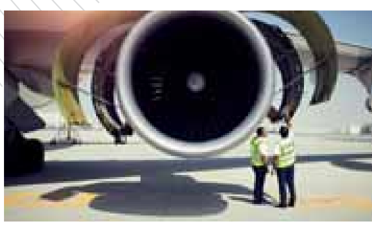
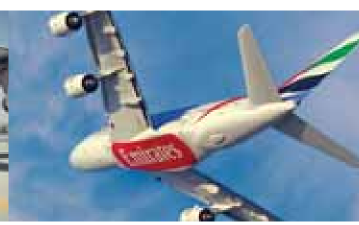
THE EMIRATES GROUP

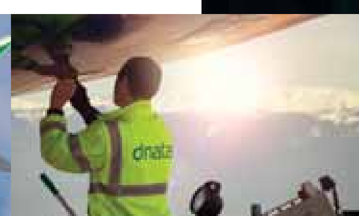
ANNUAL REPORT

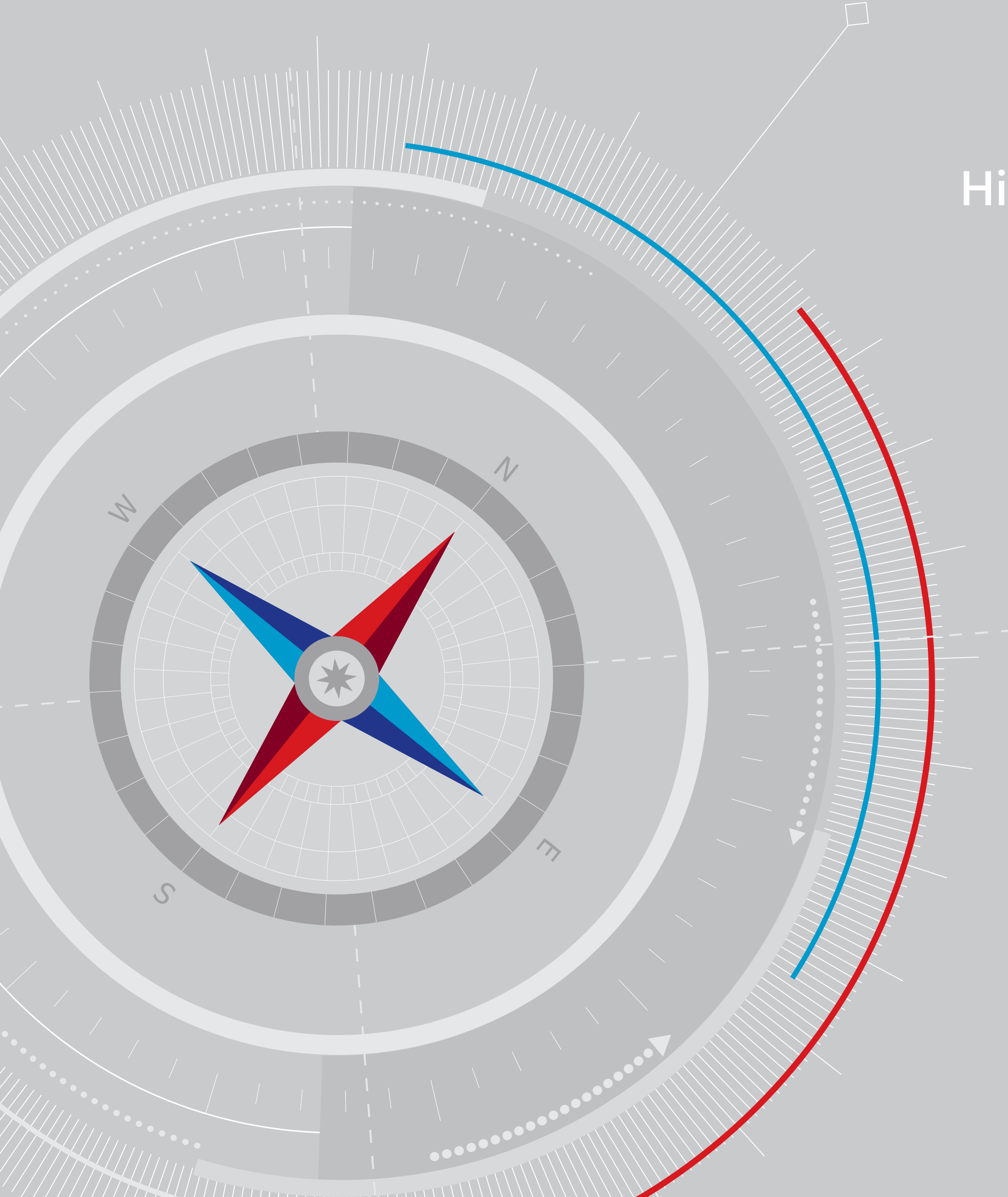
2014-15

Keeping a steady compass









His Highness Sheikh Mohammed bin Rashid Al Maktoum

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

The UAE is the most competitive market in the Middle East and amongst the top 10 globally[i].

This did not happen by accident.

Building on our heritage, our founding fathers charted the path for our nation's economic progress and prosperity more than 40 years ago.

The UAE has always embraced competition and free market principles from our earliest days as a small trading post until today.

If we want the best talent, the best companies, and the best opportunities for our country, there is no room for protectionism. We have to be imaginative and innovative.

If we want successful industries, we must invest in the right infrastructure and base our decisions on market need and commercial funding. Above all, we must never rest on our laurels.

Dubai's strategy for economic development and diversification has always been underpinned by these principles.

In the aviation sector, the UAE's Open Skies policy has brought over 120 airlines to operate at Dubai International airport today, connecting our city to 260 other cities spanning six continents around the world. Emirates, our home carrier, has to compete in an open marketplace with all of these other airlines. No short cuts, no protection, no subsidies. It must stand on its own feet and work hard to stay ahead of the competition.

To date, Emirates and dnata have generated dividends of AED 14.6 billion for the Dubai government. Those dividends have been ploughed back into the economy, helping fund essential infrastructure projects including the various phases of expansion at Dubai International airport and Dubai World Central.

In 2013, aviation contributed US$26.7 billion to Dubai's GDP, supporting 416,500 jobs. By 2020, aviation is projected to support over 750,000 jobs and contribute US$53.1 billion to GDP[ii].

This is not a surprise. Although Dubai and the UAE have thriving seaports, given our geography, air transport will remain the most important means of access for international travellers, as well as for the shipment of time-critical goods for the foreseeable future. That is why we invest in the aviation sector with a strategic long-term view, and strive to make every facet of this sector world-class, based on international best practice.

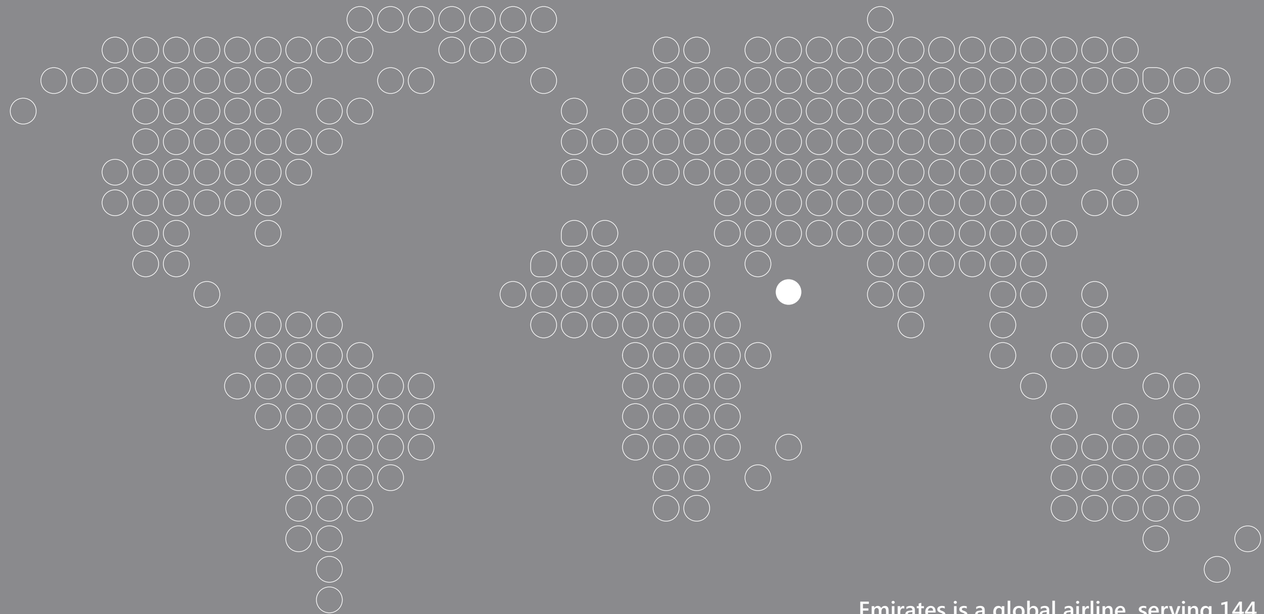
Economic success is of course only one indicator when we look at the overall picture and the long-term goals of Dubai and the UAE, just as the Emirates Group's strong financial track record is only one aspect of its success.

The well-being of our citizens and residents remain a top priority. I'm proud that the UAE is ranked the 20th happiest country in the world, and 1st among Arab countries, in the second United Nations World Happiness Report, which covers 156 nations.

Just as I'm proud that our home grown companies like the Emirates Group, attract the most talented people from around the globe to live and work here the UAE, making our country one of the world's most diverse, competitive, and dynamic.

Ours is an environment that encourages enterprise, and we will continue to build a country where citizens and residents can enjoy peace and prosperity, and where the public and private sectors work together to achieve meaningful results for the communities we serve.

i 2014 IMD Annual World Competitiveness Ranking.
ii Oxford Economics Report – Quantifying the economic impact of aviation in Dubai.



Emirates is a global airline, serving 144 cities in 81 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 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.

Overview

Emirates

dnata

Group

Financial Information

Additional Information

Financial Highlights

Emirates Group

Financial highlights		2014-15	2013-14	% change
Revenue and other operating income*	AED m	**96,458**	87,766	9.9
Operating profit	AED m	**6,898**	5,123	34.6
Operating margin	%	**7.2**	5.8	1.4 pts
Profit attributable to the Owner	AED m	**5,461**	4,083	33.7
Profit margin	%	**5.7**	4.7	1.0 pts
Financial position				
Total assets**	AED m	**120,886**	110,100	9.8
Cash assets	AED m	**20,033**	18,995	5.5
Employee data				
Average employee strength	number	**84,153**	75,496	11.5

2013-14 figures have been re-classified to conform with the current year's presentation.

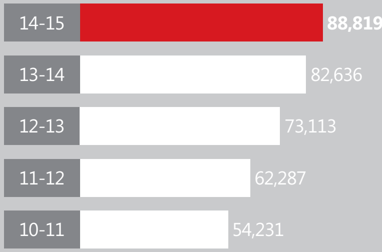
*After eliminating inter company income/expense of AED 2,666m in 2014-15 (2013-14: AED 2,435m).

** After eliminating inter company receivables/payables of AED 122m in 2014-15 (2013-14: AED 171m).

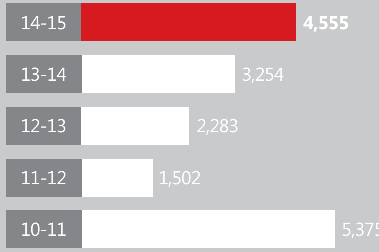
Percentages and ratios are derived based on the full figure before rounding.

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.

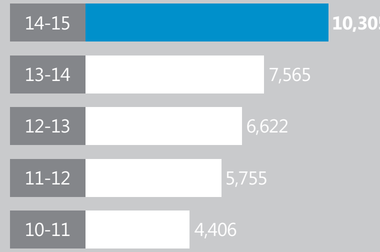
Revenue and operating income in AED m



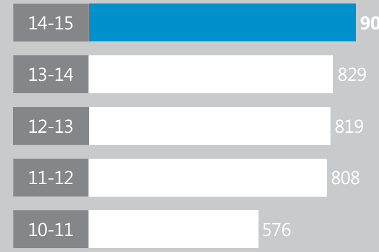
Profit attributable to the Owner in AED m



Revenue and operating income in AED m



Profit attributable to the Owner in AED m



Emirates

Financial highlights		2014-15	2013-14	% change
Revenue and results				
Revenue and other operating income	AED m	**88,819**	82,636	7.5
Operating profit	AED m	**5,893**	4,260	38.3
Operating margin	%	**6.6**	5.2	1.4 pts
Profit attributable to the Owner	AED m	**4,555**	3,254	40.0
Profit margin	%	**5.1**	3.9	1.2 pts
Return on shareholder's funds	%	**17.2**	13.6	3.6 pts
Financial position and cash flow				
Total assets	AED m	**111,362**	101,604	9.6
Cash assets	AED m	**16,885**	16,561	2.0
Net debt (including aircraft operating lease) equity ratio	%	**212.1**	209.9	2.2 pts
EBITDAR	AED m	**20,259**	17,229	17.6
EBITDAR margin	%	**22.8**	20.8	2.0 pts
Airline operating statistics				
Passengers carried	number '000	**49,292**	44,537	10.7
Cargo carried	tonnes '000	**2,377**	2,250	5.6
Passenger seat factor	%	**79.6**	79.4	0.2 pts
Overall capacity	ATKM million	**50,844**	46,820	8.6
Available seat kilometres	ASKM million	**295,740**	271,133	9.1
Aircraft	number	**231**	217	14
Employee data				
Average employee strength	number	**56,725**	52,516	8.0

dnata

Financial highlights		2014-15	2013-14	% change
Revenue and results				
Revenue and other operating income	AED m	**10,305**	7,565	36.2
Operating profit	AED m	**1,005**	863	16.5
Operating margin	%	**9.8**	11.4	(1.6) pts
Profit attributable to the Owner	AED m	**906**	829	9.3
Profit margin	%	**8.8**	11.0	(2.2) pts
Return on shareholder's funds	%	**19.2**	19.1	0.1 pts
Financial position				
Total assets	AED m	**9,646**	8,667	11.3
Cash assets	AED m	**3,148**	2,434	29.3
Key operating statistics				
Aircraft handled	number	**298,298**	288,335	3.5
Cargo handled	tonnes '000	**1,671**	1,604	4.2
Meals uplifted	number '000	**46,592**	41,275	12.9
Travel services: Total transaction value (TTV)	AED bn	**9.8**	5.9	66.1
Employee data				
Average employee strength	number	**27,428**	22,980	19.4

Ahmed bin Saeed Al Maktoum

Chairman's Statement

Keeping a steady compass

Each year brings a different set of challenges and opportunities. Some we can anticipate and plan for, and others we have to respond as best we can.

At Emirates and dnata, we are always guided by the best interest of our people, our customers, and our long-term goals. We keep a close eye on our top and bottom lines. But we never take our foot off the gas pedal when it comes to investing in new products, technologies, training, and looking after our people.

Emirates and dnata compete on the global stage, and we know that if we become complacent, if we fail to deliver the high quality services and products that our customers want, we will soon be out of business.

That is why we continuously strive for excellence in every aspect of our operations to deliver the best value products and services. By keeping a steady compass, we have been able to navigate a turbulent year while continuing to deliver results and strengthen our foundations for the future.

A turbulent year

For the aviation industry, 2014-15 was a volatile year on many fronts. The Ebola outbreak put health authorities and airlines on high alert, and Emirates made the decision to suspend operations to Guinea and add extra precautionary checks at other ports. The MH17 tragedy focused the world's attention on the impact of armed conflict on aviation. Instability in many parts of the world including Ukraine, Syria, Iraq, and Pakistan has led us to re-route flights to avoid conflict zones, suspend operations and increase security vigilance.

For Emirates and dnata, safety will always come first. Sadly, no one could have foreseen the terrorist attack at Karachi airport in June, where seven of our Gerry's dnata colleagues lost their lives.

At our home hub, both Emirates and dnata were challenged by the 80-day runway upgrading works at Dubai International airport (DXB), which limited flights and impacted ground handling operations.

Emirates had to ground 19 aircraft and reduce its capacity by 9% during this period. dnata had a twin challenge-manage operations around the construction works at DXB, while 45 kilometres away, establish and operate the first major ground and cargo handling infrastructure at Al Maktoum International airport (DWC) to support airlines who had to move their operations during this time.

We fully supported the runway upgrading which was essential to increasing DXB's efficiency and capacity. Nevertheless, the disruption had an estimated impact of US$ 467 million on revenues.

Oil prices fell, but we only felt the benefits in the latter half of our financial year. The lower fuel costs however, was offset by the strong rise of the US dollar against currencies in many of our key markets, which impacted the Group's bottom line to the tune of US$ 412 million.

Building the business

It is a credit to the talent and dedication of our staff that in spite of these challenges, Emirates and dnata continued to deliver results. This year, Group profits grew 34% on the back of strong revenue growth.

Emirates and dnata both continued on a steady course of planned growth, investing in new products, services, and technologies to improve business performance.

Emirates added 24 new aircraft to our fleet, while retiring 10 older aircraft. We strengthened our global network with the launch of new passenger services to Abuja, Brussels, Budapest, Chicago, and Oslo; and increased services to 34 cities across Europe, Asia, Africa and the USA. We continued to invest in technology for the business and for our customers, including the installation of free Wi-Fi across our fleet and a revamped online booking experience that offers more choice and flexibility for customers. Emirates SkyCargo marked a major milestone when we relocated our freighter services to Al Maktoum International (DWC), where new modern facilities increased our handling capability and position our cargo business well for future expansion.

dnata enhanced its standing as a leading global air services provider with the acquisition of Stella Travel in the UK, and the Toll Group shares of our airport services joint venture in Australia, Toll dnata. We invested in new facilities including a customer care centre in Clark, Philippines, and new airport lounges in Manila and DWC. We launched ground handling operations at Manchester International airport and announced plans to open a new cargo terminal at DWC. Safety remained central to dnata, with numerous initiatives implemented across the business including the launch of SafeAlign™ workshops to enhance managers' and supervisors' skills. We also launched dnata4good, a corporate giving initiative focused on children's education and endangered wildlife.

To support our growing business, the Emirates Group welcomed 8,600 new joiners in 2014-15. Each year, we receive over 400,000 applications from all around the world, speaking to our attractiveness as a global employer.

A long term course

As we grow our business, our impact on economies increases. In the EU, Emirates' operations supported 85,100 jobs, and contributed EUR 6.8 billion to total EU GDP in 2013/14 . In addition, our A380 deliveries for the same period supported 41,000 jobs, equivalent to a EUR 3.4 billion impact on GDP[i]. In the USA, Emirates' operations contribute over US$ 2.8 billion of economic value each year to the regions we serve[ii]. In addition, our Boeing 777 order book, worth over US$ 90 billion, supports over 400,000 US jobs.

Through the Emirates Airline Foundation, dnata4good, and many other employee-led initiatives, we are proud to do our part in giving back to the communities we serve.

Air transport is a critical enabler for tourism, trade and economies. As a global airline and air services provider, we are proud to serve our customers and communities, and also to progress our industries.

Protectionism and regressive aeropolitics continue to cloud our industry's future, with the latest campaign by the three biggest US airlines generating renewed attention on these issues.

At Emirates and dnata, we firmly believe that competition is a powerful driver for better customer services and stronger industries, and we will continue to champion and run our business by these principles.

i Frontier Economics study
ii Estimated annual economic value to New York, Dallas/Fort Worth, Houston, Los Angeles, Boston, San Francisco, Seattle and Chicago airports from Emirates' service, according to economic impact studies from respective airports or regions

Leadership team

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

Sir 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

Nigel Hopkins
Executive Vice President
Service Departments,
Emirates Group

260

240

Emirates

220

200

Emirates: Strong performance and steady growth

Emirates is the world's largest international airline. In 2014-15, we carried 49.3 million passengers and 2.4 million tonnes of cargo. This was 11% more passengers, and 6% more cargo than the previous year, keeping pace with the airline's 9% growth in capacity.

But these numbers only present one view of our year. What Emirates really did, across our global network of 144 cities on six continents, was connect people to places, and businesses with opportunities.

In 2014-15, Emirates' capacity exceeded 50 billion ATKMs for the first time, cementing our position as the world's largest international airline.

We delivered record revenues, and continued to invest in our people and our product.

Our operations have a direct and ripple benefit on the cities and communities we serve. We create employment and value through the products and services we procure from our partners and suppliers, and also by providing vital air transport links that enable foreign direct investments (FDI), as well as international trade and tourism to flourish.

In the EU, Emirates' operations supported 85,100 jobs, and contributed EUR 6.8 billion to total EU GDP in 2013/14 . In addition, our A380 deliveries for the same period supported 41,000 jobs, equivalent to a EUR 3.4 billion impact on GDP. We also offer travellers 21 unique non-stop connections from European cities to Dubai, and 199 routes that are unique one-stop connections via Dubai. Using any other airline or alliance on these routes would require at least one more additional stop.

In the USA, Emirates' operations contribute over US$ 2.8 billion of economic value each year to the regions we serve. We also enhance America's international air connectivity, offering US travellers single-carrier access to over 50 destinations not served by any American carrier. In addition, our Boeing 777 order book, worth over US$ 90 billion, supports over 400,000 US jobs.

Emirates' revenues this year increased 7% to AED 89 billion, and profit increased 40% to AED 4.6 billion. This was a strong performance, against a difficult business environment which saw the strong rise of the US dollar erode the gains of the falling oil prices.

In addition, the 80-day runway closure at Emirates' hub at Dubai International airport (DXB) impacted operations and revenues through a forced reduction in flights to 41 destinations; the Ebola outbreak in Africa prompted route suspensions and increased screenings at other ports; and we suspended services and re-routed flights to avoid overflying conflict zones. As with all operational decisions, the safety of our customers and people remained our foremost priority.

In navigating these challenges, we knuckled down to address the task at hand, while continuing to build on the fundamentals of our business – customer satisfaction, our people, operational efficiency, and investing in our future.

PASSENGERS CARRIED IN 2014-15

49.3 MILLION


CHICAGO

We launched five new destinations and added services to 34 existing routes this year, creating many new round trip A380 itineraries for our customers, as well as more flight choices between city pairs, and shorter connecting times.


Chicago


Budapest

Investing in our efficient fleet and route network

In 2014-15, Emirates added 24 new aircraft to our fleet, including our 50th Airbus A380 and 100th Boeing 777-300ER. We also retired 10 older aircraft, maintaining the average age of our fleet at 75 months, about half the industry average of 140 months.

Today, Emirates is the world's biggest operator of wide-bodied jets, flying the largest fleets of both the Airbus A380 and Boeing 777.

Investing in modern wide-bodied aircraft has always been the cornerstone of our strategy, because these are more fuel-efficient to operate and also allow us to provide our customers with a better onboard experience.

Emirates' strong seat load factor of 79.6%, even as we expanded our capacity, illustrates the strong demand for our services and the momentum created by our global network.

Extending connectivity via strategic partnerships

On 31 March 2015, Emirates marked the second anniversary of our partnership with Qantas. Since launch, more than two million codeshare customers have travelled on both carriers enjoying reciprocal frequent flyer and lounge access benefits, as well as expanded flight and destination choices on two of the world's leading carriers.

During the year, we expanded our codeshare and frequent flyer relationship with Jetstar. Adding to 25 existing codeshare routes, our customers can now access 30 more routes across the Asia Pacific region, with enhanced ability to earn and redeem frequent flyer miles.

We also upped our interest in Africa, home to some of the world's fastest developing economies. In August, Emirates signed an MOU with Arik Air, one of West Africa's leading players, to develop and expand our existing commercial relationship and explore areas for cooperation. In September, we entered a strategic partnership with the Republic of Angola by signing a 10-year Management Concession Agreement. This sets the ground for Emirates and TAAG Linhas Aereas De Angola to cooperate on a range of areas from bilateral code-sharing, passenger and cargo handling, and frequent flyer programme participation.

We expanded our existing codeshare with Air Mauritius on the Mauritius route to include Jeddah, Riyadh, Dammam, Karachi, Cairo and Colombo; and negotiated with SNCF to finalise an air/rail codeshare arrangement that will give our customers access to all 20 provinces in France operated by TGV Air.

In September our flight departures from Boston Logan were co-located with JetBlue in Terminal C, enhancing our customer experience as we provide shorter and seamless connectivity to codeshare passengers arriving on inbound JetBlue services.

Emirates SkyCargo: Moving the world

Emirates SkyCargo is the world's largest international cargo airline in terms of freight tonne-kilometres flown (FTKM). We offer belly hold capacity on Emirates' 217-strong passenger fleet to 130 cities around the world, and dedicated freighter services to nearly 50 destinations with our fleet of 12 Boeing 777Fs and 2 Boeing 747-400Fs.

Contributing 15% to Emirates' transport revenue, SkyCargo in 2014-15 carried a new record 2.4 million tonnes of cargo, an increase of 6% over the previous year. In doing so, we helped contribute to global trade via the transport of commodities and products to and from the Americas, Europe, Africa, Middle East and Asia Pacific.

From the handling of agricultural produce, pharmaceuticals and other perishables, to sensitive cargo, odd-sized equipment, textiles and supercars, we maintained high standards of service for our customers by investing in innovation and utilising advanced technologies such as SkyChain which enables customers to request services and trace their shipments in real-time.

Equipped with state-of-the-art technology, Emirates SkyCentral at DWC can potentially expand to handle 1 million tonnes of cargo annually, positioning us to meet future growth and our customers' expectations.

This year, we expanded our belly hold services with new Emirates passenger destinations inaugurated and we also launched four new freighter-only destinations - Atlanta, Basel, Mexico City and Ougadougou.

On 1 May 2014, Emirates SkyCargo marked a major milestone with the move of our freighter operations to our new cargo terminal, Emirates SkyCentral, at Al Maktoum International airport (DWC). Capable of handling 700,000 tonnes of cargo annually, Emirates SkyCentral is equipped with state-of-the-art technology. This includes a fully automated material handling system that features one of the world's first to enable the quick transfer of six ULDs simultaneously. It is also designed with a special section that can handle up to 140,000 tonnes of perishable cargo annually using three large areas each set with different temperature ranges.

In conjunction with this move, SkyCargo launched a dedicated trucking service between DWC and Dubai International airport (DXB) to connect cargo between our freighters and main passenger fleet. Currently a fleet of 47 SkyCargo trucks ply a corridor between DWC and DXB for the efficient transport of cargo between both airports.

Innovation and leadership

In September, SkyCargo launched the "White Container", a new internally-developed LD3 container that keeps temperature sensitive cargo cool during transport on the ground and in the air. The insides of the White Container are coated with thermal insulators which prevent the transfer of outside heat into the container.

It also uses coolant trays which allow handlers to add or replenish dry ice or coolants without disturbing the packaging. This cost-effective innovation adds to Emirates SkyCargo's existing range of advanced techniques and solutions in transporting perishable products, offering customers more options for their requirements.

In January 2015, SkyCargo led the industry in introducing "all-in" cargo rates. This move was lauded by customers and industry players as trendsetting and best practice, and was quickly adopted by other air freight service providers.

Emirates SkyCargo's unwavering focus on customer-centric services, innovation, and investing in advanced facilities and solutions continue to deliver results and win over customers in an industry that remains challenged by economic malaise in many markets.

In March, our team was proud to receive double honours at the Air Cargo Africa Awards where Skycargo was named "Global Cargo Airline of the Year" and "Air Cargo Brand of the Year".

2.4 MILLION

TONNES OF CARGO CARRIED

Enhancing the Emirates experience

At Emirates, we believe customer experience is critical to our success. That is why we continually invest to improve our products and services – on the ground and in the air. We listen to our customers, stay attuned to consumer trends, and work hard to deliver the high quality experience and value that our customers expect.

On the ground, Emirates this year added new dedicated lounge facilities in Glasgow and Los Angeles for our premium customers and frequent flyers. We also refurbished existing lounges in Bangkok and London Gatwick. In September, we marked 10 years since opening our first international lounge outside of Dubai.

Emirates' trademark service starts on the ground with our dedicated Lounges and complimentary Chauffeur-drive.

There are 37 dedicated Emirates Lounges around the world, spanning more than 70,000 square metres. Together, our lounges can host over 11,600 customers at one time.

To date, we have invested over US$ 320 million to provide customers with our trademark Emirates experience via our 37 Emirates Lounges around the world.

We also expanded our Chauffeur-drive service for First and Business Class passengers to 74 cities, and this year provided over 2 million airport transfers.

Onboard connectivity is a key focus, as we strive to meet the needs of our customers who want to stay connected while they travel. Emirates pioneered in-seat email and SMS capability across its fleet, in addition to mobile telephone services on most of our A380 and 777 aircraft.

With the rapid adoption of smart mobile devices, we expect even more passengers will want to use their own devices to stay connected. Rather than an additional revenue stream, Emirates has always viewed Wi-Fi as a service and value-added part of our overall product. In October 2014, we introduced free Wi-Fi onboard which we believe will soon become an industry standard that passengers will expect from airlines.

That is why we invest over US$ 20 million annually to install and maintain Wi-Fi services across our fleet.

This year, we installed Wi-Fi on 49 aircraft, taking our total installed fleet to 107 by 31 March 2015. We roll out Wi-Fi capability with each new aircraft delivery, and are retrofitting our existing fleet. We are working closely with our technology suppliers to make free Wi-Fi across our fleet a reality, and also to increase the bandwidth available to deliver an even better experience.

Our inflight entertainment offering, **ice**, continues to stand head and shoulders above the competition, winning SkyTrax's "World's Best Airline Inflight Entertainment" award for the 10th year running in June. We also continued to enhance the system with the introduction of Audio Description on movies for visually impaired customers – a world first on an airline. Today, **ice** offers customers a staggering choice of up to 2,100 channels of entertainment in more than 35 languages.

To enhance our customer support capability, Emirates opened a new 300-seat contact centre in Budapest in October. Together, Emirates' seven virtually integrated global contact centres support customers in 48 countries, handling an average of 35,000 calls and 6,000 emails per day in 16 languages.

We also launched the Emirates App for iPad and iPhone, making it easier for our customers to manage every aspect of their travel with us, whether booking, selecting seats and meals, checking in and downloading their boarding passes, or managing their Skywards accounts, amongst other features.

In November, we expanded travel benefits for our most frequent flyers, when Emirates Skywards joined hands with Starwood Preferred Guest (SPG) to launch "Your World Rewards®" – a new programme that provides exclusive and reciprocal benefits to premium members of both Skywards and SPG.

Emirates was the most awarded airline at the Business Traveller (ME) awards in 2014, taking home honours for "Best Airline Worldwide", "Airline with the Best First Class", "Airline with the Best Business Class" and "Airline with the Best Cabin Staff".

We are on a continuous journey when it comes to product innovation and enhancements. While we celebrate industry awards and recognition, to us the best accolades are satisfied customers who will vote with their wheelie bags and fly with us again.

Building
our brand

Emirates is the world's most valuable airline brand, with an estimated value of US$ 6.6 billion according to the 2015 Brand Finance Global 500 report. We improved by 38 spots last year to now rank amongst the top 200 of the world's biggest brands.

Our brand power helps us achieve outstanding results in activities such as recruitment, sales and marketing, and attracting investment. That is why we invest strategically to build our brand and express it in everything we do. Not only in marketing and sponsorships, but also in the products and services we deliver – from our website experience, to the design of our food and wine menus, and the language and uniforms used by our service staff.

Our aim is to become one of the world's leading lifestyle brands, and to make the Emirates name synonymous with aspirational travel and experiences.

In April 2014, we brought aviation closer to consumers with the opening at Dubai Mall of our newest Emirates Official Store and the Emirates A380 Experience – the Middle East's first public A380 flight simulator. The Emirates A380 Experience introduces visitors to the flight deck of our flagship aircraft, and lets them experience the thrill of taking off and landing at 12 of the world's busiest airports in different weather conditions.

Emirates has a strong association with top-flight sports across the globe. Last year, we participated in three World Cups - football in Brazil, horse racing in Dubai, and cricket in Australia and New Zealand.

Since launch, more than 6,680 people have "taken flight" at Dubai Mall. This is our second such project, having launched the Emirates Aviation Experience in London the previous year.

In Switzerland, we created trendy reusable shopping bags from our old outdoor advertising banners, giving these canvasses a second life to literally carry our "Hello Tomorrow" brand message. For this project, we worked with Feinschliff, a socially integrative company that supports long-term unemployed people returning to the labour market.

In November, Emirates launched a new global campaign in partnership with Dubai's Department of Tourism and Commerce Marketing. The US$ 20 million "See you in Dubai" campaign is one of Emirates' largest to date, promoting the diverse and unexpected facets of our home and hub to audiences around the world.

We launched Emirates' official Twitter account this year, adding a new channel for customers and fans to directly engage with us. Today, Emirates has one of the most active and engaged social communities amongst airlines, with a combined following of 8.6 million across Facebook, Twitter, Instagram, LinkedIn, and Google+ viewing, liking, and sharing our brand stories with their friends.

Sponsorships: a passionate affair

Sponsorships are one of the most visible ways in which we connect people with their passions. Through our partnership with some of the world's biggest global events and most successful teams, Emirates today is one of the most recognisable brands in global sports across football, Formula 1®, rugby, cricket, tennis, golf, and horse racing.

In July, we added to our portfolio when we signed a three-year agreement to become Official Airline Partner for Portugal's most successful football club, Sport Lisboa e Benfica. We also extended our sponsorship of AC Milan for a further five years until 2019-2020. In tennis, we announced in October a multi-year Grand Slam partnership with the Australian Open as well as the Australian Open Series. This was followed in December by our announcement of a five-year partnership with the Lions Super XV Rugby team, with naming rights to their home ground Ellis Park in Johannesburg now called Emirates Airline Park.

With football legend Pelé and superstar Cristiano Ronaldo as our ambassadors, we ran a global campaign for the 2014 FIFA World Cup™ that brought the Emirates brand closer to over 300 million fans around the world. Over the summer, 115 Emirates Boeing 777 aircraft - decked out with special FIFA World Cup™ decals and Pele's signature – criss-crossed the globe to spread the excitement of football's biggest extravaganza. During the tournament, we flew over 18,000 passengers on our daily flights to Rio de Janeiro and São Paulo. This was Emirates' third and final appearance at a FIFA World Cup™ as Official FIFA Worldwide Partner, after a successful 12 year run.

Emirates marked a milestone as the longest-standing partner with the running of the 20th Dubai World Cup, which boasts the world's richest purse for thoroughbred horse racing.

At the ICC Cricket World Cup 2015, Emirates made a strong showing as Official Worldwide Partner of the International Cricket Council (ICC), sponsor of the ICC Cricket World Cup 2015, and also sponsor of the event's match officials – who are selected from the Emirates Elite Panel of ICC Umpires, the Emirates International Panel of Umpires, and the Emirates Elite Panel of ICC Match Referees. As an airline, we serve 13 of the 14 nations participating in the ICC Cricket World Cup 2015, and our brand presence and activations enabled us to effectively engage with the passionate fans of this sport.

In arts and culture, Emirates struck a high note amongst global Arab audiences with its sponsorship of the hugely popular Arab Idol Season 3 reality talent show. This was not Emirates' only new musical foray this year, as we also supported RedFest DXB and ChoirFest Middle East in Dubai for the first time, in addition to being long standing sponsors of the Dubai Jazz Festival, the Australian symphony orchestras in Sydney and Melbourne, and in San Francisco (USA).

EMIRATES BRAND VALUE

US$ 6.6 BILLION

The strength of our diverse workforce

Our people are our strongest asset. We are proud of our diverse and talented workforce comprised of passionate and talented individuals from more than 160 countries. As a global airline and air services provider, we have to relate to a global industry but also local customers and business practices. At the Emirates Group we truly celebrate and work hard to harness the unique perspectives and skills of our people – because when it comes right down to it, it is always our people that give us that added edge over the competition.

Last year, we welcomed 8,600 new staff to the Group, increasing our staff strength to 84,000.

As the airline added new aircraft, we recruited 350 flight deck crew, 4,600 cabin crew and 560 engineering staff to support our growing fleet.

We also invested to equip our people with the best infrastructure to enable them to excel at work. For instance, we provided our 2,400-strong airport services team with a custom-designed mobile application that gives them real-time operational information such as flight status, departure timings and gate changes.

Our people are our strongest asset, comprising passionate and dedicated individuals from over 160 nations.

In 2014-15, we welcomed 8,600 new colleagues to the Emirates Group, and invested over AED 100 million in training and development.

By simply scanning a passenger's boarding pass, our airport services staff can easily assist our customers with up-to-date information on their connections or journey. This technology increases our efficiency and improves customer interactions, especially during peak traffic periods at the airport where there can be up to 140 departures and arrivals in a four hour window.

We also implemented new technology to enable our cabin crew, our largest mobile workforce, to conveniently access all their critical work applications including their duty rosters on their mobile phones.

Our HR teams worked hard through the year to deliver world-class training for our people, and development opportunities.

In 2014-15, we invested over AED 100 million to support the learning and development needs of teams and individuals across Emirates and dnata. Our Group Learning & Development (GL&D) team alone trained over 41,000 staff last year at the Aviation College, our main hub facility in Dubai.

For our growing international workforce, we also ran courses at our Melbourne hub for staff based in Australia and New Zealand, and launched a new training hub in Houston, USA. Our staff attended courses ranging from Leadership and Customer Service, to more specific skills in Commercial, and Airport Operations. E-learning was also a key strategy in supporting the development of our varied staff profile. Attesting to the high quality of our training, we won first place in the Lead 2015 (USA) international awards for our leadership programmes. Over the past two years, the GL&D team has won seven awards for its various programmes.

Last year, Emirates invested about AED 73 million in cabin crew training which saw over 4,000 new cabin crew graduate from the facility, another 4,000-plus existing crew training for a cabin upgrade, and more than 17,600 crew participate in Recurrent Training – a mandatory course crew undertake every year.

In 2014-15, Emirates received over 400,000 online applications from 227 countries, for 2,000 jobs. We also receive an average of 1,500 career-related enquiries each month on our social media channels. Our Group careers portal receives over a million visitors each month from candidates around the world who are attracted by our brand, financial success, growth and stability.

We grow our workforce as we grow our business. Today, more than 12,600 staff have been with the company for over 10 years, and close to 3,000 staff have been with us for over 20 years. Considering the largely expatriate and highly mobile workforce in our Dubai base, the high retention rates across the Group continue to speak to our attractiveness as a global employer.

To support our planned growth, we expect to hire 11,000 new staff across Emirates and dnata's business divisions in 2015-16.

168
NATIONALITIES

EMPLOYED BY THE GROUP

A steady course for the future

We build our business on sound commercial, operational, and financial foundations. We know that if we want to deliver sustainable value to our shareholders and stakeholders, we need a balanced approach and a long-term view. Profitability is important, so is investing for the future and doing the right thing by our people, our environment and the communities we serve.

Through the year, as Emirates launched new destinations and added services to existing routes, our commercial teams worked hard to react quickly and profitably to a dynamic marketplace.

This year we revamped our online booking engine to offer our customers greater flexibility and fare transparency, while enhancing our own revenue opportunities.

In the US, a lobby campaign by the three biggest American carriers rekindled the debate on competition and open skies. In this regard, Emirates' stance is clear – we have always championed the benefits of competition for consumers, economies, and our industry. This year, we released two new economic impact studies conducted by Frontier Economics and Oxford Economics.

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The successful first year of "A Greener Tomorrow" attracted nominations from over 400 organisations around the world, spanning initiatives such as animal and land conservation, to biogas and green transportation.

These reports quantified the economic value that Emirates brings to cities we serve in the European Union and also in our own hub, Dubai; illustrating the positive impact that international air transport brings to the places it serves.

At the turn of the year, one of the harshest winters of recent times hit the Levant region where displaced refugees from regional conflicts faced snowstorms and supplies shortage. We responded with an AED 5 million contribution to the Tarahamu campaign led by the UAE President HH Sheikh Khalifa bin Zayed al Nahyan, to provide supplies to over one million refugees in Jordan, Lebanon, Gaza and other Palestinian territories.

We also partnered with Boeing and "Another Joy Foundation", a US-based non-profit organisation, to transport critically needed supplies to hundreds of thousands of displaced people in Iraq.

In June, our "A Greener Tomorrow" initiative awarded funding to its first three recipients, helping not-for-profit organisations in Malawi, Pakistan, and the Philippines implement their environmental projects using revenues raised from Emirates Group recycling programmes.

Across the Group, we continued to implement initiatives to improve environmental performance and these were highlighted in our fourth environmental report published in December.

Emirates saw total fuel efficiency improve by 0.5% across its flights, carbon dioxide (CO_2) efficiency improve by 0.4%, and noise impact for take-off and landing improve 2.4% and 10.1% respectively. In our ground operations, a major efficiency initiative for our Dubai ground transport fleet reduced CO_2 emissions by 2,500 tonnes a year.

Emirates also continued to make significant progress on our conservation programmes in the Dubai Desert Conservation Reserve, and Wolgan Valley in Australia, benefitting both wildlife and plant life.

Financing our growth

Our financial strength and track record enable us to secure funding from international markets to invest in new aircraft and business growth.

In 2014-15, we raised AED 18.7 billion for aircraft financing and other investments.

In addition, we priced a ground-breaking US$ 913 million Sukuk backed by UK Export Finance (UKEF) for four Airbus A380 aircraft to be delivered between April and July of our new financial year. This transaction marked several firsts: the world's first Sukuk financing supported by the UKEF, the largest ever capital markets offering in the aviation space with an Export Credit guarantee, the first time a Sukuk has been used to pre-fund the acquisition of aircraft, and the first ever Sukuk financing for A380 aircraft.

The Certificates for this transaction saw strong demand from global investors, attracting orders exceeding US$ 3.2 billion and recording an over-subscription of 3.6 times.

In 2014-15, Emirates received delivery of 24 new aircraft. These were funded using a mix of finance, operating leases and unsecured loans, in line with our strategy to maintain a diverse portfolio of financing sources.

In addition to the UKEF-backed Sukuk, Emirates has already received offers of finance covering almost all deliveries due in our 2015-16 financial year.

EMIRATES RAISED
AED 18.7 BILLION
TO FINANCE AIRCRAFT AND OTHER INVESTMENTS

dnata

A global air services provider guided by strong business values

When the going gets tough, the tough gets going.

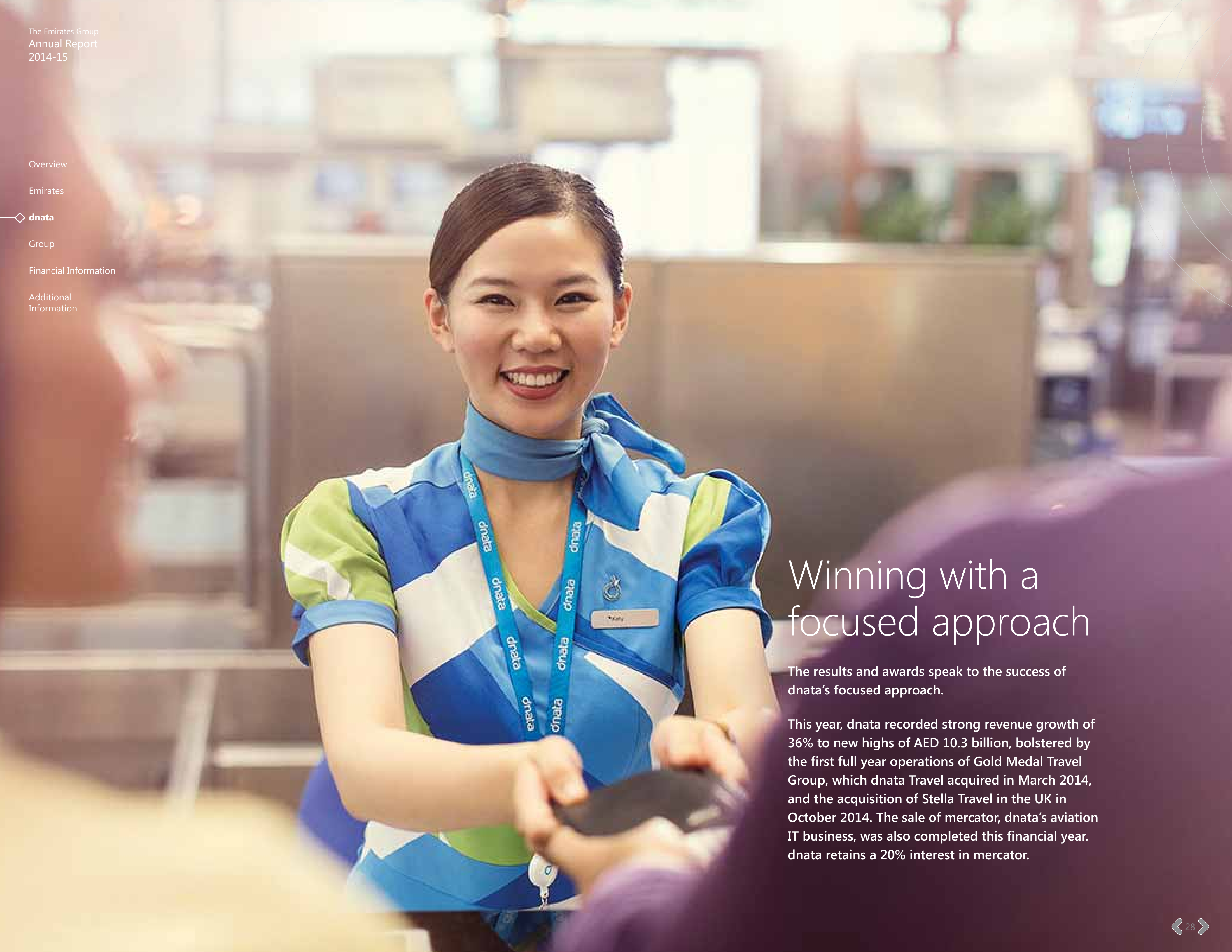
This spirit was played out across dnata's complex and wide-ranging business, as our teams rallied to deliver results while staying true to dnata's fundamental values of safety, efficiency, and customer satisfaction.

Each day, dnata's 27,000 employees around the globe uplift meals, service aircraft, move all types of cargo, handle baggage, help people with their travel plans, and ensure they reach their final destinations. Our aim is to become the world's most admired air travel services provider, and we do that by delivering on the promises that our customers make.

dnata marked several milestones this year but also faced unprecedented challenges from instability in Iraq and security threats in Pakistan, to airport runway upgrades in Dubai and increased economic pressures around the globe.

Through these myriad challenges, dnata held onto a steady course to achieve our long-term goals, and built on the four pillars of our business: people, operations, customers, and finance.

Across our four main divisions – UAE airport operations, International airport operations, Catering, and Travel services; dnata continued to grow, improve productivity, and maintain the high standards that our customers expect.



Winning with a focused approach

The results and awards speak to the success of dnata's focused approach.

This year, dnata recorded strong revenue growth of 36% to new highs of AED 10.3 billion, bolstered by the first full year operations of Gold Medal Travel Group, which dnata Travel acquired in March 2014, and the acquisition of Stella Travel in the UK in October 2014. The sale of mercator, dnata's aviation IT business, was also completed this financial year. dnata retains a 20% interest in mercator.

Illustrating dnata's strong international growth, revenues from our businesses outside of the UAE exceeded 60% of total revenues, a remarkable trajectory compared to 50% in 2013-14, and 46% the year before that.

Overall, dnata marked new record profits of AED 906 million, and invested over AED 500 million towards new facilities and services, new technologies, and training. This included the acquisition of the remaining 50% share in Toll dnata, our airport services joint venture in Australia, from the Toll Group; new airport lounges in Manila and Dubai; new halal kitchens in Italy; new cargo facilities in Australia, Iraq, Pakistan, Singapore, Switzerland, UAE, and UK; the acquisition of Stella Travel in the UK; and new travel retail outlets in the UAE, KSA, Iraq, and Qatar.

In pursuing excellence across our operations, the dedication and efforts of dnata teams across the business was rewarded by new contract wins, recognition from our customers, and industry awards.

dnata's accolades this year included "Ground Handler of the Year" at the Cargo Airline of the Year awards (2nd year running); "World Leading Air Travel Services Provider" at the World Travel Awards; "Outstanding Safety Standards and Practices Award" from Dubai Airports; and "Outstanding Handling Service" by DHL in Singapore.

Growing together

As we grow our operations, dnata recognises that we can play an increasingly active role in the communities we serve. Therefore in July, we launched dnata4good, a new corporate giving initiative that helps us collect, amplify, and effectively channel the efforts that already exist within our workforce for a number of different causes and existing charity groups.

Initially, dnata4good is focused on providing education to disadvantaged children and the protection of wildlife. To date, it has already mobilised fundraising through more than 35 staff-driven initiatives. In November, we proudly presented a mobile veterinary response unit to support the efforts of Saving the Survivors – a South African NGO that helps rhinos victimised by poachers or suffering from traumatic injuries. We also raised enough to build four schools in poor communities in conjunction with our partner Dubai Cares, and construction with help from our staff volunteers will begin soon.

Closer to home, dnata renewed its sponsorship of the Al Ahli Dubai Football Club as Premier Partner. Building on a relationship that started in 2012, this partnership supports and connects with fans of the club in the UAE and wider GCC region.

Under our One Safety programme, we are rolling out Behavioural Accident Prevention Process (BAPP®) training to all operational employees to highlight the importance of behaviour in establishing safety in the workplace.

Safety: our number one priority

Safety is the foundation of all of dnata's operations. It is our responsibility as an employer and a service provider for our customers.

It is dnata's goal to be a leader in the field of workplace safety, and that is why we have committed over AED 70 million to One Safety, a dedicated initiative to develop, promote, and cement the strong safety culture that already exists in dnata's DNA.

Since the start of One Safety, more than 850 of our staff have been trained as observers, over 24,000 individual observations have been carried out, and feedback to reinforce safe behavior has been delivered more than 200,000 times.

This year, dnata launched SafeAlign™ workshops to enhance the ability of managers and supervisors to strengthen safety performance. We also launched a comprehensive culture survey across our Airport Operations to identify the next steps required in our safety initiative.

Moving forward, dnata will continue to foster a collaborative and collective responsibility for safety, including hands-on training for staff, awareness drives and other engagement projects.

4,000
EMPLOYEES HAVE UNDERGONE

one safety

BAPP® OR SAFEALIGN™
SAFETY TRAINING

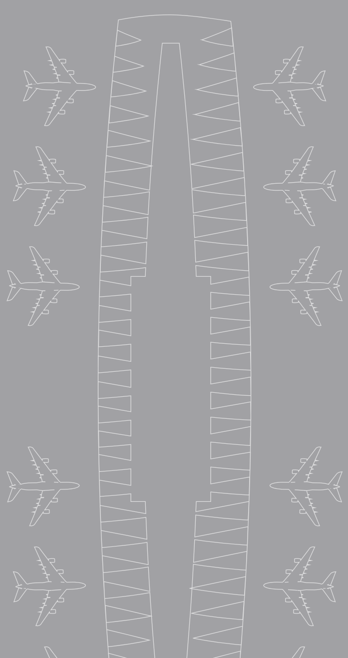
UAE airport operations: At the heart of a record year for Dubai's airports

In Dubai, dnata handles all flights at Dubai International (DXB) and Al Maktoum International (DWC) airports, as well as passengers, baggage, and cargo for all airlines aside from Emirates.

Building on our more than 50 years of experience, dnata is an integrated air services company which today serves passengers from more than 125 airlines, departing, arriving, or transiting in both of Dubai's airports. We offer check-in and transit counter services, meet and greet services, as well as dedicated lounges for passengers to rest before the next leg of their journeys.

dnata also cleans and readies aircraft for their next flight, provides tow and pushback services, manages the loading and unloading of cargo and baggage, and provides technical and line maintenance services.

In December, DXB became the world's busiest international airport, overtaking London Heathrow. dnata's airport operations was right at the heart of the action, supporting DXB in achieving record numbers.



For an 80-day period beginning 1 May 2014, DXB operated with only a single runway as it implemented upgrading works at the airport. This created twin challenges for the dnata team - we had to recalibrate operations at DXB to ensure that services for passengers and airline customers continued smoothly, and we also had to boost operations at DWC to support the airlines operating from there during the runway upgrades at DXB.

Working closely with Dubai Airports and other stakeholders, dnata put in place the technology, systems and teams needed at DWC. This was a significant logistics exercise, involving hundreds of hours of careful planning, training and preparation to ensure seamless operations at both DXB and DWC during the busy summer months while the runway upgrading works continued apace.

In the four months from May to August, dnata handled more than 20.2 million passengers, 24.5 million bags and 45,000 flights across DXB and DWC.

Despite the 80-day DXB runway closure, which had an estimated impact of AED 113 million, dnata's airport operations in the UAE posted a moderate revenue growth of 5% to reach AED 2.5 billion.

Building new capability at Dubai's airports

Safety and efficiency remain the cornerstones for airport operations, and that is why dnata continually reviews every aspect of our operations, invests in our people, and supports them with the right training, technology, equipment and facilities.

At our main base in DXB, the continued traffic growth puts a lot of pressure on dnata to manage airport and cargo operations effectively.

Soon, new infrastructure development will be limited by real estate constraints at the airport. This means dnata teams will have to be even more efficient, and work smarter than ever to continue delivering a good experience for travellers and smooth operations for our airline customers.

In 2014-15, dnata's airport and cargo operations in the UAE merged into one team. This internal amalgamation of resources enabled us to provide a more integrated service and respond to our customers' needs with greater agility and flexibility.

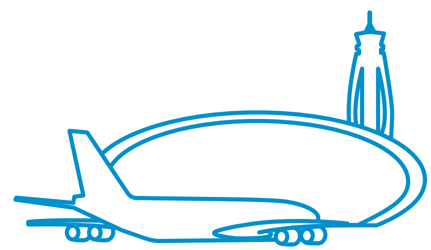
This move also stood us in good stead during the year's challenges, as we increased efficiency with the creation of a centralised administration unit, and combined our Ramp and Baggage units into one team. We also implemented various internal programmes focused on improving safety and efficiency in our work processes.

dnata implemented a weight and balance system provided by Amadeus, to increase productivity and support our load control staff with real time data, so they can do better load plans, and improve safety and compliance.

Responding to growth and business needs, dnata's training team saw a record year - clocking over 46,100 training days for new joiners, as well as recurrent training for existing staff. 17 new courses were designed, and 70 more were uploaded onto our internal staff portal to help standardise training across our operations locally and globally.

dnata continued to invest in ground support equipment (GSEs), with over 200 new assets to service flights at DXB and DWC. This includes the innovative K-Loader, a versatile and self-propelled loader-transporter that can service a variety of commercial and military aircraft. Currently deployed at DWC, the K-Loader efficiently handles outsized and odd-sized shipments, safely and quickly. Our other investments for handling odd-sized freight include a 40 feet dolly, modified 20 feet dollies, a prime mover, low-bed trailer and our leased 50-tonne crane.

We also signed a land lease agreement this year to build a second major cargo terminal, Freight Gate 9, at DWC. The first phase of construction for the new terminal is expected to be completed in 2018.



SERVING 125 AIRLINES AT BOTH AIRPORTS IN DUBAI

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International airport operations: Growing global capabilities

Outside of Dubai, dnata continued to grow its international airport operations with equity investments, expanding into new airports and facilities and winning new customer contacts.

In Australia, we acquired the remaining 50% of shares of our joint venture Toll dnata from Toll Holdings. We assumed full control of the business in February 2015. This has allowed us to commence a transformation programme, to ensure we have the correct cost base to compete effectively in what has become a very difficult and competitive market.

dnata also commenced operations at five new airports in the United Kingdom during the year. These were cargo operations at Birmingham, East Midlands, Glasgow, London Gatwick and Newcastle; increasing our total number of global locations for airport operations to 26, including Dubai, in nine countries.

This represented part of a very significant investment in cargo facilities. During the year, we opened an unprecedented 11 new cargo facilities across the globe, including the opening of the "dnata City" complex at London Heathrow. dnata City comprises three cargo warehouses of 20,000 square metres, and provides the most advanced and innovative cargo handling in the London Heathrow market.

We also launched ground handling operations at Manchester International airport in October 2014. This provides handling for 25 flights per week to launch customers, Emirates and Cathay Pacific.

Across our international operations this year, dnata handled 109,546 flights and 937,000 tonnes of cargo for our customer airlines. We also grew revenues by 16% to AED 1.6 billion, driven by increasing business volumes mainly in the UK.

However, our operations this year were overshadowed by two dramatic outside events.

On 8 June 2014, a terrorist attack at Karachi's Jinnah International airport tragically resulted in the sad loss of seven of our staff employed by Gerry's dnata, our ground handling joint venture in Pakistan. We provided financial assistance and support to the bereaved families and specialist welfare support to our staff and families who had suffered in these traumatic events. Our staff around the world also quickly rallied with an outpouring of compassion and raised a considerable sum of their own money for the families of the victims.

Our import cargo warehouse at Karachi was destroyed in the attack. We were able to quickly move into a new temporary facility which allowed us to provide a continuous service to our airline customers in very difficult circumstances.

dnata's ground handling and travel operations in Erbil also faced great challenges as a result of the security situation in Iraq. We have worked very closely with the Erbil International Airport Authority and our security advisors to ensure that we maintained our operation on the ground in Erbil which provides a vital link to the local community, whilst also ensuring the absolute security of our staff at all times.

In both Karachi and Erbil, our local teams reacted with utmost dedication, professionalism and commitment to ensure that both operations returned to normal as soon as possible. We are very proud and would like to acknowledge their efforts.

Despite these setbacks, we have continued to grow our business, setting the highest levels of service in all the airports in which we operate. This has allowed us to win several new contracts in the year with leading airlines including American Airlines, Cathay Pacific, Emirates, Etihad, Qantas, Qatar Airways, and Turkish Airlines.

Our steady focus on safety, our people, and excellence in every aspect of operations was recognised in three major industry awards in 2014: "Ground Handler of the Year" (worldwide) at the Air Cargo News Awards in London, "Ground Handler of the Year" (worldwide) at the GHI industry awards, and "Ground Handler of the Year" (Middle East) at the ITP Aviation Business Awards.

Our strong performance and growth speak to the benefits reaped from the previous years' investments in new international cargo handling facilities, particularly in the UK.

109,546

FLIGHTS HANDLED

Catering: Delivering quality meals and business performance

dnata is one of the world's largest providers of inflight catering services with operations across 62 airports on five continents. We have established an inflight retail business offering sales of food and beverage (F&B), and operate F&B outlets at airports across the world. Our own F&B brands include Refuel, Grab and Go, World News Café and Catalina, together serving over 25,000 customers a day.

In addition to our own operations, dnata also provides expertise and services through Alpha Flight Group's operations in the UK, USA, Europe and Australia, dnata Newrest in South Africa, and En Route in the UK, USA and UAE.

In 2014-15, dnata catering marked new record revenues of AED 2.0 billion, an increase of 7% over the previous year on the back of new contracts. We also saw the number of meals uplifted this year increase to 46.6 million, up 13% from 41.3 million last year.

This strong performance reflects the benefits of our investments to increase capacity and capability, including new kitchens in Italy and Australia. In a highly competitive industry where cost, quality, and operational reliability are the top customer considerations, we believe our new facilities and track record present a unique advantage over the competition.

Together with our customers, we design and deliver meals that meet their needs, reflect local tastes and seasonal trends, and meet special nutritional or cultural requirements.

Silver Wings, our joint venture company in Sofia, opened a new catering centre in November 2014. This 2,500 square metre facility has a total capacity of 6,000 meals per day. The venture, which is shared with Bulgaria Air Group and LSG Sky Chefs, has 130 people providing catering services for hub carrier Bulgaria Air, as well as Qatar Airways, Lufthansa, British Airways, and Wizz Air.

In the UK, Alpha LSG invested GBP 10 million to build a new catering complex in Heston, close to London Heathrow. This facility incorporates highly optimised production and logistics centres, the airport's only dedicated halal kitchen, a Japanese and an Asian kitchen, an exclusive customer lounge and a culinary academy. Over 40 airlines are served from the new centre which has capacity to produce 76,500 meals per day.

In Australia, we opened a new 7,500 square metre kitchen in Adelaide, employing 120 new staff. We also completed renovations at our Brisbane facility and plans are underway to build a new facility in Melbourne.

In all, we have invested AUD 6.7 million across Australia.

In Europe, we introduced inflight catering services at Ostrava, Pardubice and Karlovy Vary airports in the Czech Republic, and introduced on-board retail products for Czech Railways' Leo Express service and Volotea, Spain's low cost carrier. We also launched inflight retail services for Thomson Airlines in the UK.

Bespoke meals, at scale

Our experienced, award-winning chefs work hard to create meals for every palate. From standard menus to bespoke meals, dnata has a proud tradition of creativity and high culinary standards which has been recognised through awards, contract wins and high customer satisfaction levels.

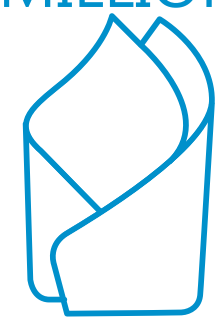
At every step of the process from planning, to preparation and delivery, dnata keeps a close watch to ensure it meets the highest international standards of quality control and safety standards.

dnata's catering operations is a massive logistic network that has to run like clockwork on a global scale. Delivering hundreds of thousands of fresh and delicious meals each day, is a complex exercise for dnata whose teams have to prepare, keep track, and serve different menus for each customer.

By investing in the latest food production and supply chain tracking technologies, as well as careful planning and monitoring, dnata catering continues to help keep the promises its customers make.

Our winning approach is reflected in the new customers that our team has won over in 2014-15, including: Air New Zealand (dnata Singapore); Cathay Pacific in Melbourne, Perth and Brisbane (Alpha Australia); Edelweiss in Cape Town (dnata Newrest); easyJet in Manchester and Liverpool (Alpha LSG); and Qatar Airways in Edinburgh (Alpha LSG).

46.6
MILLION



MEALS UPLIFTED


dnata
24/7

Travel services: Delivering more as we grow

For individual and travel trade customers, we can offer competitive and comprehensive travel choices to hundreds of destinations on six continents.

dnata is the leading travel management company in the Middle East, providing comprehensive travel services for individuals, companies and the travel trade across 27 countries. Each month, our team handles over 250,000 customer calls at our 24/7 contact centres, and assists thousands of customers with their travel in over 200 retail outlets across the UAE, Kingdom of Saudi Arabia, Bahrain, Qatar, Oman, Afghanistan, India, UK, Ireland, Iraq, Spain, and Italy.

In 2014-15, dnata's travel services division saw strong revenues growth of 278%, or AED 2 billion, to AED 2.7 billion, mainly driven by our business expansion in the UK. Travel represents now the largest business segment in dnata in terms of revenue.

Throughout the year, we continued to grow our global footprint in travel and expand the services and products we offer to our customers.

This year's biggest milestone for dnata was our acquisition of UK travel services provider Stella Travel. This move brought all of Stella Travel's brands – TravelBag, Travel2, Sunmaster, Global Travel Group, and Triton Rooms – into the dnata family. The addition of Stella Travel strengthens dnata's comprehensive portfolio which includes Gold Medal Travel Group, and Travel Republic, as well as investments in HRG and Mindpearl Group.

dnata opened new travel retail outlets in the UAE, KSA, Qatar, and Iraq, adding to our strong retail network in the Middle East, where face-to-face contact is still the preferred travel booking experience for many of our customers. We also enhanced our online presence with the launch of our website in KSA and our dnata Travel app on iTunes. This year, our online bookings grew by over 60%.

In Asia, we inaugurated a new 700-seat 24/7 customer care centre in Clark, Philippines, to support the needs of all dnata businesses from corporate travel to baggage handling services. When fully operational, the new contact centre will have the capacity to handle more than 500,000 customer contacts each month in English, Mandarin, Spanish and Tagalog, and support up to 1,500 local jobs in the Philippines.

In the UAE, we introduced City Sightseeing - a new hop-on, hop-off bus tour service that provides visitors an interesting and convenient way to take in the sights in Dubai.

Today, dnata offers over 275,000 global hotels in our database, worldwide car rentals, as well as specialised products such as packages to global sporting events, and marine travel.

We work with major cruise and airlines partners, having established strong and strategic relationships with all the key players, and also representing many of them as GSA in the UAE and Middle East region.

In March, dnata announced an agreement to purchase a majority stake in Imagine Cruising, one of the UK's leading cruise and stay holiday distributors which works with all the major international cruise lines. When the transaction is approved and completed in the coming months, it will enhance our expertise and product portfolio - both in tour operations and cruise retail.

A steady course for future growth

For over five decades, dnata has built a reputation for being an industry innovator and we will continue to invest in our people and infrastructure to stay ahead of the game.

The Middle East has seen a strong uptick in travel demand, and this growth is projected to continue on the back of economic development and changing demographics.

We are committed to developing our business organically, while investing in acquisitions and partnerships where the synergies are obvious.

Across all sectors of the travel industry – leisure, corporate, government and specialised travel – dnata will continue to look for the best possible partners and products to serve our customers, and add value to our business.

REVENUE FROM TRAVEL SERVICES GREW BY **AED 2 BILLION**

1st Quarter

6 APRIL

Emirates SkyCargo launched two new freighter-only services to Atlanta, USA and Basel, Switzerland

14 APRIL

The Emirates A380 experience opens at Dubai Mall. It is the Middle East's first public A380 flight simulator

28 APRIL

dnata celebrates World Safety Day across the network with a focus on the health and wellbeing of our staff

1 MAY

dnata opens a marhaba lounge at DWC

1 MAY

80-day runway maintenance programme at Dubai International airport (DXB) begins, after months of careful planning to minimise impact to Emirates' and dnata's customers

6 MAY

dnata named “Ground Handler of the Year” at Cargo Airline of the Year awards

1 MAY

Emirates SkyCargo moves its freighter operations to its new cargo terminal, Emirates SkyCentral, at Al Maktoum International airport (DWC)

1 MAY

Emirates SkyCargo launches its dedicated trucking operations between Dubai International airport (DXB) and Al Maktoum International airport (DWC)

13 MAY

dnata announces cargo infrastructure investment of GBP 8 million throughout the UK

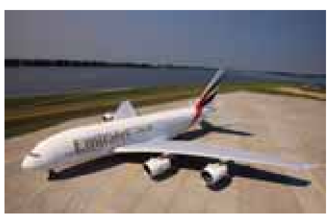
1 JUNE

Emirates marks 10th anniversary of passenger operations in the USA

2nd Quarter

12 JUNE
The 2014 FIFA World Cup™
kicks off in Brazil with Emirates as an Official Worldwide Partner

10 JULY
Emirates receives its 50th A380 aircraft



17 JULY
Emirates launches the world's shortest
A380 scheduled route between Dubai and Kuwait

24 JULY
Emirates Lounge opens in Glasgow,
taking our global lounge network to 36

24 JULY
dnata launches dnata4good –
a new corporate giving initiative focused on children's education and wildlife protection

28 JULY
Emirates becomes Official Airline Partner
of Benfica, Portugal's most successful football club

1 AUGUST
Emirates adds Abuja, Nigeria
to its African network with the launch of daily services

3 AUGUST
dnata launches SafeAlign™
as part of its OneSafety initiative. These workshops will address specific behaviours and focus on those skills that will enhance managers' and supervisors' ability to leverage their day-to-day activities as opportunities to strengthen safety performance

15 JULY

ice celebrates a decade at the top after winning the Skytrax award for "Best Inflight Entertainment" for the 10th year running

5 AUGUST

Sage Parts and dnata

collaborate on a one-stop shop for GSE replacement parts and maintenance at Changi Airport, Singapore

5 AUGUST

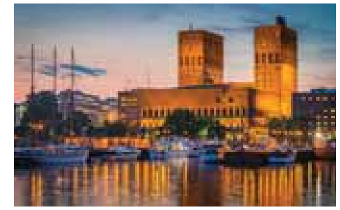
Emirates starts flights to Chicago,

its newest USA destination

1 SEPTEMBER

Arab Idol 3 sponsorship

strikes the right note with Arab audiences around the world



2 SEPTEMBER

Emirates launches flights to Oslo

enhancing its services to Scandinavia

5 SEPTEMBER

Emirates launches flights to Brussels,

bringing the number of European cities served to 38

15 SEPTEMBER

dnata Travel opens an outlet in Erbil,

Iraq, adding to its strong retail network in Middle East of over 200 outlets

23 SEPTEMBER

Emirates SkyCargo launches

the "White Container" - an internally developed and cost effective LD3 container that keeps temperature sensitive cargo cool when transported on the ground and in the air

3rd Quarter

2 OCTOBER
dnata brings City Sightseeing hop-on, hop-off tours to Dubai. Providing visitors to Dubai an interesting and convinient way to take in the sights

9 OCTOBER
dnata acquires Stella Travels a leading UK travel services provider, strengthening our comprehensive portfolio

13 OCTOBER
dnata opens new Customer Care Centre in Clark, Philipines. This 24/7 facility supports all dnata businesses from corporate travel to baggage handling

27 OCTOBER
Emirates launches flights to Budapest adding Hungary to its global network

11 DECEMBER

Emirates announces sponsorship of South Africa Super XV Rugby team the Lions

27 OCTOBER

dnata marks first year of passenger operations at DWC

28 OCTOBER

Emirates opens its 7th global Customer Contact Centre in Budapest expanding its capability to support customers in 48 countries in 16 languages

29 OCTOBER

Emirates takes delivery of its 100th Boeing 777-300ER

30 OCTOBER

dnata launches ground handling operations at Manchester International airport

25 NOVEMBER

dnata4good hands over mobile veterinary response unit to Saving the Survivors

25 NOVEMBER

Emirates and DTCM launch US$ 20 million 'See you in Dubai' campaign

7 DECEMBER

dnata wins World's Leading Air Travel Service Provider at the World Travel Awards

17 DECEMBER

4 million fans on Facebook, taking Emirates' social media reach to over 8.5 million fans and followers

17 DECEMBER

dnata's operations in Zurich awarded American Airlines ramp handling contract

4th Quarter

1 JANUARY

Emirates SkyCargo launches
a weekly freighter service to Ouagadougou in Burkino Faso

11 JANUARY

Emirates donates AED 5 million
to the Tarahamu (Show Compassion) campaign, to aid refugees hit by severe snow storms in the Levant

5 FEBRUARY

Group staff recognition by
HH Sheikh Ahmed bin Saeed Al-Maktoum. Chairman and Chief Executive of Emirates Airline and Group. 51 employees honoured in the annual Najm Chairman Awards ceremony

11 FEBRUARY

dnata opens a new lounge in Manila
at Ninoy Aquino International airport

17 FEBRUARY

Emirates' brand value grows
for 4th Consecutive Year to US$ 6.6 billion

23 FEBRUARY

dnata aquires the remaining 50%
shares of its joint venture Toll dnata in Australia, from Toll Group

26 FEBRUARY

dnata Singapore named Jetstar's Caterer
of the Year

26 FEBRUARY

Emirates' Wi-Fi roll-out across its fleet
crosses 100 aircraft

Overview
Emirates
dnata
Group
Financial Information
Additional Information

9 MARCH
dnata Travel announces it will acquire majority stake in Imagine Cruising

1 MARCH
Broadlex Air Services rebrands to Cabin Services Australia

3 MARCH
Frontier Economics study outlines Emirates' contribution to the economies of 16 European Union Member States. The airline had a EUR 6.8 billion impact on EU GDP

12 MARCH
dnata Travel enhances its online footprint with the launch of a mobile app for iOS

18 MARCH
37th dedicated Emirates Lounge opens in Los Angeles International airport

30 MARCH
World's First UKEF-backed Sukuk priced at US$ 913 million by Emirates for aircraft financing

Our growing network

DNATA PRESENCE

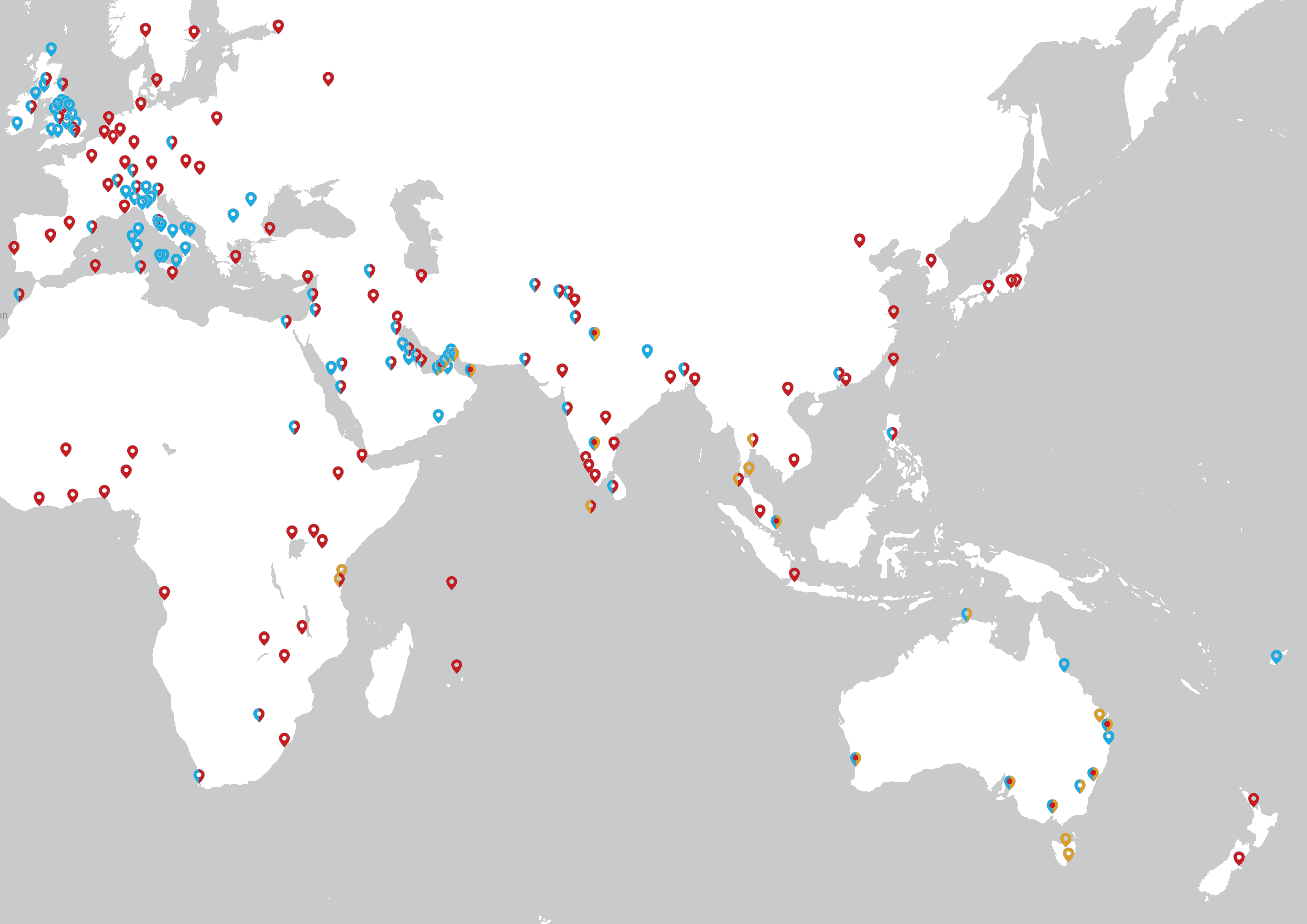
ABU DHABI
ADELAIDE
AL AIN
AL KHOBAR
AL MEDINAH
ALGHERO
AMMAN (MARKA)
BAHRAIN
BARCELONA
BARI
BEIRUT
BELFAST
BENGALURU
BERGAMO
BIRMINGHAM
BOLOGNA
BRINDISI
BRISBANE
BRISTOL
BUCHAREST
CAGLIARI
CAIRO
CANBERRA
CAPE TOWN
CARDIFF
CASABLANCA
CATANIA
CHESTER
COLOMBO
COOLANGATTA
CORK
DAMMAM
DARWIN
DELHI
DHAKA
DOHA
DUBAI
EAST MIDLANDS
EDINBURGH
ERBIL
FLORENCE
FUJAIRAH
GENEVA
GENOVA
GLASGOW
GUANGZHOU
HALIFAX
ISLAMABAD
JEDDAH
JOHANNESBURG
JUBAIL
KABUL
KARACHI
KATHMANDU
KHARTOUM
KUWAIT
LAHORE
LAMEZIA TERME
LEEDS
LIVERPOOL
LONDON GATWICK
LONDON HEATHROW
LONDON STANSTED
LUTON
MANCHESTER
MANILA
MELBOURNE
MILAN (MALPENSA & LINATE)
MUMBAI
MUSCAT
NAPLES
NEWCASTLE
NOTTINGHAM
OLBIA
PALERMO
PERTH
PESHAWAR
PISA
PRAGUE
PRESTON
PRESTWICK
RAS AL KHAIMAH
RIYADH
ROME (FIUMICINO & CIAMPINO)
SALALAH
SANFORD
SHARJAH
SINGAPORE
SOFIA
SUVA
SYDNEY
TOWNSVILLE
TRAPANI
TUNIS
TURIN
VENICE
VERONA
YANBU
ZURICH

EMIRATES PRESENCE

ABU DHABI
ADELAIDE
AJMAN
BANGKOK
BENGALURU
BRISBANE
CANBERRA
DAR ES SALAAM
DARWIN
DELHI
DUBAI
FUJAIRAH
HOBART
LAUNCESTON
MALÉ
MELBOURNE
MUSCAT
NEWCASTLE (AUSTRALIA)
PERTH
PHUKET
RAS AL KHAIMAH
SAMUI
SHARJAH
SINGAPORE
SYDNEY
WOLGAN VALLEY
ZANZIBAR

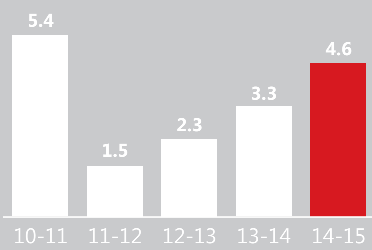
EMIRATES DESTINATIONS

ABIDJAN
ABUJA
ACCRA
ADDIS ABABA
ADELAIDE
AHMEDABAD
AL MEDINAH
ALGIERS
AMMAN
AMSTERDAM
ATHENS
ATLANTA
AUCKLAND
BAGHDAD
BAHRAIN
BANGKOK
BARCELONA
BASEL
BASRA
BEIJING
BEIRUT
BENGALURU
BIRMINGHAM
BOSTON
BRISBANE
BRUSSELS
BUDAPEST
BUENOS AIRES
CAIRO
CAMPINAS
CAPE TOWN
CASABLANCA
CHENNAI
CHICAGO
CHITTAGONG
CHRISTCHURCH
COLOMBO
CONAKRY
COPENHAGEN
DAKAR
DALLAS/FORT WORTH
DAMMAM
DAR ES SALAAM
DELHI
DHAKA
DJIBOUTI
DOHA
DUBAI
DUBLIN
DURBAN
DÜSSELDORF
ELDORET
ENTEBBE
ERBIL
FRANKFURT
GENEVA
GLASGOW
GUANGZHOU
HAMBURG
HANEDA
HANOI
HARARE
HO CHI MINH CITY
HONG KONG
HOUSTON
HYDERABAD
ISLAMABAD
ISTANBUL
JAKARTA
JEDDAH
JOHANNESBURG
KABUL
KANO
KARACHI
KHARTOUM
KOCHI
KOLKATA
KOZHIKODE
KUALA LUMPUR
KUWAIT
LAGOS
LAHORE
LARNACA
LIEGE
LILONGWE
LISBON
LONDON GATWICK
LONDON HEATHROW
LOS ANGELES
LUANDA
LUSAKA
LYON
MADRID
MALÉ
MALTA
MANCHESTER
MANILA
MAURITIUS
MELBOURNE
MEXICO CITY
MILAN
MOSCOW
MUMBAI
MUNICH
MUSCAT
NAIROBI
NEW YORK
NEWCASTLE
NICE
OSAKA
OSLO
OUAGADOUGOU
PARIS
PERTH
PESHAWAR
PHUKET
PRAGUE
QUITO
RIO DE JANEIRO
RIYADH
ROME
SAN FRANCISCO
SÃO PAULO
SEATTLE
SEOUL
SEYCHELLES
SHANGHAI
SIALKOT
SINGAPORE
STOCKHOLM
ST. PETERSBURG
SYDNEY
TAIPEI
TEHRAN
THIRUVANANTHAPURAM
TOKYO
TORONTO
TUNIS
VENICE
VIENNA
WARSAW
WASHINGTON
ZARAGOZA
ZURICH

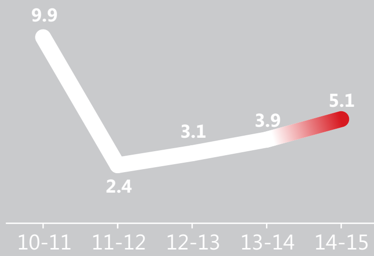


Emirates Financial Commentary

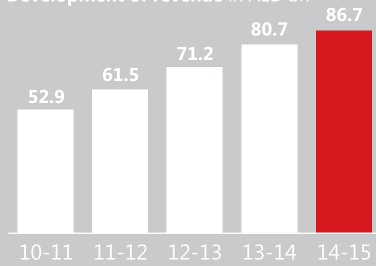
Profit attributable to the Owner in AED bn



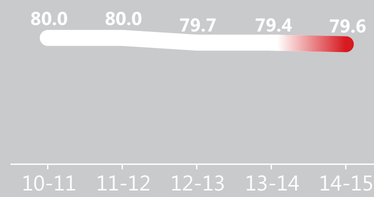
Profit margin in %



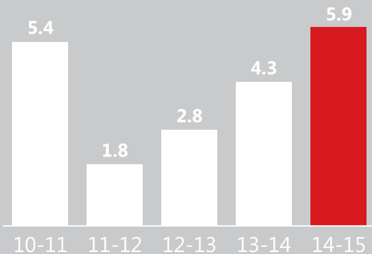
Development of revenue in AED bn



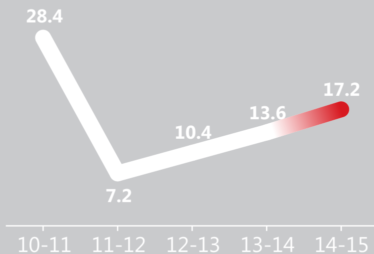
Passenger seat factor in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	**2014-15**	**2013-14**	**% change**
Passenger	70,013	65,405	7.0
Cargo	12,298	11,263	9.2
Excess baggage	436	412	5.8
Transport revenue	**82,747**	**77,080**	**7.4**
Sale of goods	2,550	2,385	6.9
Hotel operations	693	565	22.7
Destination and Leisure	221	228	(3.1)
Others	517	459	12.6
Total	**86,728**	**80,717**	**7.4**

The financial year 2014-15 was another year of successful growth. We ended the year on a strong and positive note in a dynamic environment. The year was marked on one hand by the drop in oil price and on the other hand by the runway closure at Dubai International airport (DXB) for 80 days, unfavourable exchange rates, the Ebola outbreak and suspension of operations to destinations affected by geopolitical turmoil.

We continued to stay on course with our growth strategy by adding 24 wide bodied aircraft to the fleet and phasing out ten. Consequently the capacity measured in ATKM grew by 4bn. We increased our operations with nine new destinations, carried 4.8m more passengers and transported an additional 127 thousand tonnes of cargo than in the previous year.

Profitability

Profit attributable to the Owner

Our operations continue to be profitable as the profit attributable to the Owner stood at an impressive AED 4.6bn. This is a significant 40% or AED 1.3bn increase over last year's AED 3.3bn.

Helped by the drop in fuel price during the second half of the year, overall costs continued to grow at a slower pace than the expansion in revenue. The growth in profitability was mainly enhanced by the lower unit cost. The overall yield remained under pressure due to adverse foreign exchange rates.

Profit margin

Profit margin increased by 1.2%pts compared to the previous year and stood at 5.1% (2013-14: 3.9%). This represents a strong result against the back-drop of an 8.6% increase in capacity measured in ATKM.

Operating profit

The operating profit was the highest ever recorded at AED 5.9bn (2013-14: AED 4.3bn). This is an increase of 38% or AED 1.6bn over last year. Consequently, our operating margin at 6.6% (2013-14: 5.2%) was a healthy 1.4%pts higher than last year.

Return on shareholder's funds

The enhanced profitability ensured a healthy 17.2% return on shareholder's funds. This represents a substantial increase of 3.6%pts over last year (2013-14: 13.6%).

Revenue

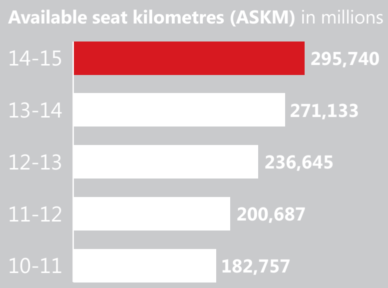
Revenue grew steadily at 7% to close at AED 86.7bn (2013-14: AED 80.7bn). The overall growth in revenue was adversely impacted by an estimated AED 1.6bn by the 80 day runway closure at DXB and significant weakening of major currencies against the US$. In addition, other external factors such as political instability in the Middle East and the Ebola outbreak negatively impacted our growth.

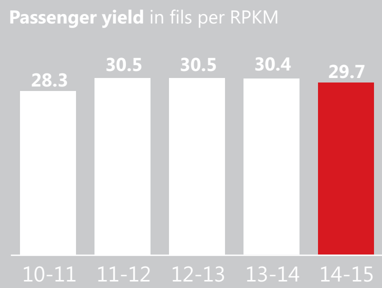
Transport revenue increased by 7% and stood at AED 82.7bn (2013-14: AED 77.1bn), well supported by a strong growth in cargo revenue.

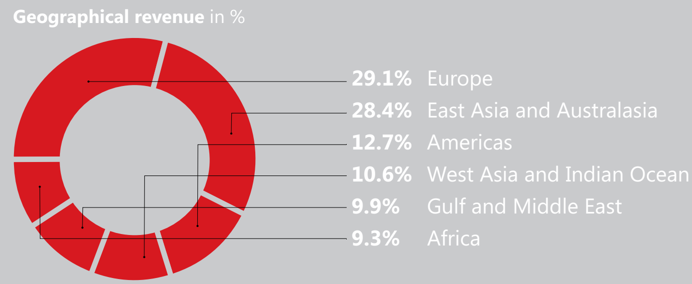
Passenger revenue and seat factor

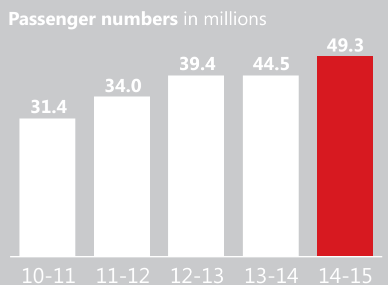
Passenger revenue (including excess baggage) reached AED 70.4bn (2013-14: AED 65.8bn). While the RPKM grew by 9%, the growth in revenue at 7% (or AED 4.6bn) was slower on account of lower yield.

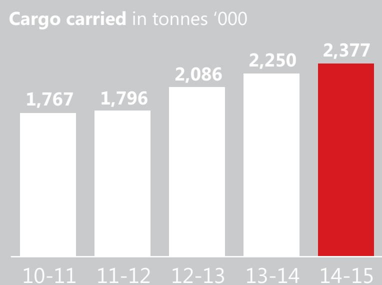
		2014-15	**2013-14**	**% change**
Passengers carried	million	49.3	44.5	10.7
Available seat km	ASKM million	295,740	271,133	9.1
Passenger seat km	RPKM million	235,498	215,353	9.4
Passenger seat factor	%	79.6	79.4	0.2 pts











Geographical revenue in AED bn

Year	Europe	East Asia and Australasia	Americas	West Asia and Indian Ocean	Gulf and Middle East	Africa	Total
2014-15	25.2	24.6	11.0	9.2	8.6	8.1	86.7
2013-14	23.4	23.8	9.2	8.3	8.3	7.7	80.7
% change	7.4%	3.3%	20.2%	11.2%	3.8%	5.3%	7.4%

We achieved a passenger seat factor of 79.6%, a strong performance considering the 9% increase in ASKM in current year in addition to the 15% increase in the previous year.

The premium class seat factor was up by 1.3%pts compared to the previous year. The economy class seat factor remained strong at 82.4% (2013-14: 82.4%).

The passenger number grew by 11% or 4.8m to 49.3m. Against the backdrop of a strong passenger seat factor, this compares well with the expanded capacity and further acknowledges the popularity of Emirates among its discerning passengers.

Cargo revenue

Cargo revenue recorded an impressive growth of 9% over last year and stood at AED 12.3bn (2013-14: AED 11.3bn). Revenue from our freighter operations grew by 19% including a notable contribution from charter activities. During the year we moved our freighter operations to the new cargo terminal at Dubai World Central's Al Maktoum International airport (DWC) to support the expansion of our cargo business.

At an unchanged 15%, cargo continues to constitute an important part of the transport revenue. The increase in belly capacity to five new passenger destinations was complemented with four new freighter only destinations to Atlanta, USA; Mexico City, Mexico; Basel, Switzerland; during first half of the year and Ouagadougou, Burkina Faso in January 2015.

Cargo tonnage carried was up by 6% over the previous year to 2.4m tonnes. We remained committed to further expand our freighter operations, as two new B777-200 freighter aircraft were added during the financial year. Consequently, the freighter tonnage carried was up by 14%. Cargo carried in the belly of passenger aircraft grew at a slower pace of 3%, mainly impacted by the DXB runway closure. FTKM increased to 10% to 11.2bn tonnes, while the yield was slightly lower on account of weaker currencies. The growth in FTKM is significantly above the industry growth of 4.8% in FTKM for international air cargo transportation in 2014 as published by IATA.

Non-transport revenue

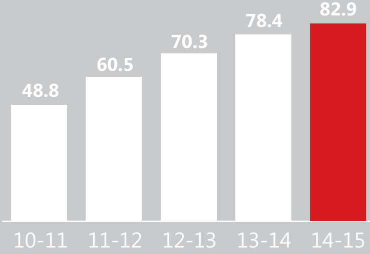
Revenue from hotel operations and related food and beverages, increased by 23% to AED 693m. The second tower of our flagship hotel JW Marriott Marquis in Dubai became fully operational during the year to take the available rooms to its full capacity of 1,604 rooms. Consequently, the room nights sold increased by 65% leading to an increase in room revenue by 40%.

The 7% growth in the sale of goods including in-flight catering and consumer goods originates mainly from an increase in revenue from the consumer related business of Maritime and Mercantile International LLC in Dubai.

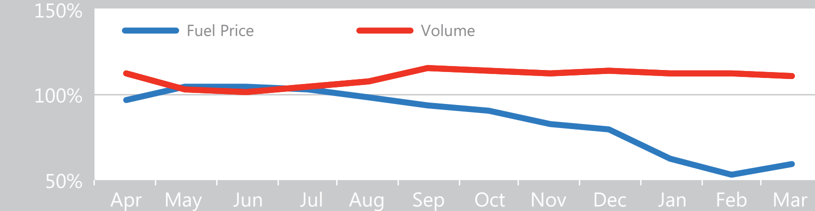
Revenue distribution

We continued to maintain the strategy of a diversified revenue base as contribution from each geographical region remained below 30% of the total revenue. Europe became the largest revenue contributor and was up by AED 1.8bn or 7% to AED 25.2bn. Americas continued to show the strongest growth during this year and was up by AED 1.8bn or 20% to AED 11.0bn. West Asia and Indian Ocean recorded a growth of 11% or AED 0.9bn to AED 9.2bn. The changes in revenue by geographical area are in line with capacity growth reflecting nine new destinations as well as increase in frequencies and capacity to a large number of existing destinations.

Operating costs in AED bn

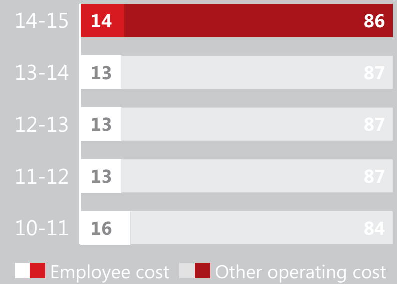


Fuel price and quantity development

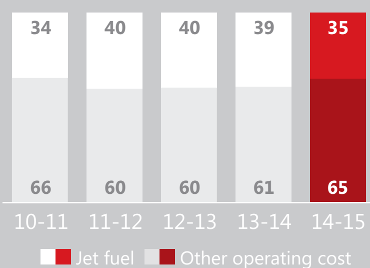


Graph represents % change in average monthly fuel price and quantity in 2014-15 indexed to 2013-14

Employee cost as % of operating costs

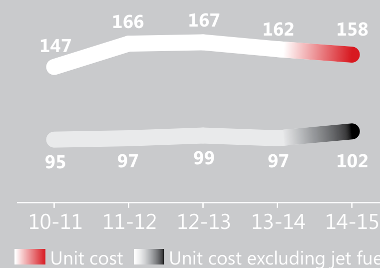


Jet fuel cost as % of operating costs



Operating costs in AED m	**2014-15**	**2013-14**	**% change**	**2014-15 % of operating costs**
Jet fuel	28,690	30,685	(6.5)	34.6
Employee	11,851	10,230	15.8	14.3
Depreciation and amortisation	7,446	6,421	16.0	9.0
Aircraft operating leases	6,920	6,548	5.7	8.3
Sales and marketing	6,098	5,421	12.5	7.4
Handling	5,094	4,648	9.6	6.1
In-flight catering and related costs	3,883	3,529	10.0	4.7
Overflying	2,648	2,386	11.0	3.2
Aircraft maintenance	2,527	2,146	17.8	3.1
Facilities and IT costs	2,240	1,878	19.3	2.7
Landing and parking	1,761	1,568	12.3	2.1
Cost of goods sold	1,260	1,190	5.9	1.5
Corporate overheads	2,508	1,726	45.3	3.0
Total operating costs	**82,926**	**78,376**	**5.8**	**100.0**

Unit costs in fils per ATKM



Expenditure

Operating costs

Operating costs grew at a slower pace than the overall capacity and stood at AED 82.9bn. This is an increase of 6% over last year's cost of AED 78.4bn. The overall non-fuel costs were up by 14% over last year due to our ongoing capacity expansion and a significant foreign exchange loss.

Weakening of major currencies against the US$ had a minimal impact on costs as majority of the airline's expenses are US$ de-nominated. Operating costs excluding fuel and foreign exchange loss were up by 12% and are in line with the increase in capacity and inflation.

Jet fuel costs

Jet fuel costs declined by 7% or AED 2.0bn to AED 28.7bn (2013-14: AED 30.7bn) despite a 10% increase in fuel uplifts. This is mainly on account of a 15% reduction in average fuel price.

Consequently, the fuel costs per ATKM were substantially lower by 14%.The benefit of the decrease in the oil price was mainly received during the second half of the financial year.

We remained unhedged on jet fuel prices and this strategy has significantly paid off during the current financial year. We continue to manage our position by assessing the market risks on an ongoing basis.

Employee costs

Employee costs at AED 11.9bn (2013-14: AED 10.2bn) were up by 16% or AED 1.7bn. At 14%, this represents the second highest single cost element of the total operating costs. The airline employee number increased by 8% to support the 9% increase in capacity.

Direct operating costs

At AED 15.9bn (2013-14: AED 14.3bn), direct operating costs including handling, in-flight catering, overflying, landing, parking and aircraft maintenance were up by AED 1.6bn or 11%. In-flight costs grew due to enhancements in our product offering on-board and in our lounges. Overall costs increased due to higher activity levels, growth in passenger numbers as well as general price increases. This was partly offset by the positive impact of the lower exchange rates.

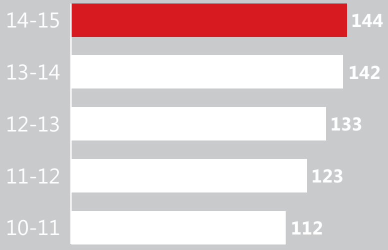
Other operating costs

The increase in depreciation cost of 16% or AED 1bn was mainly due to the addition of 17 aircraft as well as the full year impact of deliveries made during the last financial year. Aircraft maintenance costs increased by 18% or AED 381m due to the fleet growth and an increased number of aircraft coming out of warranty conditions. Sales and marketing expenses were up by 13% or AED 677m mainly on account of sponsorships of key events during the year including the FIFA World Cup, Glasgow Commonwealth games and ICC Cricket World Cup. Corporate overhead costs were up by 45% or AED 782m mainly impacted by a significant loss on exchange recorded at AED 721m (2013-14: AED 46m). Excluding the exchange loss, the growth in corporate overheads was 6%.

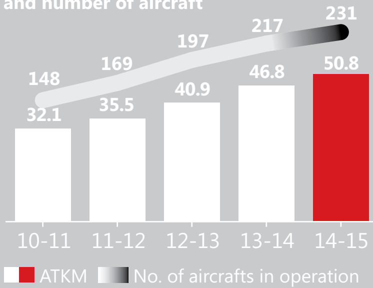
Unit costs

The favourable jet fuel price helped to improve unit costs by 2.5% to 158 fils per ATKM (2013-14: 162 fils). Excluding jet fuel, unit costs were up by 5% to 102 fils per ATKM (2013-14: 97 fils per ATKM).

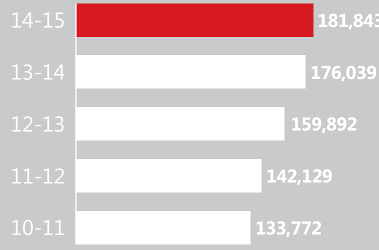
Destination cities



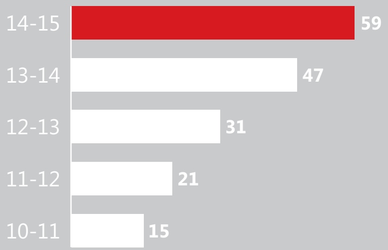
Available tonne kilometres (ATKM) in bn **and number of aircraft**



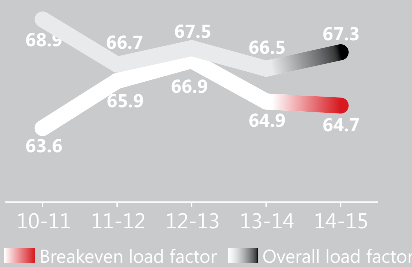
Aircraft departures



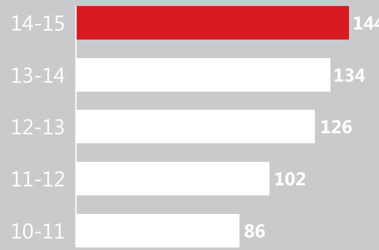
A380 aircraft numbers



Overall and breakeven load factor in %



B777 aircraft numbers



Capacity, traffic and load factor

For the first time the airline capacity measured in ATKM crossed the 50bn mark and stood at 50.8bn tonne kilometers (2013-14: 46.8 bn). The overall traffic or RTKM growth was 10%. RTKM increased to 34.2bn tonne-kilometers (2013-14: 31.1bn). This is on account of steady growth in both passenger and cargo volumes. The overall load factor remained healthy at 67.3% (2013-14: 66.5%). The break-even load factor improved marginally to 64.7% (2013-14: 64.9%) as the improvement in unit costs was partly offset by lower yield.

During the financial year 2014-15 we achieved two significant milestones as we received our 50th A380 and added the 100th B777-300ER to our fleet.

We continue to maintain our position as the largest operator of A380 aircraft by adding 12 new aircraft, increasing our A380 fleet size to 59. The increased seat factor on the A380 fleet demonstrates the customer preference for this aircraft and the related products offered through its premium and economy cabins. The fleet carried 27% of our passengers in 2014-15. With current operations to 32 destinations, nearly every 4th city across the Emirates network is now served by an A380.

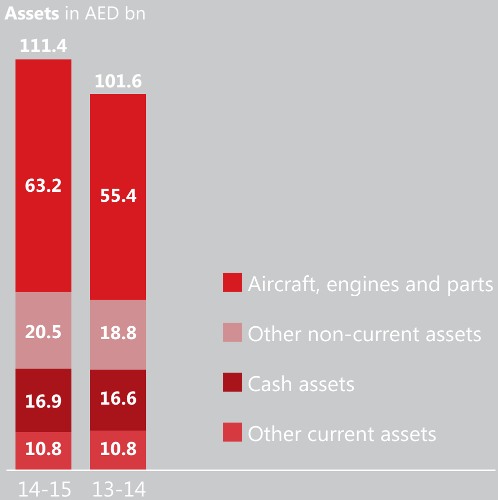
The B777 aircraft remains the pillar of our operation. We have added an additional 10 aircraft to the fleet, which brings the total to 144. We remain the world's largest B777 operator and it accounts for almost 69% of the airline's capacity, carrying 62% of our passengers and 77% of cargo tonnage.

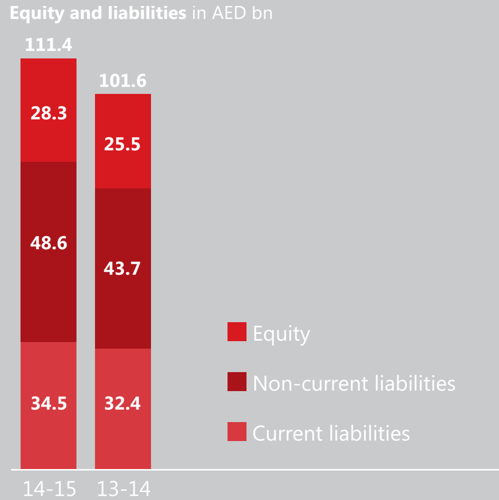
Aircraft departures increased marginally by 3% to 181,843 (2013-14: 176,039). This was mainly influenced by the runway closure in DXB and the temporary suspension of routes affected by political turmoil and Ebola outbreak. We also closed operations to Damascus, Kiev, Sanaa and Tripoli.

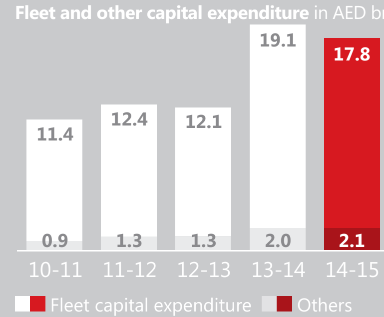
During the year, our traffic growth came mainly from:

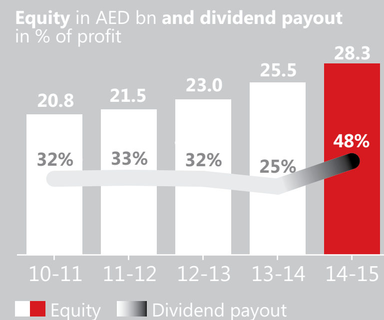
- Introduction of new passenger services to five destinations - Abuja and Chicago were introduced in August, Oslo and Brussels in September 2014 and Budapest was added in the second half of the financial year.
- Increased frequencies to several existing destinations including Singapore, Casablanca, Karachi, Johannesburg, Seychelles, Dar-es-Salaam and New York.
- Increased capacity to existing destinations with larger aircraft, particularly by introducing A380 services to Kuwait, Mumbai, Frankfurt, Dallas Fort Worth, Mauritius, San Francisco and Houston.

		2014-15	2013-14	% change
Capacity (ATKM)	million	50,844	46,820	8.6%
Load carried (RTKM)	million	34,207	31,137	9.9%
Load factor	%	67.3	66.5	0.8 pts
Break-even load factor	%	64.7	64.9	(0.2pts)









Balance sheet structure

Assets

Emirates' balance sheet remained strong with total assets at AED 111.4bn, an increase of AED 9.8bn over last year (2013-14: AED 101.6bn). This increase is primarily due to investments in aircraft and related assets which have grown by AED 7.8bn. To support our growth strategy we added 17 aircraft funded by finance leases (5 A380 and 9 B777-300ER), a term loan (1 A380) and through own sources (2 B777-300).

Cash and other current assets marginally increased over last year.

Equity

Total equity increased by 11% to AED 28.3bn (2013-14: 25.5bn) on account of higher profit which is partially offset by a dividend to the Owner amounting to AED 2.2bn (2013-14: AED 0.8bn).

Assets in AED bn	**2014-15**	**2013-14**	**change**	**% change**
Aircraft, engines and parts *	63.2	55.4	7.8	14.1
Other non-current assets	20.5	18.8	1.7	9.0
Cash assets	16.9	16.6	0.3	1.8
Other current assets	10.8	10.8	–	–
Total	**111.4**	**101.6**	**9.8**	**9.6**

*includes aircraft pre-delivery payments

The dividend payout ratio stood at 48% (2013-14: 25%) and brings the average payout ratio over the past five years to 34%. The equity ratio remained stable at 25% (2013-14: 25%).

Liabilities

Total liabilities were up AED 7bn as non-current liabilities increased by AED 4.9bn and current liabilities increased by AED 2.1bn. These increases were mainly driven by borrowings and lease liabilities to support the fleet expansion.

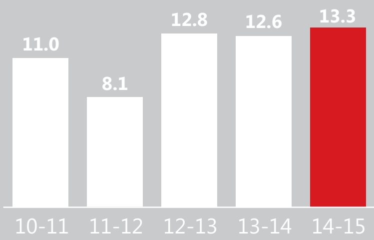
Capital expenditure

Although capital expenditure of AED 19.9bn (2013-14: AED 21.1bn) is lower compared to last year, it represents the second largest amount ever in a financial year and Emirates commitment to invest into the future.

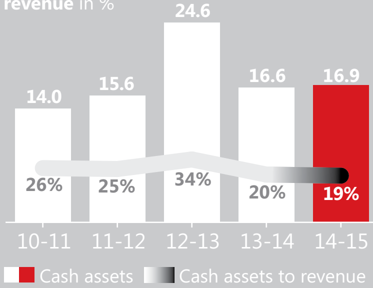
Primary capital expenditure comprising spend on aircraft, major overhauls, spare engines and parts remained unchanged at 90% of total capital expenditure compared to last year. It includes outflows for aircraft deliveries during the year as well as progress payments for future deliveries. The total secondary capital expenditure amounted to AED 2.1bn (2013-14: AED 2.0bn) of which AED 1.0bn (2013-14: AED 1.5bn) was invested to support our aircraft maintenance activities and training facilities.

Equity and liabilities in AED bn	**2014-15**	**2013-14**	**change**	**% change**
Total Equity	28.3	25.5	2.8	11.0
Non-current liabilities	48.6	43.7	4.9	11.2
Current liabilities	34.5	32.4	2.1	6.5
Total	**111.4**	**101.6**	**9.8**	**9.6**

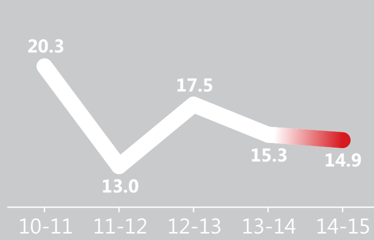
Cash generated from operating activities in AED bn



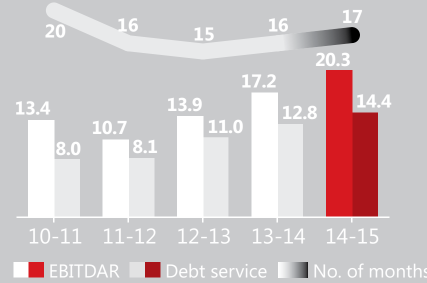
Cash assets in AED bn **and Cash assets to revenue** in %



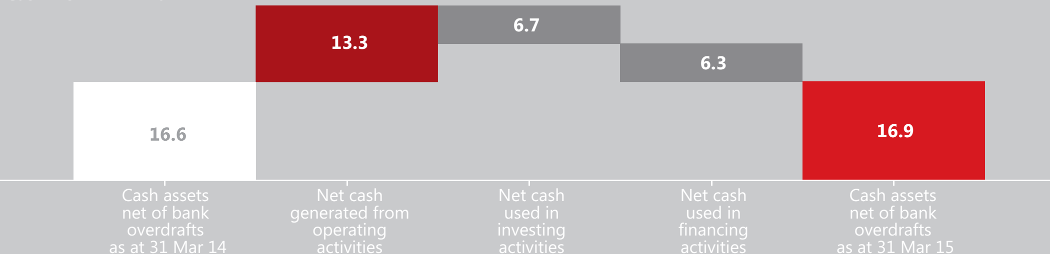
Operating cash margin in %



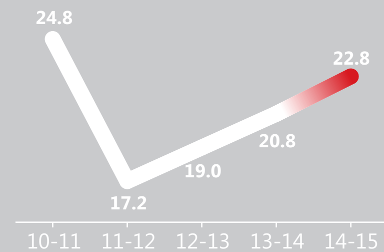
EBITDAR in AED bn **and debt service** in months



Cash flow in AED bn



EBITDAR margin in %



Cash position

Cash from operating activities

We generated the highest cash from operating activities ever recorded. The cash from operating activities amounted to AED 13.3bn (2013-14: AED 12.6bn) which is 5% higher than last year mainly on account of the increase in profit.

We continued to generate sizeable cash from operating activities which remains sufficient to service the financial obligations as well as to partly fund the investments needed for our growth strategy.

As revenue continued to grow, the operating cash margin declined marginally to 14.9% (2013-14: 15.3%).

Cash assets

Our cash assets including short term bank deposits are AED 324m higher over last year. This represents the surplus cash left after meeting financial obligations and investment requirements.

The cash assets to revenue and other operating income ratio declined slightly to 19% (2013-14: 20%) and is marginally below the target range of 25% +/- 5%.

Taking into account dnata's additional cash balance of AED 3.1bn at year end, the ratio at Emirates Group level shows a healthy 21% (2013-14: 22%).

EBITDAR

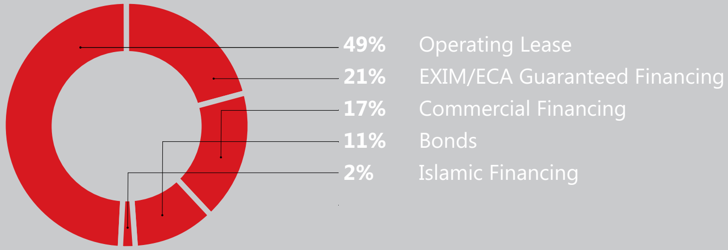
Cash profit from operations (or EBITDAR) had seen considerable growth in the past and the trend continued during the current financial year. EBITDAR for 2014-15 stood at AED 20.3bn which is 18% higher than last year.

EBITDAR margin at 22.8% (2013-14: 20.8%) for the year shows a healthy 2%pts improvement over last year.

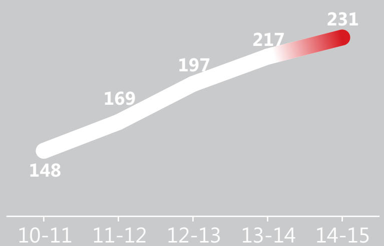
EBITDAR for the year equated to 17 months of future debt service and lease rentals, including periodic principal and interest payments on aircraft financing and bond issues, an improvement on last year.

	2014-15	2013-14	2012-13	2011-12	2010-11
EBITDAR in AED bn	**20.3**	**17.2**	**13.9**	**10.7**	**13.4**
Less: Debt service					
Repayment of bonds and loans	(0.6)	(2.5)	(2.2)	(0.9)	(2.1)
Repayment of lease liabilities	(5.6)	(2.7)	(2.1)	(1.9)	(1.1)
Operating lease rentals	(6.9)	(6.5)	(5.9)	(4.8)	(4.3)
Finance costs	(1.3)	(1.1)	(0.8)	(0.5)	(0.5)
Total	**(14.4)**	**(12.8)**	**(11.0)**	**(8.1)**	**(8.0)**
EBITDAR after debt service	**5.9**	**4.4**	**2.9**	**2.6**	**5.4**

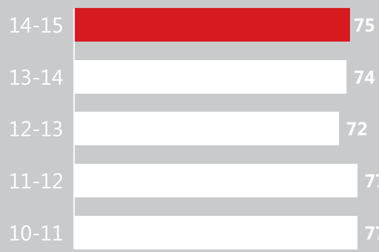
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information As at 31 March 2015

Aircraft	in operation	of which on operating lease	of which on finance lease/loan	of which owned	on firm order	additional options
A 300-200	21	16		5		
A 340-300	4	4				
A 340-500	1	-	-	1		
A 380-800	59	24	31	4	81	
B 777-200	1	1		-		
B 777-200ER	6	6				
B 777-200LR	10	4	6			
B 777-300	12	10		2		
B 777-300ER	103	55	44	4	49	20
B 777-8X / 9X					150	50
Passenger	**217**	**120**	**81**	**16**	**280**	**70**
B 777-200LRF	12	12				
B 747-400ERF	2	2				
Total	**231**	**134**	**81**	**16**	**280**	**70**

Note: One A319 aircraft is used for Executive jet charters

Aircraft financing

Emirates raised a total of AED 18.7bn (US$ 5.1bn) in aircraft financing over the period under review (funded through finance, operating lease and unsecured loans) and has already received offers of finance covering almost all deliveries due in the forthcoming financial year.

The financing highlight of the year was the successful pricing of an UK Export Finance (UKEF) guaranteed Sukuk bond of US$ 913m in March 2015 which marks the world's first Sukuk financing supported by UKEF and the largest ever capital markets offering in the aviation space with an Export Credit Agency guarantee. The transaction also represents the first time that a Sukuk has been used to pre-fund the acquisition of aircraft and the first ever Sukuk financing for A380 aircraft. This issuance is in line with Emirates' strategy of diversification of financing sources and has tapped a deeper and wider geographical investor base. The proceeds from the issuance will be used to fund the acquisition of four Airbus A380-800 aircraft which are expected to be delivered in 2015.

Another major landmark was achieved when Emirates closed the first ever Japanese Operating Lease on an A380. Further, Emirates also entered into a Japanese Operating Lease with a Call Option (JOLCO) with respect to one A380-800 aircraft to expand the investor base of the A380 into the Japanese market.

During the year, Emirates also successfully closed sale and leaseback transactions for five B777-300ER and one B777-200 aircraft.

Having raised AED 137bn (US$ 37bn) over the last 10 years, Emirates continues to maintain a well-diversified and evenly spread financing portfolio. Tapping into various sources of funding, Emirates endorses a resilient long term financing strategy.

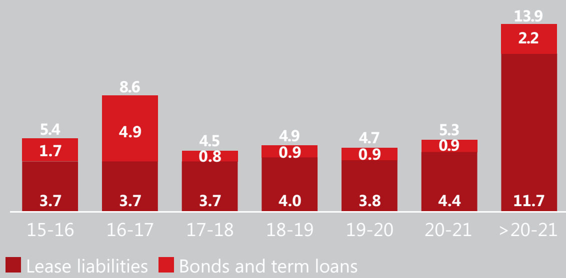
Fleet information

During the financial year Emirates took delivery of 24 aircraft – 10 B777-300ER, 2 B777-200F from Boeing and 12 A380s from Airbus. Emirates continued to remain the world's largest B777 operator with 144 aircraft comprising all variants of the B777 family. The airline is also the largest A380 operator with 59 twin deck units in its fleet.

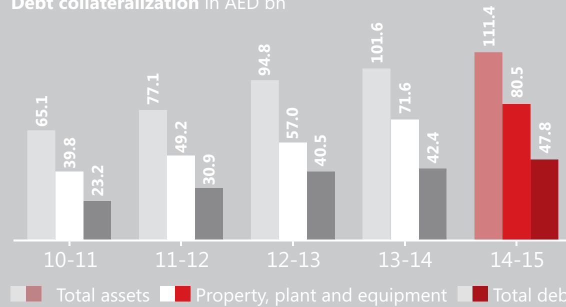
In addition to the above one B777-200 LRF has been contracted on operating lease for delivery from Dubai Aerospace Enterprise (DAE).

We operate one of the youngest fleets in the industry with an average age of 75 months (2013-14: 74 months) compared with an industry average of 140 months according to WATS report (58th edition).

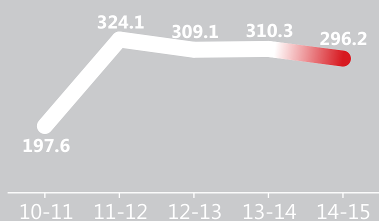
Debt repayment profile in AED bn



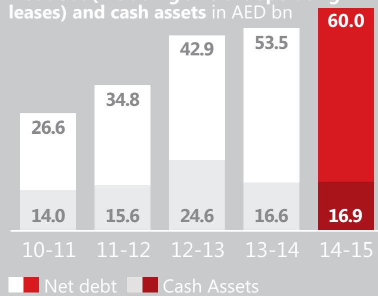
Debt collateralization in AED bn



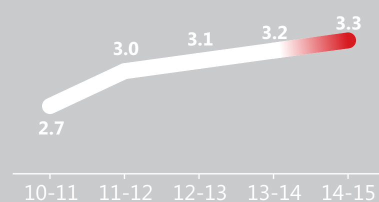
Net debt (including aircraft operating leases) EBITDAR ratio in %



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



Effective interest rate on borrowings and lease liabilities in %



Debt

Emirates total borrowing and lease liabilities increased to AED 47.8bn, up 13% over the previous year (2013-14: AED 42.4bn). The increase is on account of 15 additional aircraft taken on finance lease and a term loan offset by repayment of bonds, term loans and finance lease liabilities. As a consequence of this increase, the ratio of total borrowings and lease liabilities to total equity ratio rose up to 169% which is slightly higher than previous financial year (2013-14: 167%).

The net debt including aircraft operating leases to equity ratio stood at 212.1% as at 31 March 2015 (2013-14: 209.9%).

Net debt to EBITDAR ratio

The net debt including aircraft operating leases to EBITDAR ratio declined to 296.2% (2013-14: 310.3%) as EBITDAR grew faster than net debt.

Debt service

Debt service payments (excluding operating lease rentals) during the year amounted to AED 7.5bn (2013-14: AED 6.3bn). These mainly represent repayments of finance lease liabilities and the related finance costs.

Debt maturity profile

We aim to achieve a stable repayment profile by obtaining debt with periodic instalments as opposed to bullet payments. This enables us to manage debt servicing through our operating cash flows and the use of the surplus cash for investment purposes. The last of the existing bullet bonds, SGD 150m Singapore Dollar 2006 (Tranche B) bond and US$ 1bn Reg S bond 2011 totalling to AED 4.1bn, are due for repayment in June 2016.

Debt collateralization

Of the total debt of AED 47.8bn, 77% or AED 37.0bn is secured against property plant and equipment. The remaining debt of AED 10.8bn is adequately covered against the carrying value of unencumbered assets amounting to AED 35.1bn.

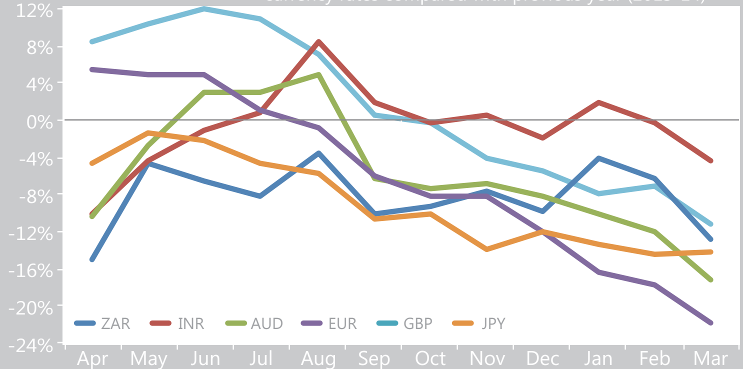
Currency and interest rate risk

Interest rates

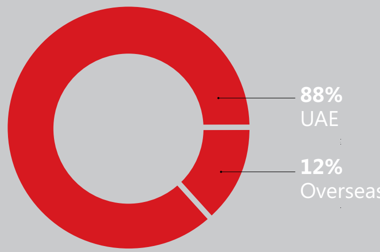
With our ongoing fleet acquisition, we continue to use natural hedges and other prudent hedging solutions such as swaps and options to manage our interest rate exposures. We target a balanced portfolio approach, whilst taking advantage of market movements, with the long-term view of hedging around half of our interest rate risk exposures. Borrowings and lease liabilities (net of cash) including the off balance sheet aircraft on operating lease at 31 March 2015, comprise 85% on a fixed interest rate basis with the balance 15% on floating interest rates.

At 31 March 2015, borrowing and lease liabilities carry an effective interest rate of 3.3% (2013-14: 3.2%).

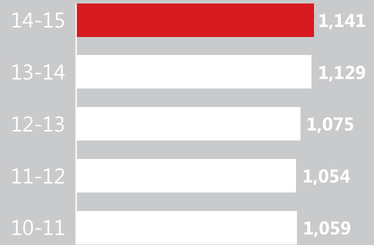
Currency development Graph represents the monthly % change of our six major currency rates compared with previous year (2013-14)



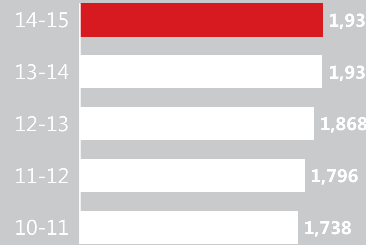
Geographical work force in %



Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Employee strength	2014-15	2013-14	% change
UAE			
Cabin crew	19,328	17,591	9.9
Flight deck crew	3,687	3,505	5.2
Engineering	2,702	2,473	9.3
Others	13,182	12,293	7.2
	38,899	**35,862**	**8.5**
Overseas stations	5,672	5,609	1.1
Total Airline	**44,571**	**41,471**	**7.5**
Subsidiary companies	**12,154**	**11,045**	**10.0**
Average employee strength	**56,725**	**52,516**	**8.0**

Currency

We generate substantial net surplus in Euro, Pound sterling Australian dollar, Indian rupee, Chinese yuan, Swiss franc, South African rand and Japanese yen. We proactively manage the currency exposure generally over a 6 to 12 month period depending on market conditions by using prudent hedging solutions including forward contracts, currency swaps, options and natural hedges. For the year ended 31 March 2015, these financial instruments were used to provide hedge coverage of between 2% and 69% of net surplus in these currencies.

The foreign currency graph shows the percentage change in monthly closing rates of our six major currencies compared with previous year. All the above currencies had shown a declining trend over the 12-months period. Values compared to the US$ have significantly dropped during the second half of the year and worked against us with average currency depreciations of 14% but up to 22% for the Euro.

The movements in exchange rates compared to the previous financial year had an overall negative impact of AED 1.5 bn on Emirates' operating results after offsetting gains from currency hedges.

Currency	Closing rate 31-03-15	Closing rate 31-03-14	% change
EUR	3.962	5.067	(21.8)
GBP	5.429	6.113	(11.2)
AUD	2.805	3.391	(17.3)
INR	0.059	0.061	(4.4)
ZAR	0.302	0.347	(12.9)
JPY	0.031	0.036	(14.0)

These six currencies account for circa 42% (2013-14: 41%) of transport revenue while US$, AED and other Gulf currencies pegged to the US dollar account for another 35% (2013-14: 35%) of transport revenue.

Employee strength and productivity

The average workforce increased by 4,209 or 8% to 56,725.

The average number of employee in the airline increased by 3,100 or 8% to 44,571. The largest part of the growth comes from the cabin and flight deck crews as well as from an increase in the engineering workforce to support the steady growth in our fleet size and maintenance events.

The 7% growth in manpower under 'Others' relates to commercial and group service departments located mainly in Dubai and is in line with the growth in capacity.

The 10% manpower growth in subsidiaries was mainly on account of increased activity levels in companies managing the catering and food and beverage businesses.

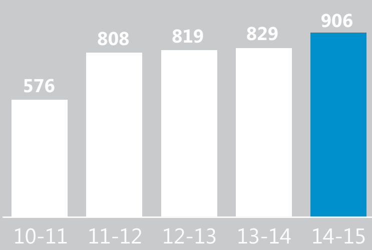
The airline's employee productivity related key performance indicators remained stable in line with growth and have been partially impacted by the runway closure:

- Revenue per airline employee has remained healthy at AED 1,939 thousand (2013-14: AED 1,938 thousand).
- Capacity per airline employee increased by 1% to 1,141 thousand ATKM (2013-14: 1,129 thousand ATKM).
- The load carried per airline employee improved to 767 thousand RTKM (2013-14: 751 thousand RTKM).

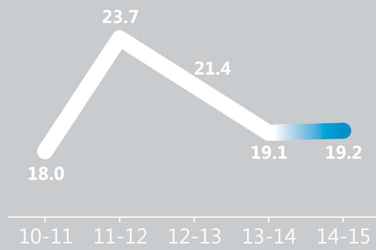
dnata Financial Commentary

200

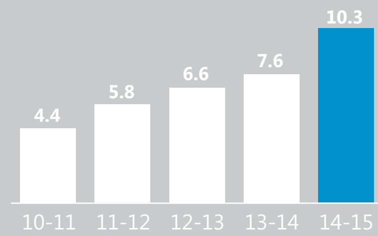
Profit attributable to the Owner in AED m



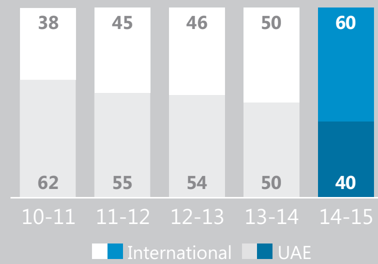
Return on shareholder's funds in %



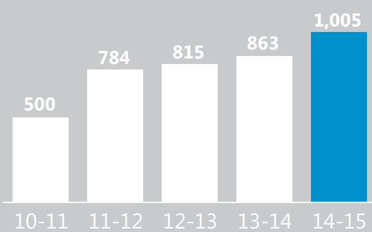
Development of Total Revenue in AED bn



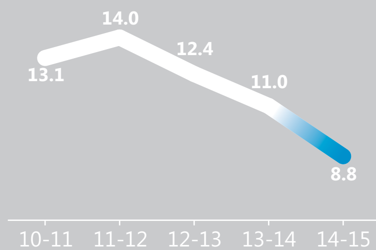
Geographical revenue in %



Operating profit in AED m



Profit margin in %



Revenue in AED m	**2014-15**	**2013-14**	**% change**	**% of total**
UAE Airport operations	2,514	2,393	5.1	25.4
International Airport operations	1,594	1,379	15.5	16.1
Catering	2,025	1,890	7.1	20.5
Travel services	2,663	705	277.7	26.9
Information Technology	798	814	(2.0)	8.1
Other	292	267	9.4	3.0
Total	**9,886**	**7,448**	**32.7**	**100.0**

For the first time in dnata's 56th year of operations its total revenue crossed the AED 10bn mark (2013-14: AED 7.6bn). dnata achieved a revenue of AED 10.3bn and is further strengthening its position as one of the world's largest combined air services providers through organic growth and a strategy of international acquisitions in the core business segments.

In October 2014, dnata acquired Stella Travel, one of the UK's leading travel businesses. It includes top travel brands covering key segments of the UK travel market with its retail, franchise, wholesale, online and call centre capabilities.

During the same month, dnata, with its partner, City Sightseeing Worldwide, has started a joint venture operation of Dubai's newest hop-on, hop-off city tour.

In February 2015, dnata obtained 100% control of the Australian joint venture, Toll dnata Airport Services, by acquiring the remaining 50% interest through its wholly owned subsidiary, dnata Aviation Services Limited, UK. Toll dnata provides ground handling services at seven airports in Australia.

This year's financial statements also include the full year impact of Gold Medal Travel Group, UK which was acquired in February 2014.

In May 2014, dnata divested our UAE based aviation IT business – mercator, while retaining a minority interest.

At its home base, airport operations grew despite the 80-days runway upgrade work carried out at Dubai International airport (DXB) between May and June.

Profitability

The profit attributable to the Owner for 2014-15 at AED 906m (2013-14: AED 829m) is up 9% over the previous financial year primarily coming from the full year impact of Gold Medal, new acquisitions during the year and the divestment gain from Mercator. This was partly offset by the AED 113m revenue impact of the runway closure. The profit margin for the year was at 8.8% (2013-14: 11.0%).

The return on shareholder's funds works out to 19.2% (2013-14: 19.1%) and represents a healthy return on equity.

Operating profit grew to AED 1bn (2013-14: AED 863m), a significant increase of 16% over previous year. The operating margin at 9.8% (2013-14: 11.4%) was impacted by the relatively lower margin / high volume travel business of our newly acquired UK units.

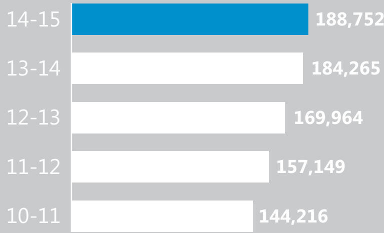
Revenue

Revenue grew by 33% or AED 2.5bn to AED 9.9bn (2013-14: AED 7.4bn).

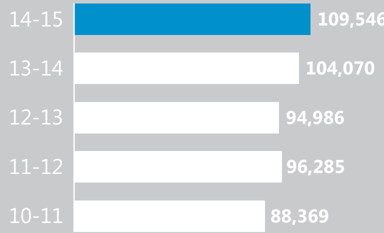
All major lines of business recorded an increase in revenue. The highest growth of 278% or AED 2bn relates to Travel services due to the full year results from Gold Medal and the acquisition of Stella Travel.

The share of geographic revenue from international operations outside the UAE for the first time crossed the half-way mark of the total revenue and represents 60% (2013-14: 50%) in the current year. This is consistent with dnata's strategy to grow the international business in a controlled manner and further diversify its customer base.

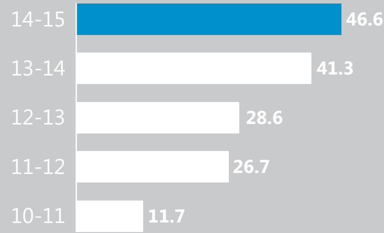
UAE Airport operations - Aircraft handled



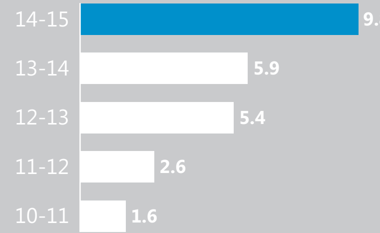
International Airport operations - Aircraft handled



Catering - Meals uplifted number in millions

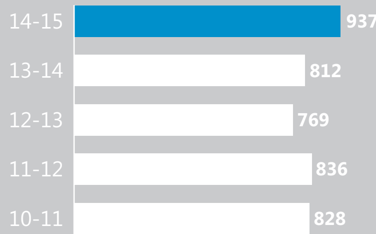


Travel services - Total transaction value (TTV) in AED bn

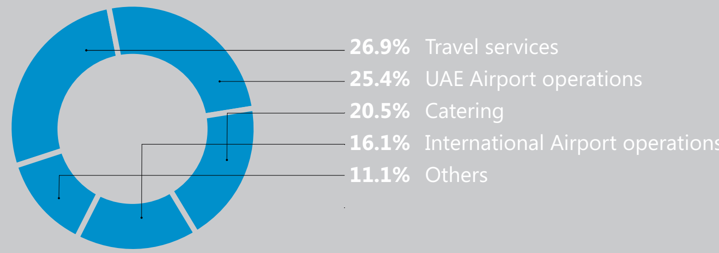


UAE Airport operations - Cargo handled - in tonnes '000

International Airport operations - Cargo handled - in tonnes '000



Revenue by line of business in %



UAE Airport operations

UAE Airport operations recorded revenues of AED 2.5bn (2013-14: AED 2.4bn). The 5% growth primarily relates to the ground handling operations at DXB impacted by the runway closure. The increase in revenue was supported through dnata's handling activities at Dubai World Central airport (DWC) completing its first full year of passenger operations.

The number of aircraft handled at both airports was 188,752 (2013-14: 184,265), an increase of 2% compared to last year.

Cargo volumes handled were down by 7% to 734 thousand tonnes compared with previous year. DWC accounts for 36% (2013-14: 30%) of dnata's cargo handling activities and has grown on account of a shift in cargo activity due to the runway upgrade work and consolidation of some of our facilities at DXB.

International Airport operations

International Airport operations recorded revenues of AED 1.6bn (2013-14: AED 1.4bn). The solid 16% growth primarily comes from dnata's cargo operations in the UK.

Growth in terms of aircraft handled in its international business was 5% to 109,546 (2013-14: 104,070) compared to prior year. The main drivers for the increase were dnata's airport operations in Switzerland and consolidation of one month's results for Toll dnata in Australia as a 100% subsidiary.

Cargo tonnage handled grew by 15% to 937 thousand tonnes (2013-14: 812 thousand tonnes) mainly due to dnata's last year's significant investment in the UK market with the expansion of warehouses in Heathrow and Manchester and new warehouse facilities at Glasgow, Birmingham, Newcastle, East Midlands and Gatwick airport.

Catering

Revenue from catering activities grew by 7% to AED 2.0bn (2013-14: AED 1.9bn) on account of the full year impact of Air Chef, Italy as well as growth in the Italian and Australian markets. En Route related revenues show a robust growth of 37% over previous year.

Meals uplifted have risen 13% to 46.6m (2013-14: 41.3m). In Rome and Milan, the company invested in two new Halal kitchens, to meet the changing needs of its airline customers. dnata diversified its customer base by providing catering services to a railway operator in the Czech Republic. dnata added diet meals to its product offering in order to provide further healthy options to customers.

dnata catering operations served 138 thousands meals every day to over 50 airlines at 62 airports mainly in Europe, Australia and Middle East.

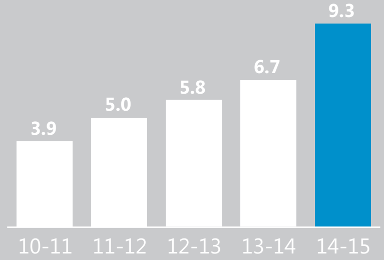
Travel services

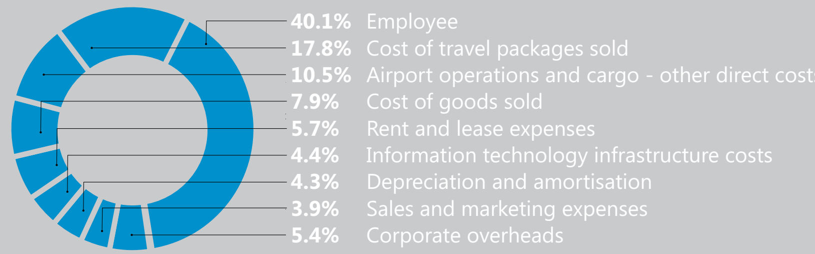
Travel services revenue has grown 278% to AED 2.7bn (2013-14: AED 705m) driven by the full year results from Gold Medal and the acquisition of Stella Travel.

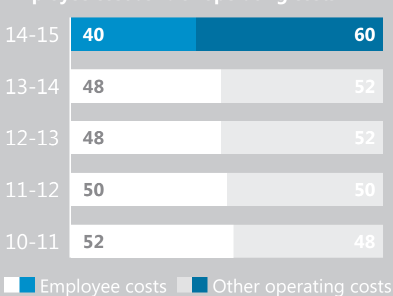
The underlying travel services related turnover measured by Total Transaction Value (TTV), has increased by 66% over the previous year to AED 9.8bn (2013-14: AED 5.9bn).

With the recent acquisition of Stella Travel, dnata became the UK's largest long-haul travel services provider. The UK expansion enhances the profile of Dubai as a travel destination, with both Gold Medal and Stella Travel driving considerable traffic to Dubai.

Revenue from dnata's Middle East and India markets showed strong growth with increases coming from all of the locations.







Operating costs in AED m	2014-15	2013-14	% change	2014-15 % of operating costs
Employee	3,727	3,251	14.6	40.1
Cost of travel packages sold	1,660	84	1,876.2	17.8
Airport operations and Cargo - other direct costs	977	883	10.6	10.5
Cost of good sold	735	663	10.9	7.9
Rental and lease expenses	533	436	22.2	5.7
Information technology infrastructure costs	409	345	18.6	4.4
Depreciation and amortisation	397	353	12.5	4.3
Sales and marketing expenses	362	234	54.7	3.9
Corporate overheads	500	453	10.4	5.4
Total operating costs	**9,300**	**6,702**	**38.8**	**100.0**

Expenditure

Operating costs at AED 9.3bn (2013-14: AED 6.7bn) increased by 39% or AED 2.6bn. The increase relates mainly to the full year impact of Gold Medal, the acquisition of Stella Travel and the growth in existing lines of business.

Employee costs

Employee costs increased 15% to AED 3.7bn (2013-14: AED 3.3bn) and continued to be the single largest element at 40% of operating costs (2013-14: 48%).The drop in ratio is on account of an increase in cost of travel packages sold.

The increase in employee costs is mainly attributable to the 19% increase in dnata's employee base compared to the previous year due to the new acquisitions and expansion of existing operations.

Cost of travel packages sold

Cost of travel packages sold were AED 1.7bn in the current year because of the full year impact of Gold Medal and acquisition of Stella Travel. This primarily includes the cost for packages sold where dnata acts as the principal and recognises revenue on a gross basis.

Airport operations and cargo costs

Airport operations and cargo costs increased by 11% to AED 977m (2013-14: AED 883m). This increase is due to the upgrade of service quality levels at DXB despite the runway closure, expansion of facilities at DWC and the addition of new lines of business like line maintenance services and GCC Visa sticker business.

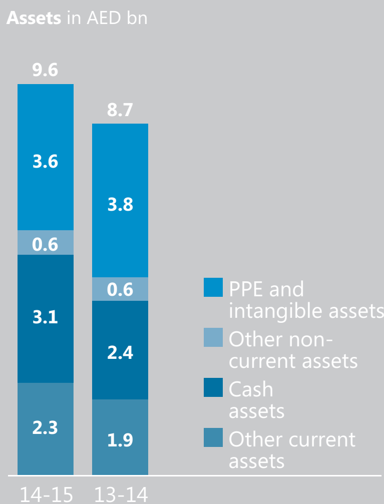
Cost of goods sold

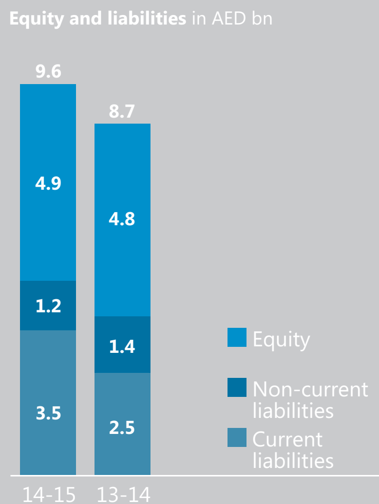
Cost of goods sold at AED 735m (2013-14: AED 663m) increased by 11% over the previous year mainly due to the full year consolidation of Air Chef, higher meal uplifts in Australia and Italy and increase in volume of En Route products across various markets.

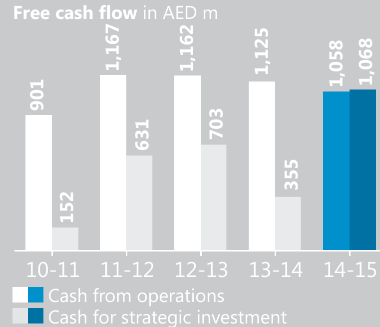
Other operating costs

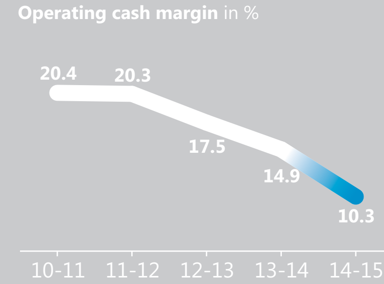
The increase in sales and marketing expenses by 55% to AED 362m (2013-14: AED 234m) is on account of the full year consolidation of Gold Medal and acquisition of Stella Travel coupled with higher pay-per-click costs to promote international sites in Spain and Italy by Travel Republic, UK.

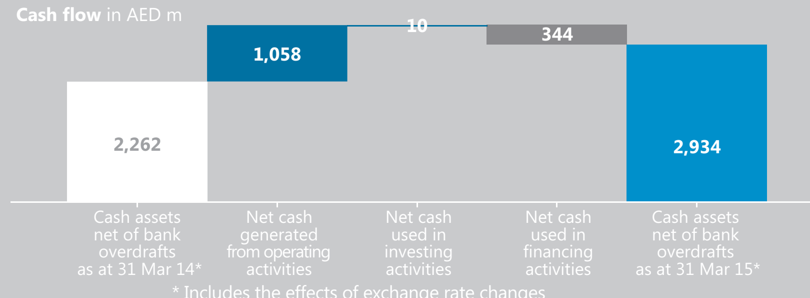
The increase in rental and lease expenditure is primarily attributable to dnata's new facilities at DWC in the UAE, UK cargo and kitchen facilities in Australia.











Assets in AED m	2014-15	2013-14	change	% change
PPE and intangible assets	3,604	3,785	(181)	(4.8)
Other non-current assets	615	579	36	6.2
Cash assets	3,148	2,434	714	29.3
Other current assets	2,279	1,869	410	21.9
Total	**9,646**	**8,667**	**979**	**11.3**

Balance Sheet Structure

Assets

Total assets value has grown by 11% or AED 1bn to AED 9.6bn.

Net investment in property, plant and equipment is up by 5% to AED 1.5bn (2013-14: AED 1.4bn). dnata invested more than AED 400m to enhance its service offering in travel, cargo, ground handling and catering. The investments made across the globe included new halal kitchens, enhanced cargo infrastructure in the UK and continued investments in the company's operations in Dubai.

Intangible assets decreased to AED 2.1bn (2013-14: 2.4bn) as a result of the annual amortisation charge and the impact of currency depreciation (EUR, GBP, AUD and CHF). Acquisitions in the year resulted in AED 143m higher goodwill and identifiable assets such as brands, customer relationships and computer software. The carrying value of goodwill, which accounts for 73% of the net book value of intangible assets, is confirmed on an annual basis through impairment testing.

Trade and other receivables, increased by AED 468m or 26% compared to 2013-14 primarily because of the consolidation of new acquisitions which includes Stella Travel and Toll dnata.

Equity and liabilities

Total equity at AED 4.9bn reflects a growth of 2% over last year. The increase is mainly on account of the profit for the year, reduced by the dividend declared of AED 400m and currency translation difference of AED 281m arising from the impact of currency depreciation on the investment value of group companies.

Equity and liabilities in AED m	2014-15	2013-14	change	% change
Equity	4,853	4,756	97	2.0
Non-current liabilities	1,213	1,386	(173)	(12.5)
Current liabilities	3,580	2,525	1,055	41.8
Total	9,646	8,667	979	11.3

The 36% growth or AED 855m in trade and other payables is due to an increase in trade payables and accruals from the acquisition of Stella Travel and the dividend payable for the financial year 2014-15 to the Owner.

Cash position

Cash from operating activities

Cash generated from operating activities is nearly unchanged from last year's record figure and stands at AED 1.1bn (2013-14: AED 1.1bn).

The operating cash margin is lower at 10.3% (2013-14: 14.9%) and is the result of a reduced profit margin on account of the runway closure and the relative growth of international travel business.

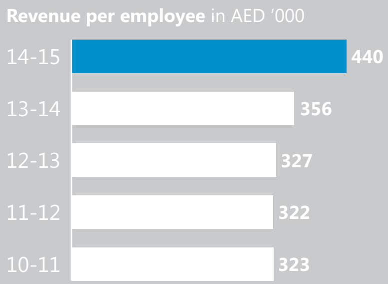
Free cash flow

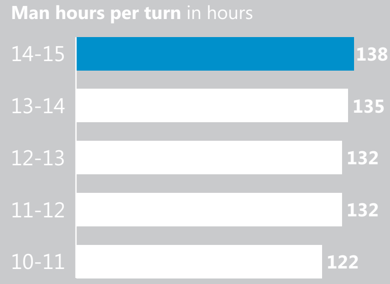
Free cash flow is adequate to meet our needs for organic and inorganic growth and provides the desired flexibility for making strategic investments.

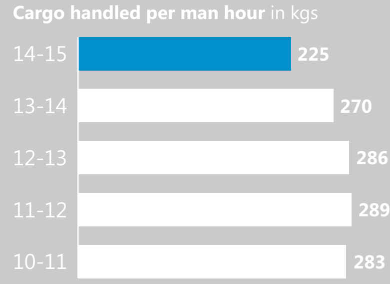
Free cash flow increased to a record of AED 1.1bn (2013-14: AED 355m) in the current year on account of the net inflow from investment activities and disposal of the Mercator business.

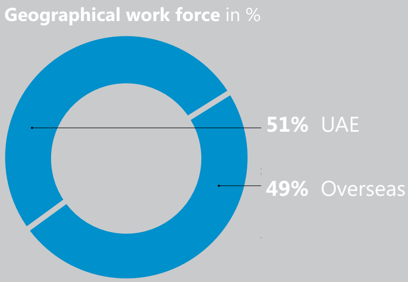
Cash assets

Cash assets continue to remain strong, up by 29% to AED 3.1bn. The increase of AED 714m is after outflows of AED 344m used in financing activities from free cash flow.









Employee strength	2014-15	2013-14	% change
UAE Airport operations	10,823	10,318	4.9
International Airport operations	7,343	4,584	60.2
Catering	4,274	3,993	7.0
Travel services	2,952	1,997	47.8
Others	2,036	2,088	(2.5)
Average employee strength	**27,428**	**22,980**	**19.4**

Employee strength and productivity

During 2014-15, the average workforce increased by 4,448 or 19% to 27,428. The average employee count for dnata's operations in the UAE increased by 4% to 13,881 (2013-14: 13,342).

With the growth in international operations, nearly half of dnata's workforce or 49% (2013-14: 40%) is based outside the UAE.

The 9%pts shift is mainly related to dnata's significant travel business expansion in the UK and first time integration of Toll dnata's staff figures in Australia.

The increase of more than 500 employees in the UAE airport operations area is due to the additional manpower deployed to meet the expansion of newly added cargo facilities at DWC.

The increase in employees in International airport operations and Travel services resulted from the acquisitions made during the year. The increase in Catering is in line with the growth of the business.

Productivity measured in terms of revenue per employee has increased by 24% to AED 440,000 from AED 356,000 in 2013-14. The increase is arising from the impact of the recent acquisitions in Travel services.

Productivity measured in terms of man hours per aircraft turn is marginally down at 138 (2013-14: 135) because of the runway closure at DXB.

Productivity measured in terms of cargo handled per man hour at 225 kgs decreased by 17% (2013-14: 270 kgs) on account of lower volumes in Singapore and Dubai, and the ramp-up of our UK cargo facilities.

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 at 31 March 2015 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 at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
5 May 2015

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Consolidated Income Statement for the year ended 31 March 2015

	Note	2015 AED m	2014 AED m
Revenue	5	86,728	80,717
Other operating income	6	2,091	1,919
Operating costs	7	(82,926)	(78,376)
Operating profit		**5,893**	**4,260**
Finance income	8	175	247
Finance costs	8	(1,449)	(1,179)
Share of results of investments accounted for using the equity method	13	152	136
Profit before income tax		**4,771**	**3,464**
Income tax expense	9	(43)	(47)
Profit for the year		**4,728**	**3,417**
Profit attributable to non-controlling interests		173	163
Profit attributable to Emirates' Owner		**4,555**	**3,254**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2015

Profit for the year		**4,728**	**3,417**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	25	(142)	(148)
Items that may be reclassified subsequently to the consolidated income statement			
Currency translation differences	19	(45)	(48)
Cash flow hedges	19	511	182
Other comprehensive income		**324**	**(14)**
Total comprehensive income for the year		**5,052**	**3,403**
Total comprehensive income attributable to non-controlling interests		173	163
Total comprehensive income attributable to Emirates' Owner		**4,879**	**3,240**

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

Consolidated Statement of Financial Position as at 31 March 2015

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dnata Financial Commentary
Emirates Independent Auditor's Report
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Additional Information

	Note	2015 AED m	2014 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	80,544	71,582
Intangible assets	12	975	928
Investments accounted for using the equity method	13	544	495
Advance lease rentals	14	920	812
Loans and other receivables	15	619	428
Derivative financial instruments	35	21	5
Deferred income tax asset	29	4	-
		83,627	**74,250**
Current assets			
Inventories	16	1,919	1,706
Trade and other receivables	17	8,589	9,086
Derivative financial instruments	35	342	1
Short term bank deposits	33	8,488	8,754
Cash and cash equivalents	33	8,397	7,807
		27,735	**27,354**
Total assets		**111,362**	**101,604**

	Note	2015 AED m	2014 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Other reserves	19	(168)	(634)
Retained earnings		27,253	25,009
Attributable to Emirates' Owner		**27,886**	**25,176**
Non-controlling interests		**400**	**295**
Total equity		**28,286**	**25,471**
Non-current liabilities			
Trade and other payables	30	202	287
Borrowings and lease liabilities	20	42,426	38,500
Deferred revenue	27	1,650	1,440
Deferred credits	28	207	234
Derivative financial instruments	35	521	599
Provisions	24	3,589	2,643
Deferred income tax liability	29	-	2
		48,595	**43,705**
Current liabilities			
Trade and other payables	30	27,770	27,079
Income tax liabilities		34	30
Borrowings and lease liabilities	20	5,382	3,931
Deferred revenue	27	1,244	1,227
Deferred credits	28	49	66
Derivative financial instruments	35	2	95
		34,481	**32,428**
Total liabilities		**83,076**	**76,133**
Total equity and liabilities		**111,362**	**101,604**

The consolidated financial statements were approved on 5 May 2015 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.

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Consolidated Statement of Changes in Equity for the year ended 31 March 2015

		Attributable to Emirates' Owner					
	Note	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 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**
Remeasurement of retirement benefit obligations	25	-	-	(142)	(142)	-	(142)
Currency translation differences	19	-	(45)	-	(45)	-	(45)
Cash flow hedges	19	-	511	-	511	-	511
Other comprehensive income		**-**	**466**	**(142)**	**324**	**-**	**324**
Profit for the year		-	-	4,555	4,555	173	4,728
Total comprehensive income		**-**	**466**	**4,413**	**4,879**	**173**	**5,052**
Dividends		-	-	(2,169)	(2,169)	(68)	(2,237)
Transactions with Owners		**-**	**-**	**(2,169)**	**(2,169)**	**(68)**	**(2,237)**
31 March 2015		**801**	**(168)**	**27,253**	**27,886**	**400**	**28,286**

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

Consolidated Statement of Cash Flows for the year ended 31 March 2015

	Note	2015 AED m	2014 AED m
Operating activities			
Profit before income tax		4,771	3,464
Adjustments for:			
Depreciation and amortisation	7	7,446	6,421
Finance costs - net	8	1,274	932
(Gain) / loss on sale of property, plant and equipment		(132)	26
Share of results of investments accounted for using the equity method	13	(152)	(136)
Net provision for impairment of trade receivables	17	32	5
Provision for employee benefits	7	669	616
Net movement on derivative financial instruments		(17)	9
Employee benefit payments		(534)	(485)
Income tax paid		(68)	(49)
Change in inventories		(213)	(142)
Change in receivables and advance lease rentals		194	(314)
Change in provisions, payables, deferred credits and revenue		(5)	2,302
Net cash generated from operating activities		**13,265**	**12,649**

	Note	2015 AED m	2014 AED m
Investing activities			
Proceeds from sale of property, plant and equipment		3,478	78
Additions to intangible assets	12	(157)	(105)
Additions to property, plant and equipment	34	(10,269)	(13,958)
Investments in associates and joint ventures	13	(13)	(7)
Movement in short term bank deposits		266	9,294
Finance income		169	308
Dividends from investments accounted for using the equity method	13	115	133
Net cash used in investing activities		**(6,411)**	**(4,257)**
Financing activities			
Proceeds from loans		2,215	-
Repayment of bonds and loans		(622)	(2,530)
Aircraft financing costs		(951)	(790)
Other finance charges		(341)	(271)
Repayment of lease liabilities		(5,628)	(2,652)
Dividend paid to Emirates' Owner		(869)	(726)
Dividend paid to non-controlling interests		(68)	(138)
Net cash used in financing activities		**(6,264)**	**(7,107)**
Net change in cash and cash equivalents		**590**	**1,285**
Cash and cash equivalents at beginning of year		7,800	6,520
Effects of exchange rate changes		3	(5)
Cash and cash equivalents at end of year	33	**8,393**	**7,800**

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2015

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 ("the parent company"), 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 and cargo services
- wholesale and retail of consumer goods
- hotel operations
- in-flight catering
- food and beverage sales
- destination and leisure activities

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

Effective and adopted in the current year

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

- IAS 32 (revised), Financial Instruments : Presentation, Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
- IAS 36 (revised), Impairment of Assets, Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)
- IAS 39 (revised), Financial Instruments : Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new standards have been published that are mandatory for accounting periods commencing after 1 April 2015 or later periods, but have not been early adopted. Management is currently assessing the following standards which are likely to have an impact on Emirates:

- IFRS 9, Financial Instruments (effective from 1 January 2018)
- IFRS 15, Revenue from Contracts with Customers (effective from 1 January 2017)

There are no other IFRSs or IFRIC interpretations, that are either effective or not yet effective, that would be expected to have a material impact on Emirates.

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 Emirates 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 its subsidiaries are eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair 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 the 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 Emirates ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, 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 (including excess baggage) 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 consumer goods, food and beverages and in-flight catering is recognised when risks and rewards of ownership are transferred to the customer and is stated net of discounts and returns.

All other revenues are 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 as other income 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 are not 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, associates and joint ventures 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 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.

Where functional currencies of subsidiaries are different from AED, 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 operate and generate taxable income.

Deferred income tax is provided in full 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 recognised 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 to Emirates 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 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 assets' 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 transactions 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 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 a 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 a 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.

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 the asset. Other research and development expenditure not meeting the criteria for capitalisation are recognised in the consolidated income statement as incurred.

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 as 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 the fair value is positive and as liabilities when the 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 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.

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.

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the weighted average cost basis 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 measured 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 the 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. A liability is not recognised for miles that are expected to expire.

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

Trade payables

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

2. Summary of significant accounting policies (continued)

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 (Emirates' senior management) 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.

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.

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.

3. Critical accounting estimates and judgements (continued)

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.

Finance and operating leases

A lease is classified as a finance lease when substantially all the risk and rewards of ownership are transferred to Emirates. In determining the appropriate classification, the substance of the transaction rather than the form is considered. Factors considered include but are not limited to the following: whether the lease transfers ownership of the asset to the lessee by the end of the lease term; the lessee has the option to purchase the asset at the price that is sufficiently lower than the fair value on exercise date; the lease term is for the major part of the economic life of the asset and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

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 an 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

	2015	2014
	AED m	AED m
Passenger	70,013	65,405
Cargo	12,298	11,263
Consumer goods	1,401	1,313
Hotel operations	693	565
In-flight catering	637	617
Food and beverage	512	455
Excess baggage	436	412
Destination and leisure	221	228
Others	517	459
	86,728	**80,717**

6. Other operating income

Other operating income comprises AED 1,063 m (2014: AED 1,127 m) from liquidated damages and other compensation received in connection with aircraft, AED 224 m (2014: Nil) being the gain on sale and leaseback of aircraft, aircraft engines and parts, and income of AED 804 m (2014: AED 792 m) from ancilliary services and activities incidental to Emirates' operations.

7. Operating costs

	2015	2014
	AED m	AED m
Jet fuel	28,690	30,685
Employee (see (a) below)	11,851	10,230
Depreciation and amortisation (Notes 11 & 12)	7,446	6,421
Aircraft operating leases	6,920	6,548
Sales and marketing	6,098	5,421
Handling	5,094	4,648
In-flight catering and related costs	3,883	3,529
Overflying	2,648	2,386
Aircraft maintenance	2,527	2,146
Facilities and IT related costs (see (b) below)	2,240	1,878
Landing and parking	1,761	1,568
Cost of goods sold	1,260	1,190
Corporate overheads (see (c) below)	2,508	1,726
	82,926	**78,376**

(a) Employee costs include AED 669 m (2014: AED 616 m) in respect of post-employment benefits (Note 25).

(b) Facilities and IT related costs include non-aircraft operating lease charges amounting to AED 663 m (2014: AED 647 m).

(c) Corporate overheads include a net foreign exchange loss of AED 721 m (2014: AED 46 m).

8. Finance income and costs

	2015	2014
	AED m	AED m
Finance income		
Interest income on short term bank deposits	149	228
Finance income from related parties (Note 37)	26	19
	175	**247**
Finance costs		
Aircraft financing costs	(953)	(816)
Interest charges on bonds and term loans	(340)	(252)
Other finance costs	(156)	(111)
	(1,449)	**(1,179)**

9. Income tax expense

	2015	2014
	AED m	AED m
The components of income tax expense are:		
Current tax expense	50	47
Deferred tax credit (Note 29)	(7)	-
	43	**47**

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 of Emirates operations and its subsidiaries where Emirates is subject to income tax. Providing information on effective tax rates is therefore not meaningful.

10. Segment information

Emirates' senior 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, destination and leisure 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 the 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 2015 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	83,959	2,427	2,502	(307)	88,581
Inter-segment revenue	-	1,790	63	-	1,853
Revenue from external customers	83,959	637	2,439	(307)	86,728
Segment profit for the year	3,947	382	399	-	4,728
Finance income	178	4	1	(8)	175
Finance costs	(1,449)	-	(8)	8	(1,449)
Income tax (expense) / credit	(65)	-	22	-	(43)
Depreciation and amortisation	(7,151)	(102)	(193)	-	(7,446)
Share of results of investments accounted for using the equity method	-	-	152	-	152
Segment assets	104,166	2,548	5,253	(605)	111,362
Investments accounted for using the equity method	-	-	544	-	544
Additions to property, plant and equipment	19,148	433	135	-	19,716
Additions to intangible assets	157	-	-	-	157
Additions to advance lease rentals	292	-	-	-	292

10. Segment information (continued)

The segment information for the year ended 31 March 2014 is as follows:

	Airline	In-flight catering	All other segments	Recon-ciliation	Total
	AED m	AED m	AED m	AED m	AED m
Total segment revenue	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

Geographical information

	2015	2014
	AED m	AED m
Revenue from external customers:		
Europe	25,157	23,424
East Asia and Australasia	24,611	23,832
Americas	11,033	9,178
West Asia and Indian Ocean	9,180	8,259
Gulf and Middle East	8,614	8,298
Africa	8,133	7,726
	86,728	**80,717**

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 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**

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 2014	56,462	5,041	9,581	12,781	9,558	93,423
Additions	246	354	562	2,448	16,106	19,716
Transfer from capital projects	11,338	684	1,822	488	(14,332)	-
Disposals / write off	(4,266)	(493)	(23)	(2,292)	(55)	(7,129)
Currency translation differences	-	-	(74)	(18)	(4)	(96)
31 March 2015	**63,780**	**5,586**	**11,868**	**13,407**	**11,273**	**105,914**
Depreciation						
1 April 2014	10,527	1,535	2,448	7,331	-	21,841
Charge for the year	3,810	374	462	2,705	-	7,351
Disposals / write off	(1,405)	(298)	(23)	(2,069)	-	(3,795)
Currency translation differences	-	-	(18)	(9)	-	(27)
31 March 2015	**12,932**	**1,611**	**2,869**	**7,958**	**-**	**25,370**
Net book amount						
31 March 2015	**50,848**	**3,975**	**8,999**	**5,449**	**11,273**	**80,544**

The net book amount of property, plant and equipment includes AED 43,376 m (2014: AED 38,543 m) in respect of aircraft held under finance leases.

The net book amount of aircraft includes an amount of AED 1,900 m (2014: AED 960 m) in respect of assets provided as security against term loans.

Land of AED 499 m (2014: 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 (2014: AED 156 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 172 m (2014: AED 232 m). The interest on general borrowings for qualifying assets was capitalised using a weighted average capitalisation rate of 4.9% (2014: 4.8%).

Capital projects include pre-delivery payments of AED 8,340 m (2014: AED 5,979 m) in respect of aircraft due for delivery between 2015 and 2028 (Note 32).

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 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**

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 2014	564	162	19	24	808	1,577
Additions	-	-	-	-	157	157
Disposals / write off	-	-	-	-	(14)	(14)
Currency translation differences	(1)	-	-	(4)	-	(5)
31 March 2015	**563**	**162**	**19**	**20**	**951**	**1,715**
Amortisation and impairment						
1 April 2014	7	98	5	8	531	649
Amortisation for the year	-	11	1	2	81	95
Disposals / write off	-	-	-	-	(2)	(2)
Currency translation differences	-	-	(1)	(2)	1	(2)
31 March 2015	**7**	**109**	**5**	**8**	**611**	**740**
Net book value						
31 March 2015	**556**	**53**	**14**	**12**	**340**	**975**

Computer software includes an amount of AED 138 m (2014: AED 100 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. Any reasonably possible changes to the assumptions will not lead to an impairment. 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
			2015	2014			
			AED m	AED m	%	%	%
Consumer goods	UAE	Others	159	159	12	25	4
In-flight catering	UAE	In-flight catering	369	369	12	34	4
Food and beverage	UAE	Others	25	25	12	22	4
Food and beverage	Australia	Others	3	4	12	22	4
			556	**557**			

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

	2015 AED m	2014 AED m
Balance brought forward	**495**	**485**
Investments during the year	13	7
Share of results	152	136
Dividends	(115)	(133)
Currency translation differences	(1)	-
Balance carried forward	**544**	**495**

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

	2015 AED m	2014 AED m
Share of results of associates	92	81
Share of total comprehensive income of associates	**92**	**81**
Aggregate carrying value of investments in associates	**95**	**94**

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

	2015 AED m	2014 AED m
Share of results of joint ventures	60	55
Share of total comprehensive income of joint ventures	**60**	**55**
Aggregate carrying value of investments in joint ventures	**449**	**401**

14. Advance lease rentals

	2015 AED m	2014 AED m
Balance brought forward	**970**	**964**
Additions during the year	292	169
Charge for the year	(180)	(163)
Balance carried forward	**1,082**	**970**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 17)	**162**	**158**
Total over one year	**920**	**812**

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

Advance lease rentals include AED 393 m (2014: 440 m) related to a company under common control.

15. Loans and other receivables

	2015 AED m	2014 AED m
Related parties (Note 37)	26	161
Other receivables	414	64
	440	**225**
Prepayments	179	203
	619	**428**

The amounts (excluding prepayments) are receivable as follows:

	2015 AED m	2014 AED m
Between 2 and 5 years	440	221
After 5 years	-	4
	440	**225**

Loans and other receivables (excluding prepayments) are denominated in the following currencies:

	2015 AED m	2014 AED m
UAE Dirhams	70	69
US Dollars	354	136
Others	16	20

The fair value of loans and other receivables (excluding prepayments) amounts to AED 440 m (2014: AED 225 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

	2015 AED m	2014 AED m
Engineering	640	649
In-flight consumables	741	587
Consumer goods	388	331
Others	150	139
	1,919	**1,706**

In-flight consumables include AED 382 m (2014: AED 269 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

17. Trade and other receivables

	2015 AED m	2014 AED m
Trade receivables - net of provision	4,927	5,344
Related parties (Note 37)	506	775
Prepayments	1,878	1,729
Advance lease rentals (Note 14)	162	158
Operating lease and other deposits	681	806
Other receivables	1,054	702
	9,208	**9,514**
Less: Receivables over one year (Note 15)	(619)	(428)
	8,589	**9,086**

17. Trade and other receivables (continued)

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

	2015 AED m	2014 AED m
Balance brought forward	**103**	**118**
Charge for the year	55	43
Unused amounts reversed	(23)	(38)
Amounts written off as uncollectible	(28)	(20)
Currency translation differences	(10)	-
Balance carried forward	**97**	**103**

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.

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:

	2015 AED m	2014 AED m
Below 3 months	248	287
3-6 months	20	18
Above 6 months	5	6
	273	**311**

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 2013	**(864)**	**96**	**(768)**
Currency translation differences	-	(48)	(48)
Net loss on fair value of cash flow hedges	(97)	-	(97)
Transferred to the consolidated income statement	279	-	279
31 March 2014	**(682)**	**48**	**(634)**
Currency translation differences	-	(45)	(45)
Net gain on fair value of cash flow hedges	427	-	427
Transferred to the consolidated income statement	84	-	84
31 March 2015	**(171)**	**3**	**(168)**

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

	2015 AED m	2014 AED m
Revenue	248	(45)
Operating costs	(7)	(9)
Finance costs	(325)	(225)
	(84)	**(279)**

20. Borrowings and lease liabilities

	2015 AED m	2014 AED m
Non-current		
Bonds (Note 21)	8,842	9,479
Term loans (Note 22)	1,740	672
Lease liabilities (Note 23)	31,844	28,349
	42,426	**38,500**
Current		
Bonds (Note 21)	604	473
Term loans (Note 22)	1,091	92
Lease liabilities (Note 23)	3,683	3,359
Bank overdrafts (Note 33)	4	7
	5,382	**3,931**
	47,808	**42,431**
Borrowings and lease liabilities are denominated in the following currencies:		
US Dollars	43,088	40,514
UAE Dirhams	4,320	1,477
Singapore Dollars	400	437
Others	-	3

The effective interest rate per annum on lease liabilities was 2.9% (2014: 2.8%), term loans was 3.8% (2014: 3.7%) and bonds was 4.7% (2014: 4.5%).

21. Bonds

	2015 AED m	2014 AED m
Balance brought forward	**9,997**	**12,382**
Repayments during the year	(479)	(2,378)
Currency translation differences	(37)	(7)
Balance carried forward	**9,481**	**9,997**
Less: Transaction costs	(35)	(45)
	9,446	**9,952**
Bonds are repayable as follows:		
Within one year (Note 20)	**604**	**473**
Between 2 and 5 years	6,494	6,524
After 5 years	2,348	2,955
Total over one year (Note 20)	**8,842**	**9,479**
Bonds are denominated in the following currencies:		
Fixed interest rate bonds		
US Dollars	9,081	9,560
Singapore Dollars	400	437
	9,481	**9,997**
Less: Transaction costs	(35)	(45)
	9,446	**9,952**
The fair values of the bonds are as follows:		
Fixed interest rate bonds		
US Dollars	9,254	9,626
Singapore Dollars	402	440
	9,656	**10,066**

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.

22. Term loans

	2015 AED m	2014 AED m
Balance brought forward	**773**	**925**
Additions during the year	2,215	-
Repayments during the year	(143)	(152)
Balance carried forward	**2,845**	**773**
Less: Transaction costs	(14)	(9)
	2,831	**764**
Loans are repayable as follows:		
Within one year (Note 20)	**1,091**	**92**
Between 2 and 5 years	982	405
After 5 years	758	267
Total over one year (Note 20)	**1,740**	**672**
Loans are denominated in the following currencies:		
US Dollars	1,436	721
UAE Dirhams	1,395	43

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 1,450 m (2014: AED 730 m) are secured on aircraft.

The fair value of the term loans amounts to AED 2,973 m (2014: AED 752 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

	2015 AED m	2014 AED m
Gross lease liabilities:		
Within one year	4,607	4,239
Between 2 and 5 years	18,868	16,245
After 5 years	18,347	17,511
	41,822	**37,995**
Future interest	(6,295)	(6,287)
Present value of finance lease liabilities	**35,527**	**31,708**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 20)	**3,683**	**3,359**
Between 2 and 5 years	15,375	12,940
After 5 years	16,469	15,409
Total over one year (Note 20)	**31,844**	**28,349**
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	32,606	30,274
UAE Dirhams	2,921	1,434

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

The fair value of lease liabilities amounts to AED 36,171 m (2014: AED 31,413 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.

23. Lease liabilities (continued)

Operating leases

	2015 AED m	2014 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	48,466	45,978
Others	2,008	2,288
	50,474	**48,266**
Within one year	7,951	8,652
Between 2 and 5 years	24,830	23,685
After 5 years	17,693	15,929
	50,474	**48,266**

The future minimum lease payments include AED 6,989 m (2014: AED 6,100 m) related to a company under common control. Such payments are on normal commercial terms.

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 3 out of 134 (2014: 9 out of 129) aircraft under these leases.

In addition, Emirates has 1 (2014: 4) Boeing aircraft contracted on an operating lease for delivery in the next financial year.

24. Provisions

	2015 AED m	2014 AED m
Retirement benefit obligations (Note 25)	1,325	1,048
Provision for maintenance (Note 26)	2,264	1,595
	3,589	**2,643**

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 2015 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% (2014: 4.5%) and a discount rate of 4.0% (2014: 4.75%) per annum. The present values of the defined benefit obligations at 31 March 2015 were computed using the actuarial assumptions set out above.

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

	2015 AED m	2014 AED m
Funded scheme		
Present value of defined benefit obligations	2,010	1,789
Less: Fair value of plan assets	(1,976)	(1,774)
	34	**15**
Unfunded scheme		
Present value of defined benefit obligations	**1,291**	**1,033**
Liability recognised in the consolidated statement of financial position	**1,325**	**1,048**

(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 either seventy five or one hundred percent of their fund balance depending on their length of service. Vested assets of the scheme are not available to Emirates or its creditors in any circumstances.

The liability of AED 34 m (2014: 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 is as follows:

	2015 AED m	2014 AED m
Balance brought forward	**1,774**	**1,493**
Contributions received	267	251
Benefits paid	(117)	(72)
Change in fair value	52	102
Balance carried forward	**1,976**	**1,774**

25. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 268 m for existing plan members during the year ending 31 March 2016.

Actuarial gains and losses and the 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:

	2015 AED m	2014 AED m
Balance brought forward	**1,033**	**754**
Current service cost	141	153
Interest cost	51	44
Remeasurement		
- changes in experience / demographic assumptions	12	12
- changes in financial assumptions	130	(33)
- changes in prior year assumptions	-	169
Payments made during the year	(76)	(66)
Balance carried forward	**1,291**	**1,033**

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

(iii) Defined contribution plans

Emirates pays fixed contributions to certain defined contribution plans and has no legal or constructive obligation to pay further contributions to settle the benefits relating to employees service in the current and prior periods.

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

	2015 AED m	2014 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	258	242
Net change in the present value of defined benefit obligations over plan assets	19	-
	277	**242**
Unfunded scheme		
Current service cost	141	153
Interest cost	51	44
	192	**197**
Defined contribution plan		
Contributions expensed	200	177
Recognised in the consolidated income statement	**669**	**616**

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%	(100)
	- 0.5%	117
Expected salary increases	+ 0.5%	116
	- 0.5%	(101)

The above sensitivity analysis is 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 17 years (2014: 16 years).

Through its defined benefit plans Emirates 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 obligation

26. Provision for maintenance

Movements in the provision for maintenance are as follows:

	2015 AED m	2014 AED m
Balance brought forward	**1,802**	**1,233**
Charge for the year	608	602
Utilised on return of aircraft	(198)	(52)
Unwinding of discount	134	105
Unutilised amounts reversed	(30)	(86)
Balance carried forward	**2,316**	**1,802**
The provision is expected to be used as follows:		
Within one year (Note 30)	**52**	**207**
Over one year (Note 24)	**2,264**	**1,595**

27. Deferred revenue

	2015 AED m	2014 AED m
Balance brought forward	**2,667**	**2,607**
Additions during the year	1,839	1,675
Recognised during the year	(1,612)	(1,615)
Balance carried forward	**2,894**	**2,667**
Deferred revenue is expected to be recognised as follows:		
Within one year	**1,244**	**1,227**
Over one year	**1,650**	**1,440**

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

	2015 AED m	2014 AED m
Balance brought forward	**300**	**381**
Net additions during the year	46	6
Recognised during the year	(90)	(87)
Balance carried forward	**256**	**300**
Deferred credits will be recognised as follows:		
Within one year	**49**	**66**
Over one year	**207**	**234**

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:

	2015 AED m	2014 AED m
Balance brought forward	**(2)**	**15**
Credited to the consolidated income statement (Note 9)	7	-
Tax consolidation settlements	-	(15)
Currency translation differences	(1)	(2)
Balance carried forward	**4**	**(2)**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 1,003 m (2014: AED 1,012 m).

30. Trade and other payables

	2015 AED m	2014 AED m
Trade payables and accruals	13,617	14,184
Related parties (Note 37)	644	875
Passenger and cargo sales in advance	11,559	11,300
Provision for maintenance (Note 26)	52	207
Dividend payable	2,100	800
	27,972	**27,366**
Less: Payables over one year	(202)	(287)
	27,770	**27,079**

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

31. Guarantees

	2015 AED m	2014 AED m
Performance bonds and letters of credit provided by banks in the normal course of business	404	392

Performance bonds and letters of credit include AED 125 m (2014: AED 117 m) provided by companies under common control on normal commercial terms.

32. Commitments

Capital commitments

	2015 AED m	2014 AED m
Authorised and contracted:		
Aircraft	254,464	130,573
Non-aircraft	4,439	5,744
Joint ventures	72	39
	258,975	**136,356**
Authorised but not contracted:		
Aircraft	-	138,118
Non-aircraft	3,124	2,611
Joint ventures	85	8
	3,209	**140,737**
	262,184	**277,093**

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

Financial year	**Aircraft**
2015-16	28
Beyond 2015-16	252

In addition, purchase options are held on 70 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

	2015 AED m	2014 AED m
Sales and marketing	2,154	3,046

33. Short term bank deposits and cash and cash equivalents

	2015 AED m	2014 AED m
Bank deposits	13,921	11,790
Cash and bank	2,964	4,771
Cash and bank balances	**16,885**	**16,561**
Less: Short term bank deposits - over 3 months	(8,488)	(8,754)
Cash and cash equivalents as per the consolidated statement of financial position	**8,397**	**7,807**
Bank overdraft (Note 20)	(4)	(7)
Cash and cash equivalents as per the consolidated statement of cash flows	**8,393**	**7,800**

Cash and bank balances earned an effective interest rate of 1.5% (2014: 1.7%) per annum.

Cash and bank balances include AED 5,252 m (2014: AED 3,207 m) held with companies under common control.

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:

	2015 AED m	2014 AED m
Payments for property, plant and equipment	19,716	21,037
Less: Assets acquired under finance leases	(9,447)	(7,079)
	10,269	**13,958**

35. Derivative financial instruments

Description	2015		2014	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Currency swaps and forwards	2015-2017	21	2014-2017	5
		21		**5**
Current assets				
Currency swaps and forwards		342		1
		342		**1**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2015-2023	(521)	2014-2023	(579)
Currency swaps and forwards	2015-2016	-	2014-2015	(20)
		(521)		**(599)**
Current liabilities				
Currency swaps and forwards		(2)		(95)
		(2)		**(95)**

The notional principal amounts outstanding are:

	2015	**2014**
	AED m	AED m
Interest rate contracts	8,134	10,234
Currency contracts	4,889	8,738

The notional principal amounts outstanding include AED 2,448 m (2014: AED 4,608 m) against derivatives entered with companies under common control.

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 16 m (2014: AED 12 m) will enter into the determination of profit between 2015 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
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**

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
2015				
Assets				
Loans and other receivables (excluding prepayments)	440	-	-	440
Derivative financial instruments	-	363	-	363
Trade and other receivables (excluding prepayments and advance lease rentals)	6,728	-	-	6,728
Short term bank deposits	8,488	-	-	8,488
Cash and cash equivalents	8,397	-	-	8,397
Total	**24,053**	**363**	**-**	**24,416**
Liabilities				
Borrowings and lease liabilities	-	-	47,808	47,808
Provision for maintenance	-	-	2,316	2,316
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	-	-	16,361	16,361
Derivative financial instruments	-	523	-	523
Total	**-**	**523**	**66,485**	**67,008**

37. Related party transactions

Emirates transacts with associates, joint ventures and companies controlled by Emirates and its parent within the scope of its ordinary business activities.

Emirates and dnata share central corporate functions such as information technology, facilities, human resources, finance, treasury, cash management, legal and other functions. Where such functions are shared, the costs are allocated between Emirates and dnata based on activity levels. Such costs amounting to AED 740 m (2014: AED 592 m) are included below within the purchase of goods and services.

Other than these shared service arrangements, the following transactions have taken place on an arm's length basis.

	2015 AED m	2014 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Associates	61	58
Sale of goods - Companies under common control	162	51
Sale of goods - Joint ventures	22	29
Services rendered - Companies under common control	298	82
Services rendered - Joint ventures	12	11
Frequent flyer miles sales - Companies under common control	266	252
	821	**483**
(ii) Purchase of goods and services		
Purchase of goods - Associates	225	208
Purchase of goods - Companies under common control	5,800	5,048
Purchase of goods - Joint ventures	3	-
Services received - Companies under common control	3,556	2,810
Services received - Joint ventures	15	-
	9,599	**8,066**

	2015 AED m	2014 AED m
Other transactions:		
(i) Finance income		
Joint ventures	4	5
Companies under common control	22	14
	26	**19**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	176	116
Post-employment benefits	15	14
Termination benefits	3	1
	194	**131**
(iii) Purchase of assets		
Company under common control	40	80

Emirates also uses a number of Government controlled public utilities for its operations in Dubai, where these entities are the sole providers of the relevant services. This includes the supply of electricity, water and airport services. These transactions are carried out on an arm's length basis.

	2015 AED m	2014 AED m
Year end balances		
(i) Receivables - sale of goods and services		
Associates	39	28
Joint ventures	21	9
Companies under common control	53	25
	113	**62**

37. Related party transactions (continued)

	2015 AED m	2014 AED m
(ii) Receivables - other transactions		
Joint ventures	1	6
Companies under common control	117	198
	118	**204**
Receivable within one year	**118**	**157**
Receivable over one year (Note 15)	**-**	**47**

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.

	2015 AED m	2014 AED m
(iii) Payables - purchase of goods and services (Note 30)		
Associates	46	24
Companies under common control	598	851
	644	**875**
(iv) Loans receivable		
Joint ventures	45	48
Companies under common control	222	455
	267	**503**
Movement in the loans were as follows:		
Balance brought forward	**503**	**621**
Additions during the year	196	308
Repayments during the year	(431)	(422)
Currency translation differences	(1)	(4)
Balance carried forward	**267**	**503**
Receivable within one year	**246**	**393**
Receivable over one year (Note 15)	**21**	**110**

The effective interest rate on the loans was 3.8% (2014: 4.0%) 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.

	2015 AED m	2014 AED m
(v) Loans and advances to key management personnel		
Balance brought forward	**6**	**5**
Additions during the year	9	7
Repayments during the year	(7)	(6)
Balance carried forward	**8**	**6**
Receivable within one year	**3**	**2**
Receivable over one year (Note 15)	**5**	**4**

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 guidelines that are approved by a steering group comprising 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 a 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 76% (2014: 88%) 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 and online sales. 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:

	2015	2014
	AED m	AED m
AA- to AA+	292	260
A- to A+	8,994	9,153
BBB+	7,169	5,989

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 considers the use of 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 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 Euro, Pound Sterling, Australian Dollar, Indian Rupee, Chinese Yuan, Swiss Franc, South African Rand and Japanese Yen. Currency risks are hedged using forwards and options, as appropriate, as well as by way of a natural hedge between foreign currency inflows and outflows.

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 516 m (2014: AED 564 m) held in countries where exchange controls and other 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 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.

	2015		2014	
	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	6	6	4	4
US Dollars	50	(23)	33	(64)
	56	**(17)**	**37**	**(60)**
+ 25 basis points				
UAE Dirhams	(6)	(6)	(4)	(4)
US Dollars	(50)	23	(33)	64
	(56)	**17**	**(37)**	**60**

38. Financial risk management (continued)

	2015		2014	
	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	(13)	(13)	(10)	(10)
+ 25 basis points	13	13	10	10
Currency - Pounds Sterling				
+ 1%	2	(8)	2	(27)
- 1%	(2)	8	(2)	27
Currency - Euro				
+ 1%	3	(20)	4	(22)
- 1%	(3)	20	(4)	22
Currency - Australian Dollars				
+ 1%	1	(1)	1	(5)
- 1%	(1)	1	(1)	5
Currency - Japanese Yen				
+ 1%	-	(2)	-	(4)
- 1%	-	2	-	4
Currency - Singapore Dollars				
+ 1%	(4)	(4)	(4)	(4)
- 1%	4	4	4	4

(iii) Liquidity risk

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

Emirates' liquidity management process as monitored by 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.
- Maintaining rolling forecasts of Emirates' liquidity position on the basis of expected cash flows.
- Monitoring liquidity ratios against internal standards.
- Maintaining debt financing plans.
- Maintaining diversified credit lines including stand-by credit facility arrangements.

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

38. Financial risk management (continued)

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

	Less than 1 year	2 - 5 years	Over 5 years	Total
	AED m	AED m	AED m	AED m
2015				
Borrowings and lease liabilities	6,819	27,240	21,747	55,806
Derivative financial instruments	224	289	13	526
Provision for maintenance	57	2,026	935	3,018
Trade and other payables (excluding passenger and cargo sales in advance and other non financial liabilities)	16,159	202	-	16,361
	23,259	**29,757**	**22,695**	**75,711**
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**

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 2015, Emirates achieved a return on Owner's equity funds of 17.2% (2014: 13.6%) in comparison to an effective interest rate of 3.3% (2014: 3.2%) 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 assets to total equity. In 2015, this ratio is 109.3% (2014: 101.6%) and if aircraft operating leases are included, the ratio is 212.1% (2014: 209.9%).

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 at 31 March 2015 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 dnata as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
5 May 2015

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Consolidated Income Statement for the year ended 31 March 2015

	Note	2015	2014
		AED m	AED m
Revenue	5	9,886	7,448
Other operating income		419	117
Operating costs	6	(9,300)	(6,702)
Operating profit		**1,005**	**863**
Finance income		34	37
Finance costs		(39)	(40)
Share of results of investments accounted for using the equity method	10	4	56
Profit before income tax		**1,004**	**916**
Income tax expense	7	(70)	(50)
Profit for the year		**934**	**866**
Profit attributable to non-controlling interests		28	37
Profit attributable to dnata's Owner		**906**	**829**

Consolidated Statement of Comprehensive Income for the year ended 31 March 2015

Profit for the year		**934**	**866**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations net of deferred tax		(89)	8
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	10	(25)	(36)
Items that may be reclassified subsequently to the consolidated income statement			
Currency translation differences		(306)	43
Cash flow hedges		11	-
Net investment hedge	21	14	(15)
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	10	(1)	13
Other comprehensive income		**(396)**	**13**
Total comprehensive income for the year		**538**	**879**
Total comprehensive income attributable to non-controlling interests		25	39
Total comprehensive income attributable to dnata's Owner		**513**	**840**

Notes 1 to 33 form an integral part of these consolidated financial statements.

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Consolidated Statement of Financial Position as at 31 March 2015

	Note	2015	2014
		AED m	AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,481	1,416
Intangible assets	9	2,123	2,369
Investments accounted for using the equity method	10	424	487
Advance lease rentals	11	22	25
Deferred income tax assets	23	70	33
Trade and other receivables	13	99	34
		4,219	**4,364**
Current assets			
Inventories	12	93	84
Trade and other receivables	13	2,186	1,783
Income tax asset		-	2
Short term bank deposits	27	1,551	846
Cash and cash equivalents	27	1,597	1,588
		5,427	**4,303**
Total assets		**9,646**	**8,667**

	Note	2015	2014
		AED m	AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	14	63	63
Capital reserve		(24)	(24)
Other reserves	15	(223)	55
Retained earnings		4,972	4,580
Attributable to dnata's Owner		**4,788**	**4,674**
Non-controlling interests		65	82
Total equity		**4,853**	**4,756**
Non-current liabilities			
Trade and other payables	16	161	185
Borrowings and lease liabilities	20	309	570
Deferred income tax liabilities	23	116	131
Provisions	17	627	500
		1,213	**1,386**
Current liabilities			
Trade and other payables	16	3,084	2,205
Income tax liabilities		22	19
Borrowings and lease liabilities	20	469	296
Provisions	17	5	5
		3,580	**2,525**
Total liabilities		**4,793**	**3,911**
Total equity and liabilities		**9,646**	**8,667**

The consolidated financial statements were approved on 5 May 2015 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

Notes 1 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2015

	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 2013		**63**	**(23)**	**12**	**3,976**	**4,028**	**69**	**4,097**
Other comprehensive income for the year		-	(1)	40	(28)	11	2	13
Profit for the year		-	-	-	829	829	37	866
Total comprehensive income for the year		**-**	**(1)**	**40**	**801**	**840**	**39**	**879**
Dividends		-	-	-	(200)	(200)	(27)	(227)
Non-controlling interest on acquisition of a subsidiary	32	-	-	-	-	-	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**
Other comprehensive income for the year		-	-	(279)	(114)	(393)	(3)	(396)
Profit for the year		-	-	-	906	906	28	934
Total comprehensive income for the year		**-**	**-**	**(279)**	**792**	**513**	**25**	**538**
Dividends		-	-	-	(400)	(400)	(42)	(442)
Transactions with owners		**-**	**-**	**-**	**(400)**	**(400)**	**(42)**	**(442)**
Share of other equity movements of investment accounted for using the equity method	10	-	-	1	-	1	-	1
31 March 2015		**63**	**(24)**	**(223)**	**4,972**	**4,788**	**65**	**4,853**

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 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2015

	Note	2015 AED m	2014 AED m
Operating activities			
Profit before income tax		1,004	916
Adjustments for:			
Depreciation and amortisation	8,9	397	353
Finance cost - net		5	3
Amortisation of advance lease rentals	11	1	1
Share of results of investments accounted for using the equity method	10	(4)	(56)
Gain on sale of investment in an associate		(4)	-
(Gain) / Loss on sale of property, plant and equipment		(13)	10
Gain on sale of business unit	32	(255)	-
Net provision for impairment of trade receivables	13	6	11
Provision for employee benefits	6	166	146
Employee benefit payments		(126)	(113)
Income tax paid		(74)	(75)
Change in inventories		(17)	(6)
Change in trade and other receivables		(151)	(85)
Change in provisions, trade and other payables		123	20
Net cash generated from operating activities		**1,058**	**1,125**

	Note	2015 AED m	2014 AED m
Investing activities			
Additions to property, plant and equipment	8	(374)	(495)
Additions to intangible assets	9	(44)	(33)
Proceeds from sale of property, plant and equipment		39	26
Investments in associates and joint ventures	10	(19)	(6)
Dividends from investments accounted for using the equity method	10	18	5
Acquisition of subsidiaries, net of cash acquired	32	111	(328)
Proceeds from sale of business unit		263	-
Proceeds from sale of an associate		7	-
Loans to related parties - net	30	(13)	28
Movement in short term bank deposits		(707)	1,086
Finance income		22	33
Net cash (used in) / generated from investing activities		**(697)**	**316**
Financing activities			
Proceeds from loans	21	69	136
Repayment of loans	21	(109)	(257)
Net lease liabilities		(30)	(2)
Finance cost		(32)	(33)
Dividends paid to dnata's Owner		(200)	(260)
Dividends paid to non-controlling interests		(42)	(27)
Net cash used in financing activities		**(344)**	**(443)**
Net increase in cash and cash equivalents		**17**	**998**
Cash and cash equivalents at beginning of year		1,416	385
Effects of exchange rate changes		(50)	33
Cash and cash equivalents at end of year	27	**1,383**	**1,416**

Notes 1 to 33 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2015

1. General information

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

Effective and adopted in the current year

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

- IAS 32 (revised), Financial Instruments : Presentation, Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
- IAS 36 (revised), Impairment of Assets, Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)
- IAS 39 (revised), Financial Instruments : Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new standards have been published that are mandatory for accounting periods commencing after 1 April 2015 or later periods, but have not been early adopted. Management is currently assessing the following standards which are likely to have an impact on dnata:

- IFRS 9, Financial Instruments (effective from 1 January 2018)
- IFRS 15, Revenue from Contracts with Customers (effective from 1 January 2017)

There are no other IFRSs or IFRIC interpretations, that are either effective or not yet effective, that would be expected to have a material impact on dnata.

2. Summary of significant accounting policies (continued)

Basis of consolidation

Subsidiaries are those entities over which dnata has control. Control is exercised when dnata 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 dnata ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, 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 is measured at fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of discounts, returns and value added tax.

Revenue from airport operations and cargo services is recognised on the performance of services.

Revenue from travel services includes inclusive tours and agency commission earned from the sale of third-party travel products. Revenue relating to inclusive tours is recognised on departure. Revenue relating to third-party travel products is recognised on the completion of sale. Where dnata acts as principal, revenue is stated at contractual value of services provided and where dnata acts as an agent between the service provider and the end customer, revenue is presented on net basis.

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

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 costs incurred as a proportion of total estimated costs.

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

2. Summary of significant accounting policies (continued)

Foreign currency translation

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

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

Where functional currencies of subsidiaries are different from AED, 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. Exchange differences arising are recognised in other comprehensive income.

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 to dnata 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 assets' 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 of cash generating units exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

2. Summary of significant accounting policies (continued)

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

Computer software is capitalised at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

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

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 as to 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 measured 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 an 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.

2. Summary of significant accounting policies (continued)

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 profits 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 a maturity of 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 expenses. 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 as to 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 18.

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 the 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 liabilities are carried at fair value. Derivatives fall into level 2 of the fair value hierarchy whereas contingent consideration and option liabilities 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 liabilities 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 16.

5. Revenue

	2015 AED m	2014 AED m
Services		
Travel services	2,663	705
UAE Airport Operations	2,514	2,393
International Airport Operations	1,594	1,379
Information technology	798	814
Other	292	267
	7,861	**5,558**
Sale of goods		
In-flight catering	1,879	1,753
Other	146	137
	2,025	**1,890**
	9,886	**7,448**

6. Operating costs

	2015 AED m	2014 AED m
Employee (see below)	3,727	3,251
Cost of travel packages sold	1,660	84
Airport operations and cargo - other direct costs	977	883
Cost of goods sold	735	663
Rental and lease expenses	533	436
Depreciation and amortisation	397	353
Information technology infrastructure costs	409	345
Sales and marketing expenses	362	234
Corporate overheads	500	453
	9,300	**6,702**

Employee costs include AED 166 m (2014: AED 146 m) in respect of post-employment benefits (Note 18).

7. Income tax expense

	2015 AED m	2014 AED m
The components of income tax expense are:		
Current tax	80	76
Deferred tax credit	(10)	(26)
	70	**50**
The income tax expense for the year can be reconciled to the accounting profit from continuing operations as follows:		
Profit before income tax	1,004	916
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**59**	**52**
Effect of non-deductible expenses	8	8
Effect of income exempt from tax	(1)	(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	2
Effect of other items	4	(1)
Income tax expense	**70**	**50**

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 2013	705	1,125	1,156	45	81	3,112
Acquisition	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	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**

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 2014	824	1,262	1,381	58	128	3,653
Acquisition (Note 32)	24	116	11	-	1	152
Additions	17	157	141	24	35	374
Transfer from capital projects	86	12	28	-	(126)	-
Disposals / write off	(2)	(31)	(79)	(3)	(1)	(116)
Currency translation differences	(68)	(85)	(26)	(3)	(1)	(183)
Transfers	-	-	(3)	-	-	(3)
31 March 2015	**881**	**1,431**	**1,453**	**76**	**36**	**3,877**
Depreciation						
1 April 2014	304	820	1,075	38	-	2,237
Acquisition (Note 32)	15	68	6	-	-	89
Charge for the year	49	87	127	10	-	273
Disposals / write off	(1)	(29)	(76)	(3)	-	(109)
Currency translation differences	(24)	(47)	(19)	(2)	-	(92)
Transfers	-	-	(2)	-	-	(2)
31 March 2015	**343**	**899**	**1,111**	**43**	**-**	**2,396**
Net book amount at 31 March 2015	**538**	**532**	**342**	**33**	**36**	**1,481**

The net book amount of property, plant and equipment includes AED 35 m (2014: AED 83 m) in respect of plant and machinery held under finance leases (Note 22).

Land of AED 6 m (2014: AED 8 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 2013	1,309	352	36	24	618	2,339
Acquisition	371	6	62	64	74	577
Additions	-	33	-	-	-	33
De-recognition	(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**
Cost						
1 April 2014	1,701	393	102	88	734	3,018
Acquisition (Note 32)	61	9	44	33	-	147
Additions	-	44	-	-	-	44
Disposals / write off	-	(79)	-	-	-	(79)
Currency translation differences	(207)	(9)	(15)	(14)	(71)	(316)
Transfers	-	3	-	-	-	3
31 March 2015	**1,555**	**361**	**131**	**107**	**663**	**2,817**
Amortisation						
1 April 2014	-	232	10	24	383	649
Acquisition (Note 32)	-	4	-	-	-	4
Charge for the year	-	39	6	13	66	124
Disposals / write off	-	(35)	-	-	-	(35)
Currency translation differences	-	(6)	(2)	(3)	(39)	(50)
Transfers	-	2	-	-	-	2
31 March 2015	**-**	**236**	**14**	**34**	**410**	**694**
Net book value at 31 March 2015	**1,555**	**125**	**117**	**73**	**253**	**2,123**

9. Intangible assets (continued)

Computer software includes an amount of AED 27 m (2014: AED 39 m) in respect of projects under implementation.

Trade names include an amount of AED 83 m (2014: AED 52 m) 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 carrying out impairment tests of goodwill and trade names with indefinite useful lives, 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 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 or group of cash generating units operate. The goodwill and trade names with indefinite useful lives 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 2015 AED m	Goodwill 2014 AED m	Discount rate %	Gross margin %	Terminal growth rate %
Airport operations	Singapore	91	99	7.0	14.6	3.0
Airport operations	Switzerland	257	282	6.0	7.0	1.5
Airport operations	Australia	28	35	10.0	16.3	2.5
In-flight catering group	UK	481	562	8.0	10.5	1.5
Online travel services	UK	503	566	8.5	10.3	1.5
Travel services	UK	192	154	8.5	8.0	1.5
Travel services	UAE	3	3	-	-	-
		1,555	**1,701**			

Goodwill pertaining to Travel services, UK includes AED 137 m (2014: AED 154 m) for Gold Medal and AED 55 m (2014: NIL) for Stella Travel. The key assumptions used in the value-in-use calculations for both the cash generating units are similar.

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.

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
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
Marhaba Bahrain SPC	100	Passenger meet and greet services	Bahrain
Airline Cleaning Services Pty Ltd	100	Aircraft cleaning services	Australia
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 previous year:			
Najm Travel LLC	100	Travel agency	United Arab Emirates
dnata Travel Holdings UK Ltd	100	Travel services	United Kingdom
Acquired during the previous year:			
Air Chef srl	100	In-flight catering services	Italy
Servizi di Bordo srl	100	In-flight catering services	Italy
Gold Medal Travel Group plc	100	Travel services	United Kingdom
Airline Network plc	100	Travel services	United Kingdom
Incorporated during the year:			
dnata Travel Inc	100	Travel services	Philippines
Travel Partners LLC	100	Travel services	United Arab Emirates
dnata Aviation Services Holdings Limited	100	Holding company	United Arab Emirates
Acquired during the year:			
Stella Travel Services (UK) Ltd	100	Travel services	United Kingdom
Stella Global UK Ltd	100	Travel services	United Kingdom
Toll Dnata Airport Services Pty Ltd	100	Aircraft handling services	Australia
Disposed during the previous year:			
Alpha Flight Services EOOD	100	In-flight catering services	Bulgaria
Disposed during the year:			
Mercator Asia Co. Ltd	100	Information Technology services	Thailand

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.

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

	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal associates			
Dubai Express LLC	50	Freight clearing and forwarding	United Arab Emirates
Gerry's Dnata (Private) Ltd	50	Aircraft handling services	Pakistan
Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd	20	Aircraft handling services	P. R. China
Oman United Agencies Travel LLC	50	Corporate travel services	Oman
Hogg Robinson Group plc	22	Corporate travel services	United Kingdom
Mindpearl AG	49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd	49	Contact centre operations	South Africa
Acquired during the year:			
Mercator Solutions FZE	20	Information technology services	United Arab Emirates
Disposed during the year:			
SEA Services srl	36	In-flight catering services	Italy
Principal joint ventures			
Dnata-PWC Airport Logistics LLC (formerly 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
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	50	In-flight catering services	South Africa
Alpha LSG Ltd	50	In-flight catering services	United Kingdom
Travel Counsellors LLC	51	Travel services	United Arab Emirates
Incorporated during the previous year:			
India Premier Services Private Ltd	50	Passenger meet and greet services	India
Transecure LLC	100	Security services	United Arab Emirates
Incorporated during the year:			
Super Bus Tourism LLC	75	Travel agency	United Arab Emirates

Although the percentage of equity owned in Super Bus Tourism LLC, dnata Travel Limited and SDV UAE LLC are 75%, 70% and 25.5% respectively, they are subject to joint control. dnata's beneficial interest in Transguard Group LLC, Transecure LLC and Travel Counsellors LLC is 50% and are subject to joint control.

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

Movement of investments accounted for using the equity method

	2015 AED m	2014 AED m
Balance brought forward	**487**	**533**
Acquisition	-	3
Investments during the year	19	6
Share of results	4	22
Share of other comprehensive income	(26)	(23)
Share of other equity movements	1	6
Dividends	(18)	(5)
Disposal of an associate	(3)	-
De-recognition due to change in ownership interest	(17)	(47)
Transfer	-	(15)
Currency translation differences	(23)	7
Balance carried forward	**424**	**487**

Change in the ownership interest of joint ventures

dnata acquired the remaining 50% interest in a joint venture, Toll Dnata Airport Services Pty Ltd, to increase its shareholding to a 100% interest (Note 32). The step acquisition has not resulted in any significant fair value gain or loss.

During the previous year, dnata acquired the remaining 50% interest in a joint venture, Servair Air Chef srl, to increase its shareholding to a 100% interest (Note 32). 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. The resultant gain 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 2014 to 31 December 2014 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 2015 and 31 March 2015.

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

	2015 AED m	2014 AED m
Share of results of associates	20	26
Share of other comprehensive income of associates	(21)	(15)
Share of total comprehensive income of associates	**(1)**	**11**
Aggregate carrying value of investments in associates	**123**	**151**

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

	2015 AED m	2014 AED m
Share of results of joint ventures	(16)	(4)
Share of other comprehensive income of a joint venture	(5)	(8)
Share of total comprehensive income of joint ventures	**(21)**	**(12)**
Aggregate carrying value of investments in joint ventures	**301**	**336**

11. Advance lease rentals

	2015 AED m	2014 AED m
Balance brought forward	**25**	**26**
Charge for the year	(1)	(1)
Currency translation differences	(2)	-
Balance carried forward	**22**	**25**

12. Inventories

	2015 AED m	2014 AED m
Food and beverage	43	38
Plant and machinery - spares and consumables	29	25
Other	21	21
	93	**84**

13. Trade and other receivables

	2015 AED m	2014 AED m
Trade receivables - net of provision	1,046	948
Prepayments	332	114
Related parties (Note 30)	450	485
Deposits and other receivables	457	270
	2,285	**1,817**
Less: Deposits and receivable over one year	(99)	(34)
	2,186	**1,783**

Deposits and receivable over one year include preference shares issued by an associate company which are long term in nature (Note 32).

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:

	2015 AED m	2014 AED m
Balance brought forward	**56**	**45**
Acquisition	7	6
Charge for the year	10	20
Unused amounts reversed	(4)	(9)
Amounts written off as uncollectible	(6)	(8)
Currency translation differences	(4)	2
Transfer	(15)	-
Balance carried forward	**44**	**56**

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:

	2015 AED m	2014 AED m
Below 3 months	497	457
3-6 months	45	77
Above 6 months	49	65
	591	**599**

14. Capital

Capital represents the permanent capital of dnata.

15. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2013	**11**	1	**12**
Currency translation differences	41	-	41
Net investment hedge (Note 21)	(15)	-	(15)
Share of other comprehensive income of investment accounted for using the equity method net of deferred tax	13	1	14
Recognised in other comprehensive income	**39**	**1**	**40**
Share of other equity movement of investment accounted for using the equity method	-	3	3
31 March 2014	**50**	**5**	**55**
Currency translation differences	(306)	-	(306)
Net investment hedge (Note 21)	14	-	14
Loss in fair value of cash flow hedges	-	12	12
Transferred to consolidated income statement	3	(1)	2
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	(1)	-	(1)
Recognised in other comprehensive income	**(290)**	**11**	**(279)**
Share of other equity movement of investment accounted for using the equity method	-	1	1
31 March 2015	**(240)**	**17**	**(223)**

16. Trade and other payables

	2015 AED m	**2014** AED m
Trade payables and accruals	2,315	1,643
Related parties (Note 30)	39	24
Employee leave pay	145	115
Airlines	154	187
Customer deposits	22	31
Dividend payable	400	200
Other payables	170	190
	3,245	**2,390**
Less: Payable over one year	(161)	(185)
	3,084	**2,205**

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 year ended 31 March 2013.

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

	2015 AED m	**2014** AED m
Balance brought forward	**97**	**92**
Interest	8	7
Remeasurement gain	(25)	(10)
Currency translation differences	(9)	8
Balance carried forward	**71**	**97**

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

17. Provisions

	2015 AED m	2014 AED m
Non-current		
Retirement benefit obligations (Note 18)	604	465
Other provisions (Note 19)	23	35
	627	**500**
Current		
Other provisions (Note 19)	5	5
	5	**5**
	632	**505**

18. 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 2015 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:

	2015 AED m	2014 AED m
Funded schemes		
Present value of defined benefit obligations	356	314
Less: Fair value of plan assets	(279)	(270)
	77	**44**
Unfunded schemes		
Present value of defined benefit obligations	**527**	**421**
Liability recognised in consolidated statement of financial position	**604**	**465**

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.

18. 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 either seventy five or one hundred percent of their fund balance depending on their length of service. 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:

	2015 AED m	2014 AED m
Present value of funded defined benefit obligations	108	92
Fair value of plan assets	102	88
	6	**4**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 4.5% (2014: 4.5%) and a discount rate of 4.0% (2014: 4.75%) per annum. The present values of the defined benefit obligations at 31 March 2015 were computed using the actuarial assumptions set out above.

The liability of AED 6 m (2014: AED 4 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:

	2015 AED m	2014 AED m
Balance brought forward	**88**	**76**
Contributions received	16	14
Benefits paid	(16)	(6)
Change in fair value	14	4
Balance carried forward	**102**	**88**

b) Subsidiary

Employees of a subsidiary in Switzerland participate in a defined benefit plan ("the Swiss 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:

	2015 AED m	2014 AED m
Present value of funded defined benefit obligations	248	222
Fair value of plan assets	177	182
	71	**40**

The actuarial valuation for the Swiss plan included assumptions relating to discount rate of 1.0% (2014: 2.4%) and expected salary increases of 1.0% (2014: 1.0%).

18. Retirement benefit obligations (continued)

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

	2015 AED m	2014 AED m
Balance brought forward	**222**	**218**
Service cost	13	14
Interest cost	4	4
Remeasurement loss / (gain)	37	(16)
Employee contributions	8	8
Benefits paid	(14)	(22)
Currency translation differences	(22)	16
Balance carried forward	**248**	**222**

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

	2015 AED m	2014 AED m
Balance brought forward	**182**	**169**
Expected return on plan assets	4	4
Remeasurement		
- Return on plan assets	4	-
Employer contributions	10	10
Employee contributions	8	8
Benefits paid	(14)	(22)
Currency translation differences	(17)	13
Balance carried forward	**177**	**182**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 26 m during the year ending 31 March 2016.

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:

	2015 AED m	2014 AED m
Balance brought forward	**421**	**378**
Acquisition (Note 32)	10	-
Current service cost	67	65
Interest cost	20	18
Remeasurement		
- changes in experience / demographic assumptions	7	2
- changes in financial assumptions	57	(16)
- changes in prior year assumptions	-	18
Payments made during the year	(53)	(49)
Currency translation differences	(2)	5
Balance carried forward	**527**	**421**

Payments made during the year include AED 3 m (2014: AED 2 m) for the transfer of accumulated benefits to dnata's funded scheme.

Defined contribution plans

dnata pays fixed contributions to certain defined contribution plans 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.

18. Retirement benefit obligations (continued)

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

	2015 AED m	2014 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost	27	27
Net change in the present value of defined benefit obligations over plan assets	3	(1)
	30	**26**
Unfunded schemes		
Current service cost	67	65
Interest cost	20	18
	87	**83**
Defined contribution plans		
Contributions expensed	**49**	**37**
Recognised in the consolidated income statement	**166**	**146**

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	Unfunded schemes AED m
Discount rate	+ 0.5%	(21)	(39)
	- 0.5%	22	44
Expected salary increases	+ 0.5%	5	44
	- 0.5%	(5)	(40)

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:

	2015 Years	**2014 Years**
Funded scheme - subsidiary	17.3	14.7
Unfunded scheme	17.2	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.

19. Other provisions

	Dilapi-dations AED m	Others AED m	Total AED m
1 April 2014	**9**	**31**	**40**
Acquisition (Note 32)	2	-	2
Charge for the year	-	3	3
Utilised during the year	(1)	(11)	(12)
Currency translation differences	(1)	(4)	(5)
31 March 2015	**9**	**19**	**28**

Provisions are expected to be used as follows:

	2015 AED m	2014 AED m
Within one year	5	5
Over one year	23	35
31 March 2015	**28**	**40**

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.

20. Borrowings and lease liabilities

	2015 AED m	2014 AED m
Non-current		
Term loans (Note 21)	286	521
Lease liabilities (Note 22)	23	49
	309	**570**
Current		
Term loans (Note 21)	248	109
Lease liabilities (Note 22)	7	15
Bank overdrafts (Note 27)	214	172
	469	**296**
	778	**866**

Borrowings and lease liabilities are denominated in the following currencies:

	2015 AED m	2014 AED m
Pounds Sterling	394	522
Swiss Francs	198	253
Euro	97	-
Singapore Dollars	50	78
Australian Dollars	20	-
Others	19	13

21. Term loans

	2015 AED m	2014 AED m
Movements in the term loans are as follows:		
Balance brought forward	**633**	**707**
Acquisitions	17	-
Additions	69	136
Repayments	(109)	(257)
Currency translation differences	(74)	47
	536	**633**
Unamortised transaction costs	(2)	(3)
Balance carried forward	**534**	**630**
Term loans are repayable as follows:		
Within one year	**248**	**109**
Between 2 and 5 years	268	521
After 5 years	18	-
Total over one year	**286**	**521**
Term loans are denominated in the following currencies:		
Pounds Sterling	265	390
Swiss Francs	155	199
Euro	97	-
Singapore Dollars	-	41
Australian Dollars	17	-

A term loan amounting to AED Nil (2014: AED 41 m) is secured by a charge on the shares of CIAS International Pte Ltd and dnata Singapore Pte Ltd. A corporate guarantee was also 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 2.9% (2014: 2.8%) per annum. The carrying amounts of the term loans approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for 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.

22. Lease liabilities

	2015 AED m	2014 AED m
Gross lease liabilities:		
Within one year	8	17
Between 2 and 5 years	20	42
After 5 years	5	12
	33	**71**
Future interest	(3)	(7)
Present value of finance lease liabilities	**30**	**64**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**7**	**15**
Between 2 and 5 years	18	38
After 5 years	5	11
Total over one year	**23**	**49**
The present value of finance lease liabilities are denominated in the following currencies:		
Swiss Francs	24	29
Pounds Sterling	3	35
Australian Dollars	3	-

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.

23. 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:

	2015 AED m	2014 AED m
Deferred income tax assets	70	33
Deferred income tax liabilities	(116)	(131)
	(46)	**(98)**

The movement in the deferred tax account is as follows:

	2015 AED m	2014 AED m
Balance brought forward	**(98)**	**(97)**
Acquisition (Note 32)	28	(20)
Credited to the consolidated income statement	10	25
Currency translation differences	7	(5)
Effect of change in tax rates	-	1
Deferred tax on retirement benefit obligation	7	(2)
Balance carried forward	**(46)**	**(98)**

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 2013	**(40)**	**(79)**	**(2)**	**(121)**
Acquisition	-	(45)	-	(45)
(Charge) / credited to the consolidated income statement	(1)	19	2	20
Transfers	-	-	(1)	(1)
Effect of change in tax rates	-	1	-	1
Currency translation differences	-	(6)	-	(6)
31 March 2014	**(41)**	**(110)**	**(1)**	**(152)**
Acquisition (Note 32)	2	(16)	-	(14)
(Charge) / credited to the consolidated income statement	(2)	20	-	18
Currency translation differences	4	14	-	18
31 March 2015	**(37)**	**(92)**	**(1)**	**(130)**

Deferred income tax assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2013	**5**	**11**	**8**	**24**
Acquisition	2	6	17	25
Charged to the consolidated income statement	1	1	3	5
Recognised in other comprehensive income	-	(2)	-	(2)
Currency translation differences	-	1	-	1
Transfers	1	-	-	1
31 March 2014	**9**	**17**	**28**	**54**
Acquisition (Note 32)	31	11	-	42
Charge / (credited) to the consolidated income statement	(4)	3	(7)	(8)
Recognised in other comprehensive income	-	7	-	7
Currency translation differences	(3)	(3)	(5)	(11)
31 March 2015	**33**	**35**	**16**	**84**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 100 m.

24. Operating leases

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

	2015 AED m	2014 AED m
Less than 1 year	178	110
Between 2 and 5 years	467	372
After 5 years	631	552
	1,276	**1,034**

25. Capital commitments

	2015 AED m	2014 AED m
Authorised and contracted:		
dnata	95	213
Joint Ventures	13	11
	108	224
Authorised but not contracted:		
dnata	497	715
Joint Ventures	-	1
	497	716
	605	**940**

26. Guarantees

	2015 AED m	2014 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**143**	**134**

Guarantees and letters of credit include AED 39 m (2014: AED 59 m) provided by companies under common control on normal commercial terms.

27. Short term bank deposits, cash and cash equivalents

	2015 AED m	2014 AED m
Short term bank deposits	2,051	1,786
Cash and bank	1,097	648
Cash and bank balances	**3,148**	**2,434**
Less: Short term bank deposits over 3 months	(1,551)	(846)
Cash and cash equivalents as per the consolidated statement of financial position	**1,597**	**1,588**
Bank overdrafts (Note 20)	(214)	(172)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,383**	**1,416**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 1.2% (2014: 1.6%) per annum.

28. Derivative financial instruments

Trade and other payables include fair value of derivative financial instruments amounting to AED 9 m (2014: AED 5 m). These represent currency forward contracts entered by certain subsidiaries to manage their foreign currency exposure. The notional principal outstanding is AED 690 m (2014: AED 442 m) and contracts are expected to cover exposures ranging from one month to one year.

29. Classification of financial instruments

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

Description	Loans and receivables AED m	Assets and liabilities at fair value through profit and loss AED m	Financial liabilities at amortised cost AED m	Total AED m
Mar 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**
Mar 2015				
Assets				
Trade and other receivables (excluding prepayments)	1,953	-	-	1,953
Short term bank deposits	1,551	-	-	1,551
Cash and cash equivalents	1,597	-	-	1,597
Total	**5,101**	**-**	**-**	**5,101**
Liabilities				
Borrowings and lease liabilities	-	-	778	778
Trade and other payables (excluding customer deposits)	-	69	3,154	3,223
Total	**-**	**69**	**3,932**	**4,001**

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

30. Related party transactions

dnata transacts with associates, joint ventures and companies controlled by dnata and its parent within the scope of its ordinary business activities.

dnata and Emirates share central corporate functions such as information technology, facilities, human resources, finance, treasury, cash management, legal and other functions. Where such functions are shared the costs are allocated between dnata and Emirates based on activity levels. Sale of goods and services below include AED 740 m (2014: AED 592 m) related to this arrangement.

Other than these shared services arrangements the following transactions have taken place on an arm's length basis.

	2015 AED m	2014 AED m
Trading transactions		
(i) Sale of goods and services		
Sale of goods - Companies under common control	388	410
Services rendered - Associates	14	19
Services rendered - Joint ventures	18	18
Services rendered - Companies under common control	2,271	1,904
	2,691	**2,351**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	133	131
Services received - Associates	1	8
Services received - Joint ventures	237	198
Services received - Companies under common control	305	66
	676	**403**
Other transactions		
(i) Finance income		
Companies under common control	17	20
(ii) Finance cost		
Companies under common control	5	6
(iii) Compensation to key management personnel		
Salaries and short-term employee benefits	39	26
Post-employment benefits	3	3
Termination benefits	1	-
	43	**29**

dnata also provides airport and travel services to a Government controlled entity on an arm's length basis. dnata uses number of Government controlled public utilities for its operations in Dubai, where these entities are the sole providers of the relevant services. This includes the supply of electricity, water and airport services. These transactions are carried out on an arm's length basis.

	2015 AED m	2014 AED m
Year end balances		
(i) Receivables-sale of goods and services (Note 13)		
Associates	29	12
Joint ventures	48	68
Companies under common control	165	176
	242	**256**
(ii) Payables-purchase of goods and services (Note 16)		
Joint ventures	5	-
Companies under common control	34	24
	39	**24**
(iii) Borrowings		
Companies under common control	161	220
(iv) Loans - receivable (Note 13)		
Associates	-	3
Joint ventures	208	226
	208	**229**
Movement in the loans were as follows:		
Balance brought forward	**229**	**228**
Additions	19	16
Repayments	(6)	(44)
Transfer	(6)	15
Currency translation differences	(28)	14
Balance carried forward (Note 13)	**208**	**229**

The loans earned effective interest of 3.7% (2014: 3.5%) per annum.

31. 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

Certain subsidiaries of dnata are exposed to currency risk on purchase of services outside the source market. These subsidiaries manage such risks through currency forwards.

dnata is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its long term debt obligations denominated in Swiss Francs, Euro, Pounds Sterling and Australian Dollars. Cash flows from the Switzerland, Italy, United Kingdom and Australian 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 AED 1,556 m (2014: AED 720 m) 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.

31. 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:

	2015 AED m	2014 AED m
AA- to AA+	24	25
A- to A+	927	715
BBB+	1,674	1,186
Lower than BBB+	494	57

(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.
- 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.
- Maintaining diversified credit lines, including stand-by credit facility agreements.

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 AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
Mar 2015				
Borrowings and lease liabilities	486	312	23	821
Trade and other payables (excluding customer deposits)	3,053	172	-	3,225
	3,539	**484**	**23**	**4,046**
Mar 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**

32. Acquisitions and disposal

Acquisitions

Stella Travel Group

On 14 October 2014, dnata acquired Stella Travel (including Stella Travel Services (UK) Ltd and Stella Global UK Ltd) through its wholly owned subsidiary dnata Travel Holdings UK Limited. Stella Travel is one of the leading distributors of scheduled long-haul travel products in the United Kingdom.

Toll Dnata Airport Services Pty Ltd

On 23 February 2015, dnata obtained 100% control of a joint venture, Toll Dnata Airport Services ("Toll Dnata"), by acquiring the remaining 50% through its wholly owned subsidiary Dnata Airport Services Limited, United Kingdom. Toll Dnata is one of the leading ground and cargo handling companies operating at seven airports in Australia (Note 10).

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

Description	Stella Travel	Toll Dnata	Total
	AED m	AED m	AED m
Property, plant and equipment (Note 8)	12	51	63
Intangible assets (Note 9)	80	2	82
Deferred tax assets (Note 23)	31	11	42
Other current assets	357	78	435
Cash and cash equivalents	176	13	189
Defined benefit obligations (Note 18)	-	(10)	(10)
Provisions (Note 19)	(2)	-	(2)
Deferred tax liabilities (Note 23)	(16)	2	(14)
Current liabilities	(638)	(77)	(715)
Other current liabilities	(6)	-	(6)
Borrowings	-	(30)	(30)
dnata's share of net liabilities / assets acquired	**(6)**	**40**	**34**
Goodwill (Note 9)	61	-	61
Total purchase consideration	**55**	**40**	**95**
Less: Cash and cash equivalents acquired	(176)	(13)	(189)
Less: Fair value of retained interest (Note 10)	-	(17)	(17)
Cash (inflow) / outflow on acquisition	**(121)**	**10**	**(111)**

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

32. Acquisitions and disposal (continued)

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

Description	Stella Travel	Toll Dnata	Total
	AED m	AED m	AED m
Acquisition-related costs	3	-	3
Contribution from acquired businesses			
Revenue from acquisition date to 31 March 2015	827	52	879
Profit / (loss) from acquisition date to 31 March 2015	10	(4)	6
If the acquisition had taken place at the beginning of the year			
Revenue	2,018	544	2,562
Profit / (loss)	20	(46)	(26)

In the previous year, dnata acquired the business of Broadlex Air Services, obtained 100% control of a joint venture, Air Chef and acquired 100% shares of Gold Medal International plc.

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
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	-	(118)	-	(118)
Cash outflow on acquisition	**58**	**91**	**179**	**328**

Disposal

During the year dnata disposed its information technology business based in United Arab Emirates to a global private equity firm, while retaining a minority interest. Only that part of the business which serves external customers was disposed. The consideration was settled partly in cash and partly by issue of equity and preference shares.

As this line of business does not constitute a significant proportion of dnata's operations, it has not been classified as a discontinued operation. The gain on disposal of AED 255 m is included under other operating income.

33. 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 2015, dnata achieved a return on equity of 19.2% (2014: 19.1%) in comparison to an effective interest rate of 2.9% (2014: 2.8%) on borrowings.

Emirates ten-year overview

Consolidated income statement		**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**	**2005-06**
Revenue and other operating income	AED m	88,819	82,636	73,113	62,287	54,231	43,455	43,266	38,810	29,173	22,658
Operating costs	AED m	82,926	78,376	70,274	60,474	48,788	39,890	40,988	34,359	25,834	20,006
- of which jet fuel	AED m	28,690	30,685	27,855	24,292	16,820	11,908	14,443	11,005	7,525	5,445
- of which employee costs	AED m	11,851	10,230	9,029	7,936	7,615	6,345	5,861	5,475	4,024	3,187
Operating profit	AED m	5,893	4,260	2,839	1,813	5,443	3,565	2,278	4,451	3,339	2,652
Profit attributable to the Owner	AED m	4,555	3,254	2,283	1,502	5,375	3,538	686	5,020	3,096	2,475
Consolidated statement of financial position											
Non-current assets	AED m	83,627	74,250	59,856	51,896	43,223	36,870	31,919	27,722	22,530	17,018
Current assets	AED m	27,735	27,354	34,947	25,190	21,867	18,677	15,530	18,790	15,428	14,376
- of which bank deposits and cash	AED m	16,885	16,561	24,572	15,587	13,973	10,511	7,168	10,360	9,123	9,199
Total assets	AED m	111,362	101,604	94,803	77,086	65,090	55,547	47,449	46,512	37,958	31,394
Total equity	AED m	28,286	25,471	23,032	21,466	20,813	17,475	15,571	16,843	13,170	10,919
- of which equity attributable to the Owner	AED m	27,886	25,176	22,762	21,224	20,606	17,274	15,412	16,687	13,040	10,788
Non-current liabilities	AED m	48,595	43,705	40,452	30,574	22,987	19,552	17,753	14,206	14,210	10,616
Current liabilities	AED m	34,481	32,428	31,319	25,046	21,290	18,520	14,125	15,463	10,578	9,859
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	13,265	12,649	12,814	8,107	11,004	8,328	5,016	7,335	5,765	4,106
Cash flow from investing activities	AED m	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)	(4,749)	(5,049)
Cash flow from financing activities	AED m	(6,264)	(7,107)	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)	(198)	867
Net change in cash and cash equivalents	AED m	590	1,285	(1,007)	(2,660)	866	4,769	1,827	(5,354)	818	(76)
Other financial data											
Net change in cash and cash equivalents and short term bank deposits	AED m	324	(8,011)	8,985	1,614	3,462	3,343	(3,192)	1,237	(76)	1,871
EBITDAR	AED m	20,259	17,229	13,891	10,735	13,437	10,638	8,286	9,730	7,600	5,970
Borrowings and lease liabilities	AED m	47,808	42,431	40,525	30,880	23,230	19,605	16,512	13,717	13,338	11,247
Less: Cash assets	AED m	16,885	16,561	24,572	15,587	13,973	10,511	7,368	12,715	11,594	9,828
Net debt	AED m	30,923	25,870	15,953	15,293	9,257	9,094	9,144	1,002	1,744	1,419
Capital expenditure	AED m	19,873	21,142	13,378	13,644	12,238	8,053	10,178	9,058	5,388	4,528

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.

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Key ratios		**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**	**2005-06**
Operating margin	%	6.6	5.2	3.9	2.9	10.0	8.2	5.3	11.5	11.4	11.7
Profit margin	%	5.1	3.9	3.1	2.4	9.9	8.1	1.6	12.9	10.6	10.9
Return on shareholder's funds	%	17.2	13.6	10.4	7.2	28.4	21.6	4.4	33.8	26.0	26.4
EBITDAR margin	%	22.8	20.8	19.0	17.2	24.8	24.5	19.2	25.1	26.1	26.3
Cash assets to revenue and other operating income	%	19.0	20.0	33.6	25.0	25.8	24.2	17.0	32.8	39.7	43.4
Net debt equity ratio	%	109.3	101.6	69.3	71.2	44.5	52.0	58.7	5.9	13.2	13.0
Net debt (incl. aircraft operating leases) equity ratio	%	212.1	209.9	186.4	162.1	127.6	158.5	167.0	98.1	116.1	111.9
Net debt (incl. aircraft operating leases) to EBITDAR	%	296.2	310.3	309.1	324.1	197.6	260.3	313.9	169.9	201.2	204.6
Effective interest rate on borrowings and lease liabilities	%	3.3	3.2	3.1	3.0	2.7	2.5	3.5	5.2	5.7	4.5
Fixed to float debt mix		85:15	94:6	90:10	89:11	89:11	83:17	61:39	68:32	63:37	63:37
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	245	250	249	251	232	211	254	236	216	203
Unit cost	Fils per ATKM	158	162	167	166	147	136	163	151	129	122
Unit cost excluding jet fuel	Fils per ATKM	102	97	99	97	95	94	104	101	90	88
Breakeven load factor	%	64.7	64.9	66.9	65.9	63.6	64.4	64.1	64.1	59.9	60.2
Fleet											
Aircraft	number	231	217	197	169	148	142	127	109	96	85
Average fleet age	months	75	74	72	77	77	69	64	67	63	61
Production											
Destination cities	number	144	142	133	123	112	102	99	99	89	83
Overall capacity	ATKM million	50,844	46,820	40,934	35,467	32,057	28,526	24,397	22,078	19,414	15,803
Available seat kilometres	ASKM million	295,740	271,133	236,645	200,687	182,757	161,756	134,180	118,290	102,337	82,009
Aircraft departures	number	181,843	176,039	159,892	142,129	133,772	123,055	109,477	101,709	92,158	79,937
Traffic											
Passengers carried	number '000	49,292	44,537	39,391	33,981	31,422	27,454	22,731	21,229	17,544	14,498
Passenger seat kilometres	RPKM million	235,498	215,353	188,618	160,446	146,134	126,273	101,762	94,346	77,947	62,260
Passenger seat factor	%	79.6	79.4	79.7	80.0	80.0	78.1	75.8	79.8	76.2	75.9
Cargo carried	tonnes '000	2,377	2,250	2,086	1,796	1,767	1,580	1,408	1,282	1,156	1,019
Overall load carried	RTKM million	34,207	31,137	27,621	23,672	22,078	19,063	15,879	14,739	12,643	10,394
Overall load factor	%	67.3	66.5	67.5	66.7	68.9	66.8	65.1	66.8	65.1	65.8
Employee											
Average employee strength-EK	number	56,725	52,516	47,678	42,422	38,797	36,652	35,812	30,177	26,228	22,125
Average employee strength-airline	number	44,571	41,471	38,067	33,634	30,258	28,686	28,037	23,650	20,273	17,296
Revenue per airline employee	AED '000	1,939	1,938	1,868	1,796	1,738	1,459	1,492	1,625	1,431	1,285

Notes :

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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.

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Consolidated income statement		2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenue and other operating income	AED m	10,305	7,565	6,622	5,755	4,406	3,160	3,181	2,585	1,996	1,734
Operating costs	AED m	9,300	6,702	5,807	4,971	3,906	2,601	2,714	2,340	1,700	1,444
- of which employee costs	AED m	3,727	3,251	2,771	2,488	2,032	1,387	1,347	1,227	993	863
- of which cost of travel packages sold	AED m	1,660	84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
- of which airport operations & cargo - other direct costs	AED m	977	883	798	699	582	442	391	234	75	n/a
- of which cost of goods sold	AED m	735	663	601	451	241	35	40	30	33	32
Operating profit	AED m	1,005	863	815	784	500	559	467	245	296	290
Profit attributable to the Owner	AED m	906	829	819	808	576	613	507	305	360	324
Consolidated statement of financial position											
Non-current assets	AED m	4,219	4,364	3,594	3,759	3,072	1,934	1,984	1,950	1,107	863
Current assets	AED m	5,427	4,303	3,977	3,360	3,328	2,704	1,963	1,992	1,846	1,580
- of which bank deposits and cash	AED m	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,099
Total assets	AED m	9,646	8,667	7,571	7,119	6,400	4,638	3,947	3,942	2,953	2,442
Total equity	AED m	4,853	4,756	4,097	3,683	3,282	3,194	2,553	2,180	1,823	1,453
- of which equity attributable to the Owner	AED m	4,788	4,674	4,028	3,614	3,209	3,194	2,553	2,180	1,823	1,453
Non-current liabilities	AED m	1,213	1,386	1,351	1,275	1,115	672	697	845	460	464
Current liabilities	AED m	3,580	2,525	2,123	2,161	2,003	772	697	917	670	526
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,058	1,125	1,162	1,167	901	764	481	540	531	423
Cash flow from investing activities	AED m	(697)	316	(1,910)	(431)	(1,333)	391	(71)	(1,420)	(373)	(129)
Cash flow from financing activities	AED m	(344)	(443)	(343)	(718)	(96)	(73)	(68)	224	(46)	(40)
Net change in cash and cash equivalents	AED m	17	998	(1,091)	18	(528)	1,082	342	(656)	113	254
Other financial data											
Cash assets	AED m	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383	1,403	1,228

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. Cost of travel packages sold are arising from the acquisitions of Stella Travel in 2014-15 and Gold Medal Travel Group in 2013-14.
4. 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		**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**	**2006-07**	**2005-06**
Operating margin	%	9.8	11.4	12.3	13.6	11.3	17.7	14.7	9.5	14.8	16.7
Profit margin	%	8.8	11.0	12.4	14.0	13.1	19.4	15.9	11.8	18.0	18.7
Return on shareholder's funds	%	19.2	19.1	21.4	23.7	18.0	21.3	21.4	15.2	22.0	25.2
Employee											
Average employee strength	number	27,428	22,980	20,229	18,356	17,971	13,298	12,434	11,640	9,832	9,860
Revenue per employee*	AED '000	440	356	327	322	323	266	256	241	210	176
Performance Indicators											
Airport											
Aircraft handled*	number	298,298	288,335	264,950	253,434	232,585	192,120	177,495	119,510	109,648	101,607
Cargo handled*	tonnes '000	1,671	1,604	1,570	1,543	1,494	1,121	1,003	633	535	503
Man hours per turn	hours	138	135	132	132	122	115	124			
Aircraft handled per employee*	number								21	20	18
Cargo handled per man hour	kgs	225	270	286	289	283	277	241			
Cargo handled per employee*	kgs '000								611	564	552
Catering											
Meals uplifted	number '000	46,592	41,275	28,584	26,708	11,743					
Travel services											
Total transaction value (TTV)	AED m	9,782	5,892	5,357	2,630	1,610	1,559				

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

Notes :

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Group ten-year overview

Financial highlights		2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenue and other operating income*	AED m	96,458	87,766	77,536	66,149	57,224	45,405	45,231	40,446	30,387	23,800
Operating costs*	AED m	89,560	82,643	73,882	63,552	51,281	41,281	42,486	35,750	26,758	20,858
Operating profit	AED m	6,898	5,123	3,654	2,597	5,943	4,124	2,745	4,696	3,634	2,943
Operating margin	%	7.2	5.8	4.7	3.9	10.4	9.1	6.1	11.6	12.0	12.4
Profit attributable to the Owner	AED m	5,461	4,083	3,102	2,310	5,951	4,151	1,193	5,325	3,456	2,799
Profit margin	%	5.7	4.7	4.0	3.5	10.4	9.1	2.6	13.2	11.4	11.8
Dividend	AED m	2,569	1,026	1,000	850	2,208	1,556	2,001	1,000	400	386
Financial position											
Total assets**	AED m	120,886	110,100	102,188	84,127	71,402	60,147	51,358	50,322	40,861	33,821
Cash assets	AED m	20,033	18,995	26,968	17,586	16,056	12,493	8,718	14,003	12,902	10,950
Employee data											
Average employee strength	number	84,153	75,496	67,907	60,778	56,768	49,950	48,246	41,817	36,060	31,985

* After eliminating inter company income/expense of the year

** After eliminating inter company receivables/payables of the year

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 the Emirates Group.
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Air transportation and related services

Emirates

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

Inflight 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 LLC (UAE)
    - 100% Harts International Retailers (M.E.) FZE (UAE)
    - 100% Maritime and Mercantile International FZE (UAE)
    - 50% Oman United Agencies LLC (Oman)
    - 50% Sirocco FZCO (UAE)
    - 49% Fujairah Maritime and Mercantile International LLC (UAE)
  - 50% Focus Brands Ltd (BVI)
  - 50% MMI Tanzania Ltd
  - 49% Independent Wine and Spirit (Thailand) Co. Ltd
  - 40% Zanzibar Maritime and Mercantile International Co. Ltd

Hotel operations and food and beverage operations

Emirates

- 100% Emirates Hotels (Australia) Pty Ltd
- 100% Emirates Hotel LLC (UAE)
- 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 holdings may be different.
Group companies of associates and joint ventures have been excluded.

Group companies of dnata

Airport Operations

dnata

- 100% Dnata Aviation Services GmbH (Austria)
  - 100% Dnata GmbH (Austria)
    - 100% Dnata Switzerland AG
      - 30% GVAssistance SA (Switzerland)
- 100% dnata Aviation Services Holdings Limited (UAE)
- 100% Dnata Aviation Services Limited (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
  - 100% dnata Limited (UK)
    - 100% dnata Cargo Limited (UK)
    - 100% dnata Ground Limited (UK)
- 100% Toll Dnata Airport Services Pty Ltd (Australia)
- 100% dnata Inc. (Philippines)
- 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% 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)

Catering

dnata

- 100% Dnata Catering Services Limited (UK)
  - 100% Alpha Flight Group Ltd (UK)
    - 100% Alpha Flight a.s. (Czech Republic)
    - 100% Alpha Flight Ireland Ltd
    - 100% Alpha Flight Italia srl (Italy)
      - 100% Air Chef srl (Italy)
        - 100% Servizi di Bordo srl (Italy)
    - 100% Alpha Flight Services Pty Ltd (Australia)
      - 100% Alpha ATS Pty Ltd (Australia)
    - 100% Alpha Flight UK Ltd
      - 100% Alpha-Airfayre Ltd (UK)
    - 100% Alpha Flight US Inc
      - 100% Alpha In-Flight US LLC
    - 64.2% Alpha Rocas SA (Romania)
    - 50% Alpha LSG Ltd (UK)
    - 49% Alpha Flight Services UAE LLC
    - 35.8% Jordan Flight Catering Company Ltd
  - 80% En Route International Limited (UK)
    - 100% En Route International Australia Pty Ltd
    - 100% En Route International General Trading LLC (UAE)
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International USA, Inc.
  - 50% dnata Newrest (Pty) Ltd (South Africa)**

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

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Group companies of dnata

Travel services

dnata / dnata World Travel

- 100% Al Hidaya Travel & Tourism WLL (Bahrain)
- 100% Cleopatra International Travel WLL (Bahrain)
- 100% dnata International Pvt Ltd (India)
  - 100% dnata Marketing Services Pvt Ltd (India)
- 100% dnata Travel Inc. (Philippines)
- 100% dnata Travel Holdings UK Limited
  - 100% Gold Medal International Limited (UK)
    - 100% Airline Network plc (UK)
    - 100% Gold Medal Travel Group plc (UK)
      - 100% Gold Medal Transport Ltd (UK)
  - 100% Stella Global UK Limited
    - 100% The Global Travel Group Limited (UK)
      - 100% Personalised Travel Services Limited (UK)
      - 100% Sunmaster Limited (UK)
  - 100% Stella Travel Services (UK) Limited
    - 100% Travel 2 Limited (UK)
    - 100% Travelbag Limited (UK)
- 100% dnata Travel (UK) Limited
- 100% dnata World Travel Limited (UK)
  - 100% Travel Technology Investments Limited (UK)
    - 100% Travel Republic Holdings Limited (UK)
      - 100% Travel Republic Limited (UK)
- 100% Maritime and Mercantile International Travel LLC (UAE)
  - 50% Oman United Agencies Travel LLC
- 100% Najm Travel LLC (UAE)
- 100% Travel Partners LLC (UAE)
- 75% Super Bus Tourism LLC (UAE)
- 70% dnata Travel Limited (Saudi Arabia)
- 50% Al Tawfeeq Travel (Dnata Travels) LLC (Qatar)
- 50% Dunya Travel LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Travel Counsellors LLC (UAE)
- 49% Mindpearl Group Ltd (Cayman Islands)
- 22% Hogg Robinson Group Plc (UK)

Freight forwarding services

dnata

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

Others

dnata

- 50% Transguard Group LLC (UAE)
- 50% Transecure LLC (UAE)
- 20% Canary Topco Ltd (UK)
  - 100% Mercator Solutions FZE (UAE)

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Glossary

A

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

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

B

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

C

Capacity – see ATKM

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

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

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

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

Total revenue – Sum of revenue and other operating income.

Total transaction value – The sum of gross revenue from agency and package sales, net of government taxes.

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.

THE EMIRATES GROUP

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