financing and bond issues.

	2013-14	2012-13	2011-12	2010-11	2009-10
EBITDAR in AED bn	**17.2**	**13.9**	**10.7**	**13.4**	**10.6**
Less: Debt service					
Repayment of bonds and loans	(2.5)	(2.2)	(0.9)	(2.1)	(0.1)
Repayment of lease liabilities	(2.7)	(2.1)	(1.9)	(1.1)	(1.4)
Operating lease rentals	(6.5)	(5.9)	(4.8)	(4.3)	(4.1)
Finance costs	(1.1)	(0.8)	(0.5)	(0.5)	(0.4)
Total	**(12.8)**	**(11.0)**	**(8.1)**	**(8.0)**	**(6.0)**
EBITDAR after debt service	**4.4**	**2.9**	**2.6**	**5.4**	**4.6**

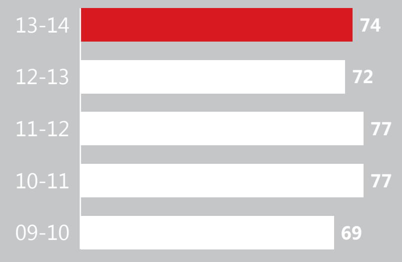
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information As at 31 March 2014

Aircraft	In operation	of which on operating lease	of which on finance lease	of which owned	On firm order	Additional options
A 330-200	21	16		5		
A 340-300	4	4				
A 340-500	9	6	2	1		
A 380-800	47	18	25	4	93	
B 777-200	3	2		1		
B777-200ER	6	6				
B777-200LR	10	4	6			
B 777-300	12	12				
B777-300ER	93	49	40	4	58	20
B777-8X / 9X*					150	50
Passenger	**205**	**117**	**73**	**15**	**301**	**70**
B777-200LRF	10	10				
B747-400ERF	2	2				
Total	**217**	**129**	**73**	**15**	**301**	**70**

Note: One A319 aircraft is used for Executive jet charters

* MOU signed with Boeing

Fleet acquisition and financing

At the Dubai Airshow in November 2013, we broke all records by ordering 200 wide bodied aircraft. This included 150 Boeing 777X (35 Boeing 777-8Xs and 115 Boeing 777-9Xs) plus 50 purchase rights and an additional 50 Airbus A380 aircraft.

The total order, excluding purchase rights, is worth an estimated AED 364 billion (US$ 99 billion) at list prices. The Boeing aircraft order is worth AED 279 billion (US$ 76 billion) and the Airbus order AED 85 billion (US$ 23 billion). Combined, it is the largest aircraft order in civil aviation history. The Boeing order is also the single largest aircraft order by value in the history of US commercial aviation. With this, Emirates now has on order 301 aircraft; 58 B777-300ER, 150 B777-8X/9X and 93 Airbus A380s, excluding options and purchase rights.

During the financial year we took delivery of 24 aircraft; 16 A380s from Airbus, 6 B777-300ER and 2 B777-200F.

A total of AED 12 billion (US$ 3.3 billion) was raised in aircraft financing during 2013-14 funded through finance and operating leases and bonds.

We have already received offers of finance covering almost all aircraft deliveries due in the next financial year.

Eight of the aircraft delivered in the current financial year were funded through two corporate bonds in early 2013 which raised US$ 1.75 billion by the issue of two amortising bonds – a conventional '144A / Reg S' and a Sukuk format. These pioneering amortising bond structures continue to win awards across the globe and gain recognition from the financing and investor community.

This financial year has once again seen the achievement of significant financing milestones. The year started with the issue of a second Enhanced Equipment Trust Certificate through a lessor, which tapped into the US capital markets and funded four A380s. The structure is in line with our strategy of diversification of financing sources and has allowed us to deepen and widen our investor base.

Another major landmark was achieved through the refinancing of two A380s through the first ever floating rate capital market bond backed by a COFACE (the French Export Credit Agency) guarantee. This trend-setting transaction has set a standard to be followed in the industry and comes on the back of the first ever capital market bond backed by a COFACE guarantee issued in the last financial year.

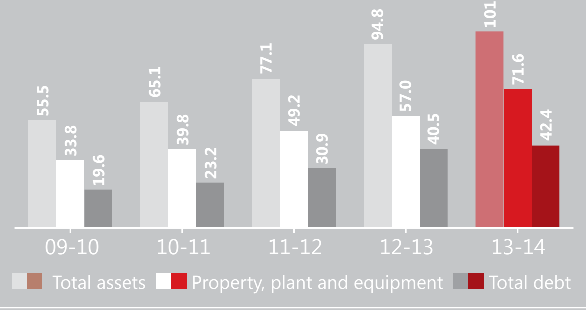
Raising more than AED 119 billion (US$ 32 billion) over the last 10 years, we continue to maintain a well-diversified and evenly spread financing portfolio. We endorse a policy of tapping into multiple sources of funding to deliver a resilient financing strategy to meet our future requirements.

Fleet information

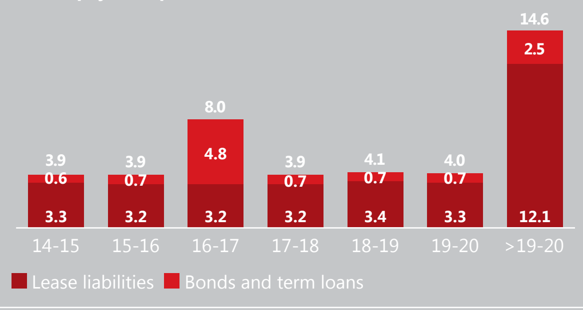
In addition to the above, three B777-200LRFs have been contracted on operating lease for delivery from Dubai Aerospace Enterprise (DAE) and one B777-300ER from Air Lease Corporation.

We operate one of the youngest fleet in the industry with an average age of 74 months (2012-13: 72 months) compared with an industry average of 140 months according to WATS report (57th edition).

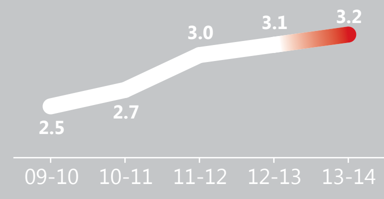
Debt collateralization in AED bn



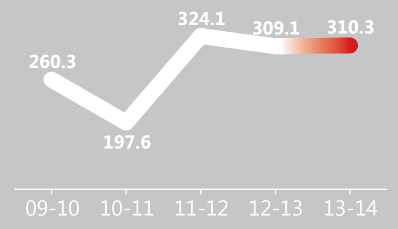
Debt repayment profile in AED bn



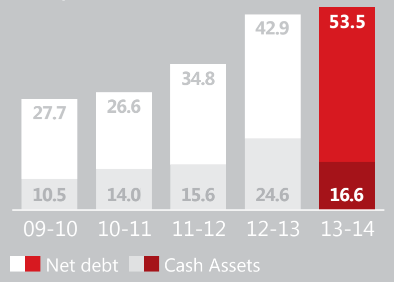
Effective interest rate on borrowings and lease liabilities in %



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

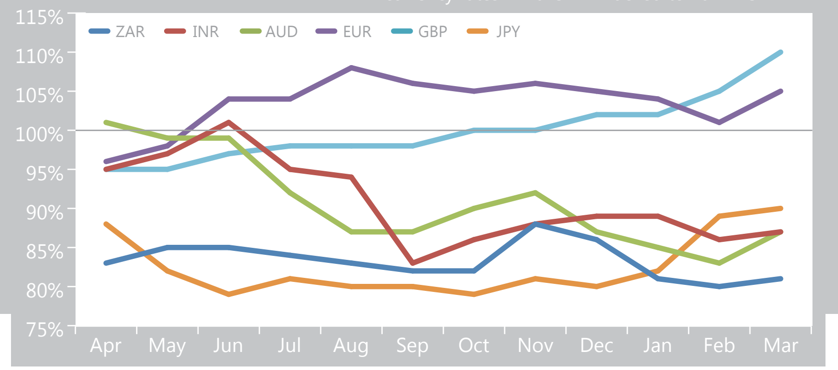


Net debt (including aircraft operating leases) and cash assets in AED bn



Currency development

Graph represents the % change in average monthly currency rates in 2013-14 indexed to 2012-13



Debt

Total borrowing and lease liabilities increased to AED 42.4 billion is up 4.7% over the previous year (2012-13: AED 40.5 billion). The increase is on account of 10 additional aircraft taken on finance lease offset by repayments of bonds, term loans and finance lease liabilities amounting to AED 5.2 billion. As a consequence of the increase in equity, the ratio of borrowings and lease liabilities to total equity at 31 Mar 2014 was lower at 166.6% (2012-13: 176%).

Net debt to EBITDAR ratio

The net debt including aircraft operating leases to EBITDAR ratio remains stable at 310.3% (2012-13: 309.1%) on account of EBITDAR and net debt growing in similar proportions.

Debt service

Debt service payments (excluding operating lease rentals) during the year amounted to AED 6.3 billion and includes an AED 1.8 billion bond repaid in full on its maturity date. This AED denominated bond was originally issued in 2006 with a seven year term and listed on the DFM Stock Exchange.

Debt maturity profile

Our objective is to achieve a well-spread debt repayment profile as achieved through the two amortising bonds issued in early 2013. The last of the existing bullet bonds, SGD 150 million Singapore Dollar 2006 (Tranche B) bond and US$ 1 billion Reg S bond 2011 totaling to AED 4.1 billion, are due for repayment in June 2016 during the financial year 2016-17.

Debt collateralization

Of the total debt of AED 42.4 billion, 76.4% or AED 32.4 billion is secured against property plant and equipment. The remaining debt of AED 10 billion is adequately covered against the carrying value of unencumbered assets amounting to AED 31.9 billion.

Currency and interest rate risk

Interest rates

We continue to target a balanced portfolio approach, whilst still taking advantage of market movements, with a long-term view of hedging around half of our interest rate and currency risk exposures, using prudent hedging solutions including swaps and options. Borrowings and lease liabilities (net of cash) including the off balance sheet aircraft on operating lease at 31 March 2014, comprise 94% on a fixed interest rate basis with the balance 6% on floating interest rates.

At 31 March 2014, borrowings and lease liabilities carry an effective interest rate of 3.2% (2012-13: 3.1%).

Currency

We proactively manage our currency exposure by using prudent hedging solutions including currency swaps, options and natural hedges through outflows denominated in Pound sterling, Euro, Australian dollars, New Zealand dollars, Japanese yen, Indian rupees, Chinese yuan and South African rand. For the year ended 31 March 2014, hedging coverage in these currencies stood between 15% and 63% of net surplus funds.

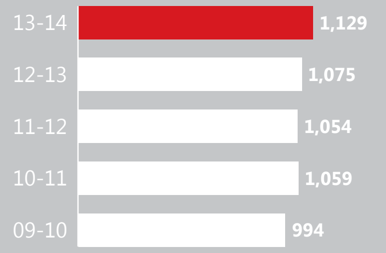
The change in average exchange rates in the current year over the previous year for the following currency pairs (FC to AED) is tabulated below.

Currency	Avg FX rate 2013-14	Avg FX rate 2012-13	% change
EUR	4.906	4.742	3.5
GBP	5.820	5.820	0.0
AUD	3.427	3.779	(9.3)
INR	0.061	0.067	(9.2)
ZAR	0.363	0.435	(16.7)
JPY	0.037	0.045	(17.7)

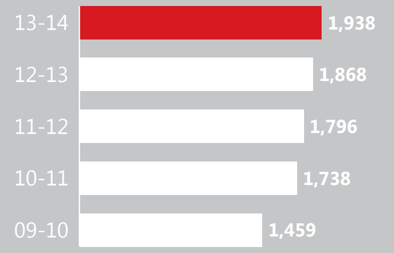
These six currencies account for circa 41% of transport revenue while US$, AED and other Gulf currencies pegged to the US dollar account for another 35% of transport revenue.

Geographical work force in %

Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Employee strength and productivity

The average workforce rose by 4,838 or 10.1% to 52,516. This is the first time the 50,000 employee mark has been crossed.

The average number of employees in the airline increased by 3,404 (8.9%) to 41,471 with the growth mainly coming from cabin crew, the result of adding a net 20 aircraft to the fleet. The growth in airline staff based at our outstations was primarily the result of adding nine new destinations during the year.

In the 'others' category, the 11.9% growth in manpower numbers is mainly in the commercial and group service departments based in Dubai while the 14.9% increase in subsidiary companies is attributable to Emirates Flight Catering due to the increase in activity levels.

Employee strength	2013-14	2012-13	% change
UAE			
Cabin crew	17,591	15,892	10.7
Flight deck crew	3,505	3,336	5.1
Engineering	2,473	2,322	6.5
Others	12,293	10,981	11.9
	35,862	**32,531**	**10.2**
Overseas stations	5,609	5,536	1.3
Total Airline	**41,471**	**38,067**	**8.9**
Subsidiary companies	**11,045**	**9,611**	**14.9**
Average employee strength	**52,516**	**47,678**	**10.1**

The airline's employee productivity related key performance indicators recorded good improvements:

- Revenue per airline employee has improved 3.7% to AED 1,938 thousand (2012-13: AED 1,868 thousand).
- Capacity per airline employee increased 5% to 1,129 thousand ATKM (2012-13: 1,075 thousand ATKM).
- The load carried per airline employee also increased 3.5% to 751 thousand RTKM (2012-13: 726 thousand RTKM).

dnata Financial Commentary

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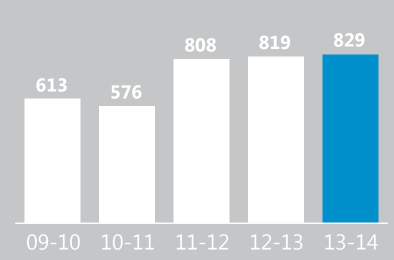
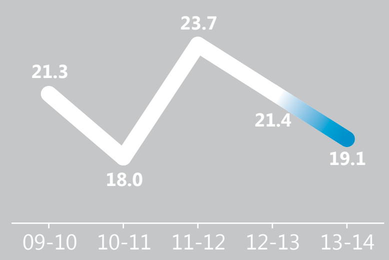
Additional Information

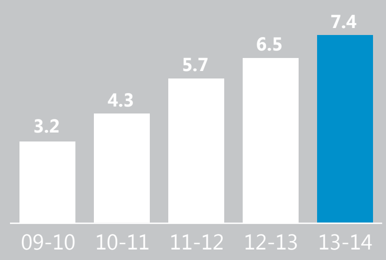
Profit attributable to the Owner in AED m



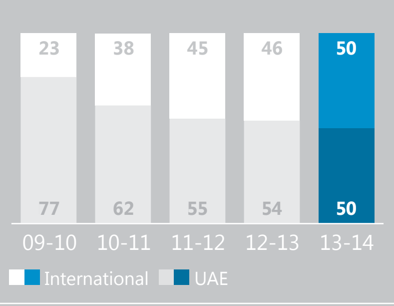
Return on shareholder's funds in %



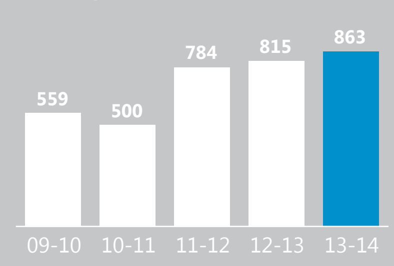
Revenue in AED bn



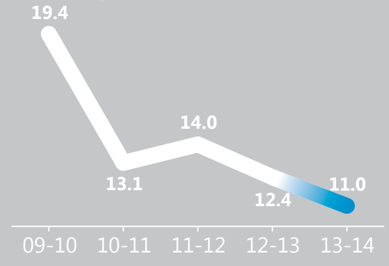
Geographical revenue in %



Operating profit in AED m



Profit margin in %



Revenue in AED m	2013-14	2012-13	% change	% of total
Airport operations	2,839	2,474	14.8	38.1
In-flight catering	1,753	1,407	24.6	23.5
Cargo	1,166	1,077	8.3	15.7
Information technology	814	755	7.8	10.9
Travel services	662	544	21.7	8.9
Other	214	279	(23.3)	2.9
Total	**7,448**	**6,536**	**14.0**	**100.0**

Another record year for dnata with revenues climbing AED 912 million or 14% to AED 7.4 billion, achieved through organic growth and through a strategy of international acquisitions in all core business segments.

In April 2013, we acquired the business of Broadlex Air Services, a company providing aircraft cleaning services across five airports in Australia, through a wholly owned subsidiary Airline Cleaning Services Pty. Limited.

Then in May 2013, we obtained 100% control of a joint venture, Servair Air Chef srl ("Air Chef"), by acquiring the remaining 50% interest through our wholly owned subsidiary, Alpha Flight Italia srl. The Air Chef network provides catering services at 23 airports in Italy.

Finally in February 2014, we went on to acquire 100% of Gold Medal International plc, UK, one of the leading distributors of long-haul travel products in the UK.

At our home base, the airport operations business grew with the increased activity levels at Dubai International airport and the commencement of passenger ground handling services at Al Maktoum International airport at Dubai World Central (DWC), Dubai's 2nd airport.

Profitability

The profit attributable to the Owner for 2013-14 at AED 829 million is up 1.2% over the previous financial year. Profitability was impacted by higher costs on core investments made towards dnata's aim of becoming the world's most admired air services provider. We maintained our focus on delivering a quality service and absorbed additional costs such as the investment in the group wide safety initiative - 'One Safety', taking on additional warehousing space as well as deploying additional manpower during the expansion phase at Dubai International airport.

One-time costs were also incurred on the strategic acquisitions made during the year.

Operating profit grew to AED 863 million (2012-13: AED 815 million), an increase of 5.9% over last year. The operating margin at 11.4% (2012-13: 12.3%) was impacted by costs growing at a faster pace than revenues. As a consequence, the profit margin for the year was also lower at 11% (2012-13: 12.4%).

The return on shareholder's funds works out to 19.1% (2012-13: 21.4%) and still represents a healthy return on equity.

Revenue

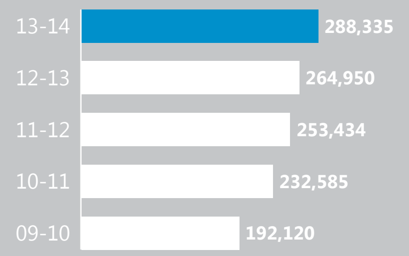
Revenue grew 14% or AED 912 million to AED 7.4 billion (2012-13: AED 6.5 billion).

All lines of business recorded an increase in revenue with the highest growth of 22.3% or AED 352 million coming from sale of goods revenue mainly on account of the first time consolidation of Air Chef.

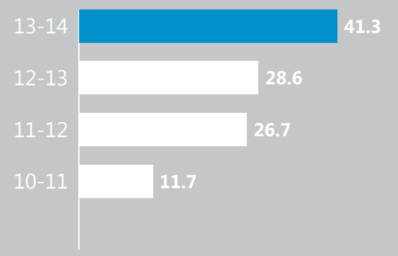
Airport operations remains the largest revenue contributor this year at 38.1% (2012-13: 37.9%) of total revenue followed by in-flight catering which accounts for 23.5%, up from 21.5% last year.

The share of geographic revenue from international operations has grown for the first time to 50% (2012-13: 46%) in the current year. This is consistent with our strategy to grow the international business in a controlled manner.

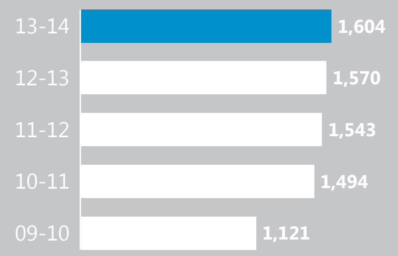
Aircraft handled



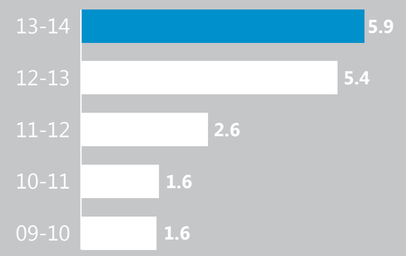
Meals uplifted number in millions



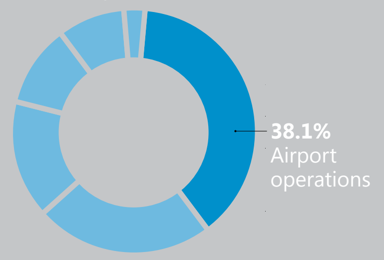
Cargo handled in tonnes '000



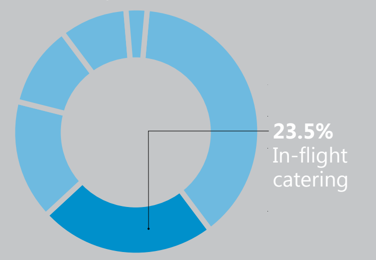
Travel services related net sales in AED bn



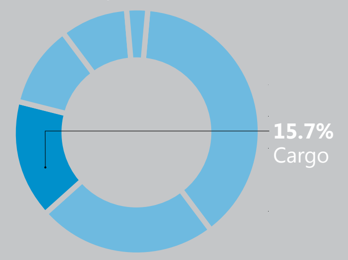
Revenue by line of business in %



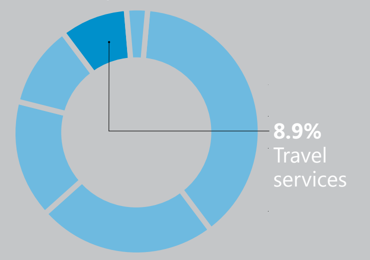
Revenue by line of business in %



Revenue by line of business in %



Revenue by line of business in %



Airport operations

Airport operations recorded revenues of AED 2.8 billion (2012-13: AED 2.5 billion). The growth of AED 365 million comes from the Dubai operations, acquisition of Airline Cleaning Services in Australia, offset by lower revenues in dnata Switzerland. Growth in Dubai is due to increases in rates and volumes including the new business at DWC.

Growth in terms of aircraft handled in Dubai is 8.4% while the total number of aircraft handled worldwide climbed 8.8% to 288,335 (2012-13: 264,950).

Globally we handle in excess of 250 airlines at 27 airports in 9 countries and maintain our position as the world's largest ground handler of the A380 superjumbo.

Catering

Revenue from in-flight catering grew 24.6% to AED 1.8 billion (2012-13: AED 1.4 billion) on account of the first time consolidation of Air Chef, Italy as well as growth in the Australian and UK markets. Dnata Catering Services Ltd along with its joint venture tie-ups now serves 62 airports mainly in Europe, Australia and the Middle East.

Air Chef's consolidation is the primary reason for the number of meals uplifted rising sharply by 44.4% to 41.3 million (2012-13: 28.6 million).

Growth in the Australian market is also the result of opening new kitchen facilities in Adelaide and expanding floor space by more than 5,000 sqm in Brisbane and Perth to cater to the growing demands of our customers.

En Route, UK revenues are up 30% over the previous year due to the global rollout of its product offering.

Cargo

Cargo revenue increased 8.3% to AED 1.2 billion (2012-13: AED 1.1 billion). The growth is predominantly coming from the Dubai, UK and Iraq based operations offset by lower revenues in Singapore.

Cargo volumes handled are up 2.2% at 1,604 thousand tonnes compared with last year. Dubai World Central, Dubai's 2nd airport accounts for 30% (2012-13: 29%) of the cargo handling activities in Dubai, and is set to grow further next year with freighter operators shifting away from Dubai International airport.

Cargo tonnage grew 32.5% over the previous year in the UK, in part helped by the expansion of warehouses in Heathrow and Manchester and adding 5 new warehouse facilities at Glasgow, Birmingham, Newcastle, East Midlands and Gatwick.

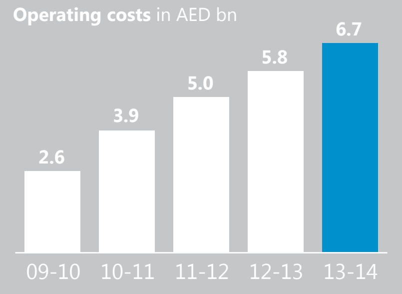
Travel services

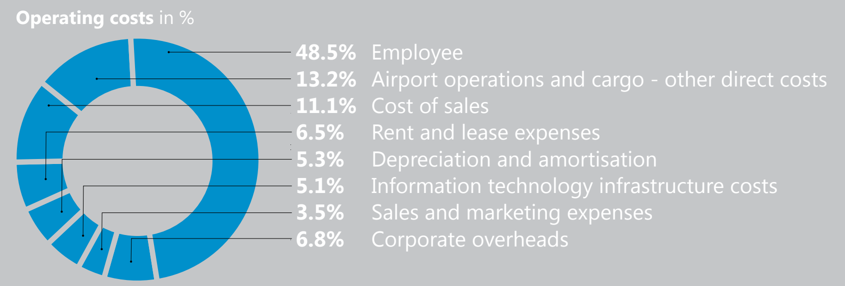
Travel services revenue has grown 21.7% to AED 662 million (2012-13: AED 544 million) driven by dnata's brands in the UK market, mainly Travel Republic where revenue is up 18.7% over the previous year. The full year impact of the Gold Medal acquisition will be reflected only in the next financial year.

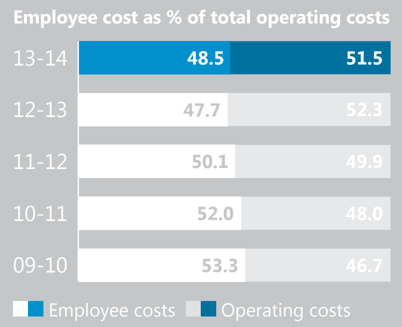
The underlying travel services related turnover measured by net sales value, has increased 10% over the previous year to AED 5.9 billion (2012-13: AED 5.4 billion).

Information technology

On account of increased demand from airlines for support, development, hosting and revenue accounting services, information technology services revenue is up 7.8% to AED 814 million (2012-13: AED 755 million).







Operating costs in AED m	2013-14	2012-13	% change
Employee	3,251	2,771	17.3
Airport operations and cargo - other direct costs	883	798	10.7
Cost of sales	747	601	24.3
Rent and lease expenses	436	372	17.2
Depreciation and amortisation	353	328	7.6
Information technology infrastructure costs	345	308	12.0
Sales and marketing expenses	234	194	20.6
Corporate overheads	453	435	4.1
Total	6,702	5,807	15.4

Expenditure

Operating costs at AED 6.7 billion (2012-13: AED 5.8 billion) are up 15.4% or AED 895 million. The increase comes mainly from the growth in operations at the Dubai base and from consolidating the newly acquired subsidiary companies.

This year also marks the first full year of operations at Concourse A, the dedicated A380 terminal for Emirates at Dubai International airport. The increase in passenger throughput through Terminal 3 has resulted in the number of bags handled increasing 17% to 56.4 million while the expansion of Terminal 2 has increased passengers handled by 34% to 8.7 million and baggage handled by 34% to 10.3 million.

Employee costs

Employee costs at AED 3.3 billion (2012-13: AED 2.8 billion) continues as the single largest element comprising 48.5% of operating costs (2012-13: 47.7%). The increase over the previous year amounts to AED 480 million or 17.3%.

In Dubai, higher employee numbers and pay awards increased costs by 13.6%. There is a 21.3% cost increase in subsidiary companies mainly due to acquisitions during the year.

Airport operations and cargo costs

Airport operations and cargo – other direct costs increased AED 85 million or 10.7% to AED 883 million. The cost increase in Dubai stems from the growth in flights handled while the first time consolidation of Airline Cleaning Services accounted for the change in subsidiary company related costs.

Cost of sales

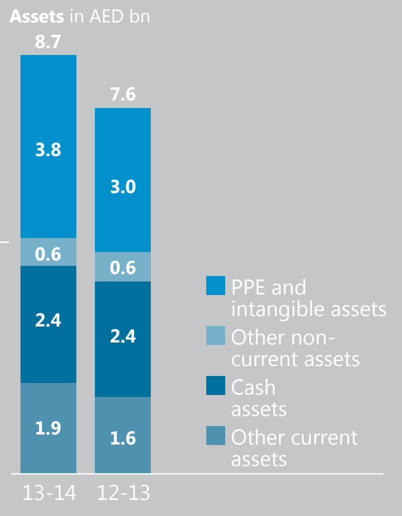
Cost of sales at AED 747 million increased by AED 146 million or 24.3% over the previous year mainly due to the consolidation of Air Chef and Gold Medal as well as higher meal uplifts in Australia and the UK.

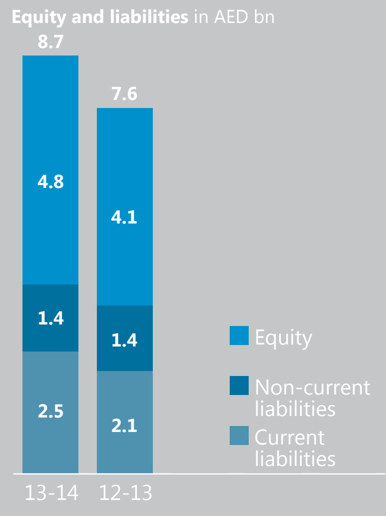
Other operating costs

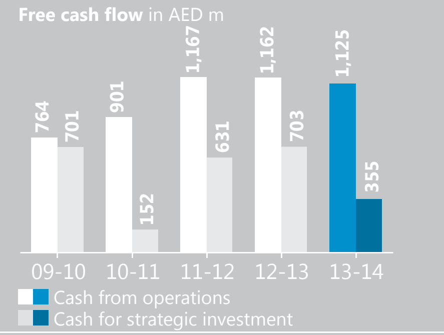
The increase in sales and marketing costs of AED 40 million or 20.6% is on account of higher pay-per-click costs stemming from the increased turnover in Travel Republic, UK.

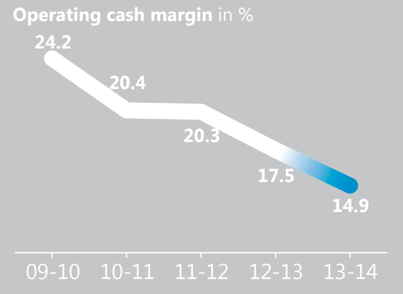
The newly acquired subsidiary companies account for the majority of the increase in office accommodation, depreciation and corporate overheads cost elements.

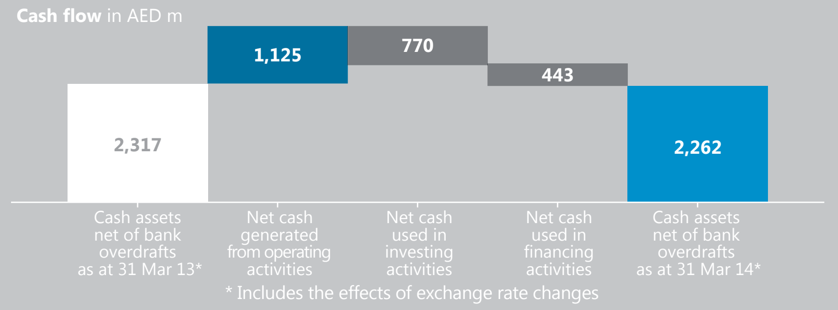
The additional 20,000 sqm cargo warehousing facilities taken for dnata City, UK also influence office accommodation costs. Corporate overhead cost includes expenditure on the 'One Safety' campaign which we believe is our responsibility as an employer and as a service provider to our customers.











Assets in AED m	2013-14	2012-13	change	% change
PPE and intangible assets	3,785	2,989	796	26.6%
Other non-current assets	579	605	(26)	(4.3%)
Cash assets	2,434	2,396	38	1.6%
Other current assets	1,869	1,581	288	18.2%
Total	8,667	7,571	1,096	14.5%

Balance Sheet Structure

Assets

Total assets value reflects a growth of 14.5% or AED 1.1 billion to AED 8.7 billion.

Net investment in property, plant and equipment is up 22.2% or AED 257 million to AED 1.4 billion (2012-13: AED 1.2 billion). Additional investments were made in ground support equipment, IT hardware, catering equipment and expanding our cargo terminal facilities at Dubai and dnata City at London Heathrow.

Intangible assets increased to AED 2.4 billion (2012-13: 1.8 billion) as a result of investments in identifiable assets i.e. brands, customer relationships and contractual rights from the strategic acquisitions made during the year. The carrying value of goodwill which accounts for 71.8% of the net book value of intangible assets is confirmed on an annual basis through impairment testing.

Equity and liabilities

Total equity at AED 4.8 billion reflects a 16.1% growth or AED 659 million over the previous year. The increase is mainly in retained earnings (2013-14: AED 4.6 billion) on account of the profit for the year reduced by the dividend declared of AED 200 million.

Non-current liabilities remain relatively unchanged with no significant movement between the line items. The AED 402 million or 18.9% growth in current liabilities is due to an increase in trade and other payables and stems from the acquisition of Gold Medal and from the growth in business.

Equity and liabilities in AED m	2013-14	2012-13	change	% change
Equity	4,756	4,097	659	16.1%
Non-current liabilities	1,386	1,351	35	2.6%
Current liabilities	2,525	2,123	402	18.9%
Total	8,667	7,571	1,096	14.5%

Cash position

Cash from operations

Cash generated from operating activities remained unchanged at AED 1,125 million (2012-13: AED 1,162 million) on account of a stable cash profit from operations.

Operating cash margin is lower at 14.9% (2012-13: 17.5%) and is the result of a reduced profit margin on account of the costs committed towards achieving our strategic objectives.

Free cash flow

Free cash flow is adequate to meet our needs for organic and inorganic growth and provides the desired flexibility for making strategic investments.

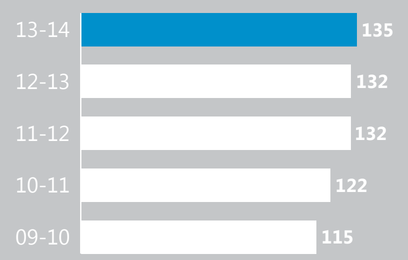
Free cash flow declined to AED 355 million (2012-13: AED 703 million) in the current year on account of the increased investment in property, plant and equipment and the payout of AED 328 million towards the acquisition of subsidiary companies.

Cash assets

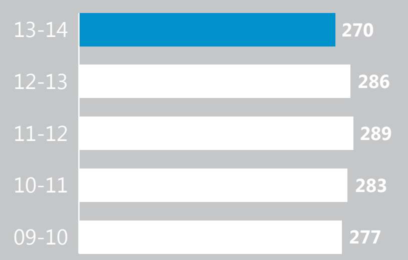
Cash assets remain strong, up 1.6% to AED 2.4 billion. This increase is after outflows of AED 770 million for investing activities adjusted for the movement in short term bank deposits and a further AED 443 million used in financing activities.

Revenue per employee in AED '000

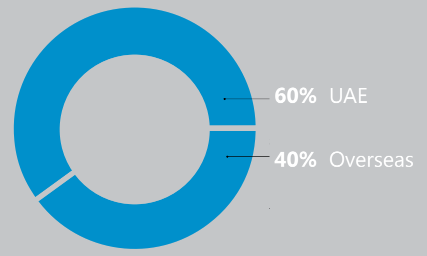
Man hours per turn in hours



Cargo handled per man hour in kgs



Geographical work force in %



Employee strength

	2013-14	2012-13	% change
Airport operations	9,441	8,373	12.8
Cargo handling	877	877	0.0
Information technology	1,547	1,438	7.6
Travel services	991	889	11.5
Others	486	484	0.4
Total dnata (parent co.)	**13,342**	**12,061**	**10.6**
Subsidiaries	**9,638**	**8,168**	**18.0**
Average employee strength	**22,980**	**20,229**	**13.6**

Employee strength and productivity

During 2013-14, the average workforce increased by 2,751 or 13.6% to 22,980. The average employee count for the dnata parent company rose 10.6% or by 1,281 to 13,342 (2012-13: 12,061).

The main increase with 1,068 employees is in the airport operations area and stems from the additional manpower deployed to meet the logistic challenges posed by the expansion of Dubai International airport and the commencement of passenger handling services at Al Maktoum International airport in Dubai World Central.

The average number of employees in our subsidiary companies is up 18% or by 1,470 to 9,638, mainly as a result of the Gold Medal and Air Chef acquisitions. With the growth in international operations, 40% (2012-13: 38%) of the workforce is now based outside the UAE.

Productivity measured in terms of revenue per employee has risen 8.9% to AED 356 thousand from AED 327 thousand in 2012-13. Revenue from the acquisitions during the year have been normalised to arrive at this result.

Productivity measured in terms of man hours per aircraft turn at 135 (2012-13: 132) was impacted by the additional work force deployed at Dubai.

Productivity measured in terms of cargo handled per man hour at 270 kgs is lower by 5.6% (2012-13: 286 kgs) on account of lower volumes in Singapore.

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 2014 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
1 May 2014

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Consolidated Income Statement
for the year ended 31 March 2014

	Note	2014 AED m	2013 AED m
Revenue	5	80,717	71,159
Other operating income	6	1,919	1,954
Operating costs	7	(78,376)	(70,274)
Operating profit		**4,260**	**2,839**
Finance income	8	247	406
Finance costs	8	(1,179)	(900)
Share of results of investments accounted for using the equity method	13	136	127
Profit before income tax		**3,464**	**2,472**
Income tax expense	9	(47)	(64)
Profit for the year		**3,417**	**2,408**
Profit attributable to non-controlling interests		163	125
Profit attributable to Emirates' Owner		**3,254**	**2,283**

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2014

	Note	2014 AED m	2013 AED m
Profit for the year		**3,417**	**2,408**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	25	(148)	(70)
Items that may be reclassified subsequently to the consolidated income statement			
Currency translation differences	19	(48)	9
Cash flow hedges	19	182	56
Other comprehensive income		**(14)**	**(5)**
Total comprehensive income for the year		**3,403**	**2,403**
Total comprehensive income attributable to non-controlling interests		163	125
Total comprehensive income attributable to Emirates' Owner		**3,240**	**2,278**

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 March 2014

	Note	2014 AED m	2013 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	71,582	57,039
Intangible assets	12	928	910
Investments accounted for using the equity method	13	495	485
Advance lease rentals	14	812	807
Loans and other receivables	15	428	508
Derivative financial instruments	35	5	92
Deferred income tax asset	29	-	15
		74,250	**59,856**
Current assets			
Inventories	16	1,706	1,564
Trade and other receivables	17	9,086	8,744
Derivative financial instruments	35	1	67
Short term bank deposits	33	8,754	18,048
Cash and cash equivalents	33	7,807	6,524
		27,354	**34,947**
Total assets		**101,604**	**94,803**

	Note	2014 AED m	2013 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Other reserves	19	(634)	(768)
Retained earnings		25,009	22,729
Attributable to Emirates' Owner		**25,176**	**22,762**
Non-controlling interests		**295**	**270**
Total equity		**25,471**	**23,032**
Non-current liabilities			
Trade and other payables	30	287	269
Borrowings and lease liabilities	20	38,500	35,483
Deferred revenue	27	1,440	1,460
Deferred credits	28	234	294
Derivative financial instruments	35	599	1,016
Provisions	24	2,643	1,930
Deferred income tax liability	29	2	-
		43,705	**40,452**
Current liabilities			
Trade and other payables	30	27,079	25,013
Income tax liabilities		30	24
Borrowings and lease liabilities	20	3,931	5,042
Deferred revenue	27	1,227	1,147
Deferred credits	28	66	87
Derivative financial instruments	35	95	6
		32,428	**31,319**
Total liabilities		**76,133**	**71,771**
Total equity and liabilities		**101,604**	**94,803**

The consolidated financial statements were approved on 1 May 2014 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2014

	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 2012		801	(833)	21,256	21,224	242	21,466
Remeasurement of retirement benefit obligations	25	-	-	(70)	(70)	-	(70)
Currency translation differences	19	-	9	-	9	-	9
Cash flow hedges	19	-	56	-	56	-	56
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**
Remeasurement of retirement benefit obligations	25	-	-	(148)	(148)	-	(148)
Currency translation differences	19	-	(48)	-	(48)	-	(48)
Cash flow hedges	19	-	182	-	182	-	182
Other comprehensive income		**-**	**134**	**(148)**	**(14)**	**-**	**(14)**
Profit for the year		-	-	3,254	3,254	163	3,417
Total comprehensive income		**-**	**134**	**3,106**	**3,240**	**163**	**3,403**
Dividends		-	-	(826)	(826)	(138)	(964)
Transactions with owners		**-**	**-**	**(826)**	**(826)**	**(138)**	**(964)**
31 March 2014		**801**	**(634)**	**25,009**	**25,176**	**295**	**25,471**

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2014

	Note	2014	2013
		AED m	AED m
Operating activities			
Profit before income tax		3,464	2,472
Adjustments for:			
Depreciation and amortisation	7	6,421	5,136
Finance costs - net	8	932	494
Loss / (gain) on sale of property, plant and equipment		26	(10)
Share of results of investments accounted for using the equity method	13	(136)	(127)
Net provision for impairment of trade receivables	17	5	(2)
Provision for employee benefits	7	616	510
Net movement on derivative financial instruments		9	(1)
Employee benefit payments		(485)	(442)
Income tax paid		(49)	(112)
Change in inventories		(142)	(95)
Change in receivables and advance lease rentals		(314)	(521)
Change in provisions, payables, deferred credits and revenue		2,302	5,512
Net cash generated from operating activities		**12,649**	**12,814**

	Note	2014	2013
		AED m	AED m
Investing activities			
Proceeds from sale of property, plant and equipment		78	439
Additions to intangible assets	12	(105)	(119)
Additions to property, plant and equipment	34	(13,958)	(5,773)
Investments in associates and joint ventures	13	(7)	(29)
Movement in short term bank deposits		9,294	(9,993)
Interest income		308	312
Dividends from investments accounted for using the equity method	13	133	102
Net cash used in investing activities		**(4,257)**	**(15,061)**
Financing activities			
Proceeds from bonds and loans		-	6,382
Repayment of bonds and loans		(2,530)	(2,165)
Aircraft financing costs		(790)	(689)
Other finance charges		(271)	(83)
Repayment of lease liabilities		(2,652)	(2,068)
Dividend paid		(726)	(40)
Dividend paid to non-controlling interests		(138)	(97)
Net cash (used in) / generated from financing activities		**(7,107)**	**1,240**
Net increase / (decrease) in cash and cash equivalents		**1,285**	**(1,007)**
Cash and cash equivalents at beginning of year		6,520	7,527
Effects of exchange rate changes		(5)	-
Cash and cash equivalents at end of year	33	**7,800**	**6,520**

Notes 1 to 39 form an integral part of these consolidated financial statements.

Overview
Emirates
dnata
Group
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Additional Information

Notes to the Consolidated Financial Statements for the year ended 31 March 2014

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 IFRS Interpretations Committee (IFRS IC). The consolidated financial statements are prepared under the historical cost convention except for those financial assets and financial liabilities that are measured at fair value as stated in the accounting policies below.

Standards and amendments to published standards that are relevant to Emirates' operations

Effective and adopted in the current year

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to the existing standards have been published and are mandatory for the current accounting period. These did not have a material impact on the consolidated financial statements and are set out below:

- 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)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to the existing standards have been published that are mandatory for accounting periods commencing after 1 April 2014 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendments which are likely to have an impact on Emirates' operations:

- IAS 36 (Revised), Impairment of Assets (effective from 1 January 2014)
- IFRS 9, Financial Instruments (effective from 1 January 2018)

2. Summary of significant accounting policies (continued)

Basis of consolidation

Subsidiaries are those entities (including structured entities) over which Emirates has control. Control is exercised when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. 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.

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 and where Emirates has rights to the net assets of the arrangement. Investments in joint ventures 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 the consolidated income statement. 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 the consolidated income statement. 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 the consolidated income statement.

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 compensations for loss of income or towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Foreign currency translation

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

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2. Summary of significant accounting policies (continued)

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 of investments accounted for using the equity method 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 recorded 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.

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.

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.

2. Summary of significant accounting policies (continued)

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.

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 an 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.

2. Summary of significant accounting policies (continued)

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

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.

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.

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.

2. Summary of significant accounting policies (continued)

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.

3. Critical accounting estimates and judgements (continued)

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonable change in these assumptions are set out in Note 25.

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. Fair value estimation

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.

Derivatives are the only financial instruments which are carried at fair value and fall into level 2 of the fair value hierarchy (Note 35).

Derivatives comprise forward exchange contracts and interest rate swaps. The forward exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

5. Revenue

	2014	2013
	AED m	AED m
Services		
Passenger	65,405	57,477
Cargo	11,263	10,346
Excess baggage	412	388
Hotel operations	395	234
Destination and leisure	228	226
Others	459	307
	78,162	**68,978**
Sale of goods		
Consumer goods	1,313	1,196
Food and beverage	625	502
In-flight catering	617	483
	2,555	**2,181**
	80,717	**71,159**

6. Other operating income

Other operating income comprises AED 1,127 m (2013: AED 1,098 m) from liquidated damages and other compensation received in connection with aircraft, AED Nil (2013: AED 25 m) being the gain on sale and leaseback of aircraft, aircraft engines and parts, and income of AED 792 m (2013: AED 831 m) from ancilliary services and activities incidental to Emirates' operations.

7. Operating costs

	2014	2013
	AED m	AED m
Jet fuel	30,685	27,855
Employee (see (a) below)	10,230	9,029
Aircraft operating leases (see (b) below)	6,548	5,916
Depreciation and amortisation (Notes 11 & 12)	6,421	5,136
Sales and marketing	5,421	5,270
Handling	4,648	4,073
In-flight catering and related costs	3,529	3,159
Overflying	2,386	2,086
Aircraft maintenance	2,146	1,865
Office accommodation and IT costs (see (c) below)	1,878	1,649
Landing and parking	1,568	1,335
Cost of goods sold	1,190	1,042
Corporate overheads (see (d) below)	1,726	1,859
	78,376	**70,274**

(a) Employee costs include AED 616 m (2013: AED 510 m) in respect of post-employment benefits.

(b) Aircraft operating lease charges include AED Nil (2013: AED 160 m) in respect of "wet" leases of freighter aircraft.

(c) Office accommodation and IT costs include non-aircraft operating lease charges amounting to AED 647 m (2013: AED 544 m).

(d) Corporate overheads include a net foreign exchange loss of AED 46 m (2013: AED 244 m).

8. Finance income and costs

	2014	2013
	AED m	AED m
Finance income		
Interest income on short term bank deposits	228	341
Related parties (Note 37)	19	65
	247	**406**
Finance costs		
Aircraft financing costs	(816)	(717)
Interest charges on bonds and term loans	(252)	(96)
Other finance costs	(111)	(87)
	(1,179)	**(900)**

9. Income tax expense

	2014	2013
	AED m	AED m
The components of income tax expense are:		
Current tax expense	47	68
Deferred tax credit (Note 29)	-	(4)
	47	**64**

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

10. Segment information

Emirates' management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The airline business unit, which provides commercial air transportation including passenger 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 as a reconciling item. The breakdown of revenue from external customers by nature of business activity is provided in Note 5.

Segment assets include inter-segment loans and receivables, which are eliminated on consolidation. This consolidation adjustment is presented as a reconciling item.

The segment information for the year ended 31 March 2014 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	78,228	2,254	2,221	(295)	82,408
Inter-segment revenue	-	1,637	54	-	1,691
Revenue from external customers	78,228	617	2,167	(295)	80,717
Segment profit for the year	2,753	375	289	-	3,417
Finance income	252	5	1	(11)	247
Finance costs	(1,178)	(1)	(11)	11	(1,179)
Income tax (expense) / credit	(61)	-	14	-	(47)
Depreciation and amortisation	(6,163)	(85)	(173)	-	(6,421)
Share of results of investments accounted for using the equity method	-	-	136	-	136
Segment assets	95,104	2,015	5,257	(772)	101,604
Investments accounted for using the equity method	-	-	495	-	495
Additions to property, plant and equipment	20,535	178	324	-	21,037
Additions to intangible assets	105	-	-	-	105
Additions to advance lease rentals	169	-	-	-	169

10. Segment information (continued)

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) / credit	(99)	-	35	-	(64)
Depreciation and amortisation	(4,925)	(75)	(136)	-	(5,136)
Share of results of investments accounted for using the equity method	-	-	127	-	127
Segment assets	88,740	1,786	5,068	(791)	94,803
Investments accounted for using the equity method	-	-	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

Geographical information

	2014 AED m	2013 AED m
Revenue from external customers:		
East Asia and Australasia	23,832	20,884
Europe	23,424	20,140
Americas	9,178	8,275
Gulf and Middle East	8,298	7,117
West Asia and Indian Ocean	8,259	8,031
Africa	7,726	6,712
	80,717	**71,159**

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

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

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

11. Property, plant and equipment

	Aircraft	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**

11. 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 2013	41,694	4,518	9,320	11,621	7,042	74,195
Additions	-	414	11	2,398	18,214	21,037
Transfer from capital projects	14,768	169	325	435	(15,697)	-
Disposals / write off	-	(60)	(19)	(1,662)	-	(1,741)
Currency translation differences	-	-	(56)	(11)	(1)	(68)
31 March 2014	**56,462**	**5,041**	**9,581**	**12,781**	**9,558**	**93,423**
Depreciation						
1 April 2013	7,515	1,242	2,081	6,318	-	17,156
Charge for the year	3,012	320	395	2,610	-	6,337
Disposals / write off	-	(27)	(19)	(1,591)	-	(1,637)
Currency translation differences	-	-	(9)	(6)	-	(15)
31 March 2014	**10,527**	**1,535**	**2,448**	**7,331**	**-**	**21,841**
Net book amount						
31 March 2014	**45,935**	**3,506**	**7,133**	**5,450**	**9,558**	**71,582**

The net book amount of property, plant and equipment includes AED 38,543 m (2013: AED 32,593 m) in respect of aircraft held under finance leases.

The net book amount of aircraft includes an amount of AED 960 m (2013: AED 1,042 m) in respect of assets provided as security against term loans.

Land of AED 396 m (2013: AED 396 m) is carried at cost and is not depreciated.

The net book amount of land and buildings includes assets amounting to AED 156 m (2013: AED 155 m) 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 232 m (2013: AED 218 m). The interest on general borrowings were capitalised using a weighted average capitalisation rate of 4.8% (2013: 4.3%).

Capital projects include pre-delivery payments of AED 5,979 m (2013: AED 5,137 m) in respect of aircraft (Note 31) due for delivery between 2014 and 2025.

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12. 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 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**

12. 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 2013	564	162	19	28	718	1,491
Additions	-	-	-	-	105	105
Disposals / write off	-	-	-	-	(14)	(14)
Currency translation differences	-	-	-	(4)	(1)	(5)
31 March 2014	**564**	**162**	**19**	**24**	**808**	**1,577**
Amortisation and impairment						
1 April 2013	7	87	4	8	475	581
Amortisation for the year	-	11	1	1	71	84
Disposals / write off	-	-	-	-	(14)	(14)
Currency translation differences	-	-	-	(1)	(1)	(2)
31 March 2014	**7**	**98**	**5**	**8**	**531**	**649**
Net book value						
31 March 2014	**557**	**64**	**14**	**16**	**277**	**928**

Computer software includes an amount of AED 100 m (2013: AED 88 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		Discount rate	Gross margin	Terminal growth
			2014	2013			
			AED m	AED m	%	%	%
Consumer goods	UAE	Others	159	159	12	25	4
In-flight catering	UAE	In-flight catering	369	369	12	38	4
Food and beverage	UAE	Others	25	25	12	20	4
Food and beverage	Australia	Others	4	4	12	20	4
			557	**557**			

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13. 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

None of the subsidiaries have non-controlling interests that are material to Emirates.

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	Flight simulator training	UAE
Independent Wine and Spirit (Thailand) Company Limited	49.0	Wholesale and retail of consumer goods	Thailand

Premier Inn Hotels L.L.C. and Independent Wine and Spirit (Thailand) Company Limited are subject to joint control and, therefore, these investments are accounted for as joint ventures.

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

Movement of investments accounted for using the equity method

	2014 AED m	2013 AED m
Balance brought forward	**485**	**430**
Investments during the year	7	29
Share of results	136	127
Dividends	(133)	(102)
Currency translation differences	-	1
Balance carried forward	**495**	**485**

Aggregate financial information of associates, that are not material to Emirates, is set out below:

	2014 AED m	2013 AED m
Share of results of associates	81	78
Share of total comprehensive income of associates	**81**	**78**
Aggregate carrying value of investments in associates	**94**	**99**

Aggregate financial information of joint ventures, that are not material to Emirates, is set out below:

	2014 AED m	2013 AED m
Share of results of joint ventures	55	49
Share of total comprehensive income of joint ventures	**55**	**49**
Aggregate carrying value of investments in joint ventures	**401**	**386**

14. Advance lease rentals

	2014 AED m	2013 AED m
Balance brought forward	**964**	**474**
Additions during the year	169	617
Charge for the year	(163)	(127)
Balance carried forward	**970**	**964**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 17)	**158**	**157**
Total over one year	**812**	**807**

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

Advance lease rentals include AED 440 m (2013: 311 m) paid to a company under common control.

15. Loans and other receivables

	2014 AED m	2013 AED m
Related parties (Note 37)	161	349
Other receivables	64	62
	225	**411**
Prepayments	203	97
	428	**508**
The amounts (excluding prepayments) are receivable as follows:		
Between 2 and 5 years	221	401
After 5 years	4	10
	225	**411**
Loans and other receivables (excluding prepayments) are denominated in the following currencies:		
UAE Dirhams	69	65
US Dollars	136	318
Others	20	28

The fair value of loans and other receivables (excluding prepayments) amounts to AED 225 m (2013: AED 411 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 fair value of loans and other receivables falls into level 2 of the fair value hierarchy.

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

16. Inventories

	2014 AED m	2013 AED m
Engineering	649	604
In-flight consumables	587	554
Consumer goods	331	262
Others	139	144
	1,706	**1,564**

In-flight consumables include AED 269 m (2013: AED 256 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

17. Trade and other receivables

	2014 AED m	2013 AED m
Trade receivables - net of provision	5,344	5,005
Related parties (Note 37)	775	1,239
Prepayments	1,729	1,224
Advance lease rentals (Note 14)	158	157
Operating lease and other deposits	806	814
Other receivables	702	813
	9,514	**9,252**
Less: Receivables over one year (Note 15)	(428)	(508)
	9,086	**8,744**

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

17. Trade and other receivables (continued)

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

	2014 AED m	2013 AED m
Balance brought forward	**118**	**135**
Charge for the year	43	51
Unused amounts reversed	(38)	(53)
Amounts written off as uncollectible	(20)	(11)
Currency translation differences	-	(4)
Balance carried forward	**103**	**118**

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:

	2014 AED m	2013 AED m
Below 3 months	287	196
3-6 months	18	29
Above 6 months	6	150
	311	**375**

18. Capital

Capital represents the permanent capital of Emirates.

19. Other reserves

	Cash flow hedge reserve AED m	Translation reserve AED m	Total AED m
1 April 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)**
Currency translation differences	-	(48)	(48)
Loss on fair value of cash flow hedges	(97)	-	(97)
Transferred to the consolidated income statement	279	-	279
31 March 2014	**(682)**	**48**	**(634)**

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

	2014 AED m	2013 AED m
Revenue	(45)	22
Operating costs	(9)	(11)
Finance costs	(225)	(205)
	(279)	**(194)**

20. Borrowings and lease liabilities

	2014 AED m	2013 AED m
Non-current		
Bonds (Note 21)	9,479	9,954
Term loans (Note 22)	672	764
Lease liabilities (Note 23)	28,349	24,765
	38,500	**35,483**
Current		
Bonds (Note 21)	473	2,371
Term loans (Note 22)	92	151
Lease liabilities (Note 23)	3,359	2,516
Bank overdrafts (Note 33)	7	4
	3,931	**5,042**
	42,431	**40,525**
Borrowings and lease liabilities are denominated in the following currencies:		
UAE Dirhams	1,477	3,487
US Dollars	40,514	36,592
Singapore Dollars	437	444
Others	3	2

The effective interest rate per annum on lease liabilities was 2.8% (2013: 2.9%), term loans was 3.7% (2013: 3.3%) and on bonds was 4.5% (2013: 3.8%).

21. Bonds

	2014 AED m	2013 AED m
Balance brought forward	**12,382**	**7,968**
Additions during the year	-	6,428
Repayments during the year	(2,378)	(2,020)
Currency translation differences	(7)	6
Balance carried forward	**9,997**	**12,382**
Less: Transaction costs	(45)	(57)
	9,952	**12,325**

	2014 AED m	2013 AED m
Bonds are repayable as follows:		
Within one year (Note 20)	**473**	**2,371**
Between 2 and 5 years	6,524	6,394
After 5 years	2,955	3,560
Total over one year (Note 20)	**9,479**	**9,954**
Bonds are denominated in the following currencies:		
Fixed interest rate bonds		
Singapore Dollars	437	444
US Dollars	9,560	10,101
	9,997	**10,545**
Floating interest rate bonds		
UAE Dirhams	-	1,837
	-	**1,837**
	9,997	**12,382**
Less: Transaction costs	(45)	(57)
	9,952	**12,325**

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

21. Bonds (continued)

	2014 AED m	2013 AED m
The fair values of the bonds are as follows:		
Fixed interest rate bonds		
Singapore Dollars	440	455
US Dollars	9,626	10,198
	10,066	**10,653**
Floating interest rate bonds		
UAE Dirhams	-	1,831
	-	**1,831**
	10,066	**12,484**

The fair value of the bonds with fixed interest rates is based on listed prices and falls into level 1 of the fair value hierarchy. 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. The fair value of these bonds falls into level 2 of the fair value hierarchy.

22. Term loans

	2014 AED m	2013 AED m
Balance brought forward	**925**	**1,070**
Repayments during the year	(152)	(145)
Balance carried forward	**773**	**925**
Less: Transaction costs	(9)	(10)
	764	**915**
Loans are repayable as follows:		
Within one year (Note 20)	**92**	**151**
Between 2 and 5 years	405	412
After 5 years	267	352
Total over one year (Note 20)	**672**	**764**

	2014 AED m	2013 AED m
Loans are denominated in the following currencies:		
UAE Dirhams	43	106
US Dollars	721	809

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 730 m (2013: AED 814 m) are secured on aircraft.

The fair value of the term loans amounts to AED 752 m (2013: AED 903 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. The fair value of the term loans falls into level 2 of the fair value hierarchy.

23. Lease liabilities

Finance leases

	2014 AED m	2013 AED m
Gross lease liabilities:		
Within one year	4,239	3,274
Between 2 and 5 years	16,245	13,275
After 5 years	17,511	15,591
	37,995	**32,140**
Future interest	(6,287)	(4,859)
Present value of finance lease liabilities	**31,708**	**27,281**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 20)	**3,359**	**2,516**
Between 2 and 5 years	12,940	10,716
After 5 years	15,409	14,049
Total over one year (Note 20)	**28,349**	**24,765**

23. Lease liabilities (continued)

	2014 AED m	2013 AED m
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	30,274	25,737
UAE Dirhams	1,434	1,544

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

The fair value of lease liabilities amounts to AED 31,413 m (2013: AED 26,738 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. The fair value of lease liabilities falls into level 2 of the fair value hierarchy.

Operating leases

	2014 AED m	2013 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	45,978	44,983
Others	2,288	2,054
	48,266	**47,037**
Within one year	8,652	6,696
Between 2 and 5 years	23,685	23,247
After 5 years	15,929	17,094
	48,266	**47,037**

In the event of the aircraft leases being terminated prior to their expiry, penalties are payable. Had these leases been cancelled at 31 March 2014, the penalties would have been AED Nil (2013: AED 280 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 nine (2013: nine out of one hundred and twenty eight) aircraft under these leases.

In addition, Emirates has four (2013: five) Boeing aircraft contracted on operating leases for delivery between April 2014 and March 2016.

24. Provisions

	2014 AED m	2013 AED m
Retirement benefit obligations (Note 25)	1,048	769
Provision for maintenance (Note 26)	1,595	1,161
	2,643	**1,930**

25. 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 2014 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% (2013: 4.5%) and a discount rate of 4.75% (2013: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2014 were computed using the actuarial assumptions set out above.

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

	2014 AED m	2013 AED m
Funded scheme		
Present value of defined benefit obligations	1,789	1,508
Less: Fair value of plan assets	(1,774)	(1,493)
	15	**15**
Unfunded scheme		
Present value of defined benefit obligations	**1,033**	**754**
Liability recognised in the consolidated statement of financial position	**1,048**	**769**

(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 (2013: 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:

	2014 AED m	2013 AED m
Balance brought forward	**1,493**	**1,236**
Contributions received	251	233
Benefits paid	(72)	(47)
Change in fair value	102	71
Balance carried forward	**1,774**	**1,493**

25. 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 2015.

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:

	2014 AED m	2013 AED m
Balance brought forward	**754**	**616**
Current service cost	153	98
Interest cost	44	28
Remeasurement		
- changes in experience / demographic assumptions	12	3
- changes in financial assumptions	(33)	67
- changes in prior year assumptions	169	-
Payments made during the year	(66)	(58)
Balance carried forward	**1,033**	**754**

Payments made during the year include AED 9 m (2013: AED 12 m) for the transfer of accumulated benefits to Emirates' funded scheme.

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

	2014 AED m	2013 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	242	221
	242	**221**
Unfunded scheme		
Current service cost	153	98
Interest cost	44	28
	197	**126**
Defined contribution plan		
Contributions expensed	**177**	**163**
Recognised in the consolidated income statement	**616**	**510**

25. Retirement benefit obligations (continued)

The sensitivity of unfunded scheme to changes in the principal assumptions is set out below:

Assumption	Change	Effect on unfunded scheme AED m
Discount rate	+ 0.5%	(68)
	- 0.5%	77
Expected salary increases	+ 0.5%	80
	- 0.5%	(70)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In calculating the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period.

The weighted average duration of the unfunded scheme is sixteen years.

Through its defined benefit plans the group is exposed to a number of risks, the most significant of which are detailed below:

a) Change in discount rate: Retirement benefit obligations will increase due to a decrease in market yields of high quality corporate bonds.

b) Expected salary increases: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligations.

26. Provision for maintenance

Movements in the provision for maintenance are as follows:

	2014 AED m	2013 AED m
Balance brought forward	**1,233**	**757**
Charge for the year	602	397
Utilised on return of aircraft	(52)	(6)
Unwinding of discount	105	85
Unutilised amounts reversed	(86)	-
Balance carried forward	**1,802**	**1,233**

The provision is expected to be used as follows:

	2014 AED m	2013 AED m
Within one year (Note 30)	**207**	**72**
Over one year (Note 24)	**1,595**	**1,161**

27. Deferred revenue

	2014 AED m	2013 AED m
Balance brought forward	**2,607**	**1,989**
Additions during the year	1,675	1,647
Recognised during the year	(1,615)	(1,029)
Balance carried forward	**2,667**	**2,607**
Deferred revenue will be recognised as follows:		
Within one year	**1,227**	**1,147**
Over one year	**1,440**	**1,460**

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.

28. Deferred credits

	2014 AED m	2013 AED m
Balance brought forward	**381**	**486**
Net additions during the year	6	42
Recognised during the year	(87)	(147)
Balance carried forward	**300**	**381**
Deferred credits will be recognised as follows:		
Within one year	**66**	**87**
Over one year	**234**	**294**

29. 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 movement of the deferred tax asset and the deferred tax liability is as follows:

	2014 AED m	2013 AED m
Balance brought forward	**15**	**10**
Credited to the consolidated income statement (Note 9)	-	4
Tax consolidation settlements	(15)	-
Currency translation differences	(2)	1
Balance carried forward	**(2)**	**15**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 1,012 m (2013: AED 1,882 m).

30. Trade and other payables

	2014 AED m	2013 AED m
Trade payables and accruals	14,184	13,514
Related parties (Note 37)	875	513
Passenger and cargo sales in advance	11,300	10,483
Provision for maintenance (Note 26)	207	72
Dividend payable	800	700
	27,366	**25,282**
Less: Payables over one year	(287)	(269)
	27,079	**25,013**

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

31. Commitments

Capital commitments

	2014	2013
	AED m	AED m
Authorised and contracted:		
Aircraft fleet	130,573	141,660
Non-aircraft	5,744	4,969
Joint ventures	39	39
	136,356	**146,668**
Authorised but not contracted:		
Aircraft fleet	138,118	-
Non-aircraft	2,611	5,184
Joint ventures	8	25
	140,737	**5,209**
	277,093	**151,877**

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

Financial year	**Aircraft**
2014 - 2015	21
Beyond 2014 - 2015	280

In addition, options are held on seventy Boeing aircraft.

In the event that delivery of certain aircraft are not taken, penalties are payable by Emirates to the extent of AED 1,712 m.

Operational commitments

	2014	2013
	AED m	AED m
Sales and marketing	3,046	3,191

32. Guarantees

	2014	2013
	AED m	AED m
Performance bonds and letters of credit provided by banks in the normal course of business	392	365

Performance bonds and letters of credit include AED 117 m (2013: AED 113 m) provided by companies under common control.

33. Short term bank deposits and cash and cash equivalents

	2014	2013
	AED m	AED m
Bank deposits	11,790	20,361
Cash and bank	4,771	4,211
Cash and bank balances	**16,561**	**24,572**
Less: Short term bank deposits - over 3 months	(8,754)	(18,048)
Cash and cash equivalents as per the consolidated statement of financial position	**7,807**	**6,524**
Bank overdraft (Note 20)	(7)	(4)
Cash and cash equivalents as per the consolidated statement of cash flows	**7,800**	**6,520**

Cash and bank balances earned an effective interest rate of 1.7% (2013: 2.6%) per annum.

34. 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:

	2014	2013
	AED m	AED m
Payments for property, plant and equipment	21,037	13,259
Less: Assets acquired under finance leases	(7,079)	(7,486)
	13,958	**5,773**

35. Derivative financial instruments

Description	**2014**		**2013**	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Currency swaps and forwards	2014-2017	5	2013-2017	92
		5		**92**
Current assets				
Currency swaps and forwards		1		67
		1		**67**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2014-2023	(579)	2013-2023	(961)
Currency swaps and forwards	2014-2015	(20)	2013-2016	(55)
		(599)		**(1,016)**
Current liabilities				
Interest rate swaps		-		(1)
Currency swaps and forwards		(95)		(5)
		(95)		**(6)**

The notional principal amounts outstanding are:

	2014	2013
	AED m	AED m
Interest rate contracts	10,234	11,107
Currency contracts	8,738	3,244

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 12 m (2013: AED 8 m) will enter into the determination of profit between 2014 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.

36. 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
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**

36. 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
2014				
Assets				
Loans and other receivables (excluding prepayments)	225	-	-	225
Derivative financial instruments	-	6	-	6
Trade and other receivables (excluding prepayments and advance lease rentals)	7,402	-	-	7,402
Short term bank deposits	8,754	-	-	8,754
Cash and cash equivalents	7,807	-	-	7,807
Total	**24,188**	**6**	**-**	**24,194**
Liabilities				
Borrowings and lease liabilities	-	-	42,431	42,431
Provision for maintenance	-	-	1,802	1,802
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	15,414	15,414
Derivative financial instruments	-	694	-	694
Total	**-**	**694**	**59,647**	**60,341**

37. Related party transactions

The following transactions were carried out with related parties:

	2014	2013
	AED m	AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Associates	58	56
Sale of goods - Companies under common control	51	11
Sale of goods - Joint ventures	29	12
Services rendered - Companies under common control	82	81
Services rendered - Joint ventures	11	11
	231	**171**
(ii) Purchase of goods and services		
Purchase of goods - Associates	208	194
Purchase of goods - Companies under common control	5,048	4,288
Services received - Companies under common control	2,810	2,472
Services received - Joint ventures	-	15
	8,066	**6,969**
Other transactions:		
(i) Finance income		
Joint ventures	5	6
Companies under common control	14	59
	19	**65**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	116	98
Post-employment benefits	14	15
Termination benefits	1	-
	131	**113**

	2014	2013
	AED m	AED m
(iii) Purchase of assets		
Company under common control	80	-
Year end balances		
(i) Receivables - sale of goods and services		
Associates	28	26
Joint ventures	9	2
Companies under common control	25	79
	62	**107**
(ii) Receivables - other transactions		
Joint ventures	6	18
Companies under common control	198	488
	204	**506**
Receivable within one year	**157**	**345**
Receivable over one year (Note 15)	**47**	**161**

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.

37. Related party transactions (continued)

	2014	2013
	AED m	AED m
(iii) Payables -purchase of goods and services (Note 30)		
Associates	24	26
Companies under common control	851	487
	875	**513**
(iv) Loans		
Joint ventures	48	65
Companies under common control	455	556
	503	**621**
Movement in the loans were as follows:		
Balance brought forward	**621**	**1,414**
Additions during the year	308	312
Repayments during the year	(422)	(1,103)
Currency translation differences	(4)	(2)
Balance carried forward	**503**	**621**
Receivable within one year	**393**	**436**
Receivable over one year (Note 15)	**110**	**185**

The effective interest rate on the loans was 4% (2013: 4.5%) 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 Dubai government controlled entities in the normal course of business. The amounts involved are, both individually and in aggregate, not significant.

	2014	2013
	AED m	AED m
(v) Loans and advances to key management personnel		
Balance brought forward	**5**	**5**
Additions during the year	7	4
Repayments during the year	(6)	(4)
Balance carried forward	**6**	**5**
Receivable within one year	**2**	**2**
Receivable over one year (Note 15)	**4**	**3**

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.

38. 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 21% (2013: 48%) of short term bank deposits and cash and cash equivalents are held with financial institutions under common control. Approximately 88% (2013: 93%) 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:

	2014	2013
	AED m	AED m
AA- to AA+	260	2
A- to A+	9,153	9,519
BBB+	5,989	13,784
Lower than BBB+	-	1

38. Financial risk management (continued)

(ii) Market risk

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

Jet fuel price risk

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

Currency risk

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

Emirates is in a net payer position with respect to the US Dollar and in a net surplus position for other currencies. Currency surpluses are converted to US Dollar and UAE Dirham funds. Currency risks arise mainly from Emirates' revenue earning activities in 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 564 m (2013: AED 529 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 20 for interest cost exposures.

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

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.

	2014		2013	
	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	4	4	9	9
US Dollars	33	(64)	33	(97)
Others	-	-	-	(1)
	37	**(60)**	**42**	**(89)**
+ 25 basis points				
UAE Dirhams	(4)	(4)	(9)	(9)
US Dollars	(33)	64	(33)	97
Others	-	-	-	1
	(37)	**60**	**(42)**	**89**

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38. Financial risk management (continued)

	2014		2013	
	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	(10)	(10)	(15)	(15)
+ 25 basis points	10	10	15	15
Currency - Pounds Sterling				
+ 1%	2	(27)	6	2
- 1%	(2)	27	(6)	(2)
Currency - Euro				
+ 1%	4	(22)	3	(4)
- 1%	(4)	22	(3)	4
Currency - Australian Dollars				
+ 1%	1	(5)	1	(2)
- 1%	(1)	5	(1)	2
Currency - Japanese Yen				
+ 1%	-	(4)	-	(3)
- 1%	-	4	-	3
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.

38. Financial risk management (continued)

	Less than 1 year	2 - 5 years	Over 5 years	Total
	AED m	AED m	AED m	AED m
2014				
Borrowings and lease liabilities	5,299	24,277	20,995	50,571
Derivative financial instruments	405	342	12	759
Provision for maintenance	216	1,167	1,087	2,470
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	15,127	287	-	15,414
	21,047	**26,073**	**22,094**	**69,214**
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**

39. 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 2014, Emirates achieved a return on Owner's equity funds of 13.6% (2013: 10.4%) in comparison to an effective interest rate of 3.2% (2013: 3.1%) 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 2014, this ratio is 101.6% (2013: 69.3%) and if aircraft operating leases are included, the ratio is 209.9% (2013: 186.4%).

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 2014 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
1 May 2014

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

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Consolidated Income Statement for the year ended 31 March 2014

	Note	2014 AED m	2013 AED m
Revenue	5	7,448	6,536
Other operating income		117	86
Operating costs	6	(6,702)	(5,807)
Operating profit		**863**	**815**
Finance income		37	43
Finance costs		(40)	(41)
Share of results of investments accounted for using the equity method	10	56	22
Profit before income tax		**916**	**839**
Income tax expense	7	(50)	(38)
Profit from discontinued operations		-	53
Profit for the year		**866**	**854**
Profit attributable to non-controlling interests		37	35
Profit attributable to dnata's Owner		**829**	**819**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2014

	Note	2014 AED m	2013 AED m
Profit for the year		**866**	**854**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations net of deferred tax		8	(59)
Share of other comprehensive income of investments accounted for using equity method net of deferred tax	10	(36)	(20)
Items that may be reclassified subsequently to the consolidated income statement			
Currency translation differences		43	(55)
Net investment hedge	20	(15)	12
Share of other comprehensive income of investment accounted for using equity method net of deferred tax	10	13	2
Other comprehensive income		**13**	**(120)**
Total comprehensive income for the year		**879**	**734**
Total comprehensive income attributable to non-controlling interests		39	35
Total comprehensive income attributable to dnata's Owner		**840**	**699**
from continuing operations		840	646
from discontinued operations		-	53

Notes 1 to 31 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 March 2014

	Note	2014 AED m	2013 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,416	1,159
Intangible assets	9	2,369	1,830
Investments accounted for using the equity method	10	487	533
Advance lease rentals	11	25	26
Deferred income tax assets	22	33	11
Trade and other receivables	13	34	35
		4,364	**3,594**
Current assets			
Inventories	12	84	72
Trade and other receivables	13	1,783	1,509
Income tax asset		2	-
Short term bank deposits	26	846	1,932
Cash and cash equivalents	26	1,588	464
		4,303	**3,977**
Total assets		**8,667**	**7,571**

	Note	2014 AED m	2013 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital		63	63
Capital reserve		(24)	(23)
Other reserves	14	55	12
Retained earnings		4,580	3,976
Attributable to dnata's Owner		**4,674**	**4,028**
Non-controlling interests		82	69
Total equity		**4,756**	**4,097**
Non-current liabilities			
Trade and other payables	15	185	166
Borrowings and lease liabilities	19	570	638
Deferred income tax liabilities	22	131	108
Provisions	16	500	439
		1,386	**1,351**
Current liabilities			
Trade and other payables	15	2,205	1,885
Income tax liabilities		19	15
Borrowings and lease liabilities	19	296	204
Provisions	16	5	19
		2,525	**2,123**
Total liabilities		**3,911**	**3,474**
Total equity and liabilities		**8,667**	**7,571**

The consolidated financial statements were approved on 1 May 2014 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

Notes 1 to 31 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2014

	Note	Attributable to dnata's Owner						
		Capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		AED m	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2012		**63**	**(14)**	**52**	**3,513**	**3,614**	**69**	**3,683**
Currency translation differences		-	-	(55)	-	(55)	-	(55)
Net investment hedge	20	-	-	12	-	12	-	12
Remeasurement of retirement benefit obligations net of deferred tax		-	-	-	(59)	(59)	-	(59)
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	10	-	-	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)
Non-controlling interest on acquisition of a subsidiary	30	-	-	-	-	-	3	3
Option to acquire non-controlling interest	30	-	(9)	-	-	(9)	-	(9)
Transactions with owners		**-**	**(9)**	**-**	**(260)**	**(269)**	**(35)**	**(304)**
Share of other equity movements of investment accounted for using the equity method	10	-	-	2	(18)	(16)	-	(16)
31 March 2013		**63**	**(23)**	**12**	**3,976**	**4,028**	**69**	**4,097**
Currency translation differences		-	-	41	-	41	2	43
Net investment hedge	20	-	-	(15)	-	(15)	-	(15)
Remeasurement of retirement benefit obligations net of deferred tax		-	-	-	8	8	-	8
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	10	-	(1)	14	(36)	(23)	-	(23)
Other comprehensive income		**-**	**(1)**	**40**	**(28)**	**11**	**2**	**13**
Profit for the year		-	-	-	829	829	37	866
Total comprehensive income		**-**	**(1)**	**40**	**801**	**840**	**39**	**879**
Dividends		-	-	-	(200)	(200)	(27)	(227)
Non-controlling interest on acquisition of a subsidiary	30	-	-	-	-	-	1	1
Transactions with owners		**-**	**-**	**-**	**(200)**	**(200)**	**(26)**	**(226)**
Share of other equity movements of investment accounted for using the equity method	10	-	-	3	3	6	-	6
31 March 2014		**63**	**(24)**	**55**	**4,580**	**4,674**	**82**	**4,756**

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.

Notes 1 to 31 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2014

	Note	2014	2013
		AED m	AED m
Operating activities			
Profit before income tax including discontinued operations		916	907
Adjustments for:			
Depreciation and amortisation	8,9	353	344
Finance cost - net		3	2
Amortisation of advance lease rentals	11	1	1
Share of results of investments accounted for using the equity method	10	(56)	(22)
Gain on dilution of investment in an associate		-	(8)
Loss on sale of property, plant and equipment		10	20
Gain on sale of discontinued operations		-	(20)
Net provision for impairment of trade receivables	13	11	(2)
Provision for employee benefits	6	146	115
Employee benefit payments		(113)	(70)
Income tax paid		(75)	(71)
Change in inventories		(6)	7
Change in trade and other receivables		(85)	(78)
Change in provisions, trade and other payables		20	37
Net cash generated from operating activities		**1,125**	**1,162**
Investing activities			
Additions to property, plant and equipment	8	(495)	(371)
Additions to intangible assets	9	(33)	(68)
Proceeds from sale of property, plant and equipment		26	7
Investments in associates and joint ventures		(6)	-
Dividends from investments accounted for using equity method	10	5	28
Acquisition of subsidiaries	30	(328)	(20)
Proceeds from discontinued operations		-	20
Loans to related parties - net		28	(87)
Movement in short term bank deposits	26	1,086	(1,451)
Finance income		33	32
Net cash generated from / (used in) investing activities		**316**	**(1,910)**
Financing activities			
Net movement in term loans	20	(121)	64
Net lease liabilities		(2)	20
Finance cost		(33)	(39)
Dividends paid to non-controlling interests		(27)	(38)
Dividends paid to dnata's Owner		(260)	(350)
Net cash used in financing activities		**(443)**	**(343)**
Net increase / (decrease) in cash and cash equivalents		**998**	**(1,091)**
Cash and cash equivalents at beginning of year		385	1,492
Effects of exchange rate changes		33	(16)
Cash and cash equivalents at end of year	26	**1,416**	**385**

Notes 1 to 31 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2014

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 International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC). 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.

Standards and amendments to published standards that are relevant to dnata's operations

Effective and adopted in the current year

At the date of authorisation of these consolidated financial statements, certain new standards and amendments to the existing standards have been published and are mandatory for the current accounting period. These did not have a material impact on the consolidated financial statements and are set out below:

- 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)

Not yet effective and have not been early adopted

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 2014 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendments which are likely to have an impact on dnata's operations:

- IAS 36 (Revised), Impairment of Assets (effective from 1 January 2014)
- IFRS 9, Financial Instruments (effective from 1 January 2018)

2. Summary of significant accounting policies (continued)

Basis of consolidation

Subsidiaries are those entities over which dnata has control. Control is exercised when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

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 and where dnata has rights to the net assets of the arrangement. Investments in joint ventures 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 the consolidated income statement. 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 the consolidated income statement. 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 the consolidated income statement.

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 agency commission earned from the sale of third-party travel products and inclusive tours. Revenue relating to third-party travel products is recognised on the completion of sale. Revenue relating to inclusive tours is recognised on departure.

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.

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.

2. Summary of significant accounting policies (continued)

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 of investments accounted for using the equity method 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 recorded 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	15 - 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.

Goodwill

Goodwill represents the excess of the consideration transferred and the acquisition date fair value of any retained interest 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.

2. Summary of significant accounting policies (continued)

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.

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

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful life. The useful lives of intangible assets are:

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

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are 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.

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.

2. Summary of significant accounting policies (continued)

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.

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.

Useful lives of intangible assets

Management assigns useful lives 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 differing from initial estimates. Management has reviewed the useful lives of major intangible assets and determined that no adjustment is necessary.

3. Critical accounting estimates and judgements (continued)

Impairment of investments accounted for using the equity method

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 and intangible assets with indefinite useful lives

Determining whether goodwill or intangible assets with indefinite useful lives is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill or intangible assets with indefinite useful lives 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 9.

Valuation of defined benefit obligations

The present value of the defined benefit obligations is determined on actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. A sensitivity analysis of changes in defined benefit obligations due to a reasonable change in these assumptions are set out in Note 17.

4. Fair value estimation

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.

Derivatives, contingent consideration and option liability are carried at fair value. Derivatives fall into level 2 of the fair value hierarchy whereas contingent consideration and option liability fall into level 3 of the fair value hierarchy.

Derivatives comprise forward exchange contracts. The forward exchange contracts are fair valued using forward exchange rates that are quoted in an active market.

The fair values of contingent consideration and option liability are determined by using valuation techniques based on entity specific estimates. These estimates are not based on observable market data and hence classified under level 3 of the fair value hierarchy.

The changes in the fair value of level 3 instruments are set out in Note 15.

5. Revenue

	2014 AED m	2013 AED m
Services		
Airport operations	2,839	2,474
Cargo	1,166	1,077
Information technology	814	755
Travel services	662	544
Other	34	105
	5,515	**4,955**
Sale of goods		
In-flight catering	1,753	1,407
Other	180	174
	1,933	**1,581**
	7,448	**6,536**

6. Operating costs

	2014 AED m	2013 AED m
Employee (see below)	3,251	2,771
Airport operations and cargo - other direct costs	883	798
Cost of sales	747	601
Rental and lease expenses	436	372
Depreciation and amortisation	353	328
Information technology infrastructure costs	345	308
Sales and marketing expenses	234	194
Corporate overheads	453	435
	6,702	**5,807**

Employee costs include AED 146 m (2013: AED 115 m) in respect of post-employment benefits (Note 17).

7. Income tax expense

	2014 AED m	2013 AED m
The components of income tax expense are:		
Current tax	76	46
Deferred tax credit	(26)	(8)
	50	**38**

The income tax expense for the year can be reconciled to the accounting profit from continuing operations as follows:

	2014 AED m	2013 AED m
Profit before income tax	916	839
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**52**	**28**
Effect of non-deductible expenses	8	7
Effect of income exempt from tax	(8)	-
Recognition of previously unrecognised tax losses	(2)	(2)
Re-measurement of deferred tax - effect of changes in tax rates	(1)	-
Tax losses for which no deferred tax asset recognised	2	4
Effect of other items	(1)	1
Income tax expense	**50**	**38**

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

8. Property, plant and equipment

	Land, buildings and leasehold property AED m	Plant and machinery AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 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	(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	(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**

8. Property, plant and equipment (continued)

	Land, buildings and leasehold property AED m	Plant and machinery AED m	Office equipment and furniture AED m	Motor vehicles AED m	Capital projects AED m	Total AED m
Cost						
1 April 2013	705	1,125	1,156	45	81	3,112
Acquisition (Note 30)	5	18	105	9	-	137
Additions	66	141	145	7	136	495
Transfer from capital projects	60	5	19	-	(84)	-
Disposals / write off	(9)	(33)	(50)	(3)	(1)	(96)
Currency translation differences	(3)	6	6	-	(4)	5
31 March 2014	**824**	**1,262**	**1,381**	**58**	**128**	**3,653**
Depreciation						
1 April 2013	265	765	889	34	-	1,953
Acquisition (Note 30)	2	12	97	-	-	111
Charge for the year	40	73	113	6	-	232
Disposals / write off	-	(30)	(28)	(2)	-	(60)
Currency translation differences	(3)	-	4	-	-	1
31 March 2014	**304**	**820**	**1,075**	**38**	**-**	**2,237**
Net book amount at						
31 March 2014	**520**	**442**	**306**	**20**	**128**	**1,416**

The net book amount of property, plant and equipment includes AED 83 m (2013: AED 75 m) in respect of plant and machinery held under finance leases (Note 21).

Land of AED 8 m (2013: AED 17 m) is carried at cost and is not depreciated.

9. Intangible assets

	Goodwill AED m	Computer software AED m	Trade names AED m	Customer relationships AED m	Contractual rights AED m	Total AED m
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	(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	-	(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**
Cost						
1 April 2013	1,309	352	36	24	618	2,339
Acquisition (Note 30)	371	6	62	64	74	577
Additions	-	33	-	-	-	33
De-recognition (Note 10)	(37)	-	-	-	-	(37)
Disposals / write off	-	(1)	-	-	-	(1)
Currency translation differences	58	3	4	-	42	107
31 March 2014	**1,701**	**393**	**102**	**88**	**734**	**3,018**
Amortisation						
1 April 2013	-	188	5	14	302	509
Charge for the year	-	44	4	10	63	121
Disposals / write off	-	(1)	-	-	-	(1)
Currency translation differences	-	1	1	-	18	20
31 March 2014	**-**	**232**	**10**	**24**	**383**	**649**
Net book value at 31 March 2014	**1,701**	**161**	**92**	**64**	**351**	**2,369**

9. Intangible assets (continued)

Computer software includes an amount of AED 39 m (2013: AED 43 m) in respect of projects under implementation.

Trade names include an amount of AED 52 m (2013: Nil) with indefinite useful lives. It comprises of brands for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These assets are an integral part of the long term business strategy of travel services, UK and will continue to grow in future.

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 2014 AED m	Goodwill 2013 AED m	Discount rate %	Gross margin %	Terminal growth rate %
Airport services	Singapore	99	100	7.0	21.5	3.0
Airport services	Switzerland	282	263	6.0	6.7	1.5
Airport services	Australia	35	-	10.0	22.0	3.0
In-flight catering group	UK	562	425	8.0	14.5	1.5
Online travel services	UK	566	518	9.0	8.0	1.5
Travel services	UK	154	-	9.0	8.0	1.5
Travel services	UAE	3	3	-	-	-
		1,701	**1,309**			

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.

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10. Investments in subsidiaries, associates and joint ventures

Principal subsidiaries

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
dnata Travel (UK) Limited	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 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 Flight Italia srl	100	Holding company	Italy
Alpha Rocas SA	64.2	In-flight catering services	Romania
Alpha Flight Services UAE	49	In-flight catering services	United Arab Emirates
Jordan Flight Catering Company Ltd	35.9	In-flight catering services	Jordan
dnata International Private Limited	100	Travel agency	India
dnata World Travel Limited	75	Holding company	United Kingdom
Travel Republic Limited	75	Online travel services	United Kingdom
Incorporated during the previous year:			
Marhaba Bahrain SPC	100	Passenger meet and greet services	Bahrain
Airline Cleaning Services Pty Ltd	100	Aircraft cleaning services	Australia
Acquired during the previous year:			
En Route International Limited	80	Bakery and packaged food solutions	United Kingdom

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

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries			
Incorporated during the year:			
Najm Travel LLC	100	Travel agency	United Arab Emirates
dnata Travel Holdings UK Ltd	100	Travel services	United Kingdom
Acquired during the year:			
Air Chef srl	100	In-flight catering services	Italy
Servizi di Bordo srl	80	In-flight catering services	Italy
Gold Medal Travel Group plc	100	Travel services	United Kingdom
Airline Network plc	100	Travel services	United Kingdom
Disposed during the previous year:			
Alpha Flight Services BV	100	In-flight catering services	Netherlands
Disposed during the year:			
Alpha Flight Services EOOD	100	In-flight catering services	Bulgaria

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. dnata's beneficial interest is 80% in Dnata for Airport Services Ltd and 100% in dnata World Travel Ltd and Travel Republic Ltd.

None of the subsidiaries have non-controlling interests that are material to dnata.

	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
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
Acquired during the year:			
SEA Services srl	36	In-flight catering services	Italy

10. 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
dnata Newrest (Pty) Ltd	33.3	In-flight catering services	South Africa
Incorporated during the previous year:			
Travel Counsellors LLC	50	Travel services	United Arab Emirates
Alpha LSG Ltd	50	In-flight catering services	United Kingdom
Incorporated during the year:			
India Premier Services Private Ltd	50	Passenger meet and greet services	India
Transecure LLC	100	Security services	United Arab Emirates

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. dnata's beneficial interest in Transguard Group LLC and Transecure LLC is 50% and are subject to joint control.

Servair Air Chef srl was classified as a subsidiary after acqusition of the remaining 50% interest. Post acquisition it has been renamed as Air Chef srl.

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

Movement of investments accounted for using the equity method

	2014 AED m	2013 AED m
Balance brought forward	**533**	**477**
Acquisition (Note 30)	3	-
Investments during the year	6	99
Share of results	22	22
Share of other comprehensive income	(23)	(18)
Share of other equity movements	6	(16)
Dividends	(5)	(28)
De-recognition / dilution due to change in ownership interest	(47)	6
Transfer (Note 28)	(15)	-
Currency translation differences	7	(9)
Balance carried forward	**487**	**533**

Change in the ownership interest of a joint venture

On 15 May 2013, dnata acquired the remaining 50% interest in a joint venture, Servair Air Chef srl, to increase its shareholding to a 100% interest (Note 30). The retained interest in the joint venture at the acquisition date was remeasured to fair value resulting in a net gain of AED 34 m as set out below:

	2014 AED m
Fair value of retained interest (Note 30)	118
Less: Carrying amount of investment	(47)
De-recognition of goodwill (Note 9)	(37)
Gain on remeasurement of retained interest	**34**

The gain on remeasurement is included under share of results of investments accounted for using the equity method in the consolidated income statement.

The financial statements of an associate have been prepared from 1 January 2013 to 31 December 2013 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 2014 and 31 March 2014.

Aggregate financial information of associates, which are not individually material to dnata, is set out below:

	2014 AED m	2013 AED m
Share of results of associates	26	26
Share of other comprehensive income of associates	(15)	(18)
Share of total comprehensive income of associates	**11**	**8**
Aggregate carrying value of investments in associates	**151**	**135**

Aggregate financial information of joint ventures, which are not individually material to dnata, is set out below:

	2014 AED m	2013 AED m
Share of results of joint ventures	(4)	(4)
Share of other comprehensive income of a joint venture	(8)	-
Share of total comprehensive income of joint ventures	**(12)**	**(4)**
Aggregate carrying value of investments in joint ventures	**336**	**398**

11. Advance lease rentals

	2014 AED m	2013 AED m
Balance brought forward	**26**	**27**
Charge for the year	(1)	(1)
Balance carried forward	**25**	**26**

12. Inventories

	2014 AED m	2013 AED m
Food and beverage	38	32
Plant and machinery - spares and consumables	25	19
Other	21	21
	84	**72**

13. Trade and other receivables

	2014 AED m	2013 AED m
Trade receivables - net of provision	948	779
Prepayments	114	66
Related parties (Note 28)	485	404
Deposits and other receivables	270	295
	1,817	**1,544**
Less: Receivable over one year	(34)	(35)
	1,783	**1,509**

Other receivables include derivative financial instruments of AED 2 m in the previous year (Note15).

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 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:

	2014 AED m	2013 AED m
Balance brought forward	**45**	**49**
Acquisition	6	-
Charge for the year	20	10
Unused amounts reversed	(9)	(12)
Amounts written off as uncollectible	(8)	(1)
Currency translation differences	2	(1)
Balance carried forward	**56**	**45**

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:

	2014 AED m	2013 AED m
Below 3 months	457	331
3-6 months	77	31
Above 6 months	65	54
	599	**416**

14. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2012	**52**	-	**52**
Currency translation differences	(55)	-	(55)
Net investment hedge (Note 20)	12	-	12
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	2	(1)	1
Share of other equity movement of investment accounted for using the equity method	-	2	2
31 March 2013	**11**	**1**	**12**
Currency translation differences	41	-	41
Net investment hedge (Note 20)	(15)	-	(15)
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	13	1	14
Share of other equity movement of investment accounted for using the equity method	-	3	3
31 March 2014	**50**	**5**	**55**

15. Trade and other payables

	2014 AED m	2013 AED m
Trade payables and accruals	1,643	1,268
Related parties (Note 28)	24	97
Employee leave pay	115	101
Airlines	187	135
Customer deposits	31	24
Dividend payable	200	260
Other payables	190	166
	2,390	**2,051**
Less: Payable over one year	(185)	(166)
	2,205	**1,885**

The non-current portion represents the deferred and contingent consideration related to a subsidiary acquired during the year ended 31 March 2012. It also includes the fair value of options issued to acquire a non-controlling interest in a subsidiary acquired during the previous year (Note 30).

The movements in fair values of contingent consideration and options to acquire non-controlling interest are as follows.

	2014 AED m	2013 AED m
Balance brought forward	**92**	**82**
Acquisition	-	9
Interest	7	7
Remeasurement gain	(10)	-
Currency translation differences	8	(6)
Balance carried forward	**97**	**92**

The remeasurement gain represents a decrease in the contingent consideration payable. This gain is recognised in the consolidated income statement under other operating income.

Other payables include derivative financial instruments of AED 5 m. These relate to a subsidiary which entered into currency forward contracts to manage its foreign currency exposure. The notional principal outstanding is AED 442 m (2013: 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.

16. Provisions

	2014 AED m	2013 AED m
Non-current		
Retirement benefit obligations (Note 17)	465	430
Other provisions (Note 18)	35	9
	500	**439**
Current		
Other provisions (Note 18)	5	19
	5	**19**
	505	**458**

17. 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 2014 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:

	2014 AED m	2013 AED m
Funded schemes		
Present value of defined benefit obligations	314	297
Less: Fair value of plan assets	(270)	(245)
	44	**52**
Unfunded schemes		
Present value of defined benefit obligations	**421**	**378**
Liability recognised in consolidated statement of financial position	**465**	**430**

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.

17. Retirement benefit obligations (continued)

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 obligations and fair value of plan assets are as follows:

	2014 AED m	2013 AED m
Present value of funded defined benefit obligations	92	79
Fair value of plan assets	88	76
	4	**3**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 4.5% (2013: 4.5%) and a discount rate of 4.75% (2013: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2014 were computed using the actuarial assumptions set out above.

The liability of AED 4 m (2013: AED 3 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.

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

	2014 AED m	2013 AED m
Balance brought forward	**76**	**67**
Contributions received	14	12
Benefits paid	(6)	(5)
Change in fair value	4	2
Balance carried forward	**88**	**76**

b) Subsidiary

Employees of a subsidiary in Switzerland participate in a defined benefit plan. The Swiss plan is funded by way of contribution to an insurance policy.

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

	2014 AED m	2013 AED m
Present value of funded defined benefit obligations	222	218
Fair value of plan assets	182	169
	40	**49**

The actuarial valuation for the Swiss plan included assumptions relating to discount rate of 2.4% (2013: 2.0%) and expected salary increases of 1.0% (2013: 1.0%).

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17. Retirement benefit obligations (continued)

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

	2014 AED m	2013 AED m
Balance brought forward	**218**	**-**
Addition	-	190
Service cost	14	12
Interest cost	4	4
Remeasurement (gain) / loss	(16)	13
Employee contributions	8	8
Benefits paid	(22)	(6)
Currency translation differences	16	(3)
Balance carried forward	**222**	**218**

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

	2014 AED m	2013 AED m
Balance brought forward	**169**	**-**
Addition	-	154
Expected return on plan assets	4	4
Remeasurement		
- Return on plan assets	-	2
Employer contributions	10	10
Employee contributions	8	8
Benefits paid	(22)	(6)
Currency translation differences	13	(3)
Balance carried forward	**182**	**169**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 24 m during the year ending 31 March 2015.

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:

	2014 AED m	2013 AED m
Balance brought forward	**378**	**321**
Current service cost	65	54
Interest cost	18	14
Remeasurement		
- changes in experience / demographic assumptions	2	1
- changes in financial assumptions	(16)	21
- changes in prior year assumptions	18	-
Payments made during the year	(49)	(33)
Currency translation differences	5	-
Balance carried forward	**421**	**378**

Payments made during the year include AED 2 m (2013: AED 2 m) for the transfer of accumulated benefits to dnata's funded scheme.

17. Retirement benefit obligations (continued)

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

	2014 AED m	2013 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost	27	23
Net change in the present value of defined benefit obligations over plan assets	(1)	(2)
	26	**21**
Unfunded schemes		
Current service cost	65	54
Interest cost	18	14
	83	**68**
Defined contribution plans		
Contributions expensed	**37**	**26**
Recognised in the consolidated income statement	**146**	**115**

The sensitivity of this defined benefit obligation to changes in the principal assumptions are set out below:

Assumption	Change	Effect on defined benefit obligation: Subsidiary AED m	Effect on defined benefit obligation: Unfunded schemes AED m
Discount rate	+ 0.5%	(14)	(29)
	- 0.5%	15	31
Expected salary increases	+ 0.5%	3	33
	- 0.5%	(3)	(30)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In calculating the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period.

The weighted average durations of the defined benefit obligations are set out below:

	Years
Funded scheme - subsidiary	14.7
Unfunded scheme	16.1

Through its defined benefit plans the group is exposed to a number of risks, the most significant of which are detailed below:

a) Change in discount rate: Retirement benefit obligations will increase due to a decrease in market yields of high quality corporate bonds.

b) Expected salary increases: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase of the salary of the plan participants will increase the retirement benefit obligations.

18. Other provisions

	Dilapi-dations AED m	Others AED m	Total AED m
1 April 2013	**9**	**19**	**28**
Acquisition (Note 30)	-	18	18
Unutilised amounts reversed	-	(4)	(4)
Utilised during the year	-	(4)	(4)
Currency translation differences	-	2	2
31 March 2014	**9**	**31**	**40**

Provisions are expected to be used as follows:

	2014 AED m	2013 AED m
Within one year	5	19
Over one year	35	9
31 March 2014	**40**	**28**

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 pre-tax rate that reflects the risk specific to the liability.

19. Borrowings and lease liabilities

	2014 AED m	2013 AED m
Non-current		
Term loans (Note 20)	521	590
Lease liabilities (Note 21)	49	48
	570	**638**
Current		
Term loans (Note 20)	109	112
Lease liabilities (Note 21)	15	13
Bank overdrafts (Note 26)	172	79
	296	**204**
	866	**842**

Borrowings and lease liabilities are denominated in the following currencies:

	2014 AED m	2013 AED m
Pounds Sterling	522	487
Swiss Francs	253	239
Singapore Dollars	78	104
Others	13	12

20. Term loans

	2014 AED m	2013 AED m
Movements in the term loans are as follows:		
Balance brought forward	**707**	**669**
Acquisitions	-	5
Additions	136	175
Repayments	(257)	(111)
Currency translation differences	47	(31)
	633	**707**
Unamortised transaction costs	(3)	(5)
Balance carried forward	**630**	**702**
Term loans are repayable as follows:		
Within one year	**109**	**112**
Between 2 and 5 years	**521**	**590**
Term loans are denominated in the following currencies:		
Pounds Sterling	390	407
Swiss Francs	199	212
Singapore Dollars	41	83

A term loan amounting to AED 41 m (2013: AED 83 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 2.8% (2013: 3.0%) 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 and falls within level 2 of the fair value hierarchy.

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.

21. Lease liabilities

	2014 AED m	2013 AED m
Gross lease liabilities:		
Within one year	17	16
Between 2 and 5 years	42	40
After 5 years	12	13
	71	**69**
Future interest	(7)	(8)
Present value of finance lease liabilities	**64**	**61**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**15**	**13**
Between 2 and 5 years	38	36
After 5 years	11	12
Total over one year	**49**	**48**
The present value of finance lease liabilities are denominated in the following currencies:		
Pounds Sterling	35	34
Swiss Francs	29	27

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 and falls within level 2 of the fair value hierarchy.

22. 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:

	2014 AED m	2013 AED m
Deferred income tax assets	33	11
Deferred income tax liabilities	(131)	(108)
	(98)	**(97)**

The movement in the deferred tax account is as follows:

	2014 AED m	2013 AED m
Balance brought forward	**(97)**	**(128)**
Acquisition (Note 30)	(20)	(3)
Credited to the consolidated income statement	25	8
Deferred tax on retirement benefit obligation	(2)	11
Discontinued operations	-	12
Currency translation differences	(5)	3
Effect of change in tax rates	1	-
Balance carried forward	**(98)**	**(97)**

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

Deferred income tax liabilities

	Property, plant and equipment AED m	Intangible assets AED m	Other AED m	Total AED m
1 April 2012	**(41)**	**(108)**	**(2)**	**(151)**
Acquisition	-	(3)	-	(3)
(Charge) / credited to the consolidated income statement	(2)	17	-	15
Discontinued operations	3	10	-	13
Currency translation differences	-	5	-	5
31 March 2013	**(40)**	**(79)**	**(2)**	**(121)**
Acquisition (Note 30)	-	(45)	-	(45)
(Charge) / credited to the consolidated income statement	(1)	19	2	20
Effect of changes in tax rates	-	1	-	1
Transfers	-	-	(1)	(1)
Currency translation differences	-	(6)	-	(6)
31 March 2014	**(41)**	**(110)**	**(1)**	**(152)**

Deferred income tax assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2012	**11**	**1**	**11**	**23**
Charged to the consolidated income statement	(4)	(1)	(2)	(7)
Recognised in other comprehensive income	-	11	-	11
Discontinued operation	-	-	(1)	(1)
Currency translation differences	(2)	-	-	(2)
31 March 2013	**5**	**11**	**8**	**24**
Acquisition (Note 30)	2	6	17	25
Credited to the consolidated income statement	1	1	3	5
Recognised in other comprehensive income	-	(2)	-	(2)
Transfers	1	-	-	1
Currency translation differences	-	1	-	1
31 March 2014	**9**	**17**	**28**	**54**

Deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 156 m.

23. Operating leases

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

	2014 AED m	2013 AED m
Less than 1 year	110	99
Between 2 and 5 years	372	306
After 5 years	552	603
	1,034	**1,008**

24. Capital commitments

	2014 AED m	2013 AED m
Authorised and contracted	224	135
Authorised but not contracted	716	754
	940	**889**

25. Guarantees

	2014 AED m	2013 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**134**	**84**

Guarantees and letters of credit include AED 59 m (2013: AED 15 m) provided by companies under common control.

26. Short term bank deposits, cash and cash equivalents

	2014 AED m	2013 AED m
Short term bank deposits	1,786	1,969
Cash and bank	648	427
Cash and bank balances	**2,434**	**2,396**
Less: Short term bank deposits over 3 months	(846)	(1,932)
Cash and cash equivalents as per the consolidated statement of financial position	**1,588**	**464**
Bank overdrafts (Note 19)	(172)	(79)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,416**	**385**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 1.6% (2013: 2.2%) per annum.

27. Classification of financial instruments

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

Description	Loans and receivables	Assets and liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	AED m	AED m	AED m	AED m
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**
2014				
Assets				
Trade and other receivables (excluding prepayments)	1,703	-	-	1,703
Short term bank deposits	846	-	-	846
Cash and cash equivalents	1,588	-	-	1,588
Total	**4,137**	**-**	**-**	**4,137**
Liabilities				
Borrowings and lease liabilities	-	-	866	866
Trade and other payables (excluding customer deposits)	-	93	2,266	2,359
Total	**-**	**93**	**3,132**	**3,225**

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

28. Related party transactions

The following transactions were carried out with related parties:

Trading transactions

	2014	2013
	AED m	AED m
(i) Sales / purchases of goods and services		
Sales		
Sale of goods - Companies under common control	410	369
Services rendered - Associates	19	10
Services rendered - Joint ventures	18	6
Services rendered - Companies under common control	2,051	1,869
	2,498	**2,254**
Purchases		
Purchase of goods - Companies under common control	131	100
Services received - Associates	8	12
Services received - Joint ventures	198	195
Services received - Companies under common control	66	56
	403	**363**
(ii) Year end balances arising from sale / purchase of goods and / or services		
Receivables from related parties (Note 13)		
Associates	12	3
Joint ventures	68	32
Companies under common control	176	141
	256	**176**
Payables to related parties (Note 15)		
Joint ventures	-	10
Companies under common control	24	87
	24	**97**

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

Other transactions

	2014	2013
	AED m	AED m
(i) Compensation to key management personnel		
Salaries and short-term employee benefits	26	21
Post-employment benefits	3	3
Termination benefits	-	1
	29	**25**
(ii) Loans		
Associates	3	7
Joint ventures	226	221
	229	**228**
Movement in the loans were as follows:		
Balance brought forward	**228**	**61**
Additions	16	178
Repayments	(44)	(2)
Transfer (Note 10)	15	-
Currency translation differences	14	(9)
Balance carried forward (Note 13)	**229**	**228**

The loans earned effective interest of 3.5% (2013: 4.3%) per annum.

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

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29. 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 performed 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 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, EURIBOR for Euro 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 fluctuations in prevailing foreign currency exchange rates on its long term debt obligations denominated in Singapore Dollars, Swiss Francs, Euro and Pounds Sterling. Cash flows from the Singapore, Switzerland, Italy 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 30% (2013: 22%) 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.

29. 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 the reporting period based on Standard & Poor's ratings or its equivalent for the main banking relationships:

	2014	2013
	AED m	AED m
AA- to AA+	25	62
A- to A+	715	830
BBB+	1,186	1,268
Lower than BBB+	57	15

(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 the 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
2014				
Borrowings and lease liabilities	315	591	12	918
Trade and other payables (excluding customer deposits)	2,169	213	-	2,382
	2,484	**804**	**12**	**3,300**
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**

30. Acquisitions and disposal

Acquisitions

Broadlex Air Services

On 15 April 2013, dnata acquired the business of Broadlex Air Services through its wholly owned subsidiary Airline Cleaning Services Pty Limited. The company provides aircraft cleaning services at various airports in Australia.

Air Chef srl

On 15 May 2013, dnata obtained 100% control of a joint venture, Servair Air Chef srl ("Air Chef"), by acquiring the remaining 50% through its wholly owned subsidiary Alpha Flight Italia srl. Air Chef is one of the leading in-flight catering companies in Italy operating at 23 airports (Note 10).

Gold Medal International plc

On 27 February 2014, dnata acquired Gold Medal International plc ("Gold Medal") through its wholly owned subsidiary dnata Travel Holdings UK Limited. Gold Medal is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

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

Description	Broadlex Air Services	Air Chef srl	Gold Medal	Total
	AED m	AED m	AED m	AED m
Property, plant and equipment (Note 8)	8	12	6	26
Intangible assets (Note 9)	21	24	161	206
Investment accounted for using the equity method (Note 10)	-	3	-	3
Deferred tax assets (Note 22)	-	11	14	25
Other current assets	-	84	80	164
Cash and cash equivalents	-	41	52	93
Provisions (Note 18)	-	(18)	-	(18)
Deferred tax liabilities (Note 22)	(6)	(7)	(32)	(45)
Current liabilities	(3)	(79)	(203)	(285)
Fair value of net assets acquired	**20**	**71**	**78**	**169**
Less: Non controlling interest	-	(1)	-	(1)
dnata's share of net assets acquired	**20**	**70**	**78**	**168**
Goodwill (Note 9)	38	180	153	371
Total purchase consideration	**58**	**250**	**231**	**539**
Less: Cash and cash equivalents acquired	-	(41)	(52)	(93)
Less: Fair value of retained interest (Note 10)	-	(118)	-	(118)
Cash outflow on acquisition	**58**	**91**	**179**	**328**

Goodwill is attributable to the expected synergies, revenue growth and future market development of the acquired businesses.

30. Acquisitions and disposal (continued)

The financial effects of the acquired businesses are set out below:

Description	Broadlex Air Services	Air Chef	Gold Medal	Total
	AED m	AED m	AED m	AED m
Acquisition-related costs	3	2	5	10
Contribution from acquired businesses				
Revenue from acquisition date to 31 March 2014	125	298	56	479
Profit / (loss) from acquisition date to 31 March 2014	6	14	(2)	18
If the acquisition had taken place at the beginning of the year				
Revenue	129	358	604	1,091
Profit	6	22	32	60

In the previous year, dnata acquired an 80% beneficial interest in En Route International Limited (En Route), through its wholly owned subsidiary dnata Catering Services Limited (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 liabilities arising from and recognised on acquisition of En Route were 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 9)	10
Total purchase consideration	**21**
Less: Cash and cash equivalents acquired	(1)
Cash outflow on acquisition	**20**

DCSL 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.

Disposal

On 31 March 2014, dnata entered into an agreement with a global private equity firm, to dispose of its United Arab Emirates based information technology business while retaining a minority interest. Only that part of the business which serves external customers is being disposed of. The completion of sale is subject to certain conditions which will be completed after the date these consolidated financial statements are approved. As this line of business does not constitute a significant proportion of dnata's operations, it has not been classified as a discontinued operation.

31. 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 2014, dnata achieved a return on equity of 19.1% (2013: 21.4%) in comparison to an effective interest rate of 2.8% (2013: 3.0%) on borrowings.

Ten-year overview

Consolidated income statement		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Revenue and other operating income	AED m	82,636	73,113	62,287	54,231	43,455	43,266	38,810	29,173	22,658	17,909
Operating costs	AED m	78,376	70,274	60,474	48,788	39,890	40,988	34,359	25,834	20,006	15,290
- of which jet fuel	AED m	30,685	27,855	24,292	16,820	11,908	14,443	11,005	7,525	5,445	3,279
- of which employee costs	AED m	10,230	9,029	7,936	7,615	6,345	5,861	5,475	4,024	3,187	2,701
Operating profit	AED m	4,260	2,839	1,813	5,443	3,565	2,278	4,451	3,339	2,652	2,619
Profit attributable to the Owner	AED m	3,254	2,283	1,502	5,375	3,538	686	5,020	3,096	2,475	2,407
Consolidated statement of financial position											
Non-current assets	AED m	74,250	59,856	51,896	43,223	36,870	31,919	27,722	22,530	17,018	12,219
Current assets	AED m	27,354	34,947	25,190	21,867	18,677	15,530	18,790	15,428	14,376	11,499
- of which bank deposits and cash	AED m	16,561	24,572	15,587	13,973	10,511	7,168	10,360	9,123	9,199	7,328
Total assets	AED m	101,604	94,803	77,086	65,090	55,547	47,449	46,512	37,958	31,394	23,719
Total equity	AED m	25,471	23,032	21,466	20,813	17,475	15,571	16,843	13,170	10,919	8,112
- of which equity attributable to the Owner	AED m	25,176	22,762	21,224	20,606	17,274	15,412	16,687	13,040	10,788	7,962
Non-current liabilities	AED m	43,705	40,452	30,574	22,987	19,552	17,753	14,206	14,210	10,616	8,927
Current liabilities	AED m	32,428	31,319	25,046	21,290	18,520	14,125	15,463	10,578	9,859	6,680
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	12,649	12,814	8,107	11,004	8,328	5,016	7,335	5,765	4,106	4,009
Cash flow from investing activities	AED m	(4,257)	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)	(4,749)	(5,049)	(2,638)
Cash flow from financing activities	AED m	(7,107)	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)	(198)	867	(487)
Net change in cash and cash equivalents	AED m	1,285	(1,007)	(2,660)	866	4,769	1,827	(5,354)	818	(76)	885
Other financial data											
Net change in cash and cash equivalents and short term bank deposits	AED m	(8,011)	8,985	1,614	3,462	3,343	(3,192)	1,237	(76)	1,871	873
EBITDAR	AED m	17,229	13,891	10,735	13,437	10,638	8,286	9,730	7,600	5,970	5,331
Borrowings and lease liabilities	AED m	42,431	40,525	30,880	23,230	19,605	16,512	13,717	13,338	11,247	8,142
Less: Cash assets	AED m	16,561	24,572	15,587	13,973	10,511	7,368	12,715	11,594	9,828	7,645
Net debt	AED m	25,870	15,953	15,293	9,257	9,094	9,144	1,002	1,744	1,419	497
Capital expenditure	AED m	21,142	13,378	13,644	12,238	8,053	10,178	9,058	5,388	4,528	3,115

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		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Operating margin	%	5.2	3.9	2.9	10.0	8.2	5.3	11.5	11.4	11.7	14.6
Profit margin	%	3.9	3.1	2.4	9.9	8.1	1.6	12.9	10.6	10.9	13.4
Return on shareholder's funds	%	13.6	10.4	7.2	28.4	21.6	4.4	33.8	26.0	26.4	37.4
EBITDAR margin	%	20.8	19.0	17.2	24.8	24.5	19.2	25.1	26.1	26.3	29.8
Cash assets to revenue and other operating income	%	20.0	33.6	25.0	25.8	24.2	17.0	32.8	39.7	43.4	42.7
Net debt equity ratio	%	101.6	69.3	71.2	44.5	52.0	58.7	5.9	13.2	13.0	6.1
Net debt (including aircraft operating leases) equity ratio	%	209.9	186.4	162.1	127.6	158.5	167.0	98.1	116.1	111.9	116.6
Net debt (including aircraft operating leases) to EBITDAR	%	310.3	309.1	324.1	197.6	260.3	313.9	169.9	201.2	204.6	177.4
Effective interest rate on borrowings and lease liabilities	%	3.2	3.1	3.0	2.7	2.5	3.5	5.2	5.7	4.5	3.5
Fixed to float debt mix		94:6	90:10	89:11	89:11	83:17	61:39	68:32	63:37	63:37	67:33
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	250	249	251	232	211	254	236	216	203	192
Unit cost	Fils per ATKM	162	167	166	147	136	163	151	129	122	111
Unit cost excluding jet fuel	Fils per ATKM	97	99	97	95	94	104	101	90	88	86
Breakeven load factor	%	64.9	66.9	65.9	63.6	64.4	64.1	64.1	59.9	60.2	58.0
Fleet											
Aircraft	number	217	197	169	148	142	127	109	96	85	69
Average fleet age	months	74	72	77	77	69	64	67	63	61	55
Production											
Destination cities	number	142	133	123	112	102	99	99	89	83	76
Overall capacity	ATKM million	46,820	40,934	35,467	32,057	28,526	24,397	22,078	19,414	15,803	13,292
Available seat kilometres	ASKM million	271,133	236,645	200,687	182,757	161,756	134,180	118,290	102,337	82,009	68,930
Aircraft departures	number	176,039	159,892	142,129	133,772	123,055	109,477	101,709	92,158	79,937	72,057
Traffic											
Passengers carried	number '000	44,537	39,391	33,981	31,422	27,454	22,731	21,229	17,544	14,498	12,529
Passenger seat kilometres	RPKM million	215,353	188,618	160,446	146,134	126,273	101,762	94,346	77,947	62,260	51,398
Passenger seat factor	%	79.4	79.7	80.0	80.0	78.1	75.8	79.8	76.2	75.9	74.6
Cargo carried	tonnes '000	2,250	2,086	1,796	1,767	1,580	1,408	1,282	1,156	1,019	838
Overall load carried	RTKM million	31,137	27,621	23,672	22,078	19,063	15,879	14,739	12,643	10,394	8,649
Overall load factor	%	66.5	67.5	66.7	68.9	66.8	65.1	66.8	65.1	65.8	65.1
Employee											
Average employee strength	number	41,471	38,067	33,634	30,258	28,686	28,037	23,650	20,273	17,296	15,858
Revenue per employee	AED '000	1,938	1,868	1,796	1,738	1,459	1,492	1,625	1,431	1,285	1,104

Notes :

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

Ten-year overview

Consolidated income statement		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Revenue and other operating income	AED m	7,565	6,622	5,755	4,406	3,160	3,181	2,585	1,996	1,734	1,390
Operating costs	AED m	6,702	5,807	4,971	3,906	2,601	2,714	2,340	1,700	1,444	1,149
- of which employee costs	AED m	3,251	2,771	2,488	2,032	1,387	1,347	1,227	993	863	700
- of which cost of sales	AED m	747	601	451	241	35	40	30	33	32	13
- of which airport operations & cargo - other direct costs	AED m	883	798	699	582	442	391	234	75	n/a	n/a
Operating profit	AED m	863	815	784	500	559	467	245	296	290	241
Profit attributable to the Owner	AED m	829	819	808	576	613	507	305	360	324	260
Consolidated statement of financial position											
Non-current assets	AED m	4,364	3,594	3,759	3,072	1,934	1,984	1,950	1,107	863	935
Current assets	AED m	4,303	3,977	3,360	3,328	2,704	1,963	1,992	1,846	1,580	1,141
- of which bank deposits and cash	AED m	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,099	843
Total assets	AED m	8,667	7,571	7,119	6,400	4,638	3,947	3,942	2,953	2,442	2,076
Total equity	AED m	4,756	4,097	3,683	3,282	3,194	2,553	2,180	1,823	1,453	1,126
- of which equity attributable to the Owner	AED m	4,674	4,028	3,614	3,209	3,194	2,553	2,180	1,823	1,453	1,126
Non-current liabilities	AED m	1,386	1,351	1,275	1,115	672	697	845	460	464	480
Current liabilities	AED m	2,525	2,123	2,161	2,003	772	697	917	670	526	470
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,125	1,162	1,167	901	764	481	540	531	423	370
Cash flow from investing activities	AED m	316	(1,910)	(431)	(1,333)	391	(71)	(1,420)	(373)	(129)	(638)
Cash flow from financing activities	AED m	(443)	(343)	(718)	(96)	(73)	(68)	224	(46)	(40)	281
Net cash flow for the year	AED m	998	(1,091)	18	(528)	1,082	342	(656)	113	254	12
Other financial data											
Cash assets	AED m	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,228	972

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		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Operating margin	%	11.4	12.3	13.6	11.3	17.7	14.7	9.5	14.8	16.7	17.3
Profit margin	%	11.0	12.4	14.0	13.1	19.4	15.9	11.8	18.0	18.7	18.7
Return on shareholder's funds	%	19.1	21.4	23.7	18.0	21.3	21.4	15.2	22.0	25.2	26.1
Employee											
Average employee strength	number	22,980	20,229	18,356	17,971	13,298	12,434	11,640	9,832	9,860	9,607
Revenue per employee*	AED '000	356	327	322	323	266	256	241	210	176	155
Performance Indicators											
Airport											
Aircraft handled*	number	288,335	264,950	253,434	232,585	192,120	177,495	119,510	109,648	101,607	93,004
Cargo handled*	tonnes '000	1,604	1,570	1,543	1,494	1,121	1,003	633	535	503	458
Man hours per turn	hours	135	132	132	122	115	124				
Aircraft handled per employee*	number							21	20	18	17
Cargo handled per man hour	kgs	270	286	289	283	277	241				
Cargo handled per employee*	kgs '000							611	564	552	512
Catering											
Meals uplifted	number '000	41,275	28,584	26,708	11,743						
Travel services											
Net sales	AED m	5,892	5,357	2,630	1,610	1,559					

* 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
  - 50% Focus Brands Ltd (BVI)
  - 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 associates 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 Limited (UK)
  - 100% dnata Limited (UK)
    - 100% dnata Ground Limited (UK)
    - 100% dnata Cargo Limited (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% India Premier Services Pvt Ltd (India)
- 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% dnata Travel Holdings Limited (UK)
  - 100% Gold Medal International Limited (UK)
    - 100% Gold Medal Travel Group plc (UK)
    - 100% Airline Network plc (UK)
- 100% dnata International Pvt Ltd (India)
- 100% dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Ltd (UK)
    - 100% Travel Republic Holdings Ltd (UK)
      - 100% Travel Republic Limited (UK)
- 100% dnata Travel Company WLL (Bahrain)
- 100% Najm Travel LLC (UAE)
- 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 Limited (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 ATS Pty Ltd (Australia)
    - 100% Alpha Flight a.s. (Czech Republic)
    - 100% Alpha Flight UK Ltd
      - 100% Alpha-Airfayre Ltd (UK)
    - 100% Alpha Flight Italia srl (Italy)
      - 100% Air Chef srl (Italy)
        - 80% Servizi di Bordo srl (Italy)
          - 36% SEA Services srl (Italy)
    - 64.2% Alpha Rocas SA (Romania)
    - 50% Alpha LSG Ltd (UK)
    - 49% Alpha Flight Services UAE LLC
    - 35.8% Jordan Flight Catering Co. Ltd
  - 80% En Route International Limited (UK)
    - 100% En Route International USA, Inc.
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route Australia Pty Ltd
    - 100% 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% Transecure LLC (UAE)
- 50% Transguard Group LLC (UAE)

* Also provides catering services.
** Held through Mountainfield Investments (Pty) Ltd.

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

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).

D

Dividend payout ratio – Dividend accruing to the Owner divided by profit attributable to the Owner.

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.

Equity ratio – Total equity divided by total assets.

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.

Free cash flow – Cash generated from operating activities less cash used in investing actvities adjusted for the movement in short term bank deposits.

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

FTKM - Cargo tonnage uplifted multiplied by the distance carried.

M

Man hours 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 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.