Emirates dnata

THE EMIRATES GROUP ANNUAL REPORT | **2016-17**

RESILIENCE

His Highness Sheikh Mohammed bin Rashid Al Maktoum

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

We live in a time of rapid change that has seen extraordinary new achievements, knowledge, and discoveries. Countries, cities, businesses, and individuals have to constantly evolve, adapt and learn at the same pace at which global transformations are occurring.

In the 45 years since the birth of the United Arab Emirates, our country has taken great leaps forward in terms of developing our social, economic and political infrastructure. As we continue this journey with big hopes and ambitions, we have identified, through the UAE Vision 2021 and Dubai Plan 2021, the goals that will contribute to building a world-class modern civilization that will enable us to become the best country and city in the world.

This year, the UAE considerably enhanced its standing in the World Bank's annual "Doing Business" report, moving up from 34th to 26th in the rankings for ease of doing business, the highest among Arab countries. We were also recognised by the World Bank as one of the top 10 most improved business environments. In the Global Entrepreneurship Index Report 2016, the UAE was ranked 19th in the world, ahead of many countries that have a strong history and reputation such as Norway, South Korea, Turkey and Japan.

The foundations laid by our nation's founding fathers decades ago, created a solid base to build our civilization and invest in a future full of opportunities. They inspired us to shape a vision that focuses on developing the UAE into one of world's the most advanced and prosperous nations.

For us, real and sustainable growth has always been multi-dimensional. Building physical infrastructure, using smart technologies, and diversifying the economy are vital for us. Equally essential is putting in place a caring and efficient government that is able to facilitate and enable development; build inclusive and cohesive communities; and ensure that our citizens and residents are safe, happy, empowered, and have access to good education, healthcare, and amenities. These are the elements that combine to create a quality life for everyone.

Our national strategy of diversifying our economy, investing in infrastructure, and nurturing an inclusive society has earned us success on the international stage, and enabled us to weather a myriad of external challenges over the years. We have also invested, based on our capabilities and potential, in shaping a future that meets our aspirations.

Optimism, and the relentless pursuit of excellence and sustainable success, are part of the ethos embedded in our national institutions and companies, both at an individual and collective level. These organisations play a vital role in translating our aspirations for the future into positive outcomes for the various sectors of our country.

The Emirates Group is one of our national companies that exemplify balanced growth, innovation, and resilience. Both Emirates and dnata have a track record of investing in its people, in its business, in new technologies, and working with partners on innovative solutions.

Aviation and travel are today one of the main engines and enablers of the UAE economy, connecting us to global trade, commerce, and tourism opportunities.

The Emirates Group has grown with Dubai and the UAE, taking our nation's capabilities and reputation for excellence onto the international stage as Emirates and dnata grow their global footprint.

With its commitment to encouraging innovation and investing in the future, we are confident that the Emirates Group will achieve even greater successes and contribute further to Dubai and the UAE's economic growth.

Emirates is a global airline, serving 154 airports in 82 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.

FINANCIAL HIGHLIGHTS

Emirates Group

Financial highlights		2016-17	2015-16	% change
Revenue and other operating income*	AED m	94,684	92,896	1.9
Operating profit	AED m	3,659	9,391	(61.0)
Operating margin	%	3.9	10.1	(6.2) pts
Profit attributable to the Owner	AED m	2,460	8,179	(69.9)
Profit margin	%	2.6	8.8	(6.2) pts
Financial position				
Total assets**	AED m	133,281	129,989	2.5
Cash assets	AED m	19,066	23,453	(18.7)
Employee data				
Average employee strength	number	105,746	95,322	10.9

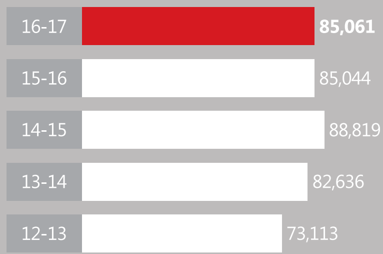
* After eliminating inter company income/expense of AED 2,559m in 2016-17 (2015-16: AED 2,778m).

** After eliminating inter company receivables/payables of AED 324m in 2016-17 (2015-16: AED 168m).

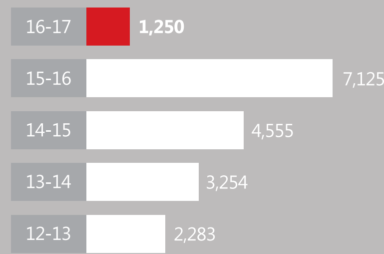
Percentages and ratios are derived based on the full figure before rounding.

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.

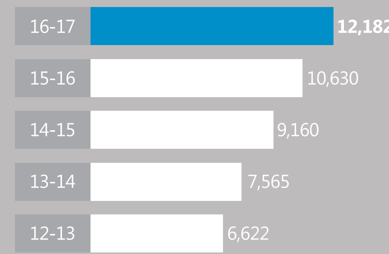
Revenue and operating income in AED m



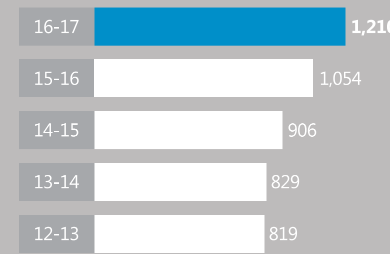
Profit attributable to the Owner in AED m



Revenue and operating income in AED m



Profit attributable to the Owner in AED m



Emirates

Financial highlights		2016-17	2015-16	% change
Revenue and results				
Revenue and other operating income	AED m	85,061	85,044	0.0
Operating profit	AED m	2,435	8,330	(70.8)
Operating margin	%	2.9	9.8	(6.9) pts
EBITDAR	AED m	21,248	24,415	(13.0)
EBITDAR margin	%	25.0	28.7	(3.7) pts
Profit attributable to the Owner	AED m	1,250	7,125	(82.5)
Profit margin	%	1.5	8.4	(6.9) pts
Return on shareholder's funds	%	3.8	23.8	(20.0) pts
Financial position				
Total assets	AED m	121,558	119,179	2.0
Cash assets	AED m	15,668	19,988	(21.6)
Net debt (including aircraft operating lease) to equity ratio	%	237.9	215.9	22.0 pts
Airline operating statistics				
Passengers carried	number '000	56,076	51,853	8.1
Cargo carried	tonnes '000	2,577	2,509	2.7
Passenger seat factor	%	75.1	76.5	(1.4) pts
Overall capacity	ATKM million	60,461	56,383	7.2
Available seat kilometres	ASKM million	368,102	333,726	10.3
Aircraft	number	259	251	8 nos
Employee data				
Average employee strength	number	64,768	61,205	5.8

dnata

Financial highlights		2016-17	2015-16	% change
Revenue and results				
Revenue and other operating income	AED m	12,182	10,630	14.6
Operating profit	AED m	1,224	1,061	15.4
Operating margin	%	10.0	10.0	0.0 pts
Profit attributable to the Owner	AED m	1,210	1,054	14.8
Profit margin	%	9.9	9.9	0.0 pts
Return on shareholder's funds	%	20.3	20.7	(0.4) pts
Financial position				
Total assets	AED m	12,047	10,978	9.7
Cash assets	AED m	3,398	3,465	(1.9)
Key operating statistics				
Aircraft handled	number	623,611	389,412	60.1
Cargo handled	tonnes '000	2,844	2,056	38.3
Meals uplifted	number '000	60,747	57,062	6.5
Travel services: Total Transaction Value (TTV)	AED bn	10.7	11.7	(9.0)
Employee data				
Average employee strength	number	40,978	34,117	20.1

AED 13.7 BILLION INVESTED

In 2016-17, the Group collectively invested AED 13.7 billion in new aircraft and equipment, the acquisition of companies, modern facilities, the latest technologies and staff initiatives

Chairman's statement

RESILIENCE AND PERFORMANCE

Aviation and travel are notoriously vulnerable to social, economic, and political events, as well as the ever-changing expectations of consumers. For us, this year has been a particularly testing one.

Our strong track record, business foundations, and brand reputation – all that we have painstakingly built over the years, have stood us in good stead, enabling us to weather the turbulent year marked by a slew of destabilising events that erupted across our markets around the world.

In 2016-17, Europe, one of our key operating regions, saw heightened concern around immigration, terror attacks in Brussels, Nice, Berlin, Paris, London, and a coup in neighbouring Turkey. The Brexit vote wrought uncertainty, and sent shockwaves not only in the UK but also more widely across the globe as businesses begin to grapple with its repercussions for their operations, supply chains, and talent pool.

The New Year ushered in a new president in the United States, and a new administration which in its first three months issued a raft of new measures relating to entry requirements, enhanced security vetting procedures, and restrictions on personal electronic devices in aircraft cabins. These all directly impacted Emirates' operations into the US.

The developments in Europe and the US have influenced travel demand patterns, and more broadly, consumer and business confidence. While there are still patches of clear skies for aviation and travel in parts of Asia, Africa, and Oceania, generally across the board, airline margins have taken a battering as the industry lowered fares to motivate travel in a weak global economic environment. Meanwhile the strong US dollar against currencies in our major markets kept eroding our top line, and our operations in some parts of Africa continued to face ongoing currency devaluations and repatriation challenges.

In August, we tackled one of the biggest tests in the airline's history when our flight EK521 from Thiruvananthapuram, India, crash-landed on arrival in Dubai. Thankfully, all passengers and crew onboard evacuated the aircraft safely before the aircraft caught fire. But sadly, one brave firefighter lost his life in the line of duty, and our thoughts will always be with him and his family.

In the immediate aftermath of the accident, and in the following days, our teams and airport partners pulled together to care for our crew and passengers on the affected flight, as well as the thousands of travellers who were affected by flight delays and cancellations while the airport was closed. The accident site was secured and cleared in record time, enabling the world's busiest international airport to resume operations within hours.

While co-operating with the authorities on the ongoing investigation, we have also undertaken a thorough review of our operational procedures. Safety will always remain our top priority, and we are committed to taking all possible action to avoid a recurrence.

Our response to the accident has been highlighted as good industry practice, and I'm grateful for the support we received from our partners, customers, and our dedicated employees who stepped up during that difficult time. The ability to respond swiftly and appropriately does not come about by chance. It is a result backed up by hundreds of hours of training and contingency planning, and delivered through teamwork and a shared determination to do what is right for our people and our customers.

Business resilience and performance

Against the challenges of the year, the Group's financial and operational performance in 2016-17 speaks to our business resilience, as well as the commitment and talent of our 105,000-strong team across more than 200 cities, including Dubai.

The Group reported a profit of AED 2.5 billion (US$ 670 million), down 70% from last year's record profit, and Group total revenue of AED 95 billion (US$ 25.8 billion), a 2% increase compared to 2015-16.

Emirates carried 56.1 million passengers, 8% more than last year, and 2.6 million tonnes of airfreight, up 3%. dnata handled nearly 624,000 aircraft and 2.8 million tonnes of cargo, a 60% and 38% increase over 2015-16 respectively. We also served over 60 million meals to our customers at 63 airports around the world.

Strengthening our global presence and capabilities

In 2016-17, both Emirates and dnata continued to grow their global footprint and capabilities.

During the year, Emirates added 35 new aircraft to the fleet while retiring 27 older ones. This fleet roll-over involving 62 aircraft was the largest programme we have ever managed in a year, and it brought our average fleet age down significantly to 63 months, compared with 74 months last year, and the industry average of 140 months. It underscores our strategy to operate a young and modern fleet which is better for the environment, better for our operations, and better for our customers.

Emirates' overall capacity grew 7%, supporting the launch of six new global destinations, as well as the enhancement of services with bigger aircraft or additional flights to existing destinations.

During the year, we took significant steps to enhance our product offering and expand customer choice. We unveiled a refreshed version of our popular A380 Onboard Lounge which will enter service from July 2017, and a range of other product enhancements for our customers both on board and on the ground.

We enabled Emirates Skywards members and their travel companions to access our award-winning lounges via a "pay-to-access" programme, and gave families and group travellers the option to pay for advanced seat selection.

Emirates Skywards marked its 16th year with a series of initiatives, including the launch of a Cash+Miles redemption option, and the introduction of new partners that expanded the range of reward options available to members. We also revamped Emirates Business Rewards, our loyalty programme for corporate customers.

We were proud this year to be recognised "World's Best Airline" at the 2016 Skytrax World Airline Awards, in addition to being awarded World's Best Inflight Entertainment for a record 12th consecutive year, and Best Airline in the Middle East.

dnata bucked industry trends to mark its most successful and profitable year of operations yet. Across our four business divisions, we won significant new contracts, expanded existing relationships, and continued to earn recognition for quality services through customer accolades and industry awards which include "Ground Handler of the Year" by Air Cargo News for the fourth consecutive year.

During 2016-17, dnata invested over AED 1 billion to expand our capabilities and portfolio, develop our people, strengthen our safety systems, and build a strong and sustainable business supported by modern facilities and the latest technologies.

Our airport operations division made several key investments which significantly grew our footprint in the Americas. This includes the acquisition of Ground Services International in the US, which added 18 airports to our international airport operations network; a 50% stake in GTA Aviation's cargo and ground handling operations at Toronto Pearson International Airport, Canada; and the addition of Sao Paulo and Rio de Janeiro to our existing Brazilian operations.

dnata also acquired a majority stake in Air Dispatch, a global market leader in centralised load planning services to the airline community, broadening the range of services we offer to our customers.

At home, we inaugurated our new export customer service centre and cargo integrated control centre in the Dubai Airport Free Zone.

Reflecting dnata's global footprint, our international businesses accounted for over 66% of revenue this year, as we continued strengthening dnata's position as one of the world's largest providers of air services.

Laying ground for the future

Consumer behaviours and expectations are changing. Whole industries are being disrupted, and our industry is not immune to these sweeping forces of change.

At the Emirates Group, we are on a journey to transform our business and chart new paths of opportunity. We are investing in our people, new systems, technologies, and infrastructure that will enable us to continue developing our business profitably and sustainably for the long-haul.

Through the turmoil of the past year, we've continued to progress towards our long-term goals while addressing the immediate challenges.

Our Passenger Services System programme continued to make significant inroads in updating the technology platforms that support our operations teams in delivering great customer journeys, and our business teams in extracting more value from revenue streams.

This year, the programme completed more than 40 deliverables including enhancements that improved the way our customers and contact centre staff search and access more complex flight options. We launched a completely new Customer Notification platform that provides our customers with relevant and timely updates throughout their journeys, and implemented other major improvements to support our front line service teams at various touch points throughout the airport.

We have made major investments in the technology we use to connect with the travel trade, improving the accuracy of responses to availability requests and helping them convert more requests into actual bookings.

But the transformation journey into the digital age is not limited to revenue generation within our existing business model.

We appointed a Chief Digital & Innovation Officer in September, and have already begun a complete process redesign of our current way of doing business.

Our future business will be digitally integrated into the ecosystem of partners, suppliers, and in particular with Dubai, offer more personalised customer experiences, and be enabled by a new suite of the latest technologies including automation, robotics and biometrics.

At Emirates and dnata, we do not take success for granted. We know that we must work hard to keep earning our customers' business, and that we must evolve if we want to stay in the game. Moving forward, we continue to ready ourselves for the future, and build up our business resilience, by investing in our people, new technologies and infrastructure, and cultivating a culture of continuous learning and innovation.

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

LEADERSHIP

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 and Non Aircraft P&L

Nigel Hopkins

Executive Vice President, Service Departments, Emirates Group


BUSINESS CLASS
BOARDING PASS
BUSINESS

Emirates

RESPONDING TO A TURBULENT YEAR

56

MILLION PASSENGERS CARRIED

Our operations have a direct and ripple benefit on the cities and communities we serve. Our flights facilitate tourism and trade, and we create employment and value through the products and services we procure from our partners and suppliers.

Emirates

RESPONDING TO A TURBULENT YEAR

Emirates is the world's largest international airline. We are proud to play our role in facilitating the flow of people and goods in the global marketplace, and contribute to the development of economies through the provision of high quality air transport links that are essential to business, tourism and trade.

In 2016-17, Emirates carried a new record of 56.1 million passengers and 2.6 million tonnes of cargo across 156 destinations in 83 countries. The airline's average seat load factor of 75.1% was slightly down from 76.5% last year, reflecting the myriad challenges faced by the aviation and the travel industry.

We posted a modest profit of AED 1.3 billion, with revenues remaining at AED 85 billion. Yields across the network continued to face strong downward pressure from increased competition and overcapacity in many markets. We closed the year with an average passenger yield of 24.7 fils, down 7.2% from last year.

Consumer confidence and travel demand were hit by a series of shocks during the year, including heightened refugee immigration concerns and terror attacks in several European cities, the coup in Turkey, and uncertainty caused by the Brexit vote.

Resilience and rapid response

It is during testing times like this, where our long-standing investment into our brand, and our commitment to delivering a high quality product and service, paid dividend.

Overall, our business remained resilient, and by reacting quickly to opportunities and market changes, we were able to maintain booking volumes and continue winning customer share of wallet in our key markets.

One of the biggest challenges we faced, were the actions taken by the US government relating to the issuance of entry visas, heightened security vetting, and restrictions on electronic devices in aircraft cabins. All of which had a direct impact on consumer interest and demand for air travel into the US, one of our biggest growth potential markets.

Emirates moved quickly to respond to the ban on electronic devices in the cabin by introducing new customer-friendly services including complimentary laptop loans, and packing services for banned devices at the boarding gate. However, we continued to see a drop in demand for flights into the US and therefore made the decision to reduce some of our US flight services and redeploy capacity to other parts of our network.

Putting our customers first

This year, we took significant steps to expand our product offering and customer choice – onboard, on ground, and online.

200%

INCREASE IN MOBILE BOOKINGS

In 2016-17, we saw a 200% increase in flight bookings via our mobile app compared to the previous year, and a 120% increase in app downloads, illustrating the strong consumer shift in using mobile technology for managing their travel.

We enabled our Emirates Skywards members and their travel companions to access our award-winning lounges via a "pay-to-access" programme, and gave families and group travellers the option to pay for seat selection, if they wish to secure their seats in advance of the standard 48 hours check-in period before their flight.

We introduced a range of new products onboard for passengers in all cabin classes, completed a makeover of our lounge facilities in Dubai's Concourse B, and opened a new dedicated Emirates Lounge in Cape Town, South Africa.

We also continued to strengthen our global network with the launch of new destinations, the addition of flights to existing routes, and the signing of new code-share and interline partners to extend the itinerary options that we can provide to our customers.

As more of our customers interact with us while on the go, we have continued to invest in digital technologies to enhance the online Emirates experience and make our services even more accessible on mobile platforms.

This year, our popular Emirates mobile app became available in 18 languages, to serve our growing global customer base.

Emirates was the first international airline to launch Apple Pay last year. This year, we were the launch partner of Visa Checkout in the US and the UAE, and we have since made this payment solution available in 13 markets. Over 50 unique payment methods are now available on emirates.com, the most comprehensive online payment capability in the airline industry, which means more choices and options for our customers.

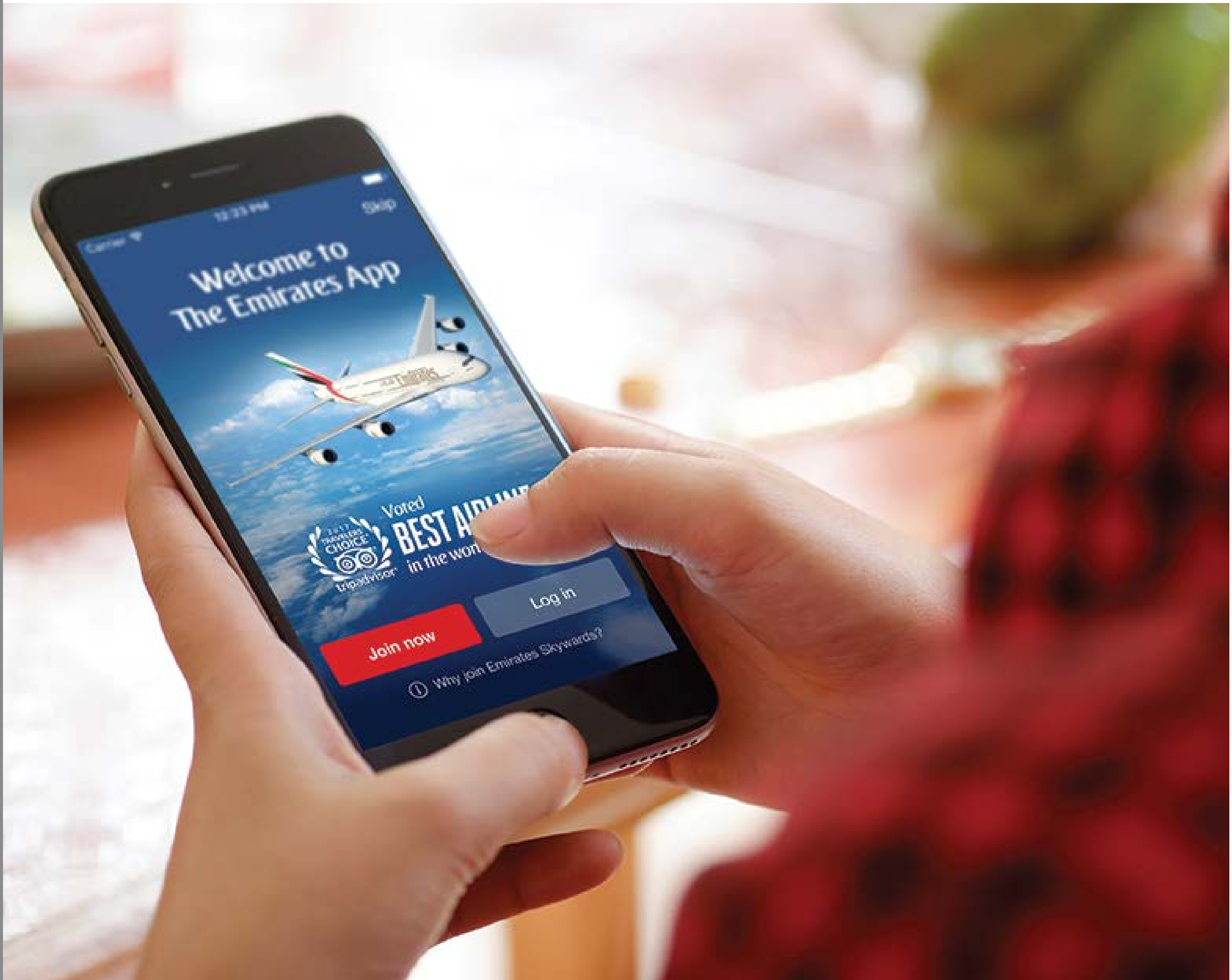
Our digital transformation journey

Emirates is progressing on its transformation journey in the digital age. We are radically challenging every aspect of our process landscape, and completely redesigning how we do business, powered by an entirely new suite of technologies. Blockchain-enabled applications for instance, will contribute to real time transaction capabilities.

We are working towards more personalised customer experiences, and seamless customer journeys. Our operation will be enabled by automation, robotics, and biometrics, and back-office functions will be significantly more efficient if not made redundant.

The design work has been largely completed and the development of our new platforms and the testing of prototypes will begin in 2017-18.

Looking ahead, Emirates will continue to pursue our business strategy of organic growth, and enter into commercial opportunities and strategic partnerships which make commercial sense. We ensure our product and services remain relevant and cutting-edge, by keeping our fingers on the pulse of our customers' needs and new consumer trends. We are committed to offering our customers with value and choice, and engaging with them on the channels most convenient and relevant to them.


Skip
Welcome to
The Emirates App
Voted
Log in
Join now
Why join Emirates Skywards?

35

NEW AIRCRAFT

We added 35 new aircraft to the fleet and retired 27 aircraft during 2016-17. This fleet roll-over involving 62 aircraft was the largest programme we have managed in a year. It significantly reduced our average fleet age to 63 months, compared to the industry average of 140 months.

Our modern fleet

WORLD CLASS OPERATIONS AND CUSTOMER EXPERIENCE

Emirates is committed to operating a young and modern wide-body aircraft fleet. Modern wide-body aircraft are efficient to operate and are better for the environment. It also offers superior flying comfort and enables us to equip it with the latest technologies and features for our crew and customers.

In 2016-17, Emirates took delivery of a record 35 wide-body aircraft comprising 19 A380s and 16 Boeing 777-300ERs. This has been the largest number of deliveries we have received in a financial year. At the same time, we retired 27 older aircraft, taking our total fleet at the end of the financial year to 259 including 15 freighters.

Overall, our net capacity increased by 10%, measured in available seat kilometres (ASKMs). Our ongoing fleet investment brought our average fleet age down from 74 months in 2015-16, to 63 months this year, which is significantly lower than the industry average of 140 months.

Emirates is now the first and only airline in the world to operate an all-Airbus A380 and Boeing 777 wide-body fleet. This was a milestone we reached when we retired our last Airbus A330s and A340s aircraft in January. The Airbus A380 and Boeing 777 are two of the most iconic and popular wide-body aircraft in the sky, and Emirates is the world's largest operator of both aircraft types.

Emirates' aircraft deliveries in 2016-17 included our new generation A380 aircraft which will be deployed to serve more long-haul routes. These feature 25 additional seats in Economy Class, a more spacious Business Class cabin with the removal of overhead lockers along the windows, and expanded overhead lockers in the middle aisles.

We also welcomed the first of our new generation Boeing 777-300ER aircraft which are expected to deliver a further 2% improvement on environmental performance. On board, these aircraft feature Emirates' new and enhanced Business Class seats that recline to 180-degree fully flat beds of 78 inches in length, two additional seats in Economy Class, and refreshed design details for all onboard lavatories.

85

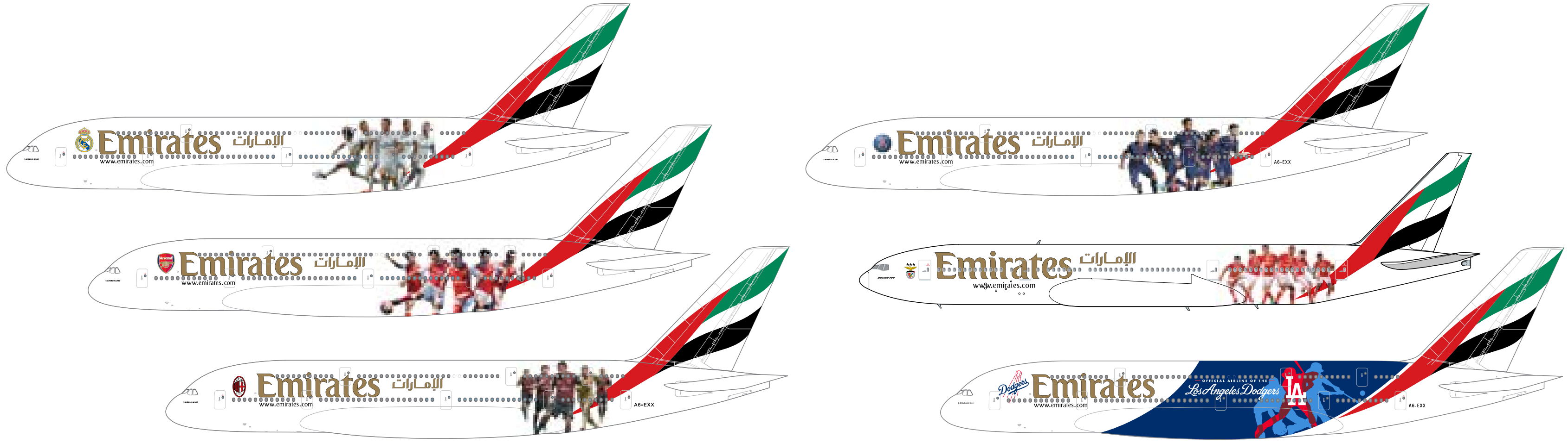
C-CHECKS

Our engineers delivered an extensive range of MRO activities over the year to keep our modern fleet in peak condition, including scheduled checks, engine maintenance, cabin modification and upgrading projects, exterior and interior painting and other special projects such as the application of bespoke decals.

Our Engineering team keeps our fleet in peak condition at Emirates' own state-of-the-art Engineering Centre in Dubai. This year, the team completed 85 C-checks on our A380 and Boeing 777 fleet, 37 cabin upgrade and modification projects, and completely stripped and repainted 38 aircraft in our dedicated paint hangar.

Our flight operations team also continues to work closely with industry partners to improve our operational and environmental performance. This year, we began testing an innovative decision support technology with Vaisala, a market leader in environmental and industrial measurement services. The new technology will aid our pilots in making better decisions during winter weather conditions, avoiding the excessive use of de-icing and anti-icing fluids, which ultimately leads to better operations, safety and environmental performance.

In the next financial year, Emirates will receive new aircraft deliveries and plans to phase out older aircraft, continuing on our aim to maintain one of the world's youngest fleets.



6

NEW PASSENGER DESTINATIONS

Yinchuan, Zhengzhou, Yangon, Hanoi, Fort Lauderdale and Newark joined Emirates' global route network in 2016-17.

Our global network

CONNECTIVITY AND CONSUMER CHOICE

Emirates' global network today spans 156 destinations in 83 countries on six continents.

Through our Dubai hub, Emirates offers convenient non-stop or one-stop connectivity across the globe, including to many cities which have not previously been well-served by direct international flight services. This is a cornerstone of our business model, which is about connecting people and goods efficiently and with the best possible service, to Dubai and to cities across the world via our Dubai hub.

In 2016-17, Emirates added six new passenger points and one new freighter destination, Phnom Penh in Cambodia. Our Far East network expanded with the start of services to the Chinese cities of Yinchuan and Zhengzhou, and a daily service to Yangon in Myanmar, via Vietnam's capital city of Hanoi. Emirates also expanded its US operations with the launch of daily services to Fort Lauderdale in December; and daily services to Newark in March via the Greek capital of Athens.

As we welcomed the additional aircraft into our fleet, Emirates was able to add flights to nine cities across our network, and introduce our flagship A380 service to meet popular demand on more routes.

This year, we added eight new A380 destinations to our global network, taking the total number of cities served by an Emirates A380 to 47. We also led one-off A380 services to Chicago in the US, and Amman in Jordan.

In October, Emirates launched the world's longest A380 flight from Dubai to Auckland, and upgraded our Christchurch service to an A380 operation. Emirates now serves New Zealand with five A380 flights per day. In February, we deployed the A380 to Johannesburg, upgrading one of our four daily flights to the South African city.

This was followed by a succession of A380 deployments across Asia, Europe, North Africa, and the Americas. On 1 May, we launched two A380 services on the same day to Prague and Taipei, becoming the only airline to operate the A380 to these two cities. In July we introduced the first A380 commercial service to the Austrian capital of Vienna. This was followed by another double launch of A380 services to Guangzhou and Moscow on 1 October, and then a triple A380 launch on 26 March, when we deployed the aircraft to Tokyo Narita, Casablanca, and Sao Paulo. The triple deployment made Emirates the first airline to operate scheduled A380 services in Latin America as well as to North Africa.

22

CODESHARE PARTNERS

Our 22 codeshare and 113 interline partners extend the reach of our own global network, enabling the provision of even more connectivity options for our customers.

Through the year, we kept a close watch on network performance and moved nimbly to adapt to opportunities and risks. Reflecting commercial demand, in October, we resumed services to Conakry in Guinea with four-weekly flights via Dakar, Senegal. At the same time, we discontinued services to Abuja in Nigeria and Sabiha Gokcen in Turkey.

Extending our reach with partners

By strengthening our own global network with new destinations and additional flights to existing points, we increase connectivity and travel options for our customers. Each new point served or flight added exponentially expands the number of city-pair combinations that we can offer to our customers. In addition, we also enter into codeshare and interline arrangements to offer our customers even more flexibility and connections through partner airlines.

This year, key highlights include the expansion of our agreement with Brazil-based GOL, enabling Emirates to offer our customers connections on GOL-operated flights to 24 domestic destinations from Sao Paulo; and 18 domestic destinations from Rio de Janeiro. We also launched a codeshare arrangement to Panama City via Sao Paulo and Rio de Janeiro with Copa Airlines.

In terms of interline partners, we concluded new agreements with Shenzhen Airlines in China, providing our customers with connections beyond Guangzhou, and with ASKY Airlines providing connections to various cities in West Africa. During the year, Emirates also expanded existing agreements with TAM in Brazil; LATAM Airlines Group in Chile; Aegean Airlines in Greece; and Wideroe in Norway to provide additional connections.

At the close of the financial year, Emirates had codeshare arrangements with 22 partners in 26 countries, extending our own organic network by approximately 275 destinations. We also had interline agreements with 113 partners, including an Air-Rail agreement with Renfe (Spanish Railways) providing our customers with connections to cities across Spain from our gateways in Madrid and Barcelona. Elsewhere in Europe, Emirates also has an Air-Rail agreement with TGV Air (SNCF) to provide seamless connectivity from Paris Charles de Gaulle Airport to 19 major cities across France.

Our continued success in developing our global network was recognised in July, when Emirates was awarded the inaugural Network Strategy award, at The Airline Strategy Awards run by the established air transport industry news and analysis provider Flight Airline Business.

4,000

SQUARE METRE FACILITY

Our new purpose-built, Emirates SkyPharma facility at Dubai International Airport is dedicated to temperature sensitive pharmaceutical shipments. Today, we operate the largest EU-certified area in the world for the transport of pharmaceutical products, offering a total of 8,000 square metres of combined handling space at both Dubai airports.

Emirates SkyCargo

STRENGTHENING OUR PROPOSITION AND INDUSTRY LEADERSHIP

Emirates SkyCargo is the world's largest international cargo airline measured in freight tonne kilometres flown (FTKMs), utilizing belly-hold capacity in Emirates fleet of 244 passenger aircraft, and 15 dedicated freighter aircraft.

The transport of air freight continues to play an integral role in Emirates' operations, with Emirates SkyCargo recording a revenue of AED 10.6 billion in 2016-17, contributing 13% to the airline's total transport revenue. Its solid performance against the tepid global air freight market speaks to the division's success in building on its strengths and adapting to new opportunities.

During the year, Emirates SkyCargo continued to strengthen its customer proposition and raise industry benchmarks. It expanded its global network in tandem with Emirates' new passenger routes, and launched new dedicated freighter services. Emirates SkyCargo also expanded its portfolio of products and services available to customers, incorporating innovative technologies into its solutions.

New freighter services

In June, Emirates SkyCargo began a new weekly freighter service between Hong Kong and Delhi, linking two of the busiest cargo hubs in Asia. In October, it launched a weekly freighter service between Dubai and Oslo, adding over 100 tonnes of cargo per week to the belly-hold capacity of the airline's passenger operations. The freighter service also enables Emirates SkyCargo to transport large and outsized shipments and support Norwegian trade and exports such as fresh seafood to global customers.

New facilities and capabilities

During the year, Emirates SkyCargo utilised its extensive experience in transporting high value automobiles to launch Emirates SkyWheels, a specialised product tailored for this market segment which includes the transport of classic, luxury and sports cars.

We also have expertise in handling a different type of horsepower. Through the year, Emirates SkyCargo transported thoroughbred and other premium horses to leading equine sporting events around the world including the Longines Global Champions Tour, Longines Masters and the Dubai World Cup. Emirates SkyCargo has designed a transportation environment that ensures maximum welfare of the horses while complying with all international regulations for the transport of live animals.

In 2016-17, we took significant steps to extend our lead in the handling of pharmaceuticals and other perishables.


Emirates SkyPharma
Emirates
SkyCargo

AIR CARGO CARRIER OF THE YEAR

Overall Carrier of the year
Best Air Cargo Carrier - Middle East
Best Cargo Airline Middle East 2016

In September, Emirates SkyCargo unveiled its state-of-the-art facility, Emirates SkyPharma. This 4,000 square metre, purpose-built facility is dedicated exclusively to the timely and secure transport of temperature sensitive pharmaceutical shipments at Dubai International Airport.

Emirates SkyCargo also marked a significant achievement by becoming the first airline to be awarded the certificate of compliance under the EU Good Distribution Practice Guidelines (GDP) for medicinal products for human use for multi-airport hub operations by Bureau Veritas.

Validating our adherence to strict guidelines on the transport and handling of pharmaceutical products, the GDP certification covers our entire hub operations at both Dubai International and Dubai World Central airports, as well as the 24/7 bonded trucking service that connects cargo between them. Today, Emirates SkyCargo operates the largest GDP-certified area in the world offering a total of 8,000 square metres of combined handling space at both Dubai airports.

Responding to customer demand for a range of cool chain solutions, Emirates SkyCargo launched White Cover Advanced, a protection solution designed for temperature-sensitive cargo. Utilising patented material made of high density polyethylene, White Cover Advanced forms a tough protective barrier against varying external temperatures and direct sunlight. It is environmentally friendly and 100% recyclable, water resistant to prevent water damage to cargo, and at the same time is breathable, thereby reducing condensation and dryness.

Emirates SkyCargo is a significant participant in the global transport of fresh cut flowers. To mark Valentine's Day in February 2017, the air cargo carrier unveiled a unique decal featuring a rose on one of its Boeing 777-F freighter aircraft, highlighting air transport's strong contribution to the floriculture industry.

Our ongoing commitment to delivering customer satisfaction through innovation, flexibility, and the constant refinement of service levels continue to reap rewards in terms of new contracts won, as well as customer and industry accolades.

Emirates SkyCargo was named "Air Cargo Carrier of the Year" at the 20th Global Freight Awards 2016 in London, "Overall Carrier of the year" at the Payload Asia Awards held in Hong Kong, "Best Air Cargo Carrier - Middle East" at the 2016 Asian Freight, Logistics and Supply Chain (AFLAS) Awards held in Shanghai, "Best Cargo Airline Middle East 2016" at the World Cargo Awards in London, and the "Diamond Award" at the Air Cargo Excellence Awards 2016 in Berlin.

In Africa, Emirates Skycargo continues its decade of domination, having won awards four times in a row since 2011 at the biennial Air Cargo Africa. This year we were named "Highly Acclaimed Global Cargo Airline of the Year" in Johannesburg in February. We also picked up three accolades at the "Quality Award Italy 2015", organized by the IATA Airfreight Forwarders Association Italy (ANAMA).


from Emirates SkyCargo with love
BOEING 777F
FL

SUSTAINABLE BLANKETS IN ECONOMY CLASS

We introduced new environmentally-friendly blankets for long-haul Economy class travellers. These soft and warm blankets are made from 100% recycled bottles using patented technology.

The Emirates experience

WINNING CUSTOMERS AND EARNING THEIR LOYALTY

At Emirates, we aim to provide the best customer experiences in the air and on the ground. In a digitally connected world, where travellers have instant access to service reviews, product and price information, we know we have to work hard to earn our fans' loyalty and win new customers.

Emirates invests continually to refresh our product and services in line with changing customer needs. We also work with our industry partners to raise the bar for the future of inflight customer experiences.

Our efforts are rewarded through customer loyalty and recognised at industry awards. This year, Emirates won the prestigious "World's Best Airline" title at the 2016 Skytrax World Airline Awards, in addition to scooping awards for World's Best Inflight Entertainment for a record 12th consecutive year, and Best Airline in the Middle East.

At ITB Berlin, the travel industry's biggest trade event, Emirates unveiled our newly-revamped A380 Onboard Lounge. The popular social area on our Emirates A380 retains many of its iconic features including the horseshoe shaped bar, but now has more seating space along the windows on both sides of the bar, and soundproof curtains amongst other features. Our enhanced Emirates A380 Onboard Lounge product will enter commercial service in July 2017.

In October, we announced a significant, multi-million dollar deal with Thales to equip our future Boeing 777X fleet with Thales AVANT inflight entertainment system.

On the ground, we completed a US$ 11 million makeover of our Business Class Lounge at Concourse B in Dubai International Airport in October 2016. The lounge offers a barista experience in partnership with Costa Coffee, a Health hub with Voss water, and an exclusive Moët & Chandon champagne lounge. We also expanded our global network of dedicated lounges for our premium passengers and frequent flyers with the opening of our newest Emirates Lounge in Cape Town International Airport.

On board, Emirates launched the world's first interactive amenity kit for our Economy Class passengers. Utilising augmented reality technology in the kit bag design, customers can scan the kit bag using their mobile devices to experience exciting content during or after their flight.

We also introduced new sustainable blankets for Economy Class passengers travelling on long-haul flights. Made from 100% recycled plastic bottles and using ecoTHREAD™ patented technology, these soft and warm blankets are environmentally friendly, and reflect Emirates' commitment to product innovation and sustainability.

17+ MILLION MEMBERS

Emirates Skywards launched an array of new initiatives in 2016-17 that expanded the range of rewards options for its 17 million members.

For our First and Business Class passengers, Emirates introduced a host of exclusive products including moisturising First Class lounge wear, luxury blankets, skincare from VOYA, and a new range of amenity kits from Bulgari. Premium travellers on our flights to Japan can also enjoy an exciting new menu created in collaboration with a local caterer in Japan.

Skywards: a rewarding 16 years

This year, our loyalty programme Emirates Skywards marked its 16th year with over 17 million members and the launch of new initiatives that enhanced the range of reward options for members.

Today, Emirates Skywards has 15 airline partners including a strategic partnership with Qantas, offering members access to one of the world's largest networks of global travel destinations. The programme also has 49 hotel partner brands covering nearly 430,000 properties worldwide, a strategic partnership with Starwood, and six car rental partners.

In August, we launched Cash+Miles, enabling members to redeem flights using a combination of cash and Skywards Miles, regardless of their membership tier.

We also introduced pay-per-visit lounge access, enabling Emirates Skywards members and their guests travelling on Emirates to enjoy our First and Business Class lounges at Dubai International Airport and abroad.

With new partners joining our portfolio through the year, our members now have an even broader range of redemption opportunities. Since the programme's inception in 2000, Emirates Skywards members have redeemed over 245 billion Miles on reward flights, hotel stays and exclusive access to the biggest events worldwide.

This year, Emirates Skywards signed an exclusive partnership with Careem, becoming the only frequent flyer programme to offer both accrual and redemption with a car booking app. We also welcomed a partnership with the Wall Street Journal, enabling members to redeem miles for an annual digital subscription to one of the world's leading sources of business news; and partnered with Dubai Duty Free for instant Miles, or Cash+Miles redemption at participating stores located in both Dubai airports.

For our corporate customers, we revamped our Emirates Business Rewards programme in September to provide greater value, including easier Miles redemptions and upgrades even for last minute bookings. Corporate customers can now use their Emirates Business Reward Points to book any commercially available seat at any time, giving members cash-like convenience. Corporate account administrators also experience a new customer dashboard with user-friendly tools to easily manage and book services for employees, and monitor the savings accumulated on the programme.

Looking ahead, we will continue to build on the strengths of our loyalty programmes, harnessing data and technologies to deliver even more relevant and rewarding experiences for our growing membership base.

8,500

EMPLOYEES RECOGNISED

More than 8,500 employees received Najm awards this year. Najm is our internal programme that recognises and rewards employees for their contribution and commitment to excellence and innovation.

Our people

DRIVERS OF OUR SUCCESS

Our diverse and dedicated workforce has been key to the success of our Group. Our people deliver on our service promise every day, drive improvements across our operations, and respond to new business challenges as they arise.

We invest in recruiting the right talent, training and developing them, empowering them to succeed in their roles, and recognising them when they make exceptional contributions. We are proud to be recognised as a top employer brand by Linkedin, the world's largest careers-focussed social media network, and Universum, a global leader in employer branding.

In 2016-17, Emirates Group employee numbers grew 11% to 105,000. Across the Group, we employ 169 nationalities, and enjoy one of the best retention rates in the industry.

Through the year, we mobilised wellness movement campaigns encouraging our employees to take an interest in their health and wellbeing, this included our new "step up" campaign to promote the use of stairs instead of lifts during office hours.

We also worked to continually refresh and expand the range of non-contractual benefits for our employees through the Emirates Platinum Card programme, which enables eligible colleagues and their dependants to benefit from reduced rates at a large number of retail, F&B and leisure establishments in Dubai and worldwide.

In March, we celebrated International Women's Day and the contribution of our female colleagues who make up 44% of our total workforce. On International Day of Happiness, we announced that eligible employees would be given one free service-related ticket to any destination on the airline's network.

During 2016-17, more than 8,500 employees were recognised through Najm, our internal recognition programme which rewards and recognises employees throughout the year for their commitment to excellence and innovation. The programme culminates in the annual Chairman's Najm awards (pictured right) for the most outstanding contributors who have gone over or above the call of duty, or have implemented innovative ideas that improve our business performance.

4,000

TRAINING DAYS

Over 35,000 employees across business divisions benefited from training and development programmes this year.

Recruiting talent globally

We ran over 50 recruitment campaigns across 6 continents in 2016-17, with a strong focus on attracting pilots for our growing fleet. We launched a new website which provides prospective employees with a richer experience when they research information about careers within the Emirates Group, or apply online for vacancies. We also introduced a new candidate screening process utilising digital technologies including online testing and video interviewing.

Our UAE national recruitment and development programmes under the Rehlaty umbrella continued to bear fruit. In 2016-17, we expanded our UAE National workforce across the Group by 7%, reduced talent attrition, and successfully launched a new social media presence for Rehlaty on Instagram and Twitter to engage with UAE national employees and prospective recruits.

Developing our people

This year, over 4,000 days of training in areas ranging from regulatory and compliance, performance enhancement, and leadership, were conducted with over 35,000 employees from business divisions across the Group. More than 47,000 online training modules were completed during the year as we progressed in developing new solutions for our virtual learning programme.

For our ab-initio pilots, the Emirates Flight Training Academy (EFTA) this year signed an agreement with Boeing to collaborate on a comprehensive training curriculum and software infrastructure to support the academy's operations. The EFTA, one of the most advanced pilot academies in the world, enables Emirates to conduct 100% of our ab-initio pilot training in the UAE, in a purpose-built learning environment for professional commercial pilots.

Our Group's academic business division, The Emirates Aviation University, this year received accreditation for all its applied and professional training programmes by the UAE National Qualifications Authority (NQA). The first Emirates-sponsored UAE national cohort graduated from the EAU's Air Transport Management degree programme this year, ready to be integrated into the Group. During 2016-17, the University also established the school of Mathematics, Statistics and Computing; and launched a new Executive MBA programme for professionals in the aviation industry.

5m

FLOWER STEMS

A life-size replica of the Emirates A380 at the Dubai Miracle Garden was created using over 5 million living flower stems. This world's largest floral installation utilised flowers and plants that were sustainably grown and harvested, a structure made from recycled material, and horticultural practices that minimised water consumption.

Our brand strength

A BUSINESS ASSET

Over the years, Emirates has grown to become one of the world's most recognisable airline and travel brands. We invest in our brand because a strong brand profile helps us outperform in our industry when it comes to sales and marketing, recruiting talent, and attracting investment for our business. It is a strong driver of differentiation and business growth, and contributes to business resilience during challenging times.

Emirates' brand investments span the gamut of marketing and sponsorships activity, product and service development, as well as technology-driven customer initiatives.

This year, our marketing activity continually reached and inspired audiences across six continents through a range of creative and impactful campaigns. One of the year's key highlights was the October launch of our much anticipated second global digital and TV advertising campaign with Jennifer Aniston.

The Hollywood star returns onboard Emirates in an ad spot where she befriends a precocious young boy during a flight. They then embark on a mini adventure onboard the Emirates A380, highlighting our superior products and services in all cabin classes in a light hearted and entertaining way. The ad generated tremendous excitement and buzz, garnering over 30 million video views online and extensive media coverage and consumer interest across the world.

In June, Emirates became the Official Airline of the New York Philharmonic, expanding our portfolio of cultural sponsorships which includes the San Francisco Symphony, the Melbourne and Sydney Symphony Orchestras in Australia, the Emirates Airline Dubai Jazz Festival, Emirates Airline Festival of Literature and Dubai international Film Festival.

In November, Emirates teamed up with Dubai Miracle Garden to construct the world's largest floral installation. A life-size replica of an Emirates A380, this sustainably-built installation utilised over five million flower stems, and weighed over 100 tonnes. The eye-popping structure and innovative collaboration gained global media attention, and generated exponentially more brand exposure for Emirates and Dubai on social media as tens of thousands of visitors snapped and shared their pictures and videos of this record-breaking horticultural display.

Sports: a shared passion

Emirates has a firmly established brand presence in global sports, having built an enviable portfolio of some of the world's most prominent sporting clubs and events, spanning football, tennis, rugby, cricket, golf, Formula 1 racing, America's Cup sailing and horseracing.

THE NEW YORK PHILHARMONIC

Joined Emirates' portfolio of arts and cultural sponsorships this year. We also sponsor symphony orchestras in San Francisco, Melbourne, and Sydney; in addition to key cultural events such as the Emirates Airline Jazz Festival, Dubai International Film Festival, and Emirates Airline Festival of Literature.

This year, in line with our growing business footprint in the US, we signed a multi-year global partnership deal with the North American Soccer League reigning champions, the New York Cosmos. Emirates also continues as the club's Founding Partner and jersey-front sponsor.

On 2 June, Emirates put its football partnerships under the spotlight with the unveiling of seven aircraft specially emblazoned with our latest club-themed aircraft decals. Featuring club crests and first team players, our club-themed aircraft decals were first installed in 2015, showcasing top European clubs Arsenal, Real Madrid, Paris Saint Germain, HSV, Benfica, and AC Milan. Since then, these aircraft have collectively clocked over 2,000 flights, offering football fans in more than 150 Emirates destinations worldwide the opportunity to see and travel aboard aircraft adorned with their favourite club.

As lead partner of the Emirates FA Cup competition in England, we took the famous trophy on its first ever tour in Africa in October. The Emirates FA Cup trophy toured Accra in Ghana, and Nairobi in Kenya after a short layover in Dubai, giving fans the chance to get close and personal with one of the world's most prestigious domestic competition trophies, and meet FA Cup ambassador and ex-English international football player David James.

Through the years, Emirates has successfully utilised sports as a global platform to relate to, and engage with our customers through a shared passion. We have also been able to work with our partners to support the development of community sports where relevant.

In 2016-17, Emirates and the LA Dodgers partnered to sponsor the Dubai Little League Divisional Teams in December, which will be named the Dubai Dodgers. We also inaugurated the Emirates Airline Dubai Little League Park which will be the home of the Dubai Little League.

Following their "pitch perfect" performances in football and tennis last year, our Emirates cabin crew members returned to the field with a Bollywood-inspired 'Welcome onboard' performance during the ICC World Twenty20 Final in India, entertaining 60,000 cricket fans and cementing our long-standing involvement with cricket. Later in the year, our cabin crew teamed up with LA Dodger legend Orel Herscheiser to get baseball fans cheering with a Dodgers-themed safety demonstration during a home game.


Fly Emirates
Fly Emirates
Fly Emirates

1,800

MEGAWATT-HOURS

Our new solar panels installed at the Emirates Engineering Centre is expected to generate over 1,800 megawatt hours of electricity each year, saving 800 tonnes in carbon dioxide emissions.

CONTRIBUTING TO THE ENVIRONMENT AND COMMUNITY

As Emirates' business footprint expands, we are ever conscious that we have a responsibility to the environment and to the communities we serve around the world.

In June 2016, we released an economic impact study in partnership with Genesis Analytics, quantifying the economic contribution of Emirates Group operations in South Africa. The study found that Emirates Group operations contributed US$ 417 million in GDP to South Africa's economy in 2014-15, supporting close to 13,000 jobs.

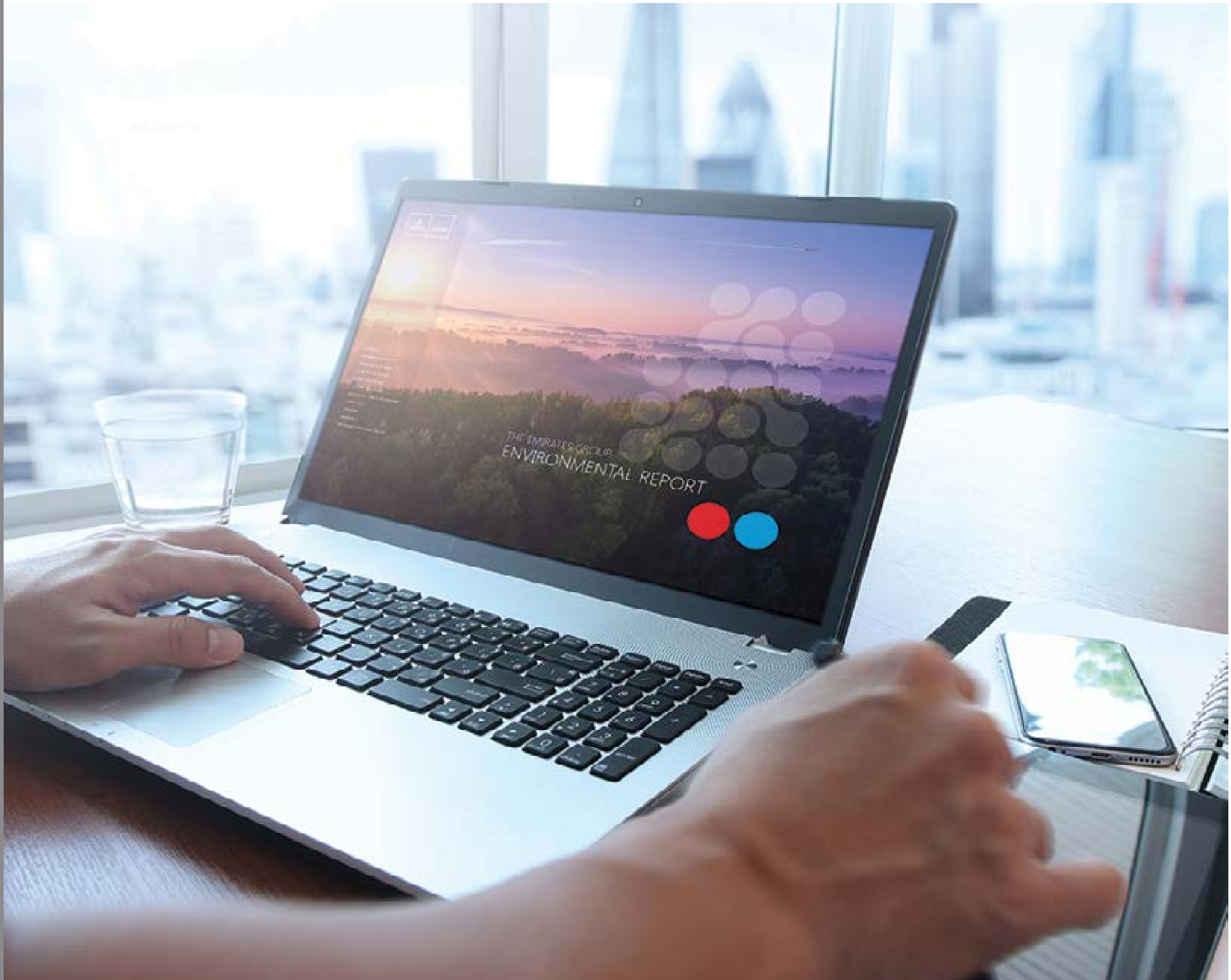
We believe that aviation and travel services can make a real contribution towards achieving the United Nations' Sustainable Development Goals. At Emirates, we continue to work towards better environmental performance, providing support for conservation efforts, and community development.

Airline operations constitute the main environmental impact of the Emirates Group. By operating one of the youngest aircraft fleets in the industry, we reap environmental benefit from lower engine and noise emissions and also consumer kudos due to the higher levels of onboard comfort.

Through the year, our flight operations specialists worked with air traffic management providers and airports around the world to deliver more efficient flight routings and operational procedures to help reduce flight times, fuel consumption and emissions. A number of operational improvements at Dubai International Airport also helped improve the consistency of Emirates' hub operations.

One of the most significant initiatives of 2016-17 was the installation of a one-megawatt array of solar panels at the Emirates Engine Maintenance Centre in partnership with Dubai Electricity and Water Authority. The array is expected to generate over 1,800 megawatt-hours of electricity every year, helping save around 800 tonnes in carbon dioxide emissions.

In addition to our environmental programmes, Emirates also supports United for Wildlife in their efforts to bring an end to the illegal wildlife trade. United for Wildlife is an alliance between seven of the world's most influential conservation organisations and The Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry. We provide the training and tools for our ground and cargo workforce to identify illegal wildlife products in transit, and we also help raise consumer awareness of the illegal wildlife trade via our onboard magazines, inflight entertainment programming, social media channels, and highly visible decals on four of our A380 aircraft which literally carry the message to five continents.


THE EMIRATES GROUP
ENVIRONMENTAL REPORT

US$ 150,000

FUNDING AWARDED

Three not-for-profit organisations working towards wildlife protection and environmental conservation in Africa were awarded funds for their projects under our "A Greener Tomorrow" programme.

In May, Emirates unveiled its fifth A380 aircraft emblazoned with special United for Wildlife livery. Unlike its four jet-powered siblings, this latest Emirates United for Wildlife A380 aircraft is featured in situ, at the traffic roundabout leading to London Heathrow airport – a highly visible site that reaches over a million international travellers and their family and friends annually.

In December, Emirates selected three not-for-profit organisations working in wildlife protection and environmental conservation in Africa as recipients of award funding under its "A Greener Tomorrow" initiative. The programme provides a share of up to US$ 150,000 in funding to not-for-profit organisations across the world working innovatively to safeguard and improve their local environments. The funds for "A Greener Tomorrow" are raised through internal recycling programmes within the Emirates Group that process materials ranging from paper from our offices to seat components on board aircraft.

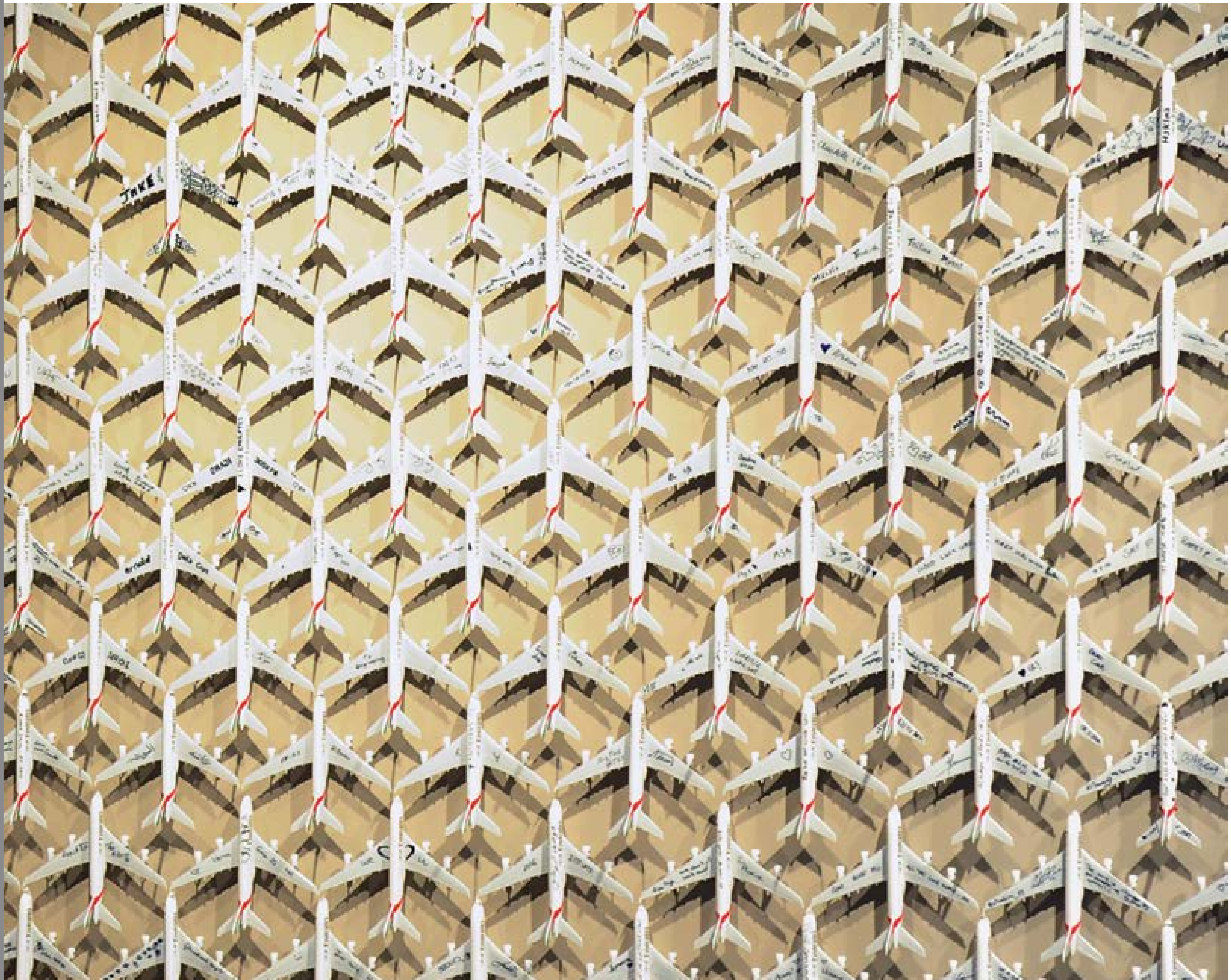
Supporting vibrant communities

To mark the UAE's 45th National Day, Emirates Group employees unveiled a unique wall collage of more than 1,400 mini-A380 aircraft as a permanent display at Group's headquarters (shown right). Each aircraft was autographed by an employee and accompanied by a contribution to the Emirates Airline Foundation which helps provide education and healthcare to less privileged children in countries around the world. This initiative raised more than AED 70,000.

In September, Emirates Group joined forces with GE and Etisalat to launch Intelak, a joint incubator initiative that supports young entrepreneurs and students in the UAE.

In support of the UAE Year of Reading, Emirates partnered with Google to launch an initiative called 'Celebrating Arabic Reading' to promote reading in the region and make Arabic literature more accessible. The initiative reached millions of smartphone users in the Middle East and North Africa via the Google Play bookstore.

Emirates | united for wildlife



AED 174

BILLION RAISED OVER LAST 10 YEARS

Our ability to access international funding and garner support from financial markets and institutions reflect the strength of our business.

Our financial strength

A DIVERSE AND BALANCED LONG-TERM FUNDING STRATEGY

Emirates has a solid track record of meeting its financial commitments, underpinned by the airline's overall financial strength. We continue to work with the financial community on diverse and innovative sources of funding.

During 2016-17, Emirates raised a total of AED 29.1 billion (US$ 7.9 billion) to finance a record 35 wide body aircraft – the highest number of deliveries the airline has taken in a financial year, funded through finance lease, operating lease and term loans. We have also already received committed offers of finance covering all deliveries in the forthcoming financial year.

Emirates continued to tap the Japanese market for the Japanese Operating Lease (JOL) structure and Japanese Operating Lease with a Call Option (JOLCO) on both A380-800 and Boeing 777-300ER aircraft, while further accessing a diverse institutional investor and bank market base including Korea, the United Kingdom, Germany and Spain.

Further and owing to the suspended Export Credit Agency (ECA) support, Emirates successfully structured an innovative AED 4.4 billion (US$ 1.2 billion) commercial bridge facility with US and Chinese institutions.

In June, Emirates repaid a bullet bond in full for the value of US$ 1 billion (AED 3.7 billion) on its maturity date. The bond was raised in 2011 to address Emirates' working capital requirements. Later in June, Emirates repaid a second bond in Singapore dollar denomination totalling S$ 150 million, which was originally raised in 2006. Emirates repaid both bonds from its cash resources.

Since 2010, Emirates has fully repaid six bonds, including sukuks (Islamic bonds), totalling AED 10.4 billion (US$ 2.8 billion).

Our continued ability to access international funding, and garner support from financial markets and institutions reflect the strength of our business.

Having raised AED 174 billion (US$ 47.3 billion) over the last 10 years, Emirates continues to maintain a well-diversified and evenly spread financing portfolio. Tapping into various sources of funding, both in terms of structure and geography, Emirates continues to endorse a resilient long term financing strategy.

In recognition of the numerous innovative transactions executed by its Financing team, Emirates was awarded Airfinance Journal's prestigious "Airline Treasury Team of the Year" in April 2016 for the second time.


Emirates
www.emirates.com
Emirates

dnata

STRONGEST PERFORMANCE TO DATE

AED 12bn

RECORD REVENUE

dnata marked its best performance yet in 2016-17, with new revenue and profit records of AED 12 billion and AED 1.2 billion.

dnata

STRONGEST PERFORMANCE TO DATE

This year, dnata bucked industry trends to mark its most successful year of operations in its 58-year history.

Our 2016-17 revenues reached a new record of AED 12.2 billion, with profits of AED 1.2 billion. In a year that has been particularly challenging for the aviation and travel industries, this outstanding performance speaks to dnata's business agility, and our ability to meet and exceed our customers' expectations.

Across dnata's four business divisions – UAE airport operations, international airport operations, travel services, and catering, we won significant new contracts, expanded existing relationships, and continued to win recognition for our quality services through customer accolades and industry awards.

In April, dnata was awarded "Ground Handler of the Year" by Air Cargo News for the fourth consecutive year, cementing our position as a global integrated air services provider that continuously delivers on excellence.

Our catering division picked up the "Digital Innovation" award at the Caterer's Digital Vision Awards for a crew-meal ordering app which we have developed, in addition to customer awards in Singapore and the UK; and our travel services division scooped awards in the Middle East, UAE, and the UK.

Investing in our future

During the year, we invested over AED 1 billion to expand our capabilities and portfolio, develop our people, strengthen our safety systems, and build a strong and sustainable business supported by modern facilities and the latest technologies.

Our international airport operations division made several key investments this year, which significantly grew our footprint in the Americas. This includes the acquisition of Ground Services International and Metro Air Services which marked dnata's entry into the US ground handling market; a 50% stake in GTA Aviation's cargo and ground handling operations at Toronto Pearson International Airport, Canada; and the addition of Sao Paulo and Rio de Janeiro airports to our existing Brazilian operations.

dnata also acquired a majority stake in Air Dispatch, a global market leader in centralised load planning services to the airline community based in the Czech Republic and Poland, broadening the range of services we offer to our customers.

In Dubai, dnata launched our new export customer service centre and cargo integrated control centre in the Dubai Airport Free Zone - Freight Gate 5. This new, AED 25 million facility enhances our overall product on offer for airlines, freight forwarders and shippers, and will improve efficiency at our busy hub.


С.КОРОЛЕВ
RTT 53
dnata

41,000

EMPLOYEES IN OVER 80 COUNTRIES

Our workforce grew 20% in line with our business expansion. dnata today has nearly 41,000 employees in more than 80 countries.

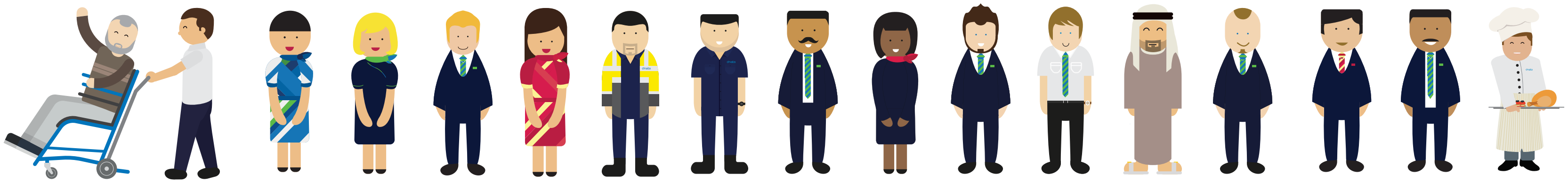
dnata takes its social responsibilities seriously and is committed to using technology that will help improve the environment in which we all work and live. We now have over 300 pieces of environmentally friendly electric tow tractors, forklifts, conveyor belts and pushback tractors. Other ground services equipment and passenger vehicles in use meet Euro III emission standards. dnata is also collaborating with a number of third parties to assist them in developing a wider range of heavy duty electric ground equipment whist testing, on airport, a range of hybrid and CNG powered vehicles.

In our catering business, we opened a new purpose-built facility in Cairns, extending our network of kitchens in Australia to 11. We also completed the build of our state-of-the-art Melbourne facility which will commence operations in mid-2017 and serve an average of 4,000 flights per month.

In travel, we increased our stake in Oman United Agencies from 50% to 77%, gaining management control of the Oman-based travel services firm. We also entered a joint venture with Norway-based G Travel to offer global travel management services for offshore, marine and corporate clients.

In tandem with our business growth, dnata's workforce increased by 20%. Each day, our 41,000- strong team of employees, help deliver the promises that our customers make in over 80 countries across the globe. We service aircraft, uplift meals, handle baggage, move all types of cargo, help people with their travel plans and ensure they reach their final destinations.

dnata's ongoing investments place us on a strong footing to capitalise on future opportunities, and progress on our vision to become the world's most admired air services provider.



AED 3m

RAISED

We raised over AED 3 million this year to support causes and charities across dnata's global network.

dnata4good

GROWING OUR IMPACT

Our corporate philanthropy initiative, dnata4good, continued to grow in terms of employee participation and impact. During 2016-17, employee-driven initiatives and programmes around our global network raised over AED 1 million for causes supported by dnata4good. The company more than matched the donations to bring the total amount raised to AED 3 million.

This year, we completed the 5th dnata4good school building project under the Dubai Cares – Adopt a School programme. Through funds raised by dnata4good and help from our employee volunteers, a new school in Sundarbasti, Nepal, was completed in June. Its three permanent classrooms, furnished with desks, chairs, and permanent chalkboards, will help educate some 110 students. The school will also provide more than 300 women with access to adult literacy classes run in partnership with the local community. Enrolment at the school is expected to increase over time, as more families in neighbouring communities are encouraged to invest in education for themselves and their children.

In November, our employee volunteers joined the South Africa wildlife conservation trek programme for the first time. Our employees volunteered at the local wildlife orphanage, visited the Moholoholo Animal Rehabilitation Centre, helped out at the local school nursery, and volunteered at the Green Kidz library, which is part of an educational programme that introduces local children to the value of wildlife and nature.

In the UAE, dnata4good's active volunteer programme encourages colleagues to share their skills and expertise with residents at local shelters and special needs facilities. This year, our employees participated in donation drives and volunteered their time to support education, Ramadan campaigns, the Emirates Red Crescent, and relief efforts in Sri Lanka to help the thousands of people impacted by floods and landslides which hit the country in May 2016.

Across our global network, our colleagues in the Philippines, Australia, Netherlands and Switzerland participated in recycling initiatives and raised funds for a variety of causes and charities.

dnata4good

INTEGRATED MANAGEMENT SYSTEM

This year, we developed and introduced dnata's Integrated Management System (IMS), to support decision making and enable us to take a more consistent approach to policies, procedures, resources and management.

SAFETY AND STANDARDS

Safety is at the heart of everything that dnata does, and this year we continued building our foundation to enable long-term excellence in Health, Safety, and Environment (HSE).

At dnata, it is not only about compliance with regulatory requirements. Our approach is two-pronged: creating a safe place and a safe person. We invest heavily in our people to foster a working environment where employees are empowered to intervene, and correct things that are not safe or right. We also devote considerable resources to creating a safe workplace for our people, and customers.

This year, we developed and introduced dnata's Integrated Management System (IMS) which is one of the cornerstones of our "One dnata" strategy. The IMS is a tool to support decision making and enable us to take a more consistent approach to policies, procedures, resources and management. Its ten elements cover all operational aspects of our business and will help guide our leaders as we continue to grow.

Each element of the IMS ties back to the concept of "Plan, Do, Check, Act" - to support a learning culture and deliver continuous improvement across all areas of our diverse business.

With our eyes set on continuous improvement, learning and delivering consistently high services, we are positioned to deliver the promises our customers make, no matter where.


dnata

86+

MILLION PASSENGERS HANDLED

Our Dubai operations grew in tandem with traffic growth at Dubai International and Dubai World Central, this year handling over 86 million passengers, 100 million bags and 216,000 aircraft movements.

UAE Airport Operations

GROWING WITH DUBAI

Our UAE airport operations continued to grow in tandem with Dubai International (DXB) and Al Maktoum International (DWC) airports. At DXB, passenger traffic increased by 7.2% to 83.6 million in 2016, compared to 2015. During that same period, DWC saw an 84.6% increase in passengers and a slight 0.8% increase in cargo tonnage handled.

In 2016-17, dnata saw unprecedented growth in aircraft handling and passenger movement. Our teams at DXB and DWC handled more than 86 million passengers, 100 million bags, and 216,000 aircraft movements between the two airports.

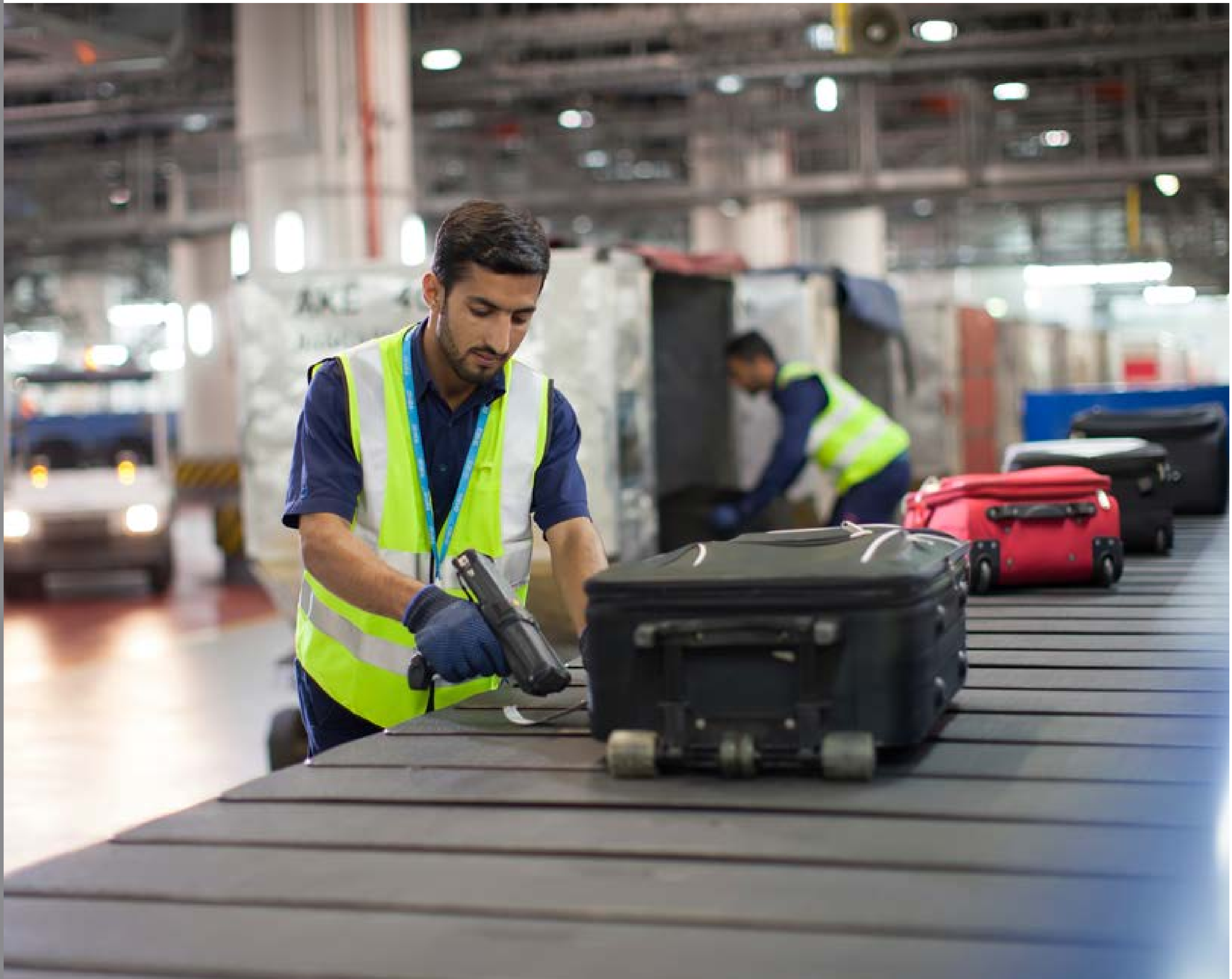
On our busiest day of the year, 23 December 2016, dnata in the UAE mobilised 18,529 staff, who collectively handled 281,388 passengers and 329,341 bags in one day, supporting the achievement of one aircraft movement every 73 seconds.

This year, dnata marked its first year anniversary of successful operations at DXB's Concourse D. The US$ 1.2 billion facility is home to 60 international airlines operating at DXB's Terminal 1, serving 16.6 million passengers from 90 destinations in the first 12 months.

dnata provides the full suite of ground handling services at Terminal 1 and Concourse D. In addition, dnata operates a new flagship marhaba lounge at Concourse D which features prayer rooms, sleeping areas and a range of other comforts, serving over 470,000 customers per year. marhaba also enhanced its portfolio of airport meet-and-greet services, with the launch of its VIP service 'Elite'.

Across our UAE operations, dnata currently deploys 10,000 pieces of ground service equipment (GSE) and vehicles. Of these, 2,000 are motorised. As a socially responsible organisation, dnata has introduced environmentally friendly electric tow tractors, conveyor belts and pushback tractors, GSE with engines meeting Euro III emission standards and we are also testing hybrid and CNG powered vehicles.

We continued to invest in new programmes and equipment to support our employees – initiatives that encourage our development, ensure our safety, and help us cope in an environment with a fast pace and extreme weather.



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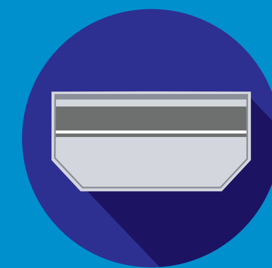


TONNES MILESTONE

dnata has handled more than one million tonnes of air freight at DWC since 2011.

Enhancing our cargo proposition

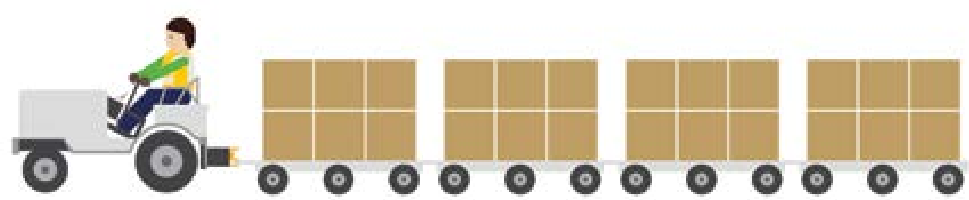
In April 2016, dnata reached a key milestone at DWC, when it crossed the one million mark in tonnes of air freight handled since we began operations at the airport in 2011. In the 2016-17 financial year alone, dnata handled more than 156,000 tonnes of cargo at DWC. This number will continue to grow as DWC strengthens its position as a regional cargo hub with a capacity of 16 million tonnes per year.

In October, dnata launched our new export customer service centre and cargo integrated control centre in the Dubai Airport Free Zone - Freight Gate 5. This new facility reflects our commitment and ongoing investment to improve our product for airlines, freight forwarders and shippers.

Spanning over 5,000 square metres with 50 dedicated staff, dnata's export customer service centre serves approximately 700 customers a day, and handles 25,000 tons of export cargo per month. The centre enables a collaborative approach to service and product delivery, with new export counters, all government agencies on its premises, a special cargo acceptance area, and a new office space for airline and freight forwarding customers.

Our new 24/7 Cargo Integrated Command Centre (CICC), located within the export customer service centre, is also an industry first for the region. This facility represents all cargo process stakeholders, and enables us to monitor, troubleshoot and enable quick-decision making to enhance movement and efficiency of cargo.

In 2016-17, dnata's UAE operations handled over 714,000 tonnes of cargo, with exports comprising over 200,000 tonnes.




dnata
dnata

25

NEW AIRPORTS IN THE US

Our acquisitions of Ground Services International and Metro Air Service expanded dnata's global footprint into the US for the first time.

International Airport Operations

NEW MARKETS, NEW HORIZONS

In addition to our hub in the UAE, dnata has ground handling operations in 73 other airports around the world, serving more than 250 airlines. During 2016-17, our international airport operations teams handled close to 408,000 aircraft turnarounds, and more than 2.1 million tonnes of cargo.

The year was marked by steady growth and continued investment in developing our people, facilities, technology, and new acquisitions to grow our business.

Across our global network, we won new customer contracts, and importantly, retained our customers by delivering on the promises they make to their customers.

This year marked our entry into the US ground handling market, as we completed an agreement to acquire 100% of Ground Services International (GSI) and Metro Air Services. This acquisition is a significant milestone in our international growth story, and brings dnata into the world's largest single aviation market.

Joining the dnata network in April, GSI and Metro Air Services operate passenger, ramp services and mail handling at 25 airports, including New York's JFK, Chicago O'Hare, San Francisco, Philadelphia, Boston and Newark. They employ over 4,000 people and handle around 42,000 wide-body aircraft turnarounds per year.

Building on our strategy to provide the highest level of customer service in key markets across the Americas, dnata in November purchased a 50% stake in GTA Aviation's cargo and ground handling operations at Toronto Pearson International Airport, Canada. Retaining its management and employee teams, the new unit will be rebranded to become GTA dnata.

We also expanded our footprint in Brazil after last year's acquisition of RM Ground services with the addition of Sao Paolo and Rio de Janeiro to our network, taking the total number of airports served in South America's largest country to 26.

In July, we acquired a majority stake in Air Dispatch, a specialist aviation services provider, and global market leader in centralised load planning services to the airline community. This was another strategic investment to strengthen our operational capability, and enable us to broaden the portfolio of services we can offer to our airline customers.


dnata
RPL52
dnata

6,900

SQUARE METRE MAINTENANCE BASE

Our new maintenance base at Singapore Changi Airport can handle 9,000 maintenance, repair and overhaul events annually, providing additional capability and scale to serve our customers.

Building our capability

dnata opened its new Cargo Terminal in Adelaide in February, strengthening its Australian cargo footprint which includes facilities in Sydney, Melbourne, Brisbane, Perth and Darwin.

Our new airside cargo facility at Adelaide Airport provides faster cargo handling, is fully OTS and TSA accredited for security screening, and includes refrigerated and ambient temperature product options. The 1,500 square metre facility can handle up to 80 tonnes of cargo per day. Our investment has already borne fruit, with the attraction of additional business from our customers.

Aside from growing our cargo capability, we have also reviewed our ground handling business in the country. Our ground handling business in Australia competes in a difficult market, with a higher cost base than most of its competitors, largely as a result of higher labour costs. We are taking actions to address this, which will ensure that dnata can compete effectively in the Australian market.

In Singapore, we broke ground on a new maintenance base at Singapore Changi Airport. Located next to the dnata Cargo Centre within the Changi Airfreight centre, our new 6,900 square metre maintenance base can handle an average 9,000 maintenance, repair and overhaul (MRO) events annually, improving the capability and scale of services that we can offer to our customers.

Our operations in Singapore also marked a milestone when it was awarded GDP certification for pharmaceutical product transport. Its achievement is testament to our ongoing investment in our cool chain capabilities.

In April, we welcomed our long-term partner Cathay Pacific into dnata UK's new on-airport cargo facility at London Heathrow. The state-of-the-art handling facility is dedicated to Cathay Pacific and designed specifically to meet its requirements.

Elsewhere in Europe, dnata successfully launched our passenger handling operations in Amsterdam. Already offering cargo operations since 2015, this is a natural portfolio extension for dnata in the Netherlands. Our business in Amsterdam now provides passenger, baggage, ramp, and cargo handling services to major airlines from around the world.

Our first passenger handling contract in Amsterdam was with Turkish carrier Onur Air, an existing customer for cargo handling services, representing a vote of confidence in dnata's consistent and high quality service.

Our teams in Switzerland invested in new ground equipment to enhance the services we provide to customers and enable our teams to operate under more safely and comfortably.


dnata
dnata

10

STATIONS WITH ISAGO CERTIFICATION

dnata at London Heathrow received the prestigious IATA Safety Audit for Ground Operations (ISAGO) certification, attesting to its commitment to the highest safety and security standards.

In the UK, dnata received IATA's Safety Audit for Ground Operations (ISAGO) accreditation for its London Heathrow operations. ISAGO is an internationally-recognised system for assessing the operational management and control systems of an organisation that provides ground handling services for airlines. London Heathrow is the 10th station in dnata's ground handling operations to receive this prestigious certification, following Dubai (DXB and DWC), Geneva, Zurich, Manila, Singapore, Sydney, Melbourne and Brisbane.

Our success in attaining ISAGO accreditation underscores dnata's commitment to the highest safety and security standards.

Winning our customers

Through the year, dnata teams across our international operations continued to win new business with our attention to meeting customers' requirements, and our commitment to maintaining the integrity of airline schedules.

In Pakistan, Gerry's dnata signed a multi-year agreement with Saudi Arabian Airlines to provide full ground handling services for the airline's Pakistan operations across Karachi, Lahore, Peshawar, and Islamabad, numbering 41 weekly flights. We also welcomed Somon Air's operations in Pakistan, and extended our ground handling services to support Turkish Airlines' twice daily flights into the country.

Our Singapore operations won contracts with AirAsia, Cathay Pacific, Etihad Airways, Firefly, Hong Kong Airlines, and Qatar Airways, for a range of ground handling services. Our dnata lounge offering in Singapore Changi Airport's Terminal 1 also signed on new customers - Xiamen Airlines, Fiji Airways and China Southern Airlines. dnata Singapore's T1 and T3 lounges collectively welcome over 350,000 passengers a year.

In November, our Melbourne team added Hainan Airlines, our sixth Chinese customer for ground services and cargo operations.

Our team in Amsterdam also scored a significant year in terms of contract wins, welcoming Silkway West Airlines, Emirates SkyCargo, AeroMexico, Xiamen Airlines, and China Eastern as new customers.

In Switzerland, we were selected by Scandinavian Airlines to provide ground handling and cargo services at Zurich and Geneva airports.


Flughafen Zürich
one safety
dnata
dnata

AED 11bn

TOTAL TRANSACTION VALUE

Our diverse portfolio of travel businesses delivered AED 11 billion in total transaction value in 2016-17.

Travel

A GLOBAL PLAYER WITH AGILITY AND ABILITY

dnata offers an almost unmatched portfolio of travel services, serving over 7 million individuals, companies, government and trade partners, with a total transaction value of nearly AED 11 billion in 2016-17.

Our diversified portfolio of travel businesses has enabled us to be resilient and stay ahead of competition even when faced with a challenging travel environment which we predict will continue.

dnata's family of travel businesses includes: dnata Travel; MMI Travel; Gold Medal; Travel2; Travel Republic; Travelbag; Netflights; and Sunmaster, as well as Destination Management Companies Arabian Adventures and Gulf Ventures specialising in ground tours and activities in the United Arab Emirates and Oman. In addition to this, we have stakes in Hogg Robinson Group and Imagine Cruising, and manage Emirates Holidays on behalf of the Emirates Group.

By putting the customer at the heart of our business, driving efficiencies and new capabilities, and investing for the future, we have achieved robust results in a tough climate, and strengthened our foundations for the future.

Putting the customer at the heart of our business

Through the year, our travel teams around the world were rewarded for their passion to service excellence with numerous industry awards and recognition from our customers.

dnata was named the Middle East's leading Business Travel Agency and the UAE's leading Travel Agency at the World Travel Awards. The Hogg Robinson Group scooped the Best Service Performance Brand in the Dubai Service Excellence Scheme. Our Gold Medal team won a slew of awards this year, including Best Operator to the Middle East at the Travel Agent's choice awards. Emirates Holidays also won a record 5 awards at the British Travel Awards.

Whilst the awards are a testament to our customer focus, customer expectations are constantly evolving and we are continuing to advance with them - leveraging new customer engagement channels such as social media and chat.

7m

ROOM NIGHTS

Our centralised land purchasing function purchased over 7 million room nights last year.

Our Corporate business also won many key accounts in 2016-17 and achieved an overall retention rate of 96%. We have grown our corporate online customer base across 14 countries. Our Consumer businesses had a very strong year, with both Travel Republic and Emirates Holidays delivering solid growth.

We have also started a journey of rolling out Net Promoter Scoring across our businesses, with our overall score increasing by 5% YoY to 54%, above average for the travel industry.

Driving efficiencies and new capabilities

Through recent years, we have built on our strong base in the Middle East through strategic acquisitions. We have driven significant efficiencies and capabilities through our businesses as a result of this – for example, we have centralised our land purchasing of over 7 million room nights, and are now providing this to third parties under our recently launched bedbank business, YalaGo.

We continue to increase our operation in the Philippines with a team strength of over 450, supporting dnata's travel businesses as well as the wider Emirates Group.

We also took a huge step towards connecting our businesses around the world by signing a global telephony partnership with Avaya and Vodafone. This exciting initiative will see our 13 contact centres globally transition onto one unified technology platform. This will help us prepare for the future, by automating complex business processes, driving efficiencies and ultimately, enhancing the experience that we can deliver to our customers.

Investing for the future – portfolio growth and innovation

In 2016-17 we continued to broaden our portfolio. Imagine Cruising entered the Australian outbound cruise market, successfully delivering profit in its first few months of operation. dnata entered a joint venture, "G Travel International", with Norwegian based G Travel to offer global travel management services for offshore, marine and corporate clients. We opened the first City Expert kiosk in the UAE, a one-stop tourist information hub. We increased our stake to 77% in Oman United Agencies Travel LLC, the leading travel business in Oman.

Looking forward, the pace of change and innovation taking place in the travel industry provides us with enormous opportunities. To meet these, we are driving an increasingly agile way of working, with rapid test and learn capabilities and smart data decision making. Key competencies we've been enhancing include our technology product, mobile and digital marketing capabilities.

dnata's portfolio breadth, depth of expertise, increasing focus on innovation, and commitment to deliver top quality products and services, enables us to continually stay ahead of the competition, and earn our customers' trust and loyalty.

500+

CHEFS AND 4,200 EMPLOYEES

Our team of more than 500 chefs and 4,200 employees operate in modern catering facilities that combined, offer 158,000 square metres of kitchen space – the equivalent of 22 football pitches.

Catering

CREATING A RECIPE FOR SUCCESS

dnata is more than a traditional, global airline caterer. Across our 62 international locations, we are experts in the rapidly evolving onboard retail segment driving ancillary revenue for our airline customers around the world, while providing quality, bespoke and branded product to their passengers.

The growth of retailing onboard brings a requirement for diverse skills. Over the past 12 months we further grew our research, development, retail and technology teams, allowing us to deliver more unique products and experiences which today's travellers want to consume.

Working in tandem with En Route, our specialist product development business, we are increasingly asked to manage the spectrum of our customers' retail programmes, from research to reporting. This allows our customers to focus on flying, while we deliver maximum additional revenue and add value to the passenger experience.

Our traditional inflight catering business continues to grow too, driving an overall increase in revenue of 7%, to AED 2 billion in line with business growth. In 2016-17 we increased customer numbers to more than 140 airlines, and expanded relationships with existing customers. This year, dnata uplifted more than 60 million meals to airline customers.

Passenger and crew engagement

Our dedication to innovative onboard retailing has been recognised numerous times over the past year, with En Route International picking up the Digital Innovation award at the Caterer's Digital Vision Awards for its "Crew Nosh" app for cabin crew, along with multiple product awards throughout the year.

As well as providing great products, we excel at engaging with cabin crew and passengers.

This year, our team delivered a platform for Tarom's passengers to access movies, games, music, news, and shopping products while on board a flight. This represents an exciting business segment for us which we are further developing.

It is through innovation, from incentivising cabin crew on inflight retail programmes, to the provision of onboard Wi-Fi, that we continue to grow and complement our traditional culinary expertise.


dnata

40

F&B OUTLETS ACROSS THE GLOBE

More than just a global airline caterer, we also operate an award-winning restaurant, café and airport lounge portfolio, with brands like Lavazza and Brioche Dorée.

Expanding our Australian capabilities

Australia is our largest market and over the past year we further strengthened our operations - opening a new catering facility in Cairns, to expand our nationwide network to 11 kitchens.

A new state-of-the-art Melbourne kitchen will commence operations in mid-2017, giving us unsurpassed coverage across all major Australian ports. At 11,400 square metres, it will be our largest unit in Australia and the country's most advanced - serving an average of 4,000 flights and 390,000 meals per month.

We also invested heavily in training and technology, from the introduction of digital menus in our kitchens to reduce contamination, to our duty-free offering.

Alongside a key customer in Australia, we developed and introduced an intuitive point-of-sale solution across its Australia-based international and domestic fleet – helping them increase their sales.

Combined, our strong performance in Australia helped us win new contracts over the past year, including catering for Qatar Airways new Sydney and Adelaide flights, as well as for Beijing Capital Airlines' new service to Melbourne from Qingdao.

Innovative F&B experiences on the ground

We continue to expand our retailing offer on the ground too.

Our award-winning restaurant, café and airport lounge portfolio now operates more than 40 outlets across the globe, including the respected Lavazza and Brioche Dorée brand.

This year, we grew our food and beverage business portfolio with the opening of two Left Bank restaurants in Romania's Henri Coandă International Airport, and expanded our restaurant offering in Sharjah.

With this outlet expansion we launched a refreshed global customer service training programme, to ensure we continue to deliver a high standard of service as we grow.

We put our customers at the heart of our business. That is why we will continue investing to further develop our capabilities from culinary expertise to retailing, to provide even better products and services for their needs.

1ST QUARTER

21 April

dnata cargo reaches a key milestone in its operation at Dubai World Central (DWC), handling over one million tonnes of air freight since operations began in 2011

3 April

Emirates cabin crew entertain 60,000 cricket fans with Bollywood-inspired 'Welcome on-board' demo at the ICC World Twenty20 Final

4 APRIL

dnata enters the US market with acquisition of Ground Services International and Metro Air Services, providing ground handling services at multiple airports

6 APRIL

Phnom Penh, Cambodia joins Emirates SkyCargo freighter network

19 APRIL

Emirates SkyCargo launches White Cover Advanced, a protection solution designed for temperature-sensitive cargo

25 APRIL

dnata awarded Ground Handler of the Year by Air Cargo News for the third consecutive year

1 MAY

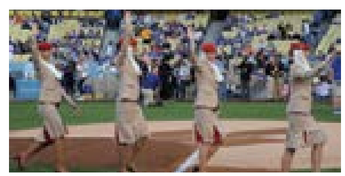
Emirates launches two A380 services on the same day to Prague and Taipei, and becomes only airline to operate the A380 to these two cities

3 MAY

Yinchuan and Zhengzhou join Emirates' network, taking our destination offering in mainland China to five

23 MAY

Emirates opens its 39th dedicated premium lounge at Cape Town International Airport



26 MAY

Emirates cabin crew and Dodger Legend Orel Herscheiser get fans cheering with Dodgers-themed safety demonstration

8 JUNE

dnata announces a joint venture with Norway based G Travel to offer global travel management services for offshore, marine and corporate clients

8 JUNE

Emirates repays US$ 1 billion bullet bond on maturity

2ND QUARTER

17 July

Emirates launches the world's first interactive amenity kit in Economy Class. Utilising augmented reality technology in the kit design, customers can experience exciting content on their mobile devices

4 July

Gerry's dnata signs a multi-year contract with Saudi Arabian Airlines (Saudia) to provide full ground handling operations in Pakistan

7 JULY

dnata purchases a majority stake in Air Dispatch in the Czech Republic, a global market leader in centralised load control planning services for the airline community

12 JULY

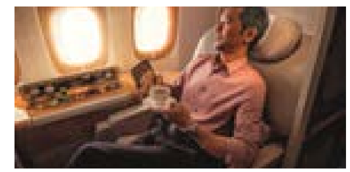
Emirates is named the World's Best Airline 2016 at the prestigious Skytrax World Airline Awards, in addition to winning World's Best Inflight Entertainment for a record 12th consecutive year, and Best Airline in the Middle East

3 AUGUST

Emirates launches daily linked service between Yangon and Hanoi

28 AUGUST

Emirates Skywards introduces Cash+Miles, enabling members to redeem their flights using a combination of cash and Skywards Miles

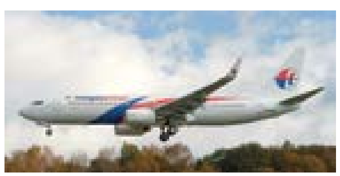


28 AUGUST

Emirates revamps its corporate loyalty programme, Emirates Business Rewards

1 SEPTEMBER

dnata increases its stake in Oman United Agencies Travel LLC (OUA) from 50% to 77%, acquiring control of the Oman-based travel services company



5 SEPTEMBER

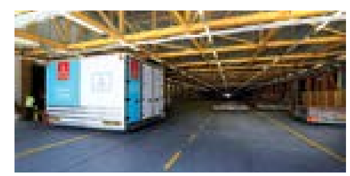
dnata Singapore is awarded a multi-year contract with Malaysia Airlines and its subsidiary Firefly for a full suite of ground services

6 SEPTEMBER

Emirates Group collaborates with GE and Etisalat to launch Intelak, a joint incubator initiative targeting young entrepreneurs and students in the UAE

7 SEPTEMBER

Emirates unveils a new Japanese menu for First and Business Class customers on flights between Dubai and Japan



18 SEPTEMBER

Emirates SkyCargo launches SkyPharma, a purpose-built facility dedicated to the timely and secure transport of temperature sensitive pharmaceuticals

3RD QUARTER

10 October

dnata inaugurates its new export customer service centre and cargo integrated control centre in the Dubai Airport Free Zone - Freight Gate 5

5 OCTOBER

Hollywood actress, director and producer Jennifer Aniston returns onboard the Emirates A380, for a much anticipated 2nd global digital and TV advertising campaign

10 OCTOBER

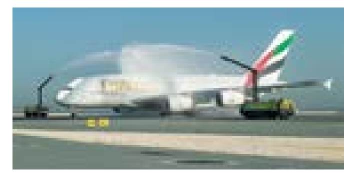
Emirates and Google collaborate in an initiative called 'Celebrating Arabic Reading' , reaching millions of smartphone users in the Middle East and North Africa via the Google Play bookstore

23 OCTOBER

Emirates completes a US$ 11 million makeover of its Business Class Lounge at Concourse B of Dubai International Airport

25 OCTOBER

Emirates announces a multi-million dollar deal with Thales to equip its future Boeing 777X fleet with Thales AVANT inflight entertainment system



30 OCTOBER

Emirates launches the world's longest A380 flight to Auckland

16 NOVEMBER

Emirates SkyCargo launches Emirates SkyWheels, a specialised product for transporting high value automobiles like classic, luxury and sports cars

28 NOVEMBER

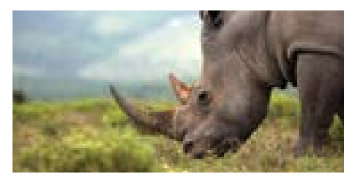
dnata reaches agreement with Canada's GTA Aviation to purchase a 50% stake in its cargo and ground handling operations

15 DECEMBER

dnata Airport Operations marks 10 years of cruise logistics and planning expertise, contributing to the growth of Dubai as a global cruise hub

15 DECEMBER

Emirates touches down in Fort Lauderdale, Florida, its 11th passenger destination in the United States



18 DECEMBER

Emirates selects three not-for-profit organisations working in wildlife protection and environmental conservation in Africa as recipients of award funding under its "A Greener Tomorrow" initiative

19 DECEMBER

Emirates takes delivery of its new generation Airbus A380 and Boeing 777-300ER aircraft

4TH QUARTER

2 February

Emirates offers Skywards members and their guests travelling on Emirates pay-per-visit access to its premium lounges at Dubai International Airport

27 February

dnata opens its new Cargo Terminal in Adelaide, adding to its Australian cargo footprint which also includes facilities in Sydney, Melbourne, Brisbane, Perth and Darwin

15 JANUARY

Emirates retires its last Airbus A330 and A340 aircraft and becomes the first and only airline in the world to operate an all Airbus A380 and Boeing 777 wide-body fleet

17 JANUARY

Emirates introduces sustainable blankets in Economy Class made from 100% recycled plastic bottles, using ecoTHREAD™ patented technology

13 FEBRUARY

Emirates SkyCargo, unveils a unique decal featuring a rose on one of its Boeing 777-F freighter aircraft ahead of Valentine's day, highlighting air transport's strong contribution to the floriculture industry

7 MARCH

dnata launches passenger handling operations at Amsterdam Schiphol Airport

8 MARCH

Emirates Group celebrates International Women's Day

8 MARCH

Emirates unveils its newly revamped A380 Onboard Lounge at ITB Berlin

10 MARCH

dnata receives IATA's Safety Audit for Ground Operations (ISAGO) accreditation for its Corporate Headquarters and London Heathrow station

12 MARCH

Emirates launches a new daily service from Dubai to Newark, via the Greek capital of Athens

20 MARCH

Emirates Group marks International Day of Happiness with surprises for customers and employees

26 MARCH

Emirates launches three new A380 destinations – Tokyo Narita, Casablanca and Sao Paulo, in one day

Overview
Emirates
dnata
Group
Financial Information
Additional Information

dnata presence

NORTH AMERICA
ATLANTA
AUSTIN
BOSTON
CHICAGO O›HARE
DALLAS/FORT WORTH
DETROIT
EL PASO
GRAND RAPIDS
HOUSTON
INDIANAPOLIS
LAREDO
LOS ANGELES
LUBBOCK
MCALLEN
MILWAUKEE
NEW YORK JFK
NEWARK
ONTARIO
ORLANDO
PHILADELPHIA
SAN DIEGO
SANFORD
SAN FRANCISCO
TAMPA
WASHINGTON DULLES
WICHITA
TORONTO

SOUTH AMERICA
ARACAJU
BELEM
BOA VISTA
BRASILIA
CAMPINA GRANDE
CURITIBA
FLORIANOPOLIS
FORTALEZA
ILHEUS
JOAO PESSOA
JUAZEIRO DO NORTE
MACAPA
MACEIÓ
MANAUS
NATAL
PETROLINA
PORTO ALEGRE
PORTO SEGURO
RECIFE
RIO DE JANEIRO
SALVADOR
SANTAREM
SAO LUIS
SAO PAULO
TERESINA

EUROPE
ABERDEEN
ALGHERO
AMSTERDAM
ATHENS
BARI
BELFAST
BERGAMO
BIRMINGHAM
BOLOGNA
BRINDISI
BRISTOL
BUCHAREST
CAGLIARI
CARDIFF
CATANIA
CHESTER
CORK
DONCASTER
EAST MIDLANDS
EDINBURGH
FLORENCE
GENEVA
GENOA (GENOVA)
GLASGOW
HALIFAX
ISTANBUL
KINGSTON
LAMEZIA TERME
LEEDS
LONDON GATWICK
LONDON HEATHROW
LONDON STANSTED
LUTON
MANCHESTER
MILAN LINATE
MILAN MALPENSA
MALTA
MOSCOW
NAPLES
NEWCASTLE
NICOSIA
OLBIA
PALERMO
PISA
PRAGUE
PRESTON
ROME CIAMPINO
ROME FIUMICINO
SOFIA
ST. PETERSBURG
SWINDON
TRAPANI
TURIN
VENICE
VERONA
ZURICH

AFRICA
ABUJA
ACCRA
ADDIS ABABA
CAIRO
CAPE TOWN
CASABLANCA
DAKAR
DAR ES SALAAM
DURBAN
HARARE
JOHANNESBURG
KAMPALA
KHARTOUM
LAGOS
LUSAKA
MAHE
NAIROBI
PORT LOUISE

MIDDLE EAST
ABU DHABI
AL AIN
AJMAN
AL KHOBAR
AMMAN
BAGHDAD
BASRA
BAHRAIN
BEIRUT
DAMMAM
DHAHRAN
DOHA
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
ERBIL
FUJAIRAH
JEDDAH
JUBAIL
KUWAIT
MEDINA
MUSCAT
RAS AL KHAIMAH
RIYADH
SHARJAH
TAIF
TEHRAN
YANBU

ASIA
AHMEDABAD
BENGALURU
CEBU
CHENNAI
CLARK
COLOMBO
DELHI
DHAKA
FAISALABAD
GUANGZHOU
HONG KONG
HYDERABAD
ISLAMABAD
KABUL
KARACHI
KOCHI
KOLKATA
KOZHIKODE
LAHORE
MANILA
MULTAN
MUMBAI
PESHAWAR
QUETTA
SINGAPORE
THIRUVANANTHAPURAM

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CAIRNS
CANBERRA
COOLANGATTA
DARWIN
MELBOURNE
PERTH
SYDNEY
TOWNSVILLE

Emirates destinations

NORTH AMERICA
ATLANTA
BOSTON
CHICAGO
COLUMBUS
DALLAS/FORT WORTH
FORT LAUDERDALE
HOUSTON
LOS ANGELES
MEXICO CITY
NEWARK
NEW YORK
ORLANDO
SAN FRANCISCO
SEATTLE
TORONTO
WASHINGTON

SOUTH AMERICA
BUENOS AIRES
CIUDAD DEL ESTE
QUITO
RIO DE JANEIRO
SAO PAULO
VIRACOPOS

EUROPE
AMSTERDAM
ATHENS
BARCELONA
BASEL
BIRMINGHAM
BOLOGNA
BRUSSELS
BUDAPEST
COPENHAGEN
DUBLIN
DÜSSELDORF
FRANKFURT
GENEVA
GLASGOW
HAMBURG
ISTANBUL ATATURK
LARNACA
LIEGE
LISBON
LONDON GATWICK
LONDON HEATHROW
LYON
MADRID
MALTA
MANCHESTER
MILAN
MOSCOW
MUNICH
NEWCASTLE
NICE
OSLO
PARIS
PRAGUE
ROME
ST.PETERSBURG
STOCKHOLM
VENICE
VIENNA
WARSAW
ZARAGOZA
ZURICH

AFRICA
ABIDJAN
ACCRA
ADDIS ABABA
ALGIERS
CAIRO
CAPE TOWN
CASABLANCA
CONAKRY
DAKAR
DAR EL SALAAM
DJIBOUTI
DURBAN
ELDORET
ENTEBBE
HARARE
JOHANNESBURG
KHARTOUM
LAGOS
LILONGWE
LUANDA
LUSAKA
MAURITIUS
NAIROBI
OUAGADOUGOU
SEYCHELLES
TUNIS

MIDDLE EAST
AMMAN
BAGHDAD
BAHRAIN
BASRA
BEIRUT
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DOHA
DUBAI INTERNATIONAL
DUBAI WORLD CENTRAL
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CLARK
COLOMBO
DHAKA
GUANGZHOU
HANOI
HO CHI MINH CITY
HONG KONG
HYDERABAD
ISLAMABAD
JAKARTA
KABUL
KARACHI
KOCHI
KOLKATA
KUALA LUMPUR
LAHORE
MALE
MANILA
MULTAN
MUMBAI
NEW DELHI
OSAKA
PESHAWAR
PHUKET
SEOUL
SHANGHAI
SIALKOT
SINGAPORE
TAIPEI
THIRUVANANTHAPURAM
TOKYO HANEDA
TOKYO NARITA
YANGON
YINCHUAN
ZHENGZHOU

AUSTRALASIA
ADELAIDE
AUCKLAND
BRISBANE
CHRISTCHURCH
MELBOURNE
PERTH
SYDNEY

Emirates presence

AFRICA
ADDIS ABABA
ARUSHA
DAR ES SALAAM
ZANZIBAR

MIDDLE EAST
ABU DHABI
AJMAN
AL AIN
DUBAI
FUJAIRAH
MUSCAT
RAS AL KHAIMAH
SALALAH
SOHAR
SHARJAH
UMM AL QUWAIN

ASIA
BANGKOK
BENGALURU
CHENNAI
DELHI
KRABI
MALE
MUMBAI
PHUKET
SAMUI
SINGAPORE

AUSTRALASIA
ADELAIDE
BRISBANE
CANBERRA
HOBART
LAUNCESTON
MELBOURNE
NEWCASTLE
PERTH
SYDNEY
WOLGAN VALLEY

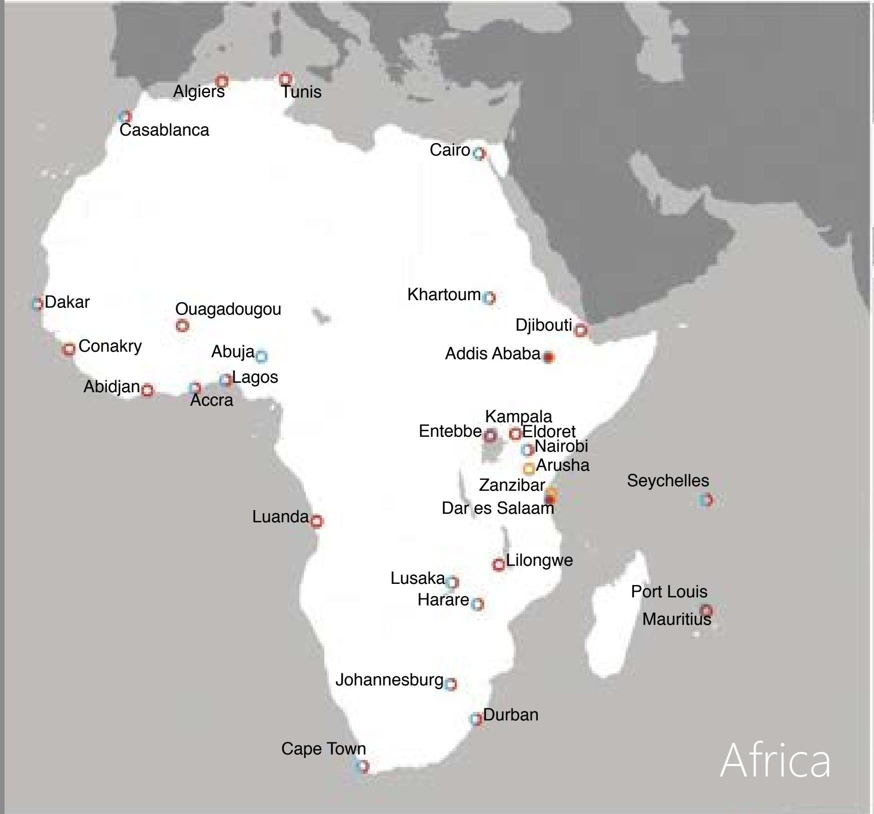
Our growing network

Emirates' and dnata's business operations span the globe. Across six continents, we provide high quality air transport services and integrated air services such as ground and cargo handling, catering and travel services.

From our hub in Dubai, Emirates operates flights to 154 points on six continents. In addition to our own global network, Emirates also offers our customers extended connectivity through our codeshare and interline partners.

dnata today provides a comprehensive range of ground and cargo handling services, catering and travel services in more than 190 cities and airports across the globe.

Over 2016-17, we have expanded our international business operations with strategic acquisitions in Canada, Czech Republic and the United States of America.


Algiers
Tunis
Casablanca
Cairo
Dakar
Ouagadougou
Khartoum
Djibouti
Conakry
Abuja
Addis Ababa
Lagos
Abidjan
Accra
Kampala
Entebbe
Eldoret
Nairobi
Arusha
Zanzibar
Dar es Salaam
Seychelles
Luanda
Lilongwe
Lusaka
Harare
Port Louis
Mauritius
Johannesburg
Durban
Cape Town
Africa


Beijing
Yinchuan
Seoul
Tokyo
Osaka
Kabul
Peshawar
Islamabad
Sialkot
Faisalabad
Lahore
Zhengzhou
Shanghai
Quetta
Multan
Delhi
Karachi
Taipei
Dhaka
Ahmedabad
Kolkata
Chittagong
Guangzhou
Hong Kong
Hanoi
Mumbai
Hyderabad
Yangon
Clark
Manila
Bangkok
Bengaluru
Chennai
Kozhikode
Ho Chi Minh City
Kochi
Samui
Cebu
Thiruvananthapuram
Phuket
Krabi
Colombo
Maldives
Kuala Lumpur
Singapore
Jakarta
Bali
West & East Asia

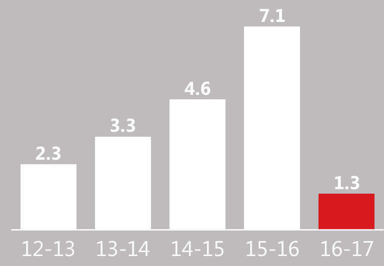

Erbil
Tehran
Mashhad
Baghdad
Basra
Kuwait
Jubail
Dammam
Al Khobar
Dhahran
Bahrain
Ras Al Khaimah
Umm Al Quwain
Ajman
Fujairah
Doha
Dubai
Sharjah
Medina
Riyadh
Yanbu
Abu Dhabi
Sohar
Al Ain
Muscat
Jeddah
Taif
Salalah
Middle East


Darwin
Cairns
Townsville
Brisbane
Coolangatta
Perth
Wolgan Valley
Newcastle
Sydney
Canberra
Adelaide
Auckland
Melbourne
Launceston
Hobart
Christchurch
Australia

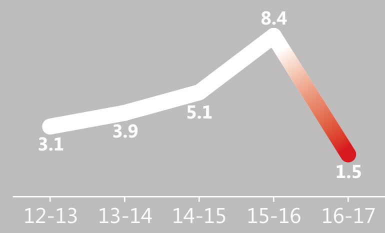

25

EMIRATES FINANCIAL COMMENTARY

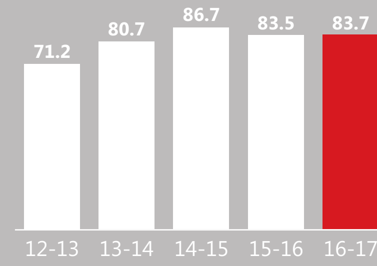
Profit attributable to the Owner in AED bn



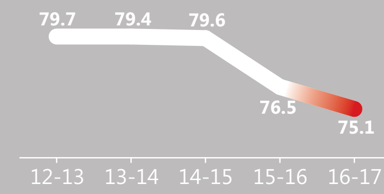
Profit margin in %



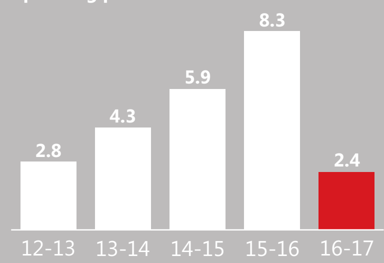
Revenue trend in AED bn



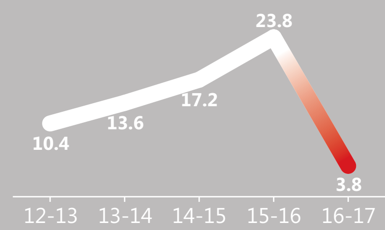
Passenger seat factor in %



Operating profit in AED bn



Return on shareholder's funds in %



Revenue in AED m	**2016-17**	**2015-16**	**% change**
Passenger	68,398	68,029	0.5
Cargo	10,592	11,140	(4.9)
Excess baggage	392	413	(5.1)
Transport revenue	**79,382**	**79,582**	**(0.3)**
Sale of goods	2,932	2,673	9.7
Hotel operations	738	700	5.4
Others	687	545	26.1
Total	**83,739**	**83,500**	**0.3**

Resilience is ingrained in the very ethos of Emirates. Despite a myriad of challenges, the financial year 2016-17 marked our 29th consecutive year of profitable operations. Although our top line and profitability were impacted by lower yields, weaker consumer confidence in a slow global economic environment, on-going geopolitical instability and terror threats in many regions, we continued unabated with our strategy of growth and fleet modernisation. We held steadfast to our philosophy of providing unparalleled customer service and breaking new grounds in the travel industry.

During the year, we added 35 wide-body aircraft and phased out 27. This led to a net capacity growth of 7.2% or 4.1bn ATKMs. We also expanded our route network by adding new destinations, increasing frequencies and growing capacity to several existing cities. We transported 56.1m passengers and carried 2.6m tonnes of cargo.

Profitability

Profit attributable to the Owner

Profit attributable to the Owner at AED 1.3bn was 82% lower than last year's record profit of AED 7.1bn.

Profit margin

Profit margin decreased by 6.9%pts compared to the previous year and stood at 1.5% (2015-16: 8.4%). Our profit margin shrank as revenue remained almost flat while overall costs increasing in line with capacity growth.

Operating profit

The operating profit for the year was down to AED 2.4bn (2015-16: AED 8.3bn). The 71% decrease over last year is largely driven by an 8% growth in operating costs despite a marginal increase in revenue. The operating margin reduced by 6.9%pts and closed at 2.9% (2015-16: 9.8%).

Return on shareholder's funds

Due to the decline in profits, return on shareholder's funds was adversely impacted and dropped to 3.8%, a decrease of 20.0% pts over the last year (2015-16: 23.8%).

Revenue

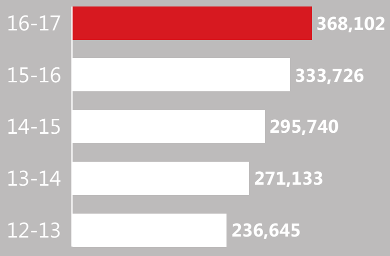
Revenue of AED 83.7bn (2015-16: AED 83.5bn) was up by AED 0.2bn. Transport revenue which accounted for 95% of the total revenue, decreased marginally by 0.3% to AED 79.4bn (2015-16: AED 79.6bn).

		2016-17	**2015-16**	**% change**
Passengers carried	million	56.1	51.9	8.1
Available seat km	ASKM million	368,102	333,726	10.3
Passenger seat km	RPKM million	276,608	255,176	8.4
Passenger seat factor	%	75.1	76.5	(1.4pts)

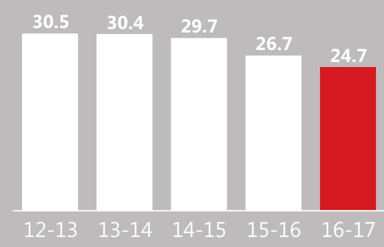
The introduction of new destinations, larger-sized aircraft and increased frequencies to existing destinations have successfully contributed to an increase in passenger numbers, RPKMs and cargo carried. However, a combination of unfavourable economic and business factors have suppressed the yields. This was further aggravated by the deterioration of currencies against the US$, adversely impacting the revenue by 3% (2015-16: 7%).

Non-transport revenue of AED 4.4bn (2015-16: AED 3.9bn) was up by 11% due to increased sales of consumer goods and higher sales at food and beverage outlets.

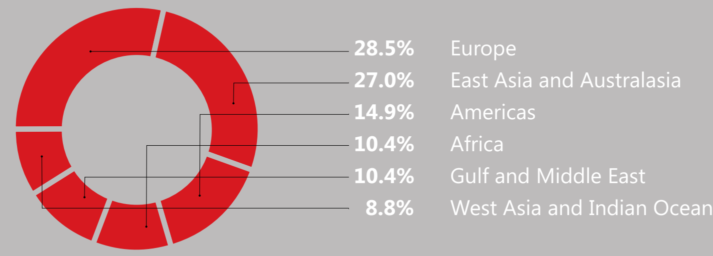
Available seat kilometres (ASKM) in millions



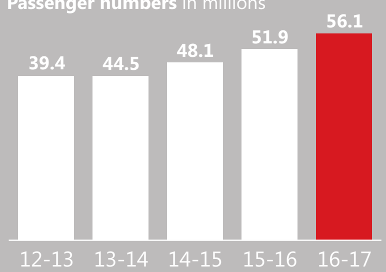
Passenger yield in fils per RPKM



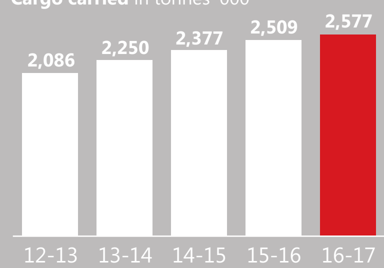
Geographical revenue in %



Passenger numbers in millions



Cargo carried in tonnes '000



Geographical revenue in AED bn

Year	Europe	East Asia and Australasia	Americas	Africa	Gulf and Middle East	West Asia & Indian Ocean	Total
2016-17	23.9	22.6	12.4	8.7	8.7	7.4	83.7
2015-16	24.0	22.4	12.0	9.1	8.4	7.6	83.5
% change	(0.4)	0.9	3.3	(4.4)	3.6	(2.6)	0.3

Passenger revenue and seat factor

We continued to record a significant growth in passenger traffic with an RPKM increase of 8.4%. However, lower yields due to reduced fares and an unfavourable currency impact neutralized the above gains and hence, our revenue numbers remained largely unchanged at AED 68.8bn (2015-16: AED 68.4bn).

In spite of a 10.3% increase in ASKMs this year, seat factor stood at a resilient 75.1% (2015-16: 76.5%). The premium class seat factor partly recovered from the decline in 2015-16 and was 1.9%pts higher than the previous year. The economy class seat factor has seen a drop and stood at 77.3% (2015-16: 79.2%).

The expanded capacity enabled Emirates to carry a record 56.1m passengers (2015-16: 51.9m). This increase of 8.1% (2015-16: 7.7%) and the introduction of six new passenger destinations, higher capacities and increased frequencies on existing routes demonstrate continued customer confidence in our product.

Cargo revenue

Cargo revenue decreased to AED 10.6bn, a reduction of 5% over the last year (2015-16: AED 11.1bn). This decline resulted from a combination of a fall in prices and depreciating exchange rate effects which were offset, to an extent, by higher volumes.

Cargo carried was up by 2.7% over the previous year to 2.6m tonnes. The increase in belly capacity with six new passenger destinations was complemented by a new freighter destination to Phnom Penh, Cambodia.

The freighter tonnage carried remained stable from last year while cargo carried in the belly of passenger aircraft grew by 3%. FTKM increased by 2.7% to 12.9bn tonnes. The yield, however, was lower on account of weakening currencies and route mix impact.

Non-transport revenue

The sale of consumer goods and food and beverages increased by 10%, largely due to the consumer business of Maritime and Mercantile International LLC operations in Dubai and Oman and new outlets opened in food and beverage businesses of Emirates Leisure Retail in the UAE and Australia.

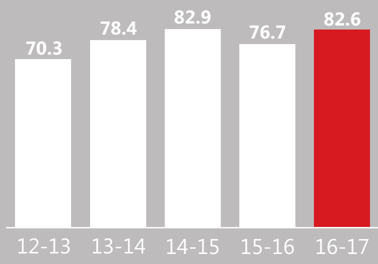
Revenue from hotel operations and associated food and beverages increased by 5% to AED 738m (2015-16: AED 700m).

The increase in other revenue of AED 142m is on account of higher revenue generated from the engine maintenance facility in Dubai.

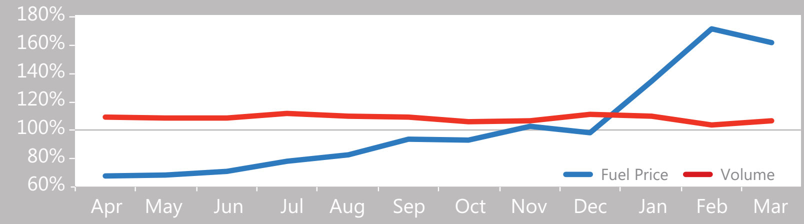
Revenue distribution

We continued our strategy of maintaining a diversified revenue base and the contribution from each geographical region remained under 30% of the total revenue. Europe remains the largest revenue contributor but was down slightly by AED 0.1bn or 0.4% to AED 23.9bn. Revenue from East Asia and Australasia increased marginally by 0.9% or AED 0.2bn to AED 22.6bn. Americas showed the highest growth during the year of AED 0.4bn or 3.3% to 12.4bn on account of two destinations (Fort Lauderdale and Newark) added during the year and the full year impact of Orlando, launched last year. Gulf and Middle East regions' revenues grew by 0.3bn or 3.6% to AED 8.7bn whereas revenue from Africa and West Asia and Indian Ocean fell by 4.4% and 2.6% respectively.

Operating costs in AED bn

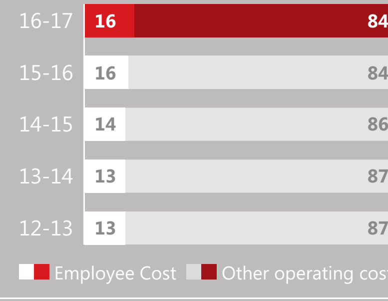


Fuel price and quantity development

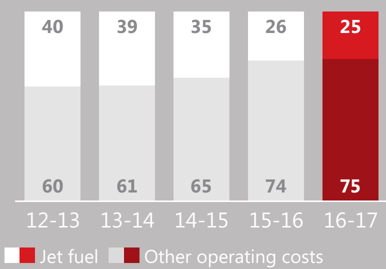


Graph represents % change in average monthly fuel price and quantity in 2016-17 indexed to 2015-16

Employee cost as % of operating costs

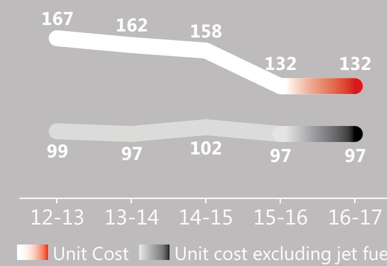


Jet fuel cost as % of operating costs



Operating costs in AED m	2016-17	2015-16	% change	2016-17 % of operating costs
Jet fuel	20,968	19,731	6.3	25.4
Employee	12,864	12,452	3.3	15.6
Aircraft operating leases	10,509	8,085	30.0	12.7
Depreciation and amortisation	8,304	8,000	3.8	10.1
Handling	5,885	5,646	4.2	7.1
Sales and marketing	5,698	5,893	(3.3)	6.9
In-flight catering and related costs	3,343	3,143	6.4	4.0
Overflying	2,851	2,711	5.2	3.5
Aircraft maintenance	2,738	2,513	9.0	3.3
Facilities and IT related costs	2,470	2,347	5.2	3.0
Landing and parking	2,057	1,992	3.3	2.5
Cost of goods sold	1,499	1,335	12.3	1.8
Crew layover	1,082	971	11.4	1.3
Corporate overheads (including fx loss)	2,358	1,895	24.4	2.8
Total operating costs	**82,626**	**76,714**	**7.7**	**100.0**

Unit cost in fils per ATKM



Expenditure

Operating costs

Operating costs of AED 82.6bn (2015-16: AED 76.7bn) increased by 8% which is marginally higher than the capacity growth of 7.2%. This is mainly attributable to non-fuel costs which were up by 8% as a result of our ongoing capacity expansion.

Weakening of major currencies against the US$ had a minimal impact on costs as the majority of expenses are US$ denominated except certain direct operating and sales and marketing costs.

Jet fuel costs

Jet fuel costs increased by 6% to AED 21.0bn (2015-16: AED 19.7bn) during the year. Despite an average fuel price reduction of 2%, jet fuel cost increased due to a higher fuel uplift of 8%. Consequently, fuel cost per ATKM remained stable at 35 fils.

Although jet fuel costs included an unfavourable result of fuel hedging amounting to AED 336m, we remained largely unhedged on jet fuel prices during the year and this strategy continues to be effective. We vigilantly evaluate and respond to fuel price risk on an ongoing basis.

Employee costs

Employee costs at AED 12.9bn (2015-16: 12.5bn) were up by 3% and remained the second highest cost element of total operating costs at 16%. Airline employee numbers increased by 7.5% commensurate with the steady capacity growth of 7.2%.

Aircraft operating leases

Aircraft operating lease charges rose by 30% or AED 2.4bn (2015-16: AED 1.2bn) due to the addition of 23 aircraft on operating lease in the current year as well as the full year impact of 31 aircraft taken on operating lease in the previous financial year (including 13 sale and leasebacks). This increase was partially offset by the phase out of 25 (2015-16: 6) aircraft on completion of lease terms.

Direct operating costs

The increase of AED 1.0bn (2015-16: AED 1.1bn) or 6% (2015-16: 7%) in direct operating costs including handling, in-flight catering, overflying, landing and parking, aircraft maintenance and crew layover was due to capacity growth and higher activity levels.

Other operating costs

The increase in depreciation and amortisation charge of 4% or AED 0.3bn was predominantly due to the addition of 12 aircraft coupled with the full year impact of last year deliveries.

Sales and marketing costs decreased by 3% and stood at AED 5.7bn (2015-16: AED 5.9bn). This drop is on account of a reduction in online advertising costs as we concluded two major online campaigns last year i.e., "Be There" and "Spin the Globe". Further decline in sales and marketing expenses is caused by lower selling and distribution costs, commensurate with unchanged transport revenue.

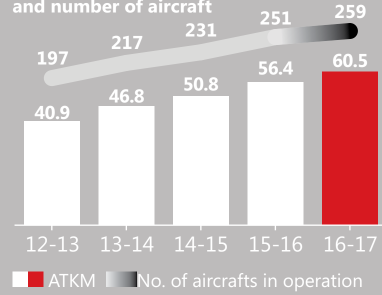
In the current financial year we also recorded a higher exchange loss of AED 0.3bn due to the devaluation of Nigerian Naira, Egyptian Pound and Sudanese Pound.

Unit cost

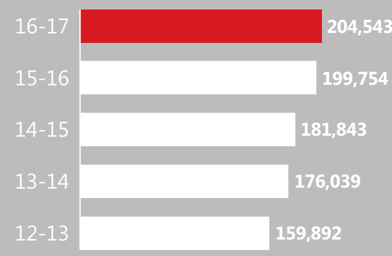
The total unit cost per ATKM has remained unaltered at 132 fils per ATKM (2015-16: 132 fils) and 97 fils per ATKM excluding jet fuel (2015-16: 97 fils).

Destinations

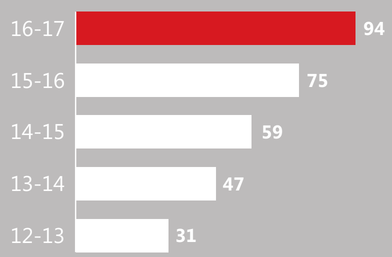
Available tonne kilometres (ATKM) in bn **and number of aircraft**



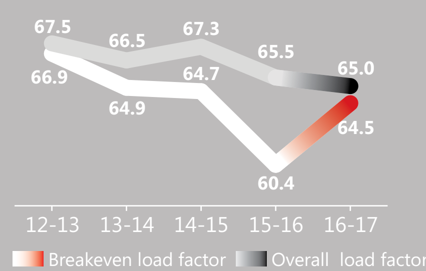
Aircraft departures



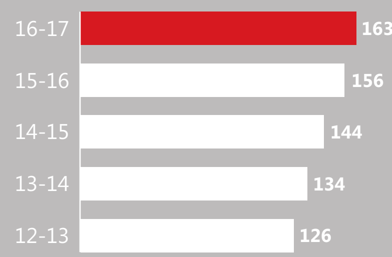
A380 aircraft numbers



Overall and breakeven load factor in %



B777 aircraft numbers



Capacity, traffic and load factor

In line with the airline's growth and fleet modernisation strategy, we added 35 new aircraft to our fleet and retired 27. As a result, the airline's capacity, measured in ATKMs, increased by 7.2% to 60.5bn (2015-16: 56.4bn) tonne kilometres. The utilisation of capacity, measured in RTKMs, showed a gradual increase of 6.4% over the last year and stood at 39.3bn (2015-16: 36.9bn) tonne kilometres.

Due to a robust growth of 8.1% in passengers carried (2015-16: 7.7%) and a moderate growth in cargo tonnage of 2.7% (2015-16: 5.6%), the overall load factor remained nearly unchanged at 65.0% (2015-16: 65.5%). While the unit cost per ATKM remained stable at 132 fils (2015-16: 132 fils), the break-even load factor increased considerably to 64.5% (2015-16: 60.4%) on account of reduction in yield by 6.2% to 204 fils per RTKM (2015-16: 218 fils).

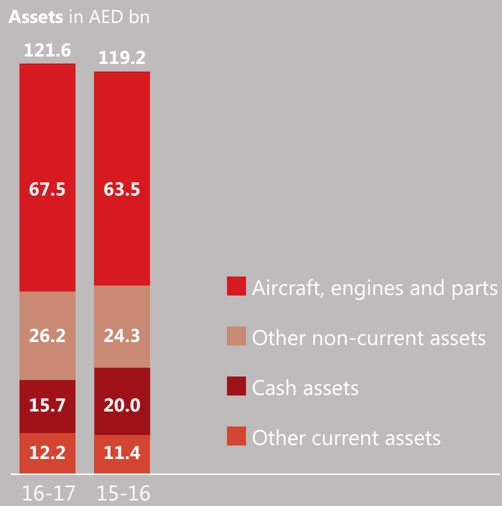
We added 19 new aircraft to our A380 fleet in the current year, taking our A380 fleet size to 94 aircraft. We continue to maintain our position as the largest operator of A380 aircraft. The high seat factor on the A380 fleet demonstrates the customer preference for this aircraft and our product offering. The fleet carried 37% (2015-16: 32%) of our passengers in 2016-17. With current A380 operations to 47 destinations, 30% (2015-16: 25%) of all cities across the Emirates network are served by an A380.

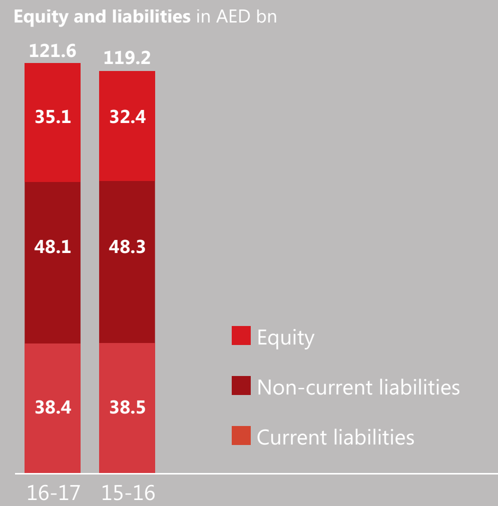
The B777 aircraft continues to form the largest part of the fleet composition. We have added an additional 16 aircraft to the fleet and phased out 9, which brings the total to 163. We remain the world's largest B777 operator and it accounts for almost 62% (2015-16: 64%) of the airline's capacity, carrying 61% (2015-16: 61%) of our passengers and 74% (2015-16: 73%) of cargo tonnage.

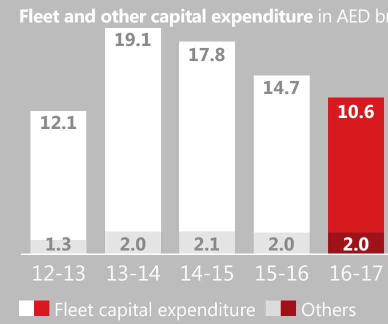
Aircraft departures increased by 2.4% to 204,543 (2015-16: 199,754) with growth in traffic resulting predominantly due to:

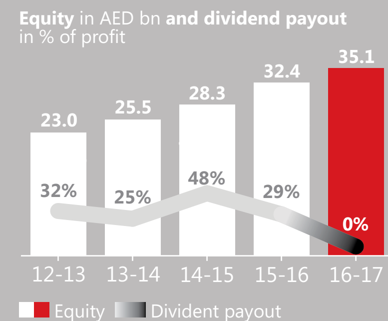
- Introduction of new passenger services to six destinations – Yinchuan, Zhengzhou, Yangon, and Hanoi were introduced in the first half of the financial year while Fort Lauderdale and Newark were added in the second half. Services to Conakry also resumed during the year.
- Higher frequencies to several existing destinations including Auckland, Cape Town, Geneva, Jeddah, London, Los Angeles, Medina, Munich and Riyadh.
- Increased capacity to existing destinations with larger aircraft mainly Amman, Barcelona, Beirut, Bangkok, Birmingham, Doha, Dusseldorf, Larnaca, Muscat and Taipei.
- New A380 services to Christchurch, Casablanca, Doha, Guangzhou, Prague, Sao Paulo, Taipei and Vienna.

		2016-17	2015-16	% change
Capacity (ATKM)	million	60,461	56,383	7.2
Load carried (RTKM)	million	39,296	36,931	6.4
Load factor	%	65.0	65.5	(0.5 pts)
Break even load factor	%	64.5	60.4	4.1 pts









Statement of financial position

Assets

Our total assets rose by AED 2.4bn to AED 121.6bn (2015-16: AED 119.2bn).

Aircraft and related assets increased due to the addition of 12 aircraft (2015-16: 10) through on balance sheet financing, reduced partly by depreciation charge. Other non-current assets are up due to the increase in advance lease rentals as 23 aircraft (2015-16: 31) were financed through operating lease.

Current assets witnessed a decline due to a reduction in cash assets of AED 4.3bn as we disbursed AED 4.1bn in bullet repayments for bonds that matured in June. Despite these outflows, cash assets stood strong at AED 15.7bn as at 31 March 2017.

Assets in AED bn	2016-17	2015-16	change	% change
Aircraft, engines and parts*	67.5	63.5	4.0	6.3
Other non-current assets	26.2	24.3	1.9	7.8
Cash assets	15.7	20.0	(4.3)	(21.5)
Other current assets	12.2	11.4	0.8	7.0
Total	**121.6**	**119.2**	**2.4**	**2.0**

*includes aircraft pre-delivery payments

Equity

Total equity rose by 8.3% to AED 35.1bn (2015-16: 32.4bn) on account of profit for the year, remeasurement gains on retirement benefit obligations and movement in hedge reserves. As a result, the equity ratio has improved to 29% compared to 27% in the last financial year.

The deficit in the cash flow hedge reserve reduced by AED 1bn due to favourable changes in the fair values of hedging instruments and the transfer of hedge losses to consolidated income statement on settlements of hedging deals. Due to the challenging trading conditions and in order to support Emirates' ongoing growth, the shareholder decided to retain this year's profit and hence no dividend was declared.

Liabilities

Total liabilities were marginally down by AED 0.3bn. Non-current liabilities fell by AED 0.2bn whereas current liabilities saw an inconsequential change of AED 0.1bn.

Capital expenditure

Capital expenditure of AED 12.6bn (2015-16: 16.7bn) is 24.5% lower compared to last year. This reduction is driven by lower pre-delivery payments in 2016-17 in line with the aircraft deliveries scheduled for 2017-18.

Primary capital expenditure comprising of aircraft spend, major maintenance overhauls, spare engines and parts represented 84% of the total capital expenditure. The total secondary expenditure amounted to AED 2.0bn (2015-16: AED 2.0bn), of which the majority was invested in staff accommodation, maintenance and training facilities to support the expansion of the airline.

Equity and liabilities in AED bn	2016-17	2015-16	change	% change
Total equity	35.1	32.4	2.7	8.3
Non-current liabilities	48.1	48.3	(0.2)	(0.4)
Current liabilities	38.4	38.5	(0.1)	(0.3)
Total	**121.6**	**119.2**	**2.4**	**2.0**

Overview
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Financial Information
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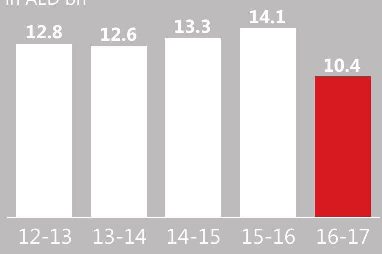
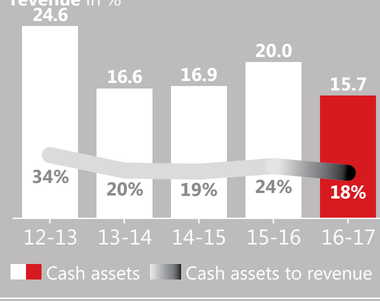
Additional Information

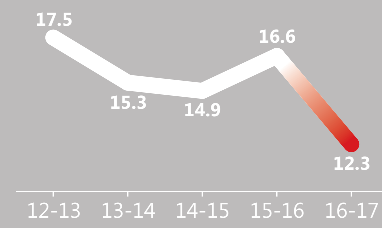
Cash generated from operating activities in AED bn



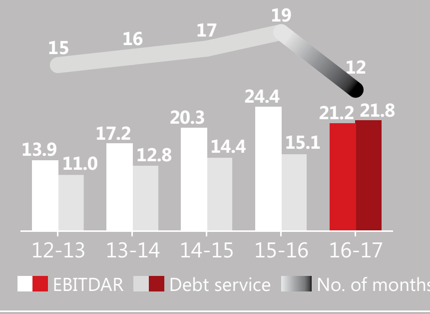
Cash assets in AED bn **and Cash assets to revenue** in %



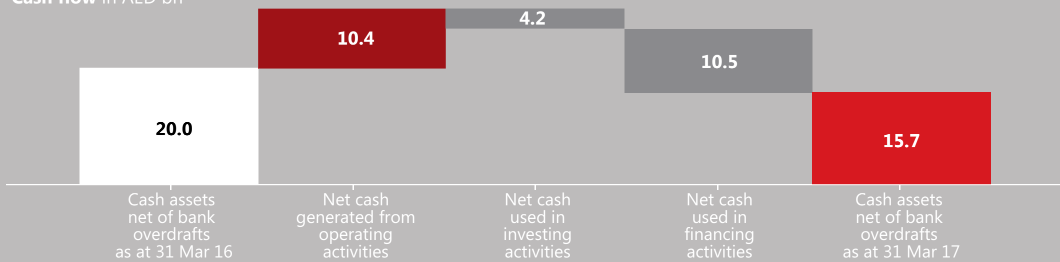
Operating cash margin in %



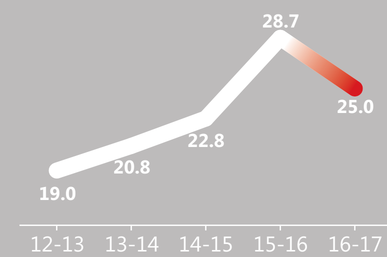
EBITDAR in AED bn **and debt service** in months



Cash flow in AED bn



EBITDAR margin in %



Cash position

Cash from operating activities

Cash generated from operating activities of AED 10.4bn (2015-16: AED 14.1bn) was impacted by lower profitability. However, this should be considered against the backdrop of the record operating cash flow of AED 14.1bn achieved last year.

Cash generated from operations was adequate to repay bullet bonds of AED 4.1bn and to fund the investments needed to further support our growth strategy.

Operating cash margin dropped to 12.3% (2015-16: 16.6%) due to reduction in cash generated from operating activities.

Cash assets

Cash assets including short term bank deposits are at a robust AED 15.7bn (2015-16: 20.0bn) and are expected to be sufficient to cover all commitments due in the next financial year when augmented by our aircraft and corporate financing programme. The cash assets to revenue and other operating income ratio decreased to 18% (2015-16: 24%) and is slightly below the target range of 25% +/- 5%. This drop is temporary and is largely driven by increased debt service during 2016-17.

EBITDAR

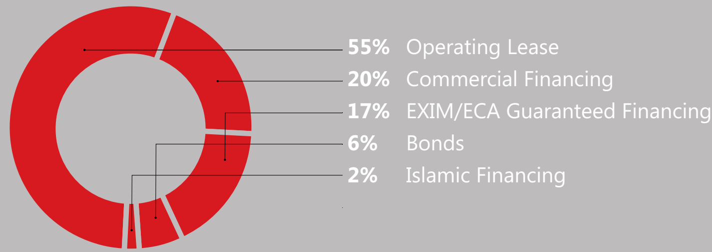
Cash profit from operations (EBITDAR) for 2016-17 stood at AED 21.2bn which is 13% lower than last year but the second highest ever reported by Emirates. Debt service payments of AED 21.8bn are 44% higher than previous year due to bullet bond payments of AED 4.1bn.

EBITDAR margin at 25.0% (2015-16: 28.7%) for the year is 3.7%pts lower than last year.

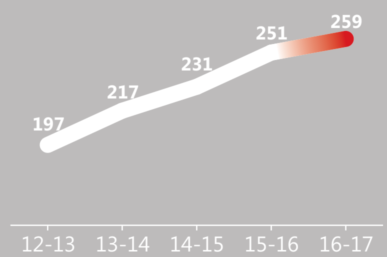
EBITDAR for the year equated to 12 months of debt service payments and lease rentals, including periodic principal and interest payments on aircraft financing and bonds. EBITDAR after debt service ratio was lower than last year due to reduced operating profit and higher debt service payments made during 2016-17.

	2016-17	2015-16	2014-15	2013-14	2012-13
EBITDAR in AED bn	**21.2**	**24.4**	**20.3**	**17.2**	**13.9**
Less: Debt service					
Repayment of bonds and loans	(5.6)	(1.7)	(0.6)	(2.5)	(2.2)
Repayment of lease liabilities	(4.4)	(4.1)	(5.6)	(2.7)	(2.1)
Operating lease rentals	(10.5)	(8.1)	(6.9)	(6.5)	(5.9)
Finance costs	(1.3)	(1.2)	(1.3)	(1.1)	(0.8)
Total	**(21.8)**	**(15.1)**	**(14.4)**	**(12.8)**	**(11.0)**
EBITDAR after debt service	**(0.6)**	**9.3**	**5.9**	**4.4**	**2.9**

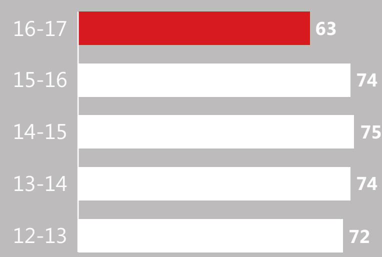
Sources of funding over last 10 years in %



Number of aircraft



Average fleet age in months



Fleet information (as at 31 March 2017)

Aircraft	in operation	of which on operating lease	of which on finance lease / loan	of which owned	on firm order	additional options
A 380-800	94	51	43	-	48	-
B 777-200LR	10	4	6	-	-	
B 777-300	9	7	-	2	-	-
B 777-300 ER	131	77	54	-	21	-
B 777-8X / 9X	-	-	-	-	150	50
Passenger	**244**	**139**	**103**	**2**	**219**	**50**
B 777-200LRF	13	13	-	-	-	-
B 747-400ERF	2	2	-	-	-	-
Total	**259**	**154**	**103**	**2**	**219**	**50**

Note: One A319 aircraft is used for Executive jet charters

Aircraft financing

Emirates raised a total of AED 29.1bn (USD 7.9bn) in aircraft financing during the year (funded through finance leases, operating leases and term loans) and has already received committed offers to finance all deliveries due in the forthcoming financial year.

Emirates continued to utilise the Japanese market for the Japanese Operating Lease (JOL) structure and Japanese Operating Lease with a Call Option (JOLCO) on both A380 and B777 aircraft, while further accessing a diverse institutional investor and bank market base including Korea, the United Kingdom, Germany and Spain.

Owing to the suspended Export Credit Agency (ECA) support, Emirates successfully structured an innovative AED 4.4bn (USD 1.2bn) commercial bridge facility with the US and Chinese institutions.

In June 2016, Emirates repaid a bullet bond in full for the value of USD 1bn on its maturity date. We also repaid a second bond in Singapore dollar totalling to SGD 150m. We repaid both bonds from our cash resources. Since 2010, Emirates has fully repaid six bonds, including sukuks (Islamic bonds), totalling to AED 10.4bn (USD 2.8bn).

Having raised more than AED 173.7bn (USD 47.3bn) over the last 10 years, Emirates continues to maintain a well-diversified and evenly spread financing portfolio. Utilising various sources of funding, both in terms of structure and geography, Emirates continues to adopt a resilient long term financing strategy.

Fleet information

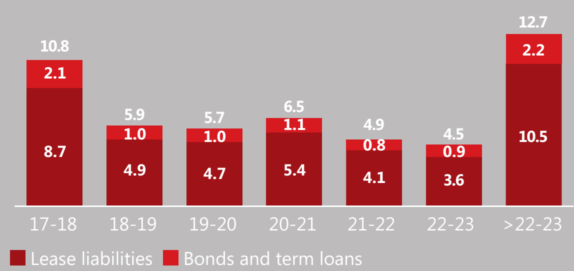
During the financial year, Emirates took delivery of a record 35 wide-body aircraft which comprises of 16 B777s from Boeing and 19 A380s from Airbus. It is the highest number of deliveries the airline has taken in a financial year. As we scale up, in line with our commitment to maintain a young and modern fleet, we retired 27 of our older aircraft. Emirates continues to remain the world's largest B777 operator with 163 aircraft encompassing most variants of the B777 family. The airline is also the largest A380 operator with 94 twin deck units in its fleet.

We operate one of the youngest fleet in the industry with an average age of 63 months (2015-16: 74 months) compared with an industry average of 140 months.

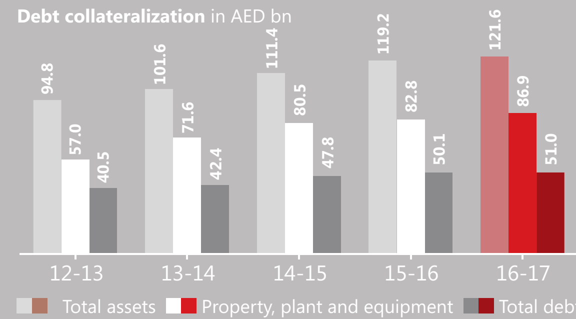
Continuing with our resolve to maintain one of the world's youngest fleet, we will receive 19 new aircraft deliveries and retire 9 older aircraft in the next financial year. This resonates with our commitment to enhance levels of service that our customers have come to expect from us.

We are the first and only airline in the world to operate an all Airbus A380 and Boeing B777 wide-body fleet. The airline reached this milestone when we retired our last A330s and A340s in January 2017.

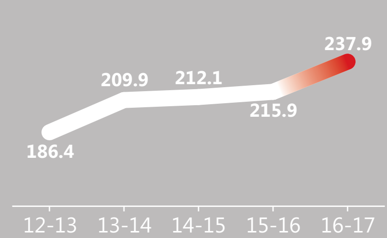
Debt repayment profile in AED bn



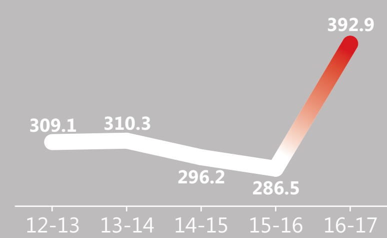
Debt collateralization in AED bn



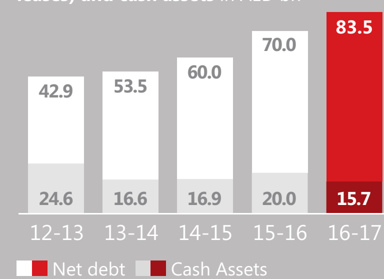
Net debt (including aircraft operating leases) to equity ratio in %



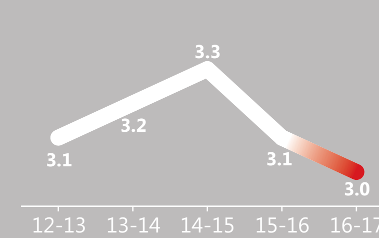
Net debt (including aircraft operating leases) to EBITDAR ratio in %



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 marginally by 1.8% over the previous year to AED 51.0bn (2015-16: AED 50.1bn). The non-current portion of AED 40.2bn (2015-16: 40.8bn) represents 84% (2015-16: 84%) of the non-current liabilities while the current portion of AED 10.8bn (2015-16: AED 9.3bn) represents 28% (2015-16: 24%) of the current liabilities.

Total borrowing and lease liabilities increased as a result of new financing for 12 aircraft, offset by repayments of bonds, term loans and finance lease liabilities.

The ratio of total borrowings and lease liabilities to total equity improved to 145% (2015-16: 155%) due to an increase in equity.

The net debt (including aircraft operating leases) to equity ratio increased to 237.9% (2015-16: 215.9%) due to increased operating lease liabilities and lower cash assets.

Net debt to EBITDAR ratio

The net debt including aircraft operating leases to EBITDAR ratio increased to 392.9% (2015-16: 286.5%) following the increase in net debt and decline in EBITDAR.

Debt service

Debt service payments including loans, bonds, finance lease liabilities and the related finance costs payments amounted to AED 11.3bn (2015-16: AED 7.0bn) up by 61% or AED 4.3bn. This rise in debt servicing is attributable to two bullet bonds that matured and were repaid in June 2016 for the value of AED 3.7bn (USD 1.0bn) and AED 408m (SGD 150m).

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. With the payment of two bullet bonds during the year, all of the remaining debt is amortising.

Debt collateralization

Of the total debt of AED 51.0bn, 89% or AED 45.4bn is secured against property plant and equipment. The remaining debt of AED 5.6bn is adequately covered against the carrying value of unencumbered assets amounting to AED 28.8bn.

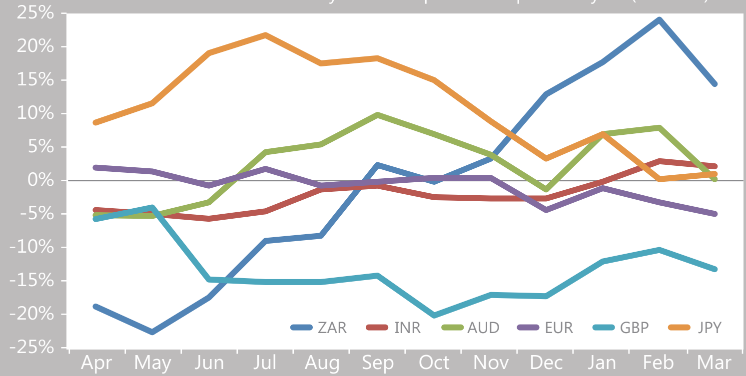
Interest rate and currency risk

Interest rates

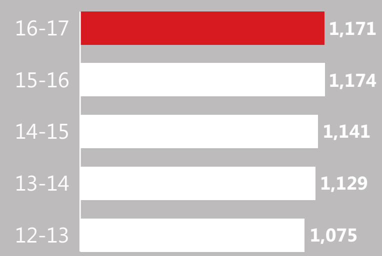
With our ongoing fleet acquisition, we continue to use natural hedges and other prudent hedging solutions such as swaps to manage our interest rate exposures. We target a risk-managed portfolio approach, whilst taking advantage of market movements, with long-term view of hedging around half of our interest rate risk exposures. Borrowings and lease liabilities (net of cash) including the off balance sheet aircraft on operating lease at 31 March 2017, comprise 75% on a fixed interest rate basis with the balance 25% on floating interest rates.

At 31 March 2017, borrowings and lease liabilities carry an effective interest rate of 3.0% (2015-16: 3.1%).

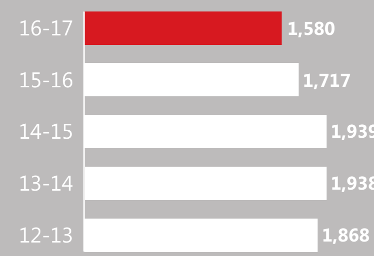
Currency development Graph represents the monthly % change of our six major currency rates compared with previous year (2015-16)



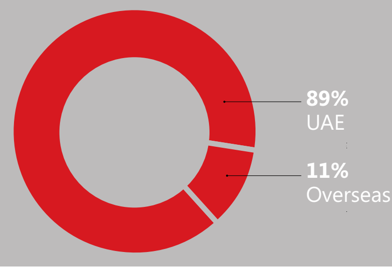
Capacity per airline employee in ATKM '000



Revenue per airline employee in AED '000



Geographical work force in %



Employee strength	2016-17	2015-16	% change
UAE			
Cabin crew	24,440	21,722	12.5
Flight deck crew	4,169	3,868	7.8
Engineering	3,392	3,215	5.5
Others	13,771	13,352	3.1
	45,772	**42,157**	**8.6**
Overseas stations	5,856	5,866	(0.2)
Total Airline	**51,628**	**48,023**	**7.5**
Subsidiary companies	**13,140**	**13,182**	**(0.3)**
Average employee strength	**64,768**	**61,205**	**5.8**

Currency

We generate a 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 period up to 12 months depending on market conditions by using prudent hedging solutions including forward contracts, currency swaps and natural hedges. For the year ended 31 March 2017, financial instruments provided hedge coverage between 30% and 42% of net surplus in these currencies.

The foreign currency graph depicts the percentage change in average monthly currency rates of our six major currencies compared with previous year. There is no clear trend in exchange rate variations this year, however, our major currencies have shown signs of improvement during the last quarter. South African rand has shown maximum volatility whereas Pound sterling and Japanese yen have consistently remained below and above last year's average rates respectively. The remaining currencies have continued to remain stable in comparison to prior year levels with a slight appreciation in Australian dollar offset by a minor depreciation in Indian rupee.

Currency	Average rate 2016-17	Average rate 2015-16	% change
EUR	4.017	4.048	(0.8)
GBP	4.784	5.516	(13.3)
AUD	2.763	2.700	2.3
INR	0.055	0.056	(2.1)
ZAR	0.263	0.267	(1.7)
JPY	0.034	0.031	10.9

The movements in exchange rates compared to the previous financial year had an overall negative impact of AED 2.1bn on Emirates' operating result.

These six currencies account for circa 41% (2015-16: 41%) of transport revenue while USD, AED and other Gulf currencies pegged to the US dollar account for another 36% (2015-16: 37%) of transport revenue.

Employee strength and productivity

The average workforce increased by 3,563 or 5.8% to 64,768.

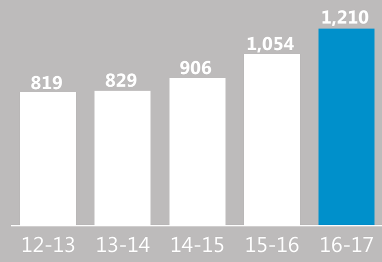
The average number of employees in the airline increased by 3,605 or 7.5% to 51,628. The largest part of the growth comes from the cabin and flight deck crew as well as from an increase in the engineering workforce to support the steady growth in our fleet size and maintenance events. Overseas stations and subsidiary companies staff remained almost flat.

The airline's employee productivity related key performance indicators remained largely steady in line with growth in capacity, however, are impacted by the drop in revenue:

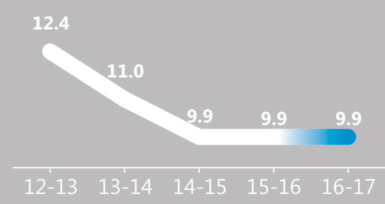
- Revenue per airline employee has dropped to AED 1,580 thousand (2015-16: AED 1,717 thousand) due to the drop in revenue.
- Capacity per airline employee remained stable at 1,171 thousand ATKM (2015-16: 1,174 thousand ATKM).
- The load carried per airline employee declined marginally to 761 thousand RTKM (2015-16: 769 thousand RTKM).

dnata FINANCIAL COMMENTARY

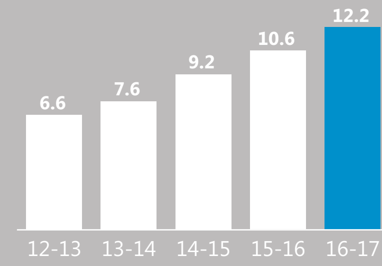
Profit attributable to the Owner in AED m



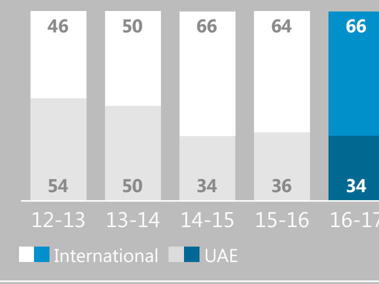
Profit margin in %



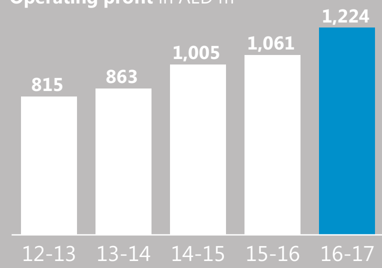
Total revenue trend in AED bn



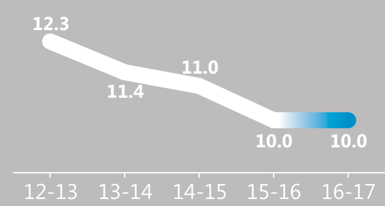
Geographical revenue in %



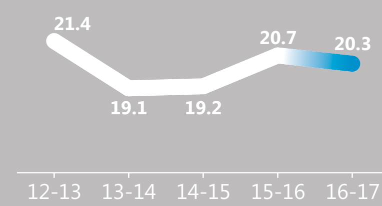
Operating profit in AED m



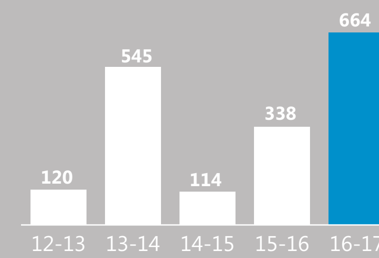
Operating margin in %



Return on shareholder's funds in %



Acquisitions in AED m



dnata's success story this year builds on last year's performance. Previous records have been broken and new ones set. Total revenue crossed the AED 12bn mark (2015-16: AED 10.6bn) and profit attributable to the Owner surpassed AED 1.2bn (2015-16: AED 1.1bn). At the heart of this success lies dnata's two-pronged growth strategy of international acquisitions and organic expansion. Despite challenging market conditions that engulfed the travel and aviation sectors this year, a diversified business model underpinned by excellent customer service helped dnata write the most successful chapter in its 58-year history.

Acquisitions

Like in previous years, dnata continued to grow its footprint across the globe. Amounts invested in new and existing businesses were at record levels. In April 2016, dnata acquired the full ownership of Ground Services International, Inc. ("GSI") and Metro Air Service, Inc. ("Metro") based in the United States of America ("US") through its wholly owned subsidiary, dnata Aviation Services Limited, UK ("DASL"). GSI and Metro are leading ground handling and mail handling providers with a presence at 25 airports in the US.

In April 2016, dnata also obtained 100% control of Transecure LLC ("Transecure"), by acquiring the remaining 50% interest. Transecure is a Dubai based business providing staff related accommodation solutions.

In July 2016, dnata acquired 95% ownership of Air Dispatch, (CLC) s.r.o, Prague, Czech Republic along with its 100% owned Polish subsidiary Air Dispatch (CLC) Spolka z.o.o,, Warsaw, Poland, (together, "Air Dispatch") through DASL. Air Dispatch is the world's leading provider of load control services to the airline industry from its various operating centres.

In November 2016, dnata further increased its presence in the Americas by acquiring a 50% stake in G.T.A Ground Handling Limited and G.T.A World Cargo Limited (collectively "GTA Aviation") which has operations at Toronto Pearson International Airport, Canada.

In September 2016, dnata obtained 77% control in Oman United Agencies Travel LLC ("OUA"), by acquiring an additional 26.9% shares. OUA provides travel services in Oman.

Profitability

Profit attributable to the Owner and profit margin

The profit attributable to the Owner for 2016-17 crossed AED 1.2bn (2015-16: AED 1.1bn), up 15% over the previous year. dnata's UAE airport operations contributed significantly to this year's profit, supported by acquisitions made in the current year and the full year impact of last year's acquisitions. The profit margin for the year remained stable at 9.9%.

Return on shareholder's funds

The return on shareholder's funds is 20.3% (2015-16: 20.7%) and represents a healthy return on equity.

Operating profit and margin

Operating profit grew by 15% to AED 1.2bn (2015-16: AED 1.1bn). The operating margin remained unchanged at 10% despite challenging trading conditions in the travel and aviation sectors and a depreciation of Pound sterling post Brexit.

Total revenue

dnata's total revenue witnessed a sharp increase of 15% or AED 1.6bn to AED 12.2 (2015-16: AED 10.6bn).

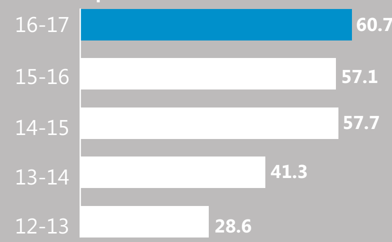
All major lines of business recorded an increase in revenue except for travel services. Within the core business lines, the highest growth of 59% or AED 1.2bn was achieved by International airport operations resulting from new acquisitions in the US and Czech Republic augmented by the full year results of dnata Netherlands ("dnata BV"), dnata Brazil and dnata Italy.

The share of geographic revenue from operations outside the UAE stands at 66% (2015-16: 64%). This is consistent with dnata's strategy to grow the international business in a controlled manner and further diversify its customer base.

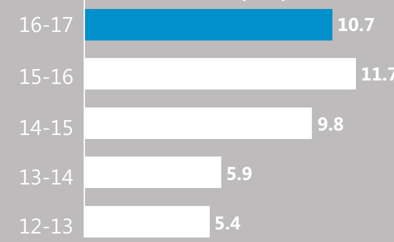
Revenue by Line of Business

Revenue in AED m	2016-17	2015-16	% change	% of total
International airport operations	3,328	2,096	58.8	27.8
Travel services	3,136	3,306	(5.1)	26.2
UAE airport operations	3,023	2,851	6.0	25.2
Catering services	2,010	1,886	6.6	16.8
Other revenues	485	283	71.4	4.0
Total	**11,982**	**10,422**	**15.0**	**100.0**

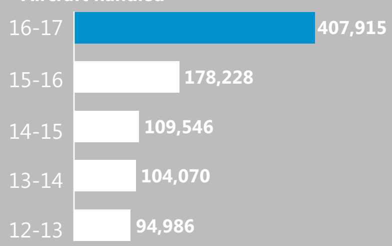
Catering
- Meals uplifted number in millions



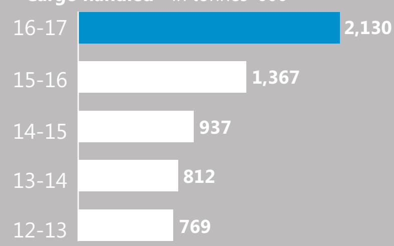
Travel services
- Total Transaction Value (TTV) in AED bn



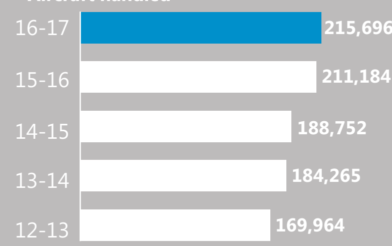
International airport operations
- Aircraft handled



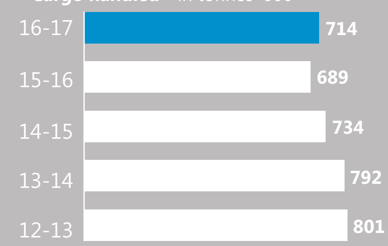
International airport operations
- Cargo handled - in tonnes '000



UAE airport operations
- Aircraft handled



UAE airport operations
- Cargo handled - in tonnes '000



International airport operations

International airport operations became the largest business segment by revenue in dnata. It recorded revenues of AED 3.3bn (2015-16: AED 2.1bn). This significant growth is a result of the current year acquisitions of GSI and Metro in the US, Air Dispatch in Czech Republic and the full year effect of the acquisitions in Netherlands, Brazil and Italy made in the previous year.

The operations also grew organically through adding new airports, building new cargo terminals and gravitating new customers primarily in Brazil, US, Australia, Singapore, Pakistan and the UK. dnata also launched passenger handling operations at Amsterdam's Schipol Airport. Cargo operations further grew in the UK with the fully operational warehouses opened in the prior year.

The acquisition of Air Dispatch, a global market leader in providing centralised load planning services to the airline industry has broadened the range of services we offer to our customers.

Growth in terms of aircraft handled was 129% to 407,915 (2015-16: 178,228). The main drivers for this increase are the acquisition of GSI and full year impact of dnata Brazil and dnata Italy.

Cargo tonnage handled grew by 56% to 2,130 thousand tonnes (2015-16: 1,367 thousand tonnes) due to the acquisition of Metro which is the leading United States Postal Services handling provider, boosted by the full year impact of dnata BV and the increased focus on cargo operations in DASL.

Travel services

Travel services revenue declined by 5% to AED 3.1bn (2015-16: AED 3.3bn) primarily driven by depreciation of Pound sterling and the challenging business environment across all segments of global travel industry. This was offset by the impact of OUA consequent to dnata acquiring its control.

The underlying travel services related turnover measured by Total Transaction Value (TTV) decreased by 9% to AED 10.7bn (2015-16: AED 11.7bn).

The strategic investments in UK have borne fruit as our travel business in the country accounts for 84% (2015-16: 83%) of the total travel revenues driven off the back of strong demand within the UK, a successful turnaround in Travel Republic and continued delivery of synergies from our UK acquisitions.

This year, dnata invested in a global telephony initiative connecting our various contact centres in the Middle East, UK and Philippines on to a single unified technology platform to drive long term efficiencies and enhance customer experience.

UAE airport operations

UAE airport operations recorded revenues of AED 3.0bn (2015-16: AED 2.9bn). The 6% growth relates to the ground handling operations at Dubai International airport (DXB) which included the first full year operations from Concourse D. The Marhaba service line has been a success story for UAE operations with passenger numbers handled increasing by 45% compared to the previous year.

Cargo volumes handled were up by 4% to 714 thousand tonnes against the previous year and were impacted by ongoing weak global economic conditions. Earlier this year, dnata reached a key milestone at Dubai World Central Al Maktoum International airport (DWC) crossing one million tonnes of cargo handled since the commencement of operations in 2011.

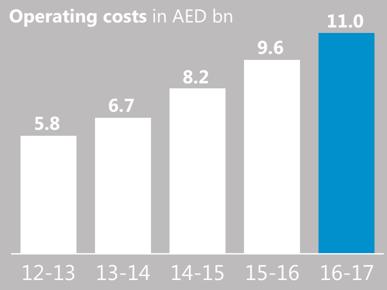
The number of aircraft handled at both UAE airports was 215,696 (2015-16: 211,184), an increase of 2% compared to previous year.

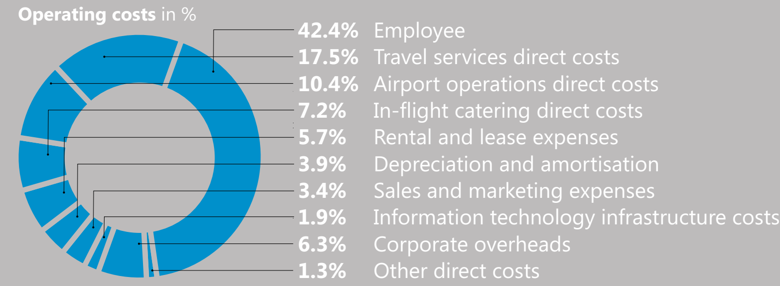
Catering

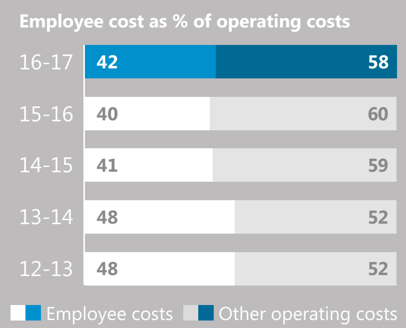
Revenue from catering activities increased by 7% to AED 2.0bn (2015-16: AED 1.9bn) on account of strong business growth in Australia and Romania. This growth was partly offset by reduced volumes in Italy and depreciation of Pound sterling.

We enhanced our operations in Australia with the opening of its new facility in Cairns and investing in new kitchens at Melbourne and Canberra.

Meals uplifted during this financial year are up by 6% to 60.7m (2015-16: 57.1m).







Operating costs in AED m	**2016-17**	**2015-16**	**% change**	**2016-17 % of operating costs**
Employee costs	4,654	3,847	21.0	42.4
Direct costs				
- Travel services	1,913	1,951	(1.9)	17.5
- Airport operations	1,138	949	19.9	10.4
- In-flight catering	794	715	11.0	7.2
- Other	141	86	64.0	1.3
Rental and lease expenses	627	537	16.8	5.7
Depreciation and amortisation	423	323	31.0	3.9
Sales and marketing expenses	370	418	(11.5)	3.4
Information technology infrastructure costs	204	199	2.5	1.9
Corporate overheads	694	544	27.6	6.3
Total operating costs	**10,958**	**9,569**	**14.5**	**100.0**

Expenditure

Operating costs at AED 11.0bn (2015-16: AED 9.6bn) increased by 15% or AED 1.4bn. The increase relates mainly to the acquisition of GSI and Metro in the US, the full year impact of dnata BV, dnata Brazil, dnata Italy and Plafond acquired in the previous year and the organic growth in existing lines of business. This increase was offset partially due to the depreciation of Pound sterling against the US dollar.

Employee costs

Employee costs increased by 21% to AED 4.7bn (2015-16: AED 3.8bn) and continues to be the single largest element at 42% of operating costs (2015-16: 40%).

The increase in employee costs is mainly attributable to the 20% increase in dnata's employee base compared to the previous year due to the new acquisitions and the expansion of existing operations.

Direct costs

Direct costs at AED 4.0bn are 8% or AED 285m higher than the previous year.

Direct cost for travel services were AED 1.9bn (2015-16: 2.0bn) or 2% lower compared with the previous year on account of depreciation of Pound sterling. These costs include the cost for travel packages sold where dnata acts as the principal in a transaction and recognises revenue on a gross basis.

Airport operations direct cost increased by 20% to AED 1.1b (2015-16: AED 949m). This increase is due to the acquisition of GSI and Metro in the US and the full year impact of dnata BV, dnata Brazil and dnata Italy.

In-flight catering related direct costs at AED 794m (2015-16: AED 715m) increased by 11% over the previous year due to the strong growth in Australia, Romania and Czech Republic slightly offset by declining growth in Italy and Jordan.

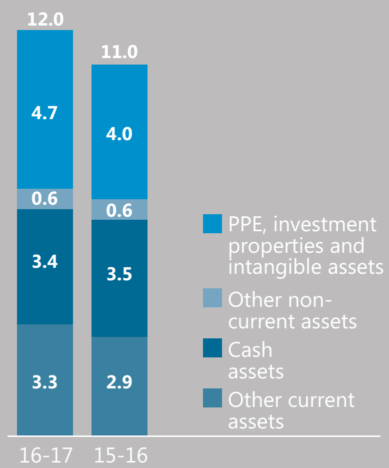
Direct costs – Other increased by 64% to AED 141m resulting from the full year integration of Plafond.

Other operating costs

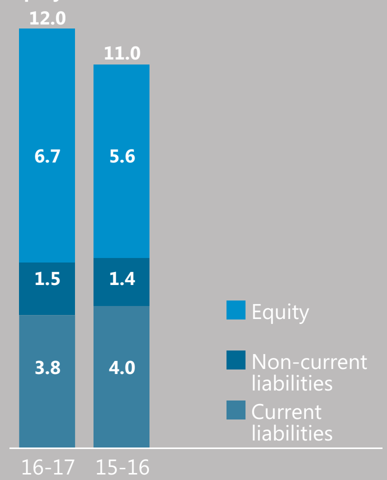
The decrease in sales and marketing costs of 12% to AED 370m (2015-16: AED 418m) is on account of the deterioration of Pound sterling and the discontinuance of Travel Republic websites in Spain and Italy in early 2016 offset slightly by higher costs in other Travel businesses.

The increase in rentals and lease expenditure and corporate overheads are primarily on account of acquisitions made during the financial year and the full year impact of last years' acquisitions.

Assets in AED bn



Equity and liabilities in AED bn



Assets in AED m	**2016-17**	**2015-16**	**change**	**% change**
PPE, investment properties and intangible assets	4,716	3,985	731	18.3
Other non-current assets	656	605	51	8.4
Cash assets	3,398	3,465	(67)	(1.9)
Other current assets	3,277	2,923	354	12.1
Total	**12,047**	**10,978**	**1,069**	**9.7**

Equity and liabilities in AED m	**2016-17**	**2015-16**	**change**	**% change**
Equity	6,706	5,554	1,152	20.7
Non-current liabilities	1,542	1,362	180	13.2
Current liabilities	3,799	4,062	(263)	(6.5)
Total	**12,047**	**10,978**	**1,069**	**9.7**

Statement of financial position

Assets

Total assets have grown by 10% or AED 1.0bn to AED 12.0bn.

Net investment in property, plant and equipment is up strongly by 9% to AED 1.8bn (2015-16: AED 1.7bn). dnata invested more than AED 500m to enhance its service offering in catering, ground handling and cargo. The investments made include enhanced infrastructure in our catering businesses in Australia and Romania, new ground handling equipment for new stations in Brazil, a new maintenance facility in Singapore and continued investment in dnata's operations at DXB, DWC, US and Italy.

With the conversion of Transecure to a fully-controlled subsidiary from April 2016, investment property pertaining to the accommodation facility has been added as a new line in dnata's balance sheet.

Intangible assets increased to AED 2.6bn (2015-16: AED 2.3bn). Acquisitions in the year resulted in AED 599m higher goodwill and customer relationships. The annual amortisation charge and the impact of currency depreciation (primarily Pound sterling) negatively affected the intangible assets value. The carrying value of goodwill which accounts for 73% (2015-16: 75%) of the net book value of intangible assets is confirmed on an annual basis through impairment testing.

Investments accounted for using the equity method stand at AED 407m (2015-16: AED 385m) with the increase on account of the investment in GTA Aviation, a new joint venture in the dnata family.

Trade and other receivables, increased by AED 405m or 14% compared to 2015-16, resulting from the new acquisitions which include GSI and Metro in the US and OUA in Oman, supplemented by organic growth in group's fit-out business in Plafond.

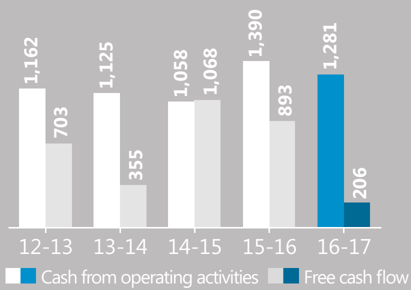
Equity and liabilities

Total equity at AED 6.7bn reflects a healthy growth of 21% over last year. The increase is mainly on account of the record profit for the year, slightly offset by the depreciation of Pound sterling.

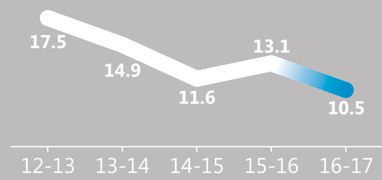
Borrowings and lease liabilities have increased by 51% to AED 993m (2015-16: AED 658m) due to loans taken for the US acquisitions and working capital requirements in UK and Australia.

Trade and other payables have decreased by 11% to AED 3.5bn (2015-16: AED 4.0bn) due to the prior year dividend pay-out to the parent company and acquisition related deferred consideration offset to some extent by the new acquisitions made during the year.

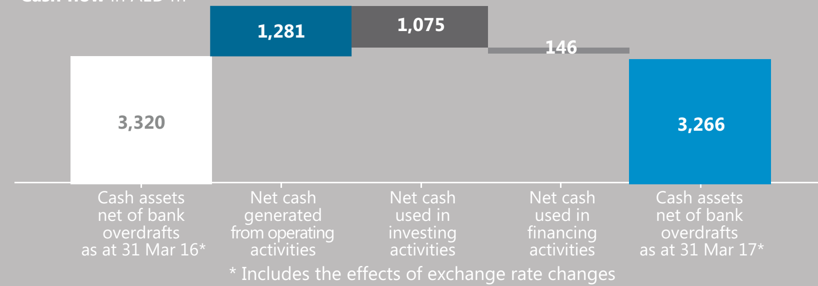
Free cash flow in AED m



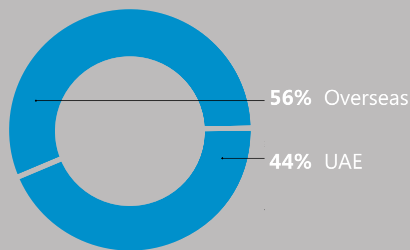
Operating cash margin in %



Cash flow in AED m

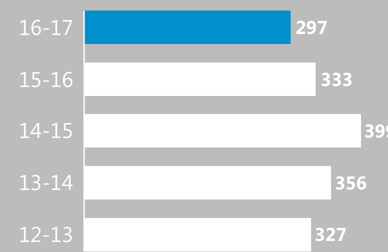


Geographical work force in %



Employee strength (in numbers)			
	2016-17	**2015-16**	**% change**
International airport operations	16,324	11,534	41.5
UAE airport operations	12,161	11,280	7.8
Catering	4,645	4,434	4.8
Travel services	4,017	3,619	11.0
Others	3,831	3,250	17.9
Average employee strength	**40,978**	**34,117**	**20.1**

Revenue per employee in AED '000



Cash position

Cash from operating activities

Cash generated from operating activities is slightly down to AED 1.3bn from last year's record figure (2015-16: AED 1.4bn) on account of working capital requirements. Operating cash margin is lower at 10.5% (2015-16: 13.1%) and is the result of working capital committed towards enhanced operations.

Cash assets

Cash assets continue to remain strong, marginally lower from prior year at AED 3.4bn (2015-16: AED 3.5bn). The decrease is on account of the dividend pay-out related to 2015-16 and our investments during the year.

Employee strength and productivity

Employee strength

During 2016-17, the average workforce increased by 6,861 or 20% to 40,978 being the strongest employee increase in a single year for dnata.

With the growth in international operations, the workforce employed overseas is 56% (2015-16: 52%) primarily due to the new acquisitions.

International airport operations continue to be the leading business unit in dnata in terms of workforce strength with 16,324 staff, 40% of total group workforce (2015-16: 34%). The significant increase of 42% compared to the prior year is caused by the acquisitions in the US and the Czech Republic.

dnata's UAE airport operations average employee count increased by 8% to 12,161 (2015-16: 11,280) broadly in line with the increase in operations.

Average employee count for Travel services increased by 11% to 4,017 (2015-16: 3,619) due to the acquisition of OUA in Oman and increase in call centre operations in Clark, Philippines.

Workforce growth in the catering business of 5% is consistent with the revenue growth.

The 18% staff increase in Others to 3,831 (2015-16: 3,250) is driven by the increase in fit-out services staff at Plafond.

Productivity

Revenue per employee was down by 11% to AED 297,000 (2015-16: AED 333,000) on account of work-force intensive acquisitions in the US, Brazil and Italy.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES

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Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Emirates and its subsidiaries (together referred to as "Emirates") as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Emirates' consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 March 2017;
- the consolidated statement of comprehensive income for the year ended 31 March 2017;
- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of changes in equity for the year ended 31 March 2017;
- the consolidated statement of cash flows for the year ended 31 March 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of Emirates in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including amongst other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The areas, in our professional judgement, that are of most significance to the audit ('Key audit matters') and where we focused most audit effort during the year were:

Key Audit Matters	• Timing of recognition and accuracy of passenger and cargo revenue • Accounting for the 'Skywards' frequent flyer programme • Lease classification and the related lease accounting • Accounting for aircraft return conditions

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of Emirates, the accounting processes and controls, and the industry in which Emirates operates.

PricewaterhouseCoopers (Dubai Branch), License no. 102451 Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me
Douglas O'Mahony, Paul Suddaby, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES (continued)

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Timing of recognition and accuracy of passenger and cargo revenue When a flight booking is made, passenger and cargo revenue is initially deferred on the statement of financial position and is measured based on the sales price to the customer, net of commissions and discounts. Revenue is recognised in the income statement when a passenger or the cargo has flown (refer to notes 2, 3 and 5 to the consolidated financial statements). The determination of the amount of revenue to be recognised for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. The timing of revenue recognition for unused tickets requires judgement due to the timeframe over which tickets can be utilised varying due to the large number of fare types sold by Emirates. Management has determined the value of unused revenue documents that will not be utilised based on ticket validity and historical expiry trends. We focused on this area as a result of the complexity of the internal IT systems and the significant level of judgement required by management in determining the timing of recognition of unused revenue documents.	We reviewed a sample of the terms and conditions attached to revenue documents by fare class and applied our understanding of those terms and conditions in evaluating management's judgements used to determine the timing of recognition of unused revenue documents. We performed detailed end-to-end walkthroughs of the finance and operational processes surrounding the revenue system, utilising our understanding from the prior years to reassess the design effectiveness of the key internal controls and identify changes, if any. We then conducted testing of the operating effectiveness of these controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. We tested the key IT systems that impact the recognition of revenue from passenger and cargo sales including the change control procedures and related application controls. We performed computer assisted audit techniques over the passenger and cargo revenue and appropriate substantive tests of manual journal entries posted into relevant revenue accounts in the sub-ledger and general ledger. We obtained data supporting Emirates' historical expiry trend in respect of unused revenue documents. In addition to performing controls based testing as described above, we tested a sample of revenue documents from the source data to ascertain whether they were accurately recorded. We then compared the historical expiry data to that used by Emirates in their calculation of the amount of revenue to recognise from unused revenue documents.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES (continued)

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Key audit matter	How our audit addressed the Key audit matter
Accounting for the 'Skywards' frequent flyer programme Emirates operates a frequent flyer programme ('Skywards') in order to encourage and incentivise loyalty from its customers. Skywards members either earn Skywards miles after a flight has been paid for and flown, or from Skywards partners that purchase miles from Emirates to issue to their customers. Skywards miles can be redeemed for reductions in airfares as well as being used towards free flights, cabin class upgrades and other non-airline rewards. The fair value of unused miles issued to Skywards members when flights are flown, and consideration received for miles issued to Skywards members from sales to partners with a total value of AED 2,465 million, is recognised in the statement of financial position as deferred revenue (refer to notes 2,3 and 27 to the consolidated financial statements). The fair value per mile is calculated using a model incorporating a number of factors including historical sector average fares, fares for upgrades, ticket and upgrade availability and redemption patterns. An estimate is also made of the number of miles that will expire based on historical expiry patterns and anticipated future changes to the programme. We focused on this area because of the significant level of judgement exercised by management in determining the underlying assumptions within the model.	We tested management's model supporting the calculation of Skywards deferred revenue as follows: • we assessed the process and related controls by which deferred revenue is calculated; • we tested automated controls and key interfaces around the systems used to initially record the Skywards miles for each member and ensured that data from the systems is accurately recorded in the model; • we re-performed calculations within the model; • we tested the key assumptions within the model including agreeing historical expiry trends supporting the expiry percentage to underlying reports, discussing anticipated future changes to the Skywards programme that may impact expiry trends with appropriate senior management, testing ticket and upgrade availability to internal supporting evidence and agreeing a sample of fares to published market fares; and • we performed sensitivity analysis on the key assumptions and variables used in the model.
Lease classification and the related lease accounting Emirates operates aircraft under both finance and operating lease arrangements and during the year entered into sale and leaseback transactions on new aircraft deliveries (refer to notes 2, 3, 20 and 23 to the consolidated financial statements). In determining the appropriate lease classification, IAS 17 - "Leases" is applied by Emirates and the substance of the transaction rather than just the legal form is considered. Factors considered include but are not limited to the following: • whether the lease transfers ownership of the asset to Emirates by the end of the lease term; • whether Emirates has the option to purchase the asset at the price that is sufficiently lower than the fair value on exercise date; • whether the lease term is for the major part of the economic life of the aircraft; and • whether the present value of the minimum lease payments amounts to substantially all of the fair value of the leased aircraft. Profits or losses on sale and leaseback transactions are either recognised immediately or deferred in accordance with the finance and operating leases accounting policy set out in note 2 to the consolidated financial statements. We focused on this area because the accounting implications for leases including the presentation within the consolidated financial statements are substantially different depending on the classification determined, and because of the inherent level of management judgement within the assessment together with the materiality of the related balances.	We evaluated management's assessment of lease classification under IFRS to determine whether a lease is considered to be finance or operating in nature. We examined the lease agreements for aircraft deliveries during the year to identify: • whether the lease transfers ownership of the aircraft to Emirates by the end of the lease term; • whether Emirates has the option to purchase the aircraft at a price that is sufficiently lower than the fair value on exercise date; and • whether the lease term is for the major part of the economic life of the aircraft. We undertook independent calculations to assess: • whether the rate of return implicit in the lease is calculated reasonably; and • whether the present value of the minimum lease payments amounts to substantially all of the fair value of the leased aircraft. In the case of sale and lease back transactions on new aircraft resulting in an operating lease, we compared the fair values of aircraft to the purchase price and recalculated the profit or loss on these transactions. We tested whether management appropriately accounted for the profit or loss arising on these transactions. We tested that the related disclosures in the consolidated financial statements are consistent with the requirements of IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES (continued)

pwc

Key audit matter	How our audit addressed the Key audit matter
Accounting for aircraft return conditions Emirates operated 154 aircraft under operating lease arrangements as at 31 March 2017 (2016: 156). Under the terms of the operating lease arrangements with the lessors, Emirates is contractually committed to either return aircraft and engines in a certain condition or to compensate the lessor based on the actual condition of the aircraft and engines at the date of return. Accordingly, a provision of AED 3,125 million for the cost associated with these aircraft return conditions is recorded during the lease term and is included within Provisions (refer to notes 2, 3, 24 and 26 of the consolidated financial statements). The provision is calculated using a model which incorporates a number of assumptions, requiring significant judgement, including the: • past and expected future utilisation and maintenance patterns of the aircraft and engines; • expected cost of the maintenance at the time it is estimated to occur; and • discount rate applied to the future liability. We focused on this area because of the significant level of judgement exercised by management in determining the underlying assumptions within the model.	We obtained the aircraft return provision model prepared by management, together with a summary of the underlying assumptions. We obtained a sample of the relevant operating lease agreements and tested management's extraction of the inputs to the model. We tested the completeness of the provision by ensuring that all relevant operating leases were included in the model. We tested the mathematical accuracy of the calculation. The following key assumptions were discussed and corroborated with senior engineering personnel: • the past and expected future utilisation and maintenance patterns of the aircraft; • the expected cost of each maintenance event at the time it is expected to occur; and • the discount rate applied to the future liability. We compared historical utilisation to flying records and future utilisation assumptions were considered in light of past experience. Assumed maintenance costs were assessed against historical actual costs incurred and existing long term maintenance agreements. Future maintenance patterns were assessed against internal maintenance plans. We ensured the discount rate applied by management to the future liability was within an acceptable range with reference to the time value of money applicable to Emirates and the risks specific to the liability. Along with performing sensitivity analysis on reasonably possible changes in assumptions we also compared provisions held for aircraft and engines returned during the year to the compensation paid out to the lessors or actual costs incurred to establish if past provisions were reasonable.

Other information

Management is responsible for the other information. The other information comprises Emirates financial highlights and Emirates financial commentary (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing Emirates' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Emirates or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Emirates' financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF EMIRATES (continued)

pwc

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Emirates' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Emirates' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Emirates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Emirates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Emirates audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
4 May 2017

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AED m	2016 AED m
Revenue	5	83,739	83,500
Other operating income	6	1,322	1,544
Operating costs	7	(82,626)	(76,714)
Operating profit		**2,435**	**8,330**
Finance income	8	281	220
Finance costs	8	(1,383)	(1,329)
Share of results of investments accounted for using the equity method	13	157	142
Profit before income tax		**1,490**	**7,363**
Income tax expense	9	(40)	(45)
Profit for the year		**1,450**	**7,318**
Profit attributable to non-controlling interests		200	193
Profit attributable to Emirates' Owner		**1,250**	**7,125**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

Profit for the year		**1,450**	**7,318**
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	25	311	9
Items that are or may be reclassified subsequently to the consolidated income statement			`
Currency translation differences	19	-	1
Cash flow hedges	19	1,038	(1,010)
Share of other comprehensive income of investments accounted for using the equity method	19	-	(2)
Other comprehensive income for the year		**1,349**	**(1,002)**
Total comprehensive income for the year		**2,799**	**6,316**
Total comprehensive income attributable to non-controlling interests		200	193
Total comprehensive income attributable to Emirates' Owner		**2,599**	**6,123**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 AED m	2016 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	86,898	82,836
Intangible assets	12	1,441	1,317
Investments accounted for using the equity method	13	676	522
Advance lease rentals	14	4,421	2,580
Loans and other receivables	15	238	494
Derivative financial instruments	35	38	-
Deferred income tax asset	29	10	3
		93,722	**87,752**
Current assets			
Inventories	16	2,238	2,106
Trade and other receivables	17	9,922	9,321
Derivative financial instruments	35	8	12
Short term bank deposits	33	6,706	7,823
Cash and cash equivalents	33	8,962	12,165
		27,836	**31,427**
Total assets		**121,558**	**119,179**

	Note	2017 AED m	2016 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Other reserves	19	(141)	(1,179)
Retained earnings		33,848	32,287
Attributable to Emirates' Owner		**34,508**	**31,909**
Non-controlling interests		586	496
Total equity		**35,094**	**32,405**
Non-current liabilities			
Trade and other payables	30	683	513
Borrowings and lease liabilities	20	40,171	40,845
Deferred revenue	27	979	1,596
Deferred credits	28	2,227	1,090
Derivative financial instruments	35	192	440
Provisions	24	3,825	3,762
Deferred income tax liability	29	5	4
		48,082	**48,250**
Current liabilities			
Trade and other payables	30	25,193	26,532
Income tax liabilities		19	35
Borrowings and lease liabilities	20	10,831	9,260
Deferred revenue	27	1,486	1,316
Deferred credits	28	253	139
Derivative financial instruments	35	3	737
Provisions	24	597	505
		38,382	**38,524**
Total liabilities		**86,464**	**86,774**
Total equity and liabilities		**121,558**	**119,179**

The consolidated financial statements were approved on 4 May 2017 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to Emirates' Owner					
	Capital	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2015	801	(168)	27,253	27,886	400	28,286
Profit for the year	-	-	7,125	7,125	193	7,318
Other comprehensive income	-	(1,011)	9	(1,002)	-	(1,002)
Total comprehensive income	**-**	**(1,011)**	**7,134**	**6,123**	**193**	**6,316**
Non-controlling interest on acquisition of a subsidiary	-	-	-	-	21	21
Dividends	-	-	(2,100)	(2,100)	(118)	(2,218)
Transactions with Owners	**-**	**-**	**(2,100)**	**(2,100)**	**(97)**	**(2,197)**
31 March 2016	**801**	**(1,179)**	**32,287**	**31,909**	**496**	**32,405**
Profit for the year	-	-	1,250	1,250	200	1,450
Other comprehensive income	-	1,038	311	1,349	-	1,349
Total comprehensive income	**-**	**1,038**	**1,561**	**2,599**	**200**	**2,799**
Dividends	-	-	-	-	(110)	(110)
Transactions with Owners	**-**	**-**	**-**	**-**	**(110)**	**(110)**
31 March 2017	**801**	**(141)**	**33,848**	**34,508**	**586**	**35,094**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AED m	2016 AED m
Operating activities			
Profit before income tax		1,490	7,363
Adjustments for:			
Depreciation and amortisation	7	8,304	8,000
Finance costs - net		1,102	1,109
Net gain on sale of property, plant and equipment & intangible assets		(23)	(367)
Share of results of investments accounted for using the equity method	13	(157)	(142)
Net provision for impairment of trade and other receivables		(1)	21
Provision for post-employment benefits	7	741	733
Net movement on derivative financial instruments		22	(5)
Gain on sale of investments accounted for using the equity method		-	(12)
Employee benefit payments		(597)	(585)
Income tax paid		(70)	(62)
Change in inventories		(132)	(168)
Change in receivables and advance lease rentals		(2,122)	(2,234)
Change in provisions, payables, deferred credits and deferred revenue		1,868	454
Net cash generated from operating activities		**10,425**	**14,105**

	Note	2017 AED m	2016 AED m
Investing activities			
Additions to property, plant and equipment	34	(4,382)	(9,504)
Additions to intangible assets	12	(269)	(374)
Proceeds from sale of property, plant and equipment		117	6,535
Investments in associates and joint ventures	13	(137)	(19)
Acquisition of a subsidiary, net of cash acquired		-	(23)
Movement in short term bank deposits		1,117	665
Finance income		285	231
Dividends from investments accounted for using the equity method	13	140	128
Net cash used in investing activities		**(3,129)**	**(2,361)**
Financing activities			
Proceeds from loans	22	3,010	1,213
Repayment of bonds and loans		(5,626)	(1,703)
Aircraft finance lease costs		(995)	(918)
Other finance costs		(257)	(294)
Repayment of lease liabilities		(4,424)	(4,055)
Dividend paid to Emirates' Owner		(2,100)	(2,100)
Dividend paid to non-controlling interests		(110)	(118)
Net cash used in financing activities		**(10,502)**	**(7,975)**
Net change in cash and cash equivalents		**(3,206)**	**3,769**
Cash and cash equivalents at beginning of year		12,165	8,393
Effects of exchange rate changes		(1)	3
Cash and cash equivalents at end of year	33	**8,958**	**12,165**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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
- catering operations
- hotel operations
- food and beverage sales

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) pronouncements. The consolidated financial statements are prepared under the historical cost convention except for those financial assets and financial liabilities (including derivative instruments) that are measured at fair value as stated in the accounting policies below.

All amounts are presented in millions of UAE Dirhams (AED).

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 :

- Annual improvements 2012-2014 cycle (effective from 1 January 2016)
- Amendments to IAS 1, Disclosure initiatives (effective from 1 January 2016)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards and amendment have been published that are mandatory for accounting periods commencing after 1 April 2017 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendment which are likely to have an impact on Emirates.

Amendment to IAS 7, Statement of cash flows (effective from 1 January 2017)

In January 2016, the IASB amended IAS 7 to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9, Financial Instruments (effective from 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new expected credit loss model.

The new guidance has also substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies.

IFRS 15, Revenue from Contracts with Customers (effective from 1 January 2018)

IFRS 15 replaces IAS 18 which covers contracts for sale of goods and rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard provides a single principles-based five-step model to be applied to all contracts with customers.

2. Summary of significant accounting policies (continued)

IFRS 16, Leases (effective from 1 January 2019)

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard replaces the existing lease classification model of operating and finance leases and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

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 fully 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 business combinations by Emirates. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the subsidiary, fair value of contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. 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 subsidiary 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 subsidiaries' identifiable net assets.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of Emirates' previously held equity interest in the subsidiary is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

Emirates treats transactions with non-controlling interests that do not result in loss of control as transactions with the owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid is recorded in equity.

Associates are those entities in which Emirates has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition, after initially being recorded at cost.

Joint ventures are contractual arrangements which establish joint control and where Emirates has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. 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, after initially being recognised at cost.

When Emirates share of losses in an equity-accounted investment equals or exceed its interest in the entity, including any other unsecured long term receivables, Emirates does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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 or business 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 becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity or business are accounted for as if the related assets or liabilities have been directly disposed off. This may mean that amounts previously recognised in other comprehensive income are 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 are reclassified to the consolidated income statement where appropriate.

2. Summary of significant accounting policies (continued)

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 revenue 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 catering operations is recognised when risks and rewards of ownership are transferred to the customer and is stated net of discounts and returns.

All other revenues, including revenue from hotel operations are recognised net of discounts and taxes when services are provided.

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.

Finance income

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 or a reduction to operating costs 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 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 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 whereas Emirates' share of net investments is translated at the exchange rate prevailing at the end of the reporting period. Translation differences relating to investments in 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 associates, joint ventures or net investment in a foreign operation 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.

2. Summary of significant accounting policies (continued)

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 operates and generates 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 - 18 years (residual value nil - 10%)
Aircraft – used	5 years (residual value nil)
Aircraft engines and parts	5 - 15 years (residual value nil - 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.

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 Emirates' 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 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 recognised on a straight-line basis over the period of the related lease as deferred credits.

2. Summary of significant accounting policies (continued)

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 classified as a deferred credit 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 aggregate of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value 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.

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 or sell 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	5-7 years

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

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable 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 a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are re-classified and included in the initial carrying amount of the asset or liability. These gains and losses are ultimately recognised in the consolidated income statement 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.

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.

2. Summary of significant accounting policies (continued)

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 aircraft return conditions

Provision for aircraft return conditions represents the estimate of the cost to meet the contractual lease end obligations on certain aircraft and engines 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 are denominated in currency in which the benefits will be paid and have terms 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.

Trade payables

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

Derecognition of financial assets and financial liabilities

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

Cash and cash equivalents

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

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 is considered to be the Emirates' leadership team who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Dividend distribution

Dividend distribution to Equity holders 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 these 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 narrative addresses the accounting policies that require subjective and complex judgements, often as a result of the need to make estimates.

Passenger and cargo revenue recognition

Passenger and cargo sales are recognised as revenue when transportation is provided. The value of unused revenue documents are held in the consolidated statement of financial position under current liabilities as passenger and cargo sales in advance. Unused revenue documents are recognised in the consolidated income statement as revenue based on their terms and conditions and historical trends.

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 using historical trends. 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. No reasonably possible change in any single assumption will result in a material change to the deferred revenue.

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.

Finance and operating leases

A lease is classified as a finance lease when substantially all the risks and rewards of ownership are transferred to Emirates. In determining the appropriate classification, the substance of the transaction rather than the legal 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 a 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.

Where Emirates enters into the sale and leaseback transactions for aircraft, the timing and amount of profit recognised on these transactions is subject to the fair value of the aircraft at the time of sale. Judgement is required to estimate the fair value due to diversity of inputs that goes into the determination of aircraft value which includes references to third party valuations.

Provision for aircraft return conditions

The measurement of the provision for aircraft 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. No reasonably possible change in any single assumption will result in a material change to the provision.

3. Critical accounting estimates and judgements (continued)

Valuation of defined benefit obligations

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

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, interest rate swaps and commodity 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. Commodity swaps are fair valued using a future contract price quoted in an active market.

5. Revenue

	2017	2016
	AED m	AED m
Passenger	68,398	68,029
Cargo	10,592	11,140
Consumer goods	1,638	1,462
Hotel operations	738	700
Catering operations	678	680
Food and beverage	616	531
Excess baggage	392	413
Others	687	545
	83,739	**83,500**

6. Other operating income

Other operating income comprises AED 312 m (2016: AED 361 m) from liquidated damages and other compensation received in connection with aircraft, AED 205 m (2016: AED 448 m) being the gain on sale and leaseback of aircraft, aircraft engines and parts, and income of AED 805 m (2016: AED 735 m) from ancillary services and activities incidental to Emirates' operations.

7. Operating costs

	2017	2016
	AED m	AED m
Jet fuel	20,968	19,731
Employee (see (a) below)	12,864	12,452
Aircraft operating leases	10,509	8,085
Depreciation and amortisation (Notes 11 & 12)	8,304	8,000
Handling	5,885	5,646
Sales and marketing	5,698	5,893
In-flight catering and other operating costs	3,343	3,143
Overflying	2,851	2,711
Aircraft maintenance	2,738	2,513
Facilities and IT related costs (see (b) below)	2,470	2,347
Landing and parking	2,057	1,992
Cost of goods sold	1,499	1,335
Crew layover	1,082	971
Foreign exchange loss - net	340	5
Corporate overheads	2,018	1,890
	82,626	**76,714**

(a) Employee costs include AED 741 m (2016: AED 733 m) in respect of post-employment benefits (Note 25).

(b) Facilities and IT related costs include non-aircraft operating lease charges amounting to AED 705 m (2016: AED 665 m).

8. Finance income and costs

	2017	2016
	AED m	AED m
Finance income		
Interest income on short term bank deposits	122	151
Finance income from related parties (Note 37)	159	69
	281	**220**
Finance costs		
Aircraft finance lease costs	(1,019)	(934)
Interest expense on bonds and term loans	(147)	(285)
Other finance costs - net	(217)	(110)
	(1,383)	**(1,329)**

9. Income tax expense

	2017	2016
	AED m	AED m
The components of income tax expense are:		
Current income tax expense	40	44
Deferred income tax expense (Note 29)	-	1
	40	**45**

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' leadership team monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The airline business unit, which provides commercial air transportation including passenger, cargo services and excess baggage, is the main reportable segment. Catering operations is another reportable segment which provides in-flight and institutional catering services. Other represents entities not allocated to a reportable segment and comprises of various businesses.

The performance of the airline and catering operations is evaluated based on segment 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 2017 is as follows:

	Airline AED m	**Catering operations** AED m	**Other** AED m	**Recon-ciliation** AED m	**Total** AED m
Total segment revenue	80,621	2,761	3,012	(354)	86,040
Inter-segment revenue	-	(2,083)	(218)	-	(2,301)
Revenue from external customers	80,621	678	2,794	(354)	83,739
Segment profit for the year	664	285	501	-	1,450
Finance income	279	7	1	(6)	281
Finance costs	(1,382)	-	(7)	6	(1,383)
Income tax (expense) / credit	(45)	-	5	-	(40)
Depreciation and amortisation	(7,971)	(140)	(193)	-	(8,304)
Share of results of investments accounted for using the equity method	-	-	157	-	157
Segment assets	113,388	3,274	5,569	(673)	121,558
Investments accounted for using the equity method	-	-	676	-	676
Additions to property, plant and equipment	11,788	465	110	-	12,363
Additions to intangible assets	269	-	-	-	269
Additions to advance lease rentals	2,438	-	-	-	2,438

10. Segment information (continued)

The segment information for the year ended 31 March 2016 is as follows:

	Airline AED m	Catering operations AED m	Other AED m	Recon-ciliation AED m	Total AED m
Total segment revenue	80,723	2,646	2,525	(339)	85,555
Inter-segment revenue	-	(1,966)	(89)	-	(2,055)
Revenue from external customers	80,723	680	2,436	(339)	83,500
Segment profit for the year	6,523	371	424	-	7,318
Finance income	219	6	1	(6)	220
Finance costs	(1,329)	-	(6)	6	(1,329)
Income tax (expense) / credit	(55)	-	10	-	(45)
Depreciation and amortisation	(7,689)	(123)	(188)	-	(8,000)
Share of results of investments accounted for using the equity method	-	-	142	-	142
Segment assets	111,418	3,056	5,308	(603)	119,179
Investments accounted for using the equity method	-	-	522	-	522
Additions to property, plant and equipment	15,698	553	98	-	16,349
Additions to intangible assets	374	-	77	-	451
Additions to advance lease rentals	2,029	-	-	-	2,029

Geographical information

	2017 AED m	2016 AED m
Revenue from external customers:		
Europe	23,878	24,022
East Asia and Australasia	22,595	22,399
Americas	12,489	12,011
Gulf and Middle East	8,677	8,396
Africa	8,683	9,071
West Asia and Indian Ocean	7,417	7,601
	83,739	**83,500**

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 2015	63,780	5,586	11,868	13,407	11,273	105,914
Additions	416	351	84	2,582	12,916	16,349
Transfer from capital projects	9,487	518	922	286	(11,213)	-
Disposals / write-offs	(7,600)	(160)	(2)	(1,705)	-	(9,467)
Currency translation differences	-	-	2	10	-	12
31 March 2016	**66,083**	**6,295**	**12,874**	**14,580**	**12,976**	**112,808**
Accumulated depreciation						
1 April 2015	12,932	1,611	2,869	7,958	-	25,370
Charge for the year	4,205	342	509	2,844	-	7,900
Disposals / write-offs	(1,570)	(105)	(2)	(1,631)	-	(3,308)
Currency translation differences	-	-	1	9	-	10
31 March 2016	**15,567**	**1,848**	**3,377**	**9,180**	**-**	**29,972**
Net book amount						
31 March 2016	**50,516**	**4,447**	**9,497**	**5,400**	**12,976**	**82,836**

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 2016	66,083	6,295	12,874	14,580	12,976	112,808
Additions	5	31	9	3,363	8,955	12,363
Transfer from capital projects	10,402	992	1,149	370	(12,913)	-
Disposals / write-offs	(315)	(419)	-	(3,156)	-	(3,890)
Currency translation differences	-	-	1	(3)	(1)	(3)
31 March 2017	**76,175**	**6,899**	**14,033**	**15,154**	**9,017**	**121,278**
Accumulated depreciation						
1 April 2016	15,567	1,848	3,377	9,180	-	29,972
Charge for the year	4,283	405	560	2,926	-	8,174
Disposals / write-offs	(281)	(409)	-	(3,074)	-	(3,764)
Currency translation differences	-	-	-	(2)	-	(2)
31 March 2017	**19,569**	**1,844**	**3,937**	**9,030**	**-**	**34,380**
Net book amount						
31 March 2017	**56,606**	**5,055**	**10,096**	**6,124**	**9,017**	**86,898**

The net book amount of property, plant and equipment includes AED 54,148 m (2016: AED 48,472 m) in respect of assets held under finance leases.

The net book amount of aircraft includes an amount of AED 3,953 m (2016: AED 2,369 m) in respect of assets provided as security against term loans.

Land of AED 861 m (2016: AED 630 m) is carried at cost and is not depreciated.

Property, plant and equipment includes interest capitalised during the year amounting to AED 226 m (2016: AED 235 m). The interest on general borrowings for qualifying assets was capitalised using an annual weighted average capitalisation rate of 4.0% (2016: 4.9%).

Capital projects include pre-delivery payments of AED 5,855 m (2016: AED 8,529 m) in respect of aircraft due for delivery between 2017 and 2028 (Note 32).

Management has reviewed the residual values and useful lives of major items of property, plant and equipment and has revised the useful life of its B777-200LR which comprise of six aircraft from 15 years (residual value of 10%) to 18 years (nil residual value). The effect of this change does not have any material impact on depreciation charge for the year.

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 2015	563	162	19	20	951	1,715
Additions	-	70	-	-	304	374
Disposals / write-offs	-	-	-	-	(29)	(29)
Acquisition	41	-	-	36	-	77
31 March 2016	**604**	**232**	**19**	**56**	**1,226**	**2,137**
Accumulated amortisation and impairment						
1 April 2015	7	109	5	8	611	740
Amortisation for the year	-	11	1	3	85	100
Disposals / write-offs	-	-	-	-	(20)	(20)
31 March 2016	**7**	**120**	**6**	**11**	**676**	**820**
Net book value						
31 March 2016	**597**	**112**	**13**	**45**	**550**	**1,317**

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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 2016	604	232	19	56	1,226	2,137
Additions	-	50	-	-	219	269
Disposals / write-offs	-	-	-	-	(97)	(97)
Currency translation differences	-	-	-	-	3	3
31 March 2017	**604**	**282**	**19**	**56**	**1,351**	**2,312**
Accumulated amortisation and impairment						
1 April 2016	7	120	6	11	676	820
Amortisation for the year	-	17	2	5	106	130
Disposals / write-offs	-	-	-	-	(81)	(81)
Currency translation differences	-	-	-	-	2	2
31 March 2017	**7**	**137**	**8**	**16**	**703**	**871**
Net book value						
31 March 2017	**597**	**145**	**11**	**40**	**648**	**1,441**

Computer software includes an amount of AED 215 m (2016: AED 280 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. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate of 12% (2016: 12%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long term 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 is as follows:

Cash generating unit	Location	Reportable segment	Goodwill	
			2017	**2016**
			AED m	AED m
Catering operations	UAE	Catering operations	369	369
Consumer goods	UAE	Others	200	200
Food and beverage	UAE	Others	25	25
Food and beverage	Australia	Others	3	3
			597	**597**

13. Investments in subsidiaries, associates and joint ventures

	Percentage of beneficial interest	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal subsidiaries				
Maritime & Mercantile International L.L.C.	68.7	68.7	Wholesale and retail of consumer goods	UAE
Maritime & Mercantile International Holding L.L.C.	100.0	100.0	Holding company	UAE
Emirates Leisure Retail Holding L.L.C.	100.0	100.0	Holding company	UAE
Emirates Leisure Retail L.L.C.	68.7	68.7	Food and beverage operations	UAE
Emirates Leisure Retail (Singapore) Pte Ltd.	100.0	100.0	Food and beverage operations	Singapore
Emirates Leisure Retail (Australia) Pty Ltd.	100.0	100.0	Food and beverage operations	Australia
Emirates Hotel L.L.C.	100.0	100.0	Hotel operations	UAE
Emirates Hotels (Australia) Pty Ltd.	100.0	100.0	Hotel operations	Australia
Emirates Flight Catering Company L.L.C.	90.0	90.0	In-flight and institutional catering	UAE
Incorporated during the year:				
Golden Globe (BVI) Ltd	100.0	100.0	Holding company	British Virgin Islands

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

	Percentage of beneficial interest	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
Principal joint ventures				
Emirates-CAE Flight Training L.L.C.	50.0	51.0	Flight simulator training	UAE
Premier Inn Hotels L.L.C.	51.0	51.0	Hotel operations	UAE
CAE Flight Training (India) Private Ltd.	50.0	50.0	Flight simulator training	India
CAE Middle East Holdings Limited	50.0	50.0	Flight simulator training	UAE
Independent Wine and Spirit (Thailand) Company Limited	49.0	49.0	Wholesale and retail of consumer goods	Thailand
Arabian Harts International Limited	50.0	50.0	Wholesale and retail of consumer goods	UAE

The investment in Arabian Harts International Limited was made during the year. 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

	2017	2016
	AED m	AED m
Balance brought forward	**522**	**544**
Investments during the year	137	19
Share of results	157	142
Dividends	(140)	(128)
Currency translation differences	-	(2)
Disposal during the year	-	(53)
Balance carried forward	**676**	**522**

No individual associate is material to Emirates. The aggregate financial information of associates is set out below:

	2017	2016
	AED m	AED m
Share of results of associates	94	99
Share of total comprehensive income of associates	**94**	**99**
Aggregate carrying value of investments in associates	**55**	**49**

No individual joint venture is material to Emirates. The aggregate financial information of joint ventures is set out below:

	2017	2016
	AED m	AED m
Share of results of joint ventures	63	43
Share of other comprehensive income of joint ventures	-	(2)
Share of total comprehensive income of joint ventures	**63**	**41**
Aggregate carrying value of investments in joint ventures	**621**	**473**

14. Advance lease rentals

	2017	2016
	AED m	AED m
Balance brought forward	**2,886**	**1,082**
Additions during the year	2,438	2,029
Charge for the year	(423)	(225)
Balance carried forward	**4,901**	**2,886**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 17)	**480**	**306**
Over one year	**4,421**	**2,580**

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

Advance lease rentals include AED 314 m (2016: AED 354 m) related to a company under common control.

15. Loans and other receivables

	2017 AED m	2016 AED m
Related parties (Note 37)	11	16
Other receivables	93	321
	104	**337**
Prepayments	134	157
	238	**494**

The amounts (excluding prepayments) are receivable as follows:

	2017 AED m	2016 AED m
Between 2 and 5 years	104	337
	104	**337**

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

	2017 AED m	2016 AED m
UAE Dirhams	81	80
US Dollars	15	245
Others	8	12

The fair value of loans and other receivables (excluding prepayments) amounts to AED 103 m (2016: AED 336 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 (excluding prepayments). At the end of the reporting period, loans and other receivables (excluding prepayments) were neither past due nor impaired.

16. Inventories

	2017 AED m	2016 AED m
In-flight consumables	1,065	885
Engineering	572	660
Consumer goods	449	405
Others	152	156
	2,238	**2,106**

In-flight consumables include AED 648 m (2016: AED 472 m) relating to items which are not expected to be consumed within twelve months after the reporting period.

17. Trade and other receivables

	2017 AED m	2016 AED m
Trade receivables - net of provision	4,644	4,480
Prepayments	2,748	2,289
Related parties (Note 37)	199	268
Advance lease rentals (Note 14)	480	306
Operating lease and other deposits	896	805
Other receivables	1,193	1,667
	10,160	**9,815**
Less: Receivables over one year (Note 15)	(238)	(494)
	9,922	**9,321**

Prepayments include an amount of AED 52 m (2016: AED 50 m) paid to companies under common control.

The carrying amount of trade and other receivables (excluding prepayments and advance lease rentals) approximate their fair value which falls into level 2 of the fair value hierarchy.

17. Trade and other receivables (continued)

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

	2017	2016
	AED m	AED m
Balance brought forward	**104**	**97**
Charge for the year	63	51
Unused amounts reversed	(40)	(30)
Amounts written off as uncollectible	(39)	(13)
Currency translation differences	(5)	(1)
Balance carried forward	**83**	**104**

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 receivable (excluding prepayments and advance lease rentals).

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

	2017	2016
	AED m	AED m
Below 3 months	398	309
3-6 months	63	23
Above 6 months	24	19
	485	**351**

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 2015	**(171)**	**3**	**(168)**
Currency translation differences	-	1	1
Net loss on fair value of cash flow hedges	(1,111)	-	(1,111)
Share of other equity movement of investment accounted for using the equity method	-	(2)	(2)
Transferred to the consolidated income statement	101	-	101
31 March 2016	**(1,181)**	**2**	**(1,179)**
Net gain on fair value of cash flow hedges	478	-	478
Transferred to the consolidated income statement	560	-	560
31 March 2017	**(143)**	**2**	**(141)**

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

	2017 AED m	2016 AED m
Revenue	(41)	357
Operating costs	(359)	(238)
Finance costs	(160)	(220)
	(560)	**(101)**

20. Borrowings and lease liabilities

	2017 AED m	2016 AED m
Non-current		
Bonds (Note 21)	3,561	4,167
Term loans (Note 22)	3,443	2,659
Lease liabilities (Note 23)	33,167	34,019
	40,171	**40,845**
Current		
Bonds (Note 21)	606	4,685
Term loans (Note 22)	1,514	277
Lease liabilities (Note 23)	8,707	4,298
Bank overdraft (Note 33)	4	-
	10,831	**9,260**
	51,002	**50,105**
Borrowings and lease liabilities are denominated in the following currencies:		
US Dollars	47,283	45,957
UAE Dirhams	3,719	3,741
Singapore Dollars	-	407

The effective interest rate per annum on lease liabilities was 2.8% (2016: 2.6%), term loans was 3.1% (2016: 3.6%) and bonds was 4.5% (2016: 4.7%).

21. Bonds

	2017 AED m	2016 AED m
Balance brought forward	**8,878**	**9,481**
Repayments during the year	(4,682)	(610)
Currency translation differences	(9)	7
Balance carried forward	**4,187**	**8,878**
Less: Transaction costs	(20)	(26)
	4,167	**8,852**
Bonds are repayable as follows:		
Within one year (Note 20)	**606**	**4,685**
Between 2 and 5 years	2,429	2,427
After 5 years	1,132	1,740
Total over one year (Note 20)	**3,561**	**4,167**
Bonds are denominated in the following currencies:		
Fixed interest rate bonds		
US Dollars	4,187	8,471
Singapore Dollars	-	407
	4,187	**8,878**
Less: Transaction costs	(20)	(26)
	4,167	**8,852**
The fair values of the bonds are as follows:		
US Dollars	4,244	8,536
Singapore Dollars	-	410
	4,244	**8,946**

The fair value of the bonds is based on listed prices and falls into level 1 of the fair value hierarchy.

22. Term loans

	2017	2016
	AED m	AED m
Balance brought forward	**2,965**	**2,845**
Additions during the year	3,010	1,213
Repayments during the year	(944)	(1,093)
Balance carried forward	**5,031**	**2,965**
Less: Transaction costs	(74)	(29)
	4,957	**2,936**
Loans are repayable as follows:		
Within one year (Note 20)	**1,514**	**277**
Between 2 and 5 years	1,528	1,780
After 5 years	1,915	879
Total over one year (Note 20)	**3,443**	**2,659**
Loans are denominated in the following currencies:		
US Dollars	4,540	2,461
UAE Dirhams	417	475

Contractual repricing dates are set at three to six month intervals. Term loans amounting to AED 3,512 m (2016: AED 1,884 m) are secured on aircraft.

The fair value of the term loans amounts to AED 4,947 m (2016: AED 2,982 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

	2017	2016
	AED m	AED m
Gross lease liabilities:		
Within one year	9,906	5,323
Between 2 and 5 years	22,503	21,866
After 5 years	15,642	17,257
	48,051	**44,446**
Future interest	(6,177)	(6,129)
Present value of finance lease liabilities	**41,874**	**38,317**
The present value of finance lease liabilities is repayable as follows:		
Within one year (Note 20)	**8,707**	**4,298**
Between 2 and 5 years	19,122	18,453
After 5 years	14,045	15,566
Total over one year (Note 20)	**33,167**	**34,019**
The present value of finance lease liabilities are denominated in the following currencies:		
US Dollars	38,576	35,051
UAE Dirhams	3,298	3,266

Lease liabilities amounting to AED 40,596 m (2016: AED 37,277 m) are secured on the related aircraft and aircraft engines.

The fair value of lease liabilities amounts to AED 41,302 m (2016: AED 38,709 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.

Some lease agreements provide for variable lease payments to the extent that the interest portion is linked to market interest rates, normally the LIBOR.

23. Lease liabilities (continued)

Operating leases

	2017 AED m	2016 AED m
Future minimum lease payments are as follows:		
Aircraft fleet	80,266	66,403
Others	2,504	2,242
	82,770	**68,645**
Within one year	10,913	9,472
Between 2 and 5 years	37,508	31,898
After 5 years	34,349	27,275
	82,770	**68,645**

The future minimum lease payments include AED 6,077 m (2016: AED 6,955 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.

Some lease agreements provide for variable lease payments to the extent that the interest portion is linked to market interest rates, normally the LIBOR.

24. Provisions

	2017 AED m	2016 AED m
Non-current		
Retirement benefit obligations (Note 25)	1,297	1,464
Provision for aircraft return conditions (Note 26)	2,528	2,298
	3,825	**3,762**
Current		
Provision for aircraft return conditions (Note 26)	597	505
	597	**505**
	4,422	**4,267**

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 2017 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 3.0% (2016: 4.5%) and a discount rate of 4.25% (2016: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2017 were computed using the actuarial assumptions set out above.

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

	2017 AED m	2016 AED m
Funded scheme		
Present value of defined benefit obligations	2,316	2,074
Less: Fair value of plan assets	(2,309)	(2,037)
	7	**37**
Unfunded scheme		
Present value of defined benefit obligations	**1,290**	**1,427**
Liability recognised in the consolidated statement of financial position	**1,297**	**1,464**

(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 7 m (2016: AED 37 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:

	2017 AED m	2016 AED m
Balance brought forward	**2,037**	**1,976**
Contributions received	302	288
Benefits paid	(153)	(153)
Change in fair value	123	(74)
Balance carried forward	**2,309**	**2,037**

25. Retirement benefit obligations (continued)

Contributions received include the transfer of accumulated benefits from unfunded schemes. Emirates expects to contribute approximately AED 308 m for existing plan members during the year ending 31 March 2018.

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:

	2017 AED m	2016 AED m
Balance brought forward	**1,427**	**1,291**
Current service cost	206	193
Interest cost	59	55
Remeasurement		
- changes in experience / demographic assumptions	13	(9)
- changes in financial assumptions	(324)	-
Payments made during the year	(91)	(103)
Balance carried forward	**1,290**	**1,427**

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:

	2017 AED m	2016 AED m
Defined benefit plan		
Funded scheme		
Contributions expensed	294	274
Net change in the present value of defined benefit obligations over plan assets	(30)	3
	264	**277**
Unfunded scheme		
Current service cost	206	193
Interest cost	59	55
	265	**248**
Defined contribution plan		
Contributions expensed	212	208
Recognised in the consolidated income statement	**741**	**733**

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%	(70)
	- 0.5%	78
Expected salary increases	+ 0.5%	81
	- 0.5%	(73)

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 14 years (2016: 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 obligations.

26. Provision for aircraft return conditions

Movements in the provision for aircraft maintenance are as follows:

	2017 AED m	2016 AED m
Balance brought forward	**2,803**	**2,316**
Charge for the year	797	767
Unwinding of discount - net	156	82
Utilised on return of aircraft & aircraft engines	(475)	(62)
Unutilised amounts reversed	(156)	(300)
Balance carried forward	**3,125**	**2,803**
The provision is expected to be used as follows:		
Within one year (Note 24)	**597**	**505**
Over one year (Note 24)	**2,528**	**2,298**

27. Deferred revenue

	2017 AED m	2016 AED m
Balance brought forward	**2,912**	**2,894**
Additions during the year	1,446	1,776
Recognised during the year	(1,893)	(1,758)
Balance carried forward	**2,465**	**2,912**
Deferred revenue is expected to be recognised as follows:		
Within one year	**1,486**	**1,316**
Over one year	**979**	**1,596**

Deferred revenue relates to the frequent flyer programme and represents the fair value of outstanding award credits. Revenue is recognised when Emirates fulfils 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 expected redemption patterns.

28. Deferred credits

	2017	2016
	AED m	AED m
Balance brought forward	**1,229**	**256**
Additions during the year	1,456	1,041
Recognised during the year	(205)	(68)
Balance carried forward	**2,480**	**1,229**
Deferred credits will be recognised as follows:		
Within one year	**253**	**139**
Over one year	**2,227**	**1,090**

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 offset amounts are as follows:

	2017	2016
	AED m	AED m
Deferred income tax asset	10	3
Deferred income tax liability	(5)	(4)
	5	**(1)**
The movements in deferred taxes are as follows:		
Balance brought forward	**(1)**	**4**
Acquisition	-	(4)
Debited to the consolidated income statement (Note 9)	-	(1)
Tax consolidation settlements	6	-
Balance carried forward	**5**	**(1)**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 93 m (2016: AED 473 m).

30. Trade and other payables

	2017	2016
	AED m	AED m
Trade payables and accruals	13,910	13,497
Passenger and cargo sales in advance	10,878	10,951
Related parties (Note 37)	1,088	497
Dividend payable	-	2,100
	25,876	**27,045**
Less: Payables over one year	(683)	(513)
	25,193	**26,532**

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

31. Guarantees

	2017	2016
	AED m	AED m
Performance bonds and letters of credit provided by banks in the normal course of business	383	371

Performance bonds and letters of credit include AED 94 m (2016: AED 124 m) provided by companies under common control on normal commercial terms.

32. Commitments

Capital commitments

	2017 AED m	2016 AED m
Authorised and contracted:		
Aircraft	210,064	236,375
Non-aircraft	1,663	3,107
Joint ventures	38	38
	211,765	**239,520**
Authorised but not contracted:		
Non-aircraft	2,827	3,553
Joint ventures	17	79
	2,844	**3,632**
	214,609	**243,152**

Commitments have been entered into for the purchase of aircraft for delivery as follows:

Financial year	**Aircraft**
2017-18	19
Beyond 2017-18	200

In addition, purchase options are held on 50 Boeing aircraft.

In the event that delivery of certain aircraft are not taken, penalties are payable by Emirates to the extent of AED 1,858 m (2016: AED 2,079 m).

Operational commitments

	2017 AED m	2016 AED m
Sales and marketing	2,036	2,809

33. Short term bank deposits and cash and cash equivalents

	2017 AED m	2016 AED m
Bank deposits	12,034	13,939
Cash and bank	3,634	6,049
Cash and bank balances	**15,668**	**19,988**
Less: Short term bank deposits - over 3 months	(6,706)	(7,823)
Cash and cash equivalents as per the consolidated statement of financial position	**8,962**	**12,165**
Bank overdraft (Note 20)	(4)	-
Cash and cash equivalents as per the consolidated statement of cash flows	**8,958**	**12,165**

Cash and bank balances earned an effective interest rate of 2.6% (2016: 2.2%) per annum.

Cash and bank balances include AED 10,014 m (2016: AED 11,188 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:

	2017 AED m	2016 AED m
Additions to property, plant and equipment	12,363	16,349
Less: Assets acquired under finance leases	(7,981)	(6,845)
	4,382	**9,504**

35. Derivative financial instruments

Description	2017		2016	
	Term	AED m	Term	AED m
Cash flow hedge				
Non-current assets				
Interest rate swaps	2018-2028	38		-
		38		**-**
Current assets				
Currency swaps and forwards		8		12
		8		**12**
Cash flow hedge				
Non-current liabilities				
Interest rate swaps	2017-2023	(192)	2016-2023	(440)
		(192)		**(440)**
Current liabilities				
Interest rate swaps		(2)		-
Currency swaps and forwards		(1)		(176)
Jet fuel swaps		-		(561)
		(3)		**(737)**

The notional principal amounts outstanding are:

	2017	2016
	AED m	AED m
Interest rate contracts	6,626	6,957
Currency contracts	868	5,090
Jet fuel price contracts	-	1,528

The notional principal amounts outstanding include AED 2,293 m (2016: AED 1,973 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.

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
2017				
Assets				
Loans and other receivables (excluding prepayments)	104	-	-	104
Derivative financial instruments	-	46	-	46
Trade and other receivables (excluding prepayments and advance lease rentals)	6,828	-	-	6,828
Short term bank deposits	6,706	-	-	6,706
Cash and cash equivalents	8,962	-	-	8,962
Total	**22,600**	**46**	**-**	**22,646**
Liabilities				
Borrowings and lease liabilities	-	-	51,002	51,002
Provision for aircraft return conditions	-	-	3,125	3,125
Trade and other payables (excluding passenger and cargo sales in advance)	-	-	14,998	14,998
Derivative financial instruments	-	195	-	195
Total	**-**	**195**	**69,125**	**69,320**

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
2016				
Assets				
Loans and other receivables (excluding prepayments)	337	-	-	337
Derivative financial instruments	-	12	-	12
Trade and other receivables (excluding prepayments and advance lease rentals)	6,883	-	-	6,883
Short term bank deposits	7,823	-	-	7,823
Cash and cash equivalents	12,165	-	-	12,165
Total	**27,208**	**12**	**-**	**27,220**
Liabilities				
Borrowings and lease liabilities	-	-	50,105	50,105
Provision for aircraft return conditions	-	-	2,803	2,803
Trade and other payables (excluding passenger and cargo sales in advance)	-	-	16,094	16,094
Derivative financial instruments	-	1,177	-	1,177
Total	**-**	**1,177**	**69,002**	**70,179**

37. Related party transactions and balances

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.

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

	2017 AED m	2016 AED m
Trading transactions:		
(i) Sale of goods and services		
Sale of goods - Companies under common control	276	229
Sale of goods - Joint ventures	24	15
Sale of goods - Associates	44	57
Services rendered - Companies under common control	426	413
Services rendered - Joint ventures	15	20
Frequent flyer miles sales - Companies under common control	300	280
	1,085	**1,014**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	4,768	4,358
Purchase of goods - Associates	241	267
Services received - Companies under common control	3,132	3,079
Services received - Joint ventures	15	9
Purchase of goods - Joint ventures	-	3
	8,156	**7,716**

	2017 AED m	2016 AED m
Other transactions:		
(i) Finance income		
Companies under common control	157	66
Joint ventures	2	3
	159	**69**
(ii) Compensation to key management personnel		
Salaries and short term employee benefits	104	142
Post-employment benefits	15	14
Termination benefits	1	-
	120	**156**
(iii) Purchase of assets		
Company under common control	-	40

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.

37. Related party transactions and balances (continued)

	2017 AED m	2016 AED m
Year end balances		
(i) Receivables - sale of goods and services		
Associates	8	16
Joint ventures	17	10
Companies under common control	80	143
Receivable within one year	**105**	**169**
(ii) Receivables - other transactions		
Companies under common control	75	65
Receivable within one year	**75**	**65**

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.

	2017 AED m	2016 AED m
(iii) Loans receivable		
Joint ventures	13	26
	13	**26**
Movement in the loans were as follows:		
Balance brought forward	**26**	**267**
Repayments during the year	(13)	(240)
Currency translation differences	-	(1)
Balance carried forward	**13**	**26**
Receivable within one year	**5**	**14**
Receivable over one year (Note 15)	**8**	**12**

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.

	2017 AED m	2016 AED m
(iv) Loans and advances to key management personnel		
Balance brought forward	**8**	**8**
Additions during the year	5	7
Repayments during the year	(7)	(7)
Balance carried forward	**6**	**8**
Receivable within one year	**3**	**4**
Receivable over one year (Note 15)	**3**	**4**

	2017 AED m	2016 AED m
(v) Payables - purchase of goods and services (Note 30)		
Associates	3	11
Companies under common control	1,064	486
	1,067	**497**
(vi) Other payables (Note 30)		
Companies under common control	21	-
	21	**-**

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 86% (2016: 82%) 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.

Significant balances in other receivables are held with companies given a high credit rating by leading international rating agencies.

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:

	2017	**2016**
	AED m	AED m
AA- to AA+	315	288
A- to A+	12,578	6,233
BBB+	1,696	12,422

(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.

38. Financial risk management (continued)

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, options and swaps 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 activities. Long term debt obligations are mainly denominated in UAE Dirhams or in US Dollars to which the UAE Dirham is pegged. Additionally, some operating lease liabilities are denominated in Euro, Pound Sterling and Japanese Yen to provide a natural hedge against revenue inflows in these currencies. The liability relating to Singapore Dollar bond was settled during the year. 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 230 m (2016: AED 338 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 and EIBOR for UAE Dirhams. 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 rate 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.

	2017		2016	
	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	7	7
US Dollars	70	26	52	(1)
	76	**32**	**59**	**6**
+ 25 basis points				
UAE Dirhams	(6)	(6)	(7)	(7)
US Dollars	(70)	(26)	(52)	1
	(76)	**(32)**	**(59)**	**(6)**

38. Financial risk management (continued)

	2017		2016	
	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	(5)	-	(7)	(7)
+ 25 basis points	5	-	7	7
Currency - Pounds Sterling				
+ 1%	1	-	-	(1)
- 1%	(1)	-	-	1
Currency - Euro				
+ 1%	3	-	4	(20)
- 1%	(3)	-	(4)	20
Currency - Australian Dollars				
+ 1%	1	(1)	1	(12)
- 1%	(1)	1	(1)	12
Currency - Japanese Yen				
+ 1%	-	-	-	(2)
- 1%	-	-	-	2
Currency - Singapore Dollars				
+ 1%	-	-	(4)	(4)
- 1%	-	-	4	4
Fuel price				
+ USD 5 on price	-	-	-	191
- USD 5 on price	-	-	-	(194)

(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

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 AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2017				
Borrowings and lease liabilities	12,319	27,257	19,143	58,719
Derivative financial instruments	105	69	-	174
Provision for aircraft return conditions	630	1,991	1,205	3,826
Trade and other payables (excluding passenger and cargo sales in advance)	14,315	683	-	14,998
	27,369	**30,000**	**20,348**	**77,717**
2016				
Borrowings and lease liabilities	10,675	26,704	20,166	57,545
Derivative financial instruments	995	283	4	1,282
Provision for aircraft return conditions	519	1,732	1,319	3,570
Trade and other payables (excluding passenger and cargo sales in advance)	15,581	513	-	16,094
	27,770	**29,232**	**21,489**	**78,491**

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 2017, Emirates achieved a return on Owner's equity funds of 3.8% (2016: 23.8%).

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 2017, this ratio is 100.7% (2016: 92.9%) and if aircraft operating leases are included, the ratio is 237.9% (2016: 215.9%).

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF dnata

pwc

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of dnata and its subsidiaries (together, "dnata") as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

dnata's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 March 2017;
- the consolidated statement of comprehensive income for the year ended 31 March 2017;
- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of changes in equity for the year ended 31 March 2017;
- the consolidated statement of cash flows for the year ended 31 March 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of dnata in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including amongst other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The areas, in our professional judgement, that are of most significance to the audit ('Key audit matters') and where we focused most audit effort during the year were:

Key Audit Matters	• Impairment of goodwill and intangible assets • Acquisition of Ground Services International, Inc. and Metro Air Service, Inc.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of dnata, the accounting processes and controls, and the industry in which dnata operates.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF dnata (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment of goodwill and intangible assets As at 31 March 2017, dnata had goodwill of AED 1,909 million and intangible assets of AED 723 million. Refer to notes 2, 3 and 10 to the consolidated financial statements. Goodwill is not subject to amortisation and therefore in accordance with IAS 36 "Impairment of assets" is required to be tested annually for impairment. Intangible assets are subject to amortisation and are assessed for impairment where potential impairment indicators are identified. dnata determines the recoverable amount of goodwill and intangible assets for each of its cash generating units or group of cash generating units as the higher of fair value less costs of disposal and value in use. The value in use is determined by calculating the discounted cash flows of each cash generating unit or group of cash generating units. The impairment models prepared by management in respect of the cash generating units containing goodwill and intangible assets determined that adequate headroom existed not to result in the need for an impairment charge in reasonably possible scenarios. We focused on this area because managements' assessment of whether or not goodwill and intangible assets within a cash generating unit were impaired, involves complex and subjective judgements including assumptions about the future discounted cash flows of cash generating units or group of cash generating units at dnata.	We understood and tested managements' impairment models. In particular we tested the appropriateness of the key assumptions within the models as follows: • we used our internal valuation specialists to perform an independent calculation of the discount rates used with particular reference to comparable companies and compared this to the discount rates used by management. • we tested the assumptions used for sales growth rates and profit margins to formally approved budgets. We compared future expected growth rates beyond the period of the formally approved budgets to historical trends and reviewed whether managements' estimates made in prior periods were reasonable compared to actual performance. • we agreed long term growth rates to external sources of information including economic and industry forecasts. • we performed sensitivity analysis over each of the key assumptions and considered the appropriateness of the related disclosures in note 10 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF dnata (continued)

Key audit matter	How our audit addressed the Key audit matter
Acquisition of Ground Services International, Inc. and Metro Air Services, Inc On 4 April 2016 dnata acquired 100% of the shares of Ground Services International, Inc. and Metro Air Service, Inc. based in Detroit, Michigan, United States. Refer to notes 2, 3 and 33 to the consolidated financial statements. IFRS 3 "Business Combinations" requires dnata to recognise the identifiable assets and liabilities of the two acquired businesses at their fair values at the date of the acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. We focused on this area because the accounting treatment for the provisional opening balance sheet position is inherently judgemental and requires management to exercise judgements over the valuation of intangible assets, the completeness and accuracy of liabilities, the calculation of the associated goodwill along with the disclosures within the consolidated financial statements.	For each of the areas of complexity identified within the provisional opening balance sheet, we validated the fair value adjustments recognised by management to check they were in line with IFRS 3 "Business Combinations" and in accordance with the sale and purchase agreements. For the valuation of intangible assets (customer relationships), we engaged our internal valuation specialists who assisted in testing the assumptions underlying the calculation of the fair value of intangible assets generated by managements' external valuation experts. In particular: • we compared the valuation methodology adopted to acceptable valuation practices; • we compared the attrition and growth rates applied to existing customer contracts to historical trends; and • we obtained the inputs used by management to calculate the discount rate applied and assessed them by using our specialists to draw comparisons with a selection of comparable organisations. We ensured that the deferred tax liability in respect of the customer lists recognised was calculated at the prevailing rate of corporation tax in the United States. We assessed the completeness of managements' list of liabilities recognised using our knowledge of the business, enquiries of senior management and reading the sale and purchase agreements. We have tested the adequacy and appropriateness of the related disclosures in note 2, 3 and 33 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises dnata financial highlights and dnata financial commentary (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing dnata's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate dnata or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing dnata's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE OWNER OF dnata (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 dnata's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on dnata's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause dnata to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within dnata to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the dnata audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
4 May 2017

Paul Suddaby

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AED m	2016 AED m
Revenue	5	11,982	10,422
Other operating income		200	208
Operating costs	6	(10,958)	(9,569)
Operating profit		**1,224**	**1,061**
Finance income		66	48
Finance costs		(35)	(36)
Share of results of investments accounted for using the equity method	11	78	83
Profit before income tax		**1,333**	**1,156**
Income tax expense	7	(82)	(66)
Profit for the year		**1,251**	**1,090**
Profit attributable to non-controlling interests		41	36
Profit attributable to dnata's Owner		**1,210**	**1,054**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
Profit for the year		**1,251**	1,090
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations net of deferred tax		124	30
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	11	(43)	(48)
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences		(159)	10
Cash flow hedges		(8)	2
Net investment hedge	22	4	-
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	11	21	3
Other comprehensive income for the year		**(61)**	**(3)**
Total comprehensive income for the year		**1,190**	**1,087**
Total comprehensive income attributable to non-controlling interests		40	42
Total comprehensive income attributable to dnata's Owner		**1,150**	**1,045**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017	2016
		AED m	AED m
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,847	1,697
Investment properties	9	237	-
Intangible assets	10	2,632	2,288
Investments accounted for using the equity method	11	407	385
Advance lease rentals	12	40	22
Deferred income tax assets	24	62	60
Trade and other receivables	14	147	138
		5,372	**4,590**
Current assets			
Inventories	13	87	95
Trade and other receivables	14	3,180	2,784
Derivative financial instruments	29	5	39
Income tax asset		5	5
Short term bank deposits	28	2,016	2,130
Cash and cash equivalents	28	1,382	1,335
		6,675	**6,388**
Total assets		**12,047**	**10,978**

	Note	2017	2016
		AED m	AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	15	63	63
Capital reserve		(66)	(67)
Other reserves	16	(355)	(216)
Retained earnings		6,897	5,607
Attributable to dnata's Owner		**6,539**	**5,387**
Non-controlling interests		167	167
Total equity		**6,706**	**5,554**
Non-current liabilities			
Trade and other payables	17	193	218
Borrowings and lease liabilities	21	654	400
Deferred income tax liabilities	24	148	94
Provisions	18	547	650
		1,542	**1,362**
Current liabilities			
Trade and other payables	17	3,351	3,753
Income tax liabilities		61	42
Borrowings and lease liabilities	21	339	258
Provisions	18	45	9
Derivative financial instruments	29	3	-
		3,799	**4,062**
Total liabilities		**5,341**	**5,424**
Total equity and liabilities		**12,047**	**10,978**

The consolidated financial statements were approved on 4 May 2017 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Gary Chapman
President

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Note	Attributable to dnata's Owner					Non-controlling interests	Total equity
		Capital	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**		
		AED m	AED m	AED m	AED m	AED m	AED m	AED m
1 April 2015		**63**	**(24)**	**(223)**	**4,972**	**4,788**	**65**	**4,853**
Profit for the year		-	-	-	1,054	1,054	36	1,090
Other comprehensive income for the year		-	-	9	(18)	(9)	6	(3)
Total comprehensive income for the year		**-**	**-**	**9**	**1,036**	**1,045**	**42**	**1,087**
Non-controlling interest on acquisition of subsidiaries	33	-	-	-	-	-	86	86
Acquired from non-controlling interest		-	(1)	-	-	(1)	-	(1)
Dividends		-	-	-	(400)	(400)	(26)	(426)
Option to acquire non-controlling interest		-	(42)	-	-	(42)	-	(42)
Transfer from retained earnings		-	-	1	-	1	-	1
Transactions with Owners		**-**	**(43)**	**1**	**(400)**	**(442)**	**60**	**(382)**
Share of other equity movements of investment accounted for using the equity method	11	-	-	(3)	(1)	(4)	-	(4)
31 March 2016		**63**	**(67)**	**(216)**	**5,607**	**5,387**	**167**	**5,554**
Profit for the year		-	-	-	1,210	1,210	41	1,251
Other comprehensive income for the year		-	-	(141)	81	(60)	(1)	(61)
Total comprehensive income for the year		**-**	**-**	**(141)**	**1,291**	**1,150**	**40**	**1,190**
Non-controlling interest on acquisition of subsidiaries	33	-	-	-	-	-	11	11
Acquired from non-controlling interest		-	2	-	-	2	(2)	-
Dividends		-	-	-	-	-	(53)	(53)
Option to acquire non-controlling interest		-	(1)	-	-	(1)	-	(1)
Transfer from retained earnings		-	-	2	(2)	-	-	-
Capital contribution		-	-	-	-	-	4	4
Transactions with Owners		**-**	**1**	**2**	**(2)**	**1**	**(40)**	**(39)**
Share of other equity movements of investment accounted for using the equity method	11	-	-	-	1	1	-	1
31 March 2017		**63**	**(66)**	**(355)**	**6,897**	**6,539**	**167**	**6,706**

The 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 options issued by dnata to acquire the non-controlling interest in subsidiaries.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 AED m	2016 AED m
Operating activities			
Profit before income tax		1,333	1,156
Adjustments for:			
Depreciation and amortisation	6	524	444
Finance income - net		(31)	(12)
Amortisation of advance lease rentals	12	3	1
Share of results of investments accounted for using the equity method	11	(78)	(83)
Gain on sale of investment accounted for using the equity method		-	(2)
Gain on sale of property, plant and equipment and intangible assets		(1)	(9)
Net provision for impairment of trade receivables	14	28	9
Provision for post-employment benefits	6	253	198
Net movement on derivative financial instruments		32	(48)
Employee benefit payments		(221)	(155)
Income tax paid		(69)	(93)
Change in inventories		(4)	(4)
Change in trade and other receivables		(578)	(442)
Change in provisions, trade and other payables		90	430
Net cash generated from operating activities		**1,281**	**1,390**

	Note	2017 AED m	2016 AED m
Investing activities			
Additions to property, plant and equipment	8	(479)	(422)
Addition to investment properties	9	(73)	-
Additions to intangible assets	10	(55)	(85)
Proceeds from sale of property, plant and equipment		58	17
Acquisition of subsidiaries, net of cash acquired	33	(582)	(78)
Investments in associates and joint ventures	11	(28)	(51)
Dividends from investments accounted for using the equity method	11	28	35
Proceeds from sale of an associate		-	24
Loans to related parties - net	31	19	34
Movement in short term bank deposits		114	(579)
Finance income		39	29
Acquired from non-controlling interest		(2)	-
Net cash used in investing activities		**(961)**	**(1,076)**
Financing activities			
Proceeds from loans	22	515	19
Repayment of loans	22	(192)	(61)
Net movement in lease liabilities		4	(6)
Finance cost		(20)	(22)
Dividends paid to dnata's Owner		(400)	(400)
Dividends paid to non-controlling interests		(53)	(26)
Net cash used in financing activities		**(146)**	**(496)**
Net change in cash and cash equivalents		**174**	**(182)**
Cash and cash equivalents at beginning of year		1,190	1,383
Effects of exchange rate changes		(114)	(11)
Cash and cash equivalents at end of year	28	**1,250**	**1,190**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 services
- handling services for export and import cargo
- in-flight catering
- 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) pronouncements. The consolidated financial statements are prepared under the historical cost convention except for those financial assets and financial liabilities (including derivative instruments) that are measured at fair value as stated in the accounting policies below.

All amounts are presented in millions of UAE Dirhams (AED).

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:

- Annual improvements 2012-2014 cycle (effective from 1 January 2016)
- Amendments to IAS 1, Disclosure initiatives (effective from 1 January 2016)

Not yet effective and have not been early adopted

At the date of authorisation of these consolidated financial statements, certain new accounting standards and amendment have been published that are mandatory for accounting periods commencing after 1 April 2017 or later periods, but have not been early adopted. Management is currently assessing the following standards and amendment which are likely to have an impact on dnata:

Amendment to IAS 7, Statement of cash flows (effective from 1 January 2017)

In January 2016, the IASB amended IAS 7 to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 9, Financial Instruments (effective from 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new expected credit loss model.

The new guidance has also substantially reformed the existing hedge accounting. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies.

IFRS 15, Revenue from Contracts with Customers (effective from 1 January 2018)

IFRS 15 replaces IAS 18 which covers contracts for sale of goods and rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard provides a single principles-based five-step model to be applied to all contracts with customers.

2. Summary of significant accounting policies (continued)

IFRS 16, Leases (effective from 1 January 2019)

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard replaces the existing lease classification model of operating and finance leases and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

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 fully 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 business combinations by dnata. The consideration transferred for the acquisition of a subsidiary comprises the fair value of assets transferred, liabilities incurred to the former owners of the subsidiary, fair value of contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. 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 subsidiary 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 subsidiaries' identifiable net assets.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the dnata's previously held equity interest in the subsidiary is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

dnata treats transactions with non-controlling interests that do not result in loss of control as transactions with the owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Any difference between amount of the adjustment to non-controlling interests and any consideration paid is recorded in equity.

Associates are those entities in which dnata has significant influence but not control or joint control generally accompanying a shareholding between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for by applying the equity method and include goodwill (net of accumulated impairment loss, if any) identified on acquisition after initially being recognised at cost.

Joint ventures are contractual arrangements which establish joint control and where dnata has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. 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 after initially being recognised at cost.

When dnata's share of losses in an equity-accounted investment equals or exceed its interest in the entity, including any other unsecured long term receivables, dnata does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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 or business 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 becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity or business are accounted for as if the related assets and liabilities have been directly disposed of. This may mean that amounts previously recognised in other comprehensive income are 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 are reclassified to the consolidated income statement where appropriate.

2. Summary of significant accounting policies (continued)

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 which includes aircraft handling 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 the sale of goods (including in-flight catering) is recognised when the risks and rewards of ownership are transferred to the customer.

Finance income

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

Foreign currency translation

dnata's consolidated financial statements are presented in UAE Dirhams (AED), which is also the parent company's functional currency. Subsidiaries, 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 whereas dnata's share of net investments is translated at the exchange rate prevailing at the end of the reporting period. Translation differences relating to investments in 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 associates, joint ventures or net investment in a foreign operation 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 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

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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.

Investment property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by dnata, is classified as investment property.

Investment property comprises freehold land and freehold buildings. Investment property is measured initially at its cost, including related transaction costs and borrowing costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment, if any. Land is not depreciated. Depreciation on investment properties is charged on a straight line basis over the estimated useful lives of such assets as follows:

Buildings	20 years

The assets' useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of investment property 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 aggregate of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value 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, 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.

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 are amortised on a straight-line basis over their estimated useful life. The useful lives of intangible assets are:

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

2. Summary of significant accounting policies (continued)

Other intangible assets (continued)

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

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 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.

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.

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.

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.

2. Summary of significant accounting policies (continued)

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 are denominated in currency in which the benefits will be paid and have terms approximating to the estimated term of the post-employment benefit obligations.

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

Income tax

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

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable 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.

Dividend distribution

Dividend distribution to equity holders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

2. Summary of significant accounting policies (continued)

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

dnata's 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 a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are re-classified and included in the initial carrying amount of the asset or liability. These gains and losses are ultimately recognised in the consolidated income statement 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.

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 narrative 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.

Impairment of goodwill / cash generating units

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units or group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The estimates made in arriving at the value-in-use calculation are set out in Note 10.

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 reasonably possible change in these assumptions are set out in Note 19.

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 17.

5. Revenue

	2017 AED m	2016 AED m
Services		
International Airport Operations	3,328	2,096
Travel services	3,136	3,306
UAE Airport Operations	3,023	2,851
Others	485	283
	9,972	**8,536**
Sale of goods		
In-flight catering	1,861	1,782
Others	149	104
	2,010	**1,886**
	11,982	**10,422**

6. Operating costs

	2017 AED m	2016 AED m
Employee costs (see (a) below)	4,654	3,847
Direct costs		
- Travel services	1,913	1,951
- Airport Operations	1,138	949
- In-flight catering	794	715
- Others	141	86
Rental and lease expenses	627	537
Depreciation and amortisation (see (b) below)	423	323
Sales and marketing expenses	370	418
Information technology infrastructure costs	204	199
Corporate overheads	694	544
	10,958	**9,569**

(a) Employee costs include AED 253 m (2016: AED 198 m) in respect of post-employment benefits (Note 19).

(b) Depreciation and amortisation of AED 101 m (2016: AED 121 m) is included under information technology infrastructure costs.

7. Income tax expense

	2017 AED m	2016 AED m
The components of income tax expense are:		
Current income tax expense	104	80
Deferred income tax credit	(22)	(14)
	82	**66**
The income tax expense for the year can be reconciled to the accounting profit before income tax as follows:		
Profit before income tax	1,333	1,156
Tax calculated at domestic tax rates applicable to profits in respective tax jurisdictions	**78**	**53**
Effect of non-deductible expenses	5	4
Recognition of previously unrecognised tax losses	-	(1)
Re-measurement of deferred tax - effect of changes in tax rates	-	(2)
Tax losses for which no deferred tax asset is recognised	1	2
Effect of other items	(2)	10
Income tax expense	**82**	**66**

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 2015	881	1,431	1,453	76	36	3,877
Acquisitions	10	118	15	14	2	159
Additions	16	170	127	22	82	417
Transfer from capital projects	8	10	12	1	(31)	-
Disposals / write-offs	(5)	(56)	(59)	(2)	-	(122)
Transfers	-	-	24	1	-	25
Currency translation differences	2	6	(4)	-	1	5
31 March 2016	**912**	**1,679**	**1,568**	**112**	**90**	**4,361**
Accumulated depreciation						
1 April 2015	343	899	1,111	43	-	2,396
Acquisitions	8	41	13	1	-	63
Charge for the year	49	101	140	11	-	301
Disposals / write-offs	(4)	(53)	(57)	(2)	-	(116)
Transfers	-	1	19	-	-	20
Currency translation differences	1	4	(5)	-	-	-
31 March 2016	**397**	**993**	**1,221**	**53**	**-**	**2,664**
Net book amount at						
31 March 2016	**515**	**686**	**347**	**59**	**90**	**1,697**

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 2016	912	1,679	1,568	112	90	4,361
Acquisitions (Note 33)	1	148	5	32	-	186
Additions	30	206	105	31	107	479
Transfer from capital projects	36	20	29	-	(85)	-
Disposals / write-offs	(3)	(40)	(224)	(8)	(3)	(278)
Currency translation differences	(16)	(33)	(23)	(1)	(6)	(79)
31 March 2017	**960**	**1,980**	**1,460**	**166**	**103**	**4,669**
Accumulated depreciation						
1 April 2016	397	993	1,221	53	-	2,664
Acquisitions (Note 33)	-	56	3	13	-	72
Charge for the year	53	151	131	19	-	354
Disposals / write-offs	(3)	(42)	(176)	(6)	-	(227)
Currency translation differences	(5)	(16)	(18)	(2)	-	(41)
31 March 2017	**442**	**1,142**	**1,161**	**77**	**-**	**2,822**
Net book amount at 31 March 2017	**518**	**838**	**299**	**89**	**103**	**1,847**

The net book amount of property, plant and equipment includes AED 27 m (2016: AED 30 m) in respect of plant and machinery held under finance leases (Note 23).

Land of AED 6 m (2016: AED 6 m) is carried at cost and is not depreciated.

9. Investment properties

	Land AED m	Buildings AED m	Total AED m
Cost			
Acquisition (Note 33)	62	123	185
Addition	-	73	73
31 March 2017	62	196	258
Accumulated depreciation			
Acquisition (Note 33)	-	14	14
Charge for the year	-	7	7
31 March 2017	-	21	21
Net book amount at 31 March 2017	62	175	237

Investment properties are secured against term loans (Note 22).

Investment properties comprise of rental properties in Dubai. The fair value of investment properties as at 31 March 2017 is AED 267 m, which was determined based on internal valuations as there is no active market. The fair valuation has been computed by discounting the contractual future lease rental income at a discount rate of 6% commensurate to the borrowing rate. These estimates are not based on observable market data and hence classified under level 3 of the fair value hierarchy.

Rental income earned during the year amounting to AED 15 m is recognised in the consolidated income statement as revenue and classified as revenue from 'services-others'.

10. 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 2015	1,555	361	131	107	663	2,817
Acquisitions	160	1	-	91	-	252
Additions	-	77	-	-	-	77
Disposals / write-offs	-	(2)	-	-	-	(2)
Transfers	-	29	-	-	-	29
Currency translation differences	(8)	(2)	(4)	2	(5)	(17)
31 March 2016	**1,707**	**464**	**127**	**200**	**658**	**3,156**
Accumulated amortisation						
1 April 2015	-	236	14	34	410	694
Acquisition	-	1	-	13	-	14
Charge for the year	-	54	15	16	58	143
Transfers	-	21	-	-	-	21
Currency translation differences	-	(2)	(1)	-	(1)	(4)
31 March 2016	**-**	**310**	**28**	**63**	**467**	**868**
Net book value at 31 March 2016	**1,707**	**154**	**99**	**137**	**191**	**2,288**
Cost						
1 April 2016	1,707	464	127	200	658	3,156
Acquisitions (Note 33)	306	-	-	293	-	599
Additions	-	55	-	-	-	55
Disposals / write-offs	-	(28)	-	-	-	(28)
Transfers	10	-	-	(1)	-	9
Currency translation differences	(114)	(11)	(17)	(5)	(45)	(192)
31 March 2017	**1,909**	**480**	**110**	**487**	**613**	**3,599**
Accumulated amortisation						
1 April 2016	-	310	28	63	467	868
Charge for the year	-	51	12	46	54	163
Disposals / write-offs	-	(22)	-	-	-	(22)
Currency translation differences	-	(7)	(5)	(3)	(27)	(42)
31 March 2017	**-**	**332**	**35**	**106**	**494**	**967**
Net book value at 31 March 2017	**1,909**	**148**	**75**	**381**	**119**	**2,632**

10. Intangible assets (continued)

Computer software includes an amount of AED 18 m (2016: AED 18 m) in respect of projects under implementation.

For the purpose of carrying out impairment test of goodwill, 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 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 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 2017 AED m	Goodwill 2016 AED m	Discount rate %	Terminal growth rate %
Airport operations	USA	285	-	9.5	2.0
Airport operations	Switzerland	250	258	6.0	1.5
Airport operations	Singapore	89	92	7.0	3.0
Airport operations	Netherlands	57	60	8.5	1.5
Airport operations	Brazil	49	37	16.0	2.5
Airport operations	Australia	28	28	10.0	2.5
Airport operations	Czech Republic	19	-	8.5	1.5
In-flight catering group	UK	478	489	8.0	1.5
Online travel services	UK	423	488	8.5	1.5
Travel services	UK	162	186	8.5	1.5
Travel services	UAE	3	3	-	-
Others	UAE	66	66	12.0	3.0
		1,909	**1,707**		

Goodwill pertaining to Travel services, UK includes AED 115 m (2016: AED 132 m) for the Gold Medal group (Gold Medal Travel Group plc and Airline Network plc) and AED 47 m (2016: AED 54 m) for the Stella Travel group (Stella Travel Services (UK) Ltd and Stella Global UK Ltd). The key assumptions used in the value-in-use calculations for both these 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 5% reduction in the gross margin, 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

11. 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, cargo 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 and cargo 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 and cargo handling services	United Kingdom
Dnata for Airport Services Ltd	80	Aircraft and cargo handling services	Iraq
Dnata Catering Services Limited	100	Holding company	United Kingdom
Alpha Flight Group Ltd	100	Holding company	United Kingdom
Alpha Flight UK Ltd	100	Inflight catering services	United Kingdom
Alpha Flight Services Pty Ltd	100	Inflight catering services	Australia
Alpha Flight Ireland Ltd	100	Inflight catering services	Ireland
Alpha Flight a.s	100	Inflight catering services	Czech Republic
Alpha In-Flight US LLC	100	Inflight catering services	United States of America
dnata srl (formerly Air Chef srl)	100	Inflight catering services	Italy
dnata Catering s.r.l.	64.2	Inflight catering services	Romania
Alpha Flight Services UAE LLC (see (a) below)	49	Inflight catering services	United Arab Emirates
Jordan Flight Catering Company Ltd (see (a) below)	35.9	Inflight catering services	Jordan
dnata International Pvt Ltd	100	Travel agency	India
dnata World Travel Limited	100	Holding company	United Kingdom
Travel Republic Limited	100	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	85.2	Bakery and food solutions	United Kingdom
Najm Travel LLC	100	Travel agency	United Arab Emirates
dnata Travel Holdings UK Limited	100	Holding company	United Kingdom
Gold Medal Travel Group plc	100	Travel agency	United Kingdom
Airline Network plc	100	Travel agency	United Kingdom

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

Principal subsidiaries (continued)

		Percentage of equity owned	Principal activities	Country of incorporation and principal operations
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
Stella Travel Services (UK) Limited		100	Travel agency	United Kingdom
Stella Global UK Limited		100	Travel agency	United Kingdom
dnata Airport Services Pty Ltd		100	Aircraft and cargo handling services	Australia
Incorporated during the previous year:				
dnata Aviation Services US Inc.		100	Holding company	United States of America
Acquired during the previous year:				
dnata BV		100	Aircraft and cargo handling services	The Netherlands
RM Services Auxilliares de Transporte Aero S/A		70	Aircraft handling services	Brazil
Plafond Fit Out LLC		100	MEP contracting	United Arab Emirates
Airport Handling SpA	(see (a) below)	30	Aircraft handling services	Italy
Incorporated during the year:				
dnata Aviation Services Canada Ltd		100	Holding company	Canada
dnata Pty Ltd		100	Holding company	Australia
Airport Handling Services Australia Pty Ltd		100	Aircraft handling services	Australia
Travel Partners (London) Limited		100	Travel services	United Kingdom
Acquired during the year:				
Transecure LLC		100	Investment properties	United Arab Emirates
Ground Services International Inc.		100	Aircraft handling services	United States of America
Metro Air Service Inc.		100	Mail handling services	United States of America
Air Dispatch (CLC) s.r.o		95	Load control services	Czech Republic
Air Dispatch (CLC) Spolka z.o.o		95	Load control services	Poland
Air Dispatch (CLC) SK s.r.o		95	Load control services	Slovakia
Oman United Agencies Travel LLC		76.9	Travel agency	Oman
Sama Travel and Services International LLC		76.9	Travel agency	Oman
Moon Travel LLC	(see (a) below)	38	Travel agency	Oman

(a) Alpha Flight Services UAE LLC, Jordan Flight Catering Company Ltd, Airport Handling SpA and Moon Travel LLC qualify as subsidiaries as overall control is exercised by dnata, therefore the results of these companies are consolidated.

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

11. 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 and cargo handling services	Pakistan
Guangzhou Baiyun International Airport Ground Handling Services Co. Ltd		20	Aircraft handling services	P. R. China
Hogg Robinson Group plc		22	Travel services	United Kingdom
Canary Topco Ltd		9.1	Information technology services	United Arab Emirates
Disposed during the previous year:				
Mindpearl AG		49	Contact centre operations	Switzerland
Mindpearl South Africa (Pty) Ltd		49	Contact centre operations	South Africa
Principal joint ventures				
Super Bus Tourism LLC	(see (b) below)	75	Travel services	United Arab Emirates
dnata Travel Company Limited	(see (b) below)	70	Travel agency	Saudi Arabia
Travel Counsellors LLC	(see (c) below)	51	Travel agency	United Arab Emirates
Dnata-PWC Airport Logistics LLC		50	Freight clearing and forwarding	United Arab Emirates
Transguard Group LLC		50	Security services	United Arab Emirates
Dunya Travel LLC		50	Travel agency	United Arab Emirates
Najm Travels LLC		50	Travel agency	Afghanistan
Al Tawfeeq Travel Co WLL		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
Bollore Logistics LLC (formerly SDV UAE LLC) (see (b) below)		25.5	Freight clearing and forwarding	United Arab Emirates
Acquired during the previous year:				
Imagine Enterprise Limited	(see (c) below)	51	Travel agency	United Kingdom
Incorporated during the year:				
G Travel International LLC	(see (c) below)	51	Travel services	United Arab Emirates
Acquired during the year				
G.T.A. Ground Handling Limited		50	Aircraft handling services	Canada
G.T.A. World Cargo Limited		50	Cargo handling services	Canada

(b) Although the percentage of equity owned in Super Bus Tourism LLC, dnata Travel Company Limited and Bollore Logistics LLC (formerly SDV UAE LLC) is 75%, 70% and 25.5% respectively, they are subject to joint control.

(c) dnata's beneficial interest in Travel Counsellors LLC, Imagine Enterprises Limited and G Travel International LLC is 50% and they are subject to joint control.

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

Movement of investments accounted for using the equity method

	2017 AED m	2016 AED m
Balance brought forward	**385**	**424**
Investments	28	51
Share of results	78	83
Share of other comprehensive income	(22)	(45)
Share of other equity movements	1	(4)
Dividends	(28)	(35)
Transfer	-	20
Disposal of an associate	-	(30)
De-recognition due to change in ownership interest (see below)	(16)	(85)
Currency translation differences	(19)	6
Balance carried forward	**407**	**385**

Change in the ownership interest of a joint venture

dnata acquired the remaining 50% interest in a joint venture, Transecure LLC, to increase its shareholding to a 100% interest (Note 33). The step acquisition did not result in any significant fair value gain or loss.

dnata acquired an additional 26.9% interest in the associate, Oman United Agencies Travel LLC, to increase its shareholding to a 76.9% interest (Note 33). The retained interest in the associate at the acquisition date was remeasured to fair value resulting in a net gain of AED 7 m.

The resultant gain is included under other operating income in the consolidated income statement.

During the previous year, dnata acquired the remaining 50% interest in a joint venture, Plafond Fitout LLC, to increase its shareholding to a 100% interest. The step acquisition did not result in any significant fair value gain or loss.

The financial statements of an associate have been prepared from 1 January 2016 to 31 December 2016 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 2017 and 31 March 2017.

No individual associate is material to dnata. The aggregate financial information of associates is set out below:

	2017 AED m	2016 AED m
Share of results of associates	(1)	22
Share of other comprehensive income of associates	(21)	(40)
Share of total comprehensive income of associates	**(22)**	**(18)**
Aggregate carrying value of investments in associates	**21**	**68**

No individual joint venture is material to dnata. The aggregate financial information of joint ventures is set out below:

	2017 AED m	2016 AED m
Share of results of joint ventures	79	61
Share of other comprehensive income of a joint venture	(1)	(5)
Share of total comprehensive income of joint ventures	**78**	**56**
Aggregate carrying value of investments in joint ventures	**386**	**317**

12. Advance lease rentals

	2017 AED m	2016 AED m
Balance brought forward	**22**	**22**
Acquisition (Note 33)	19	-
Additions during the year	6	-
Charge for the year	(3)	(1)
Currency translation differences	(2)	1
Balance carried forward	**42**	**22**
Advance lease rentals will be charged to the consolidated income statement as follows:		
Within one year (Note 14)	**2**	**-**
Over one year	**40**	**22**

13. Inventories

	2017 AED m	2016 AED m
Food and beverage	42	46
Spares and consumables	27	32
Other	18	17
	87	**95**

14. Trade and other receivables

	2017 AED m	2016 AED m
Trade receivables - net of provision	1,696	1,539
Deposits and other receivables	588	495
Related parties (Note 31)	556	401
Prepayments	485	487
Advance lease rentals (Note 12)	2	-
	3,327	**2,922**
Less: Receivables over one year	(147)	(138)
	3,180	**2,784**

The receivables over one year include preference shares issued by an associate company which are long term in nature.

The impairment charge on trade receivables recognised in the consolidated income statement during the year mainly relates to travel agency, airline and other 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:

	2017 AED m	2016 AED m
Balance brought forward	**38**	**44**
Acquisition	1	3
Charge for the year	50	18
Unused amounts reversed	(22)	(9)
Amounts written off as uncollectible	(9)	(19)
Transfer	(1)	3
Currency translation differences	(2)	(2)
Balance carried forward	**55**	**38**

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 (excluding prepayments) 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:

	2017 AED m	2016 AED m
Below 3 months	704	727
3-6 months	73	44
Above 6 months	234	158
	1,011	**929**

15. Capital

Capital represents the permanent capital of dnata.

16. Other reserves

	Translation reserve AED m	Other AED m	Total AED m
1 April 2015	**(240)**	**17**	**(223)**
Currency translation differences	4	-	4
Transferred to consolidated income statement	-	2	2
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	3	-	3
Recognised in other comprehensive income	**7**	**2**	**9**
Share of other equity movement of investment accounted for using the equity method	-	(3)	(3)
Transfer from retained earnings	-	1	1
31 March 2016	**(233)**	**17**	**(216)**
Currency translation differences	(158)	-	(158)
Net investment hedge (Note 22)	4	-	4
Loss in fair value of cash flow hedges	-	(33)	(33)
Transferred to consolidated income statement	-	25	25
Share of other comprehensive income of investments accounted for using the equity method net of deferred tax	21	-	21
Recognised in other comprehensive income	**(133)**	**(8)**	**(141)**
Transfer from retained earnings	-	2	2
31 March 2017	**(366)**	**11**	**(355)**

17. Trade and other payables

	2017 AED m	2016 AED m
Trade payables and accruals	2,357	2,388
Deferred revenue	734	616
Employee leave pay	227	206
Related parties (Note 31)	77	94
Customer deposits	55	49
Dividend payable	9	400
Other payables	85	218
	3,544	**3,971**
Less: Payable over one year	(193)	(218)
	3,351	**3,753**

The payable over one year represents the acquisition related deferred / contingent considerations and the fair value of options issued to acquire additional interests in subsidiaries. It also includes non-current portion of the deferred revenue.

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

	2017 AED m	2016 AED m
Balance brought forward	**54**	**71**
Interest	-	6
Payment	(17)	-
Remeasurement gain	(18)	(21)
Currency translation differences	(6)	(2)
Balance carried forward	**13**	**54**

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

18. Provisions

	2017 AED m	2016 AED m
Non-current		
Retirement benefit obligations (Note 19)	523	626
Other provisions (Note 20)	24	24
	547	**650**
Current		
Other provisions (Note 20)	45	9
	45	**9**
	592	**659**

19. 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 2017 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:

	2017 AED m	2016 AED m
Funded schemes		
Present value of defined benefit obligations	648	616
Less: Fair value of plan assets	(581)	(548)
	67	**68**
Unfunded schemes		
Present value of defined benefit obligations	**456**	**558**
Liability recognised in consolidated statement of financial position	**523**	**626**

Funded schemes

a) Parent company

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

Benefits receivable under the provident scheme are subject to vesting rules, which are dependent upon a participating employee's length of service. If at the time an employee leaves employment, the accumulated vested amount, including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, dnata pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives 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:

	2017 AED m	2016 AED m
Present value of funded defined benefit obligations	129	124
Less: Fair value of plan assets	(128)	(118)
	1	**6**

The assessment of the present value of defined benefit obligations assumed expected salary increases averaging 3.0% (2016: 4.5%) and a discount rate of 4.25% (2016: 4.0%) per annum. The present values of the defined benefit obligations at 31 March 2017 were computed using the actuarial assumptions set out above.

The liability of AED 1 m (2016: AED 6 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.

19. Retirement benefit obligations (continued)

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:

	2017 AED m	2016 AED m
Balance brought forward	**118**	**102**
Contributions received	18	19
Change in fair value	7	4
Benefits paid	(15)	(7)
Balance carried forward	**128**	**118**

b) Subsidiaries

(i) Swiss plan

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:

	2017 AED m	2016 AED m
Present value of funded defined benefit obligations	238	231
Less: Fair value of plan assets	(184)	(179)
	54	**52**

The actuarial valuation for the Swiss plan included assumptions relating to the discount rate of 0.7% (2016: 0.8%) and expected salary increases of 1.0% (2016: 1.0%) per annum.

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

	2017 AED m	2016 AED m
Balance brought forward	**231**	**248**
Service cost	13	11
Interest cost	2	2
Remeasurement loss / (gain)	1	(21)
Employee contributions	8	7
Benefits paid	(10)	(17)
Currency translation differences	(7)	1
Balance carried forward	**238**	**231**

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

	2017 AED m	2016 AED m
Balance brought forward	**179**	**177**
Expected return on plan assets	1	2
Employer contributions	10	9
Employee contributions	8	7
Benefits paid	(10)	(17)
Currency translation differences	(4)	1
Balance carried forward	**184**	**179**

19. Retirement benefit obligations (continued)

(ii) Netherlands plan

Employees of a subsidiary in Netherlands participate in a defined benefit plan ("the Netherlands plan"). The Netherlands 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:

	2017 AED m	2016 AED m
Present value of funded defined benefit obligations	281	261
Less: Fair value of plan assets	(269)	(251)
	12	**10**

The actuarial valuation for the Netherlands plan included assumptions relating to the discount rate of 1.85% (2016: 2.3%) and expected salary increases of 1.0% (2016: 1.0%) per annum.

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

	2017 AED m	2016 AED m
Balance brought forward	**261**	**-**
Acquisition	-	250
Service cost	5	3
Interest cost	7	2
Remeasurement loss	23	-
Employee contributions	2	1
Benefits paid	(4)	(2)
Currency translation differences	(13)	7
Balance carried forward	**281**	**261**

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

	2017 AED m	2016 AED m
Balance brought forward	**251**	**-**
Acquisition	-	241
Expected return on plan assets	7	-
Remeasurement		
- Return on plan assets	22	2
Employer contributions	4	3
Employee contributions	2	1
Benefits paid	(4)	(2)
Currency translation differences	(13)	6
Balance carried forward	**269**	**251**

dnata expects to contribute, in respect of existing plan members of all its funded schemes, approximately AED 32 m during the year ending 31 March 2018.

Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme, defined benefit plans 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 present value of defined benefit obligation is:

	2017 AED m	2016 AED m
Balance brought forward	**558**	**527**
Acquisition (Note 33)	3	-
Service cost	66	61
Interest cost	23	21
Remeasurement		
- changes in experience / demographic assumptions	(10)	(13)
- changes in financial assumptions	(116)	-
Benefits paid	(57)	(38)
Transfer	(11)	-
Balance carried forward	**456**	**558**

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

19. Retirement benefit obligations (continued)

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.

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

	2017 AED m	2016 AED m
Defined benefit plans		
Funded schemes		
Service and interest cost - net	38	30
Net change in the present value of defined benefit obligations over plan assets	(5)	-
	33	**30**
Unfunded schemes		
Current service cost	66	61
Interest cost	23	21
	89	**82**
Defined contribution plans		
Contributions expensed	**131**	**86**
Recognised in the consolidated income statement	**253**	**198**

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

Assumption	**Change**	**Effect on defined benefit obligation**	
		Subsidiaries AED m	**Unfunded schemes** AED m
Discount rate	+ 0.5%	(46)	(26)
	- 0.5%	52	29
Expected salary increases	+ 0.5%	7	29
	- 0.5%	(7)	(27)

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 durations of the defined benefit obligations are set out below:

	2017 Years	**2016 Years**
Funded scheme - Swiss plan	17.1	17.0
Funded scheme - Netherlands plan	21.0	19.8
Unfunded scheme	12.5	13.8

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.

20. Other provisions

	Dilapi-dations AED m	Onerous contracts AED m	Others AED m	Total AED m
1 April 2016	**7**	**2**	**24**	**33**
Acquisition (Note 33)	-	-	4	4
Additions	-	-	42	42
Utilised during the year	-	-	(4)	(4)
Unutilised amounts reversed	-	(2)	(1)	(3)
Currency translation differences	(1)	-	(2)	(3)
31 March 2017	**6**	**-**	**63**	**69**

Provisions are expected to be used as follows:

	2017 AED m	2016 AED m
Within one year (Note 18)	45	9
Over one year (Note 18)	24	24
31 March 2017	**69**	**33**

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. Other provisions – others, primarily relates to the claims made by third parties.

21. Borrowings and lease liabilities

	2017 AED m	2016 AED m
Non-current		
Term loans (Note 22)	630	382
Lease liabilities (Note 23)	24	18
	654	**400**
Current		
Term loans (Note 22)	198	107
Lease liabilities (Note 23)	9	6
Bank overdrafts (Note 28)	132	145
	339	**258**
	993	**658**

Borrowings and lease liabilities are denominated in the following currencies:

	2017 AED m	2016 AED m
US Dollars	278	-
Pound Sterling	224	299
UAE Dirhams	151	-
Swiss Francs	126	162
Australian Dollars	79	30
Singapore Dollars	57	51
Euro	33	96
Others	45	20

22. Term loans

	2017 AED m	**2016** AED m
Movements in the term loans are as follows:		
Balance brought forward	**491**	**536**
Acquisition (Note 33)	52	-
Additions	515	19
Repayments	(192)	(61)
Currency translation differences	(37)	(3)
	829	**491**
Less: Transaction costs	(1)	(2)
Balance carried forward	**828**	**489**
Term loans are repayable as follows:		
Within one year	**198**	**107**
Between 2 and 5 years	591	373
After 5 years	39	9
Total over one year	**630**	**382**
Term loans are denominated in the following currencies:		
US Dollars	278	-
Pound Sterling	224	236
UAE Dirhams	116	-
Swiss Francs	99	129
Australian Dollars	78	28
Euro	33	96

Contractual repricing dates are set at three to six month intervals. The effective interest rate on the term loans was 2.5% (2016: 2.9%) per annum. The carrying amounts of the term loans approximate their fair value. The fair value is determined by discounting projected cash flows using the interest rate yield curve applicable to different maturities and currencies adjusted for credit spread 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.

23. Lease liabilities

	2017 AED m	**2016** AED m
Gross lease liabilities:		
Within one year	10	7
Between 2 and 5 years	25	19
After 5 years	1	1
	36	**27**
Future interest	(3)	(3)
Present value of finance lease liabilities	**33**	**24**
The present value of finance lease liabilities is repayable as follows:		
Within one year	**9**	**6**
Between 2 and 5 years	23	17
After 5 years	1	1
Total over one year	**24**	**18**
The present value of finance lease liabilities are denominated in the following currencies:		
Swiss Francs	23	21
Australian Dollars	1	2
Pound Sterling	-	1
Others	9	-

Lease liabilities are secured on the related plant and machinery.

The carrying amount of lease liabilities approximate to their fair values. 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.

24. 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:

	2017 AED m	2016 AED m
Deferred income tax assets	62	60
Deferred income tax liabilities	(148)	(94)
	(86)	**(34)**

The movement in the deferred tax account is as follows:

	2017 AED m	2016 AED m
Balance brought forward	**(34)**	**(46)**
Acquisition (Note 33)	(91)	(12)
Credited to the consolidated income statement	22	14
Transfers	12	14
Deferred tax on retirement benefit obligation	-	(5)
Currency translation differences	5	1
Balance carried forward	**(86)**	**(34)**

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 2015	**(37)**	**(92)**	**(1)**	**(130)**
Acquisition	-	(17)	-	(17)
(Charge) / credited to the consolidated income statement	1	22	-	23
Transfers	(2)	-	-	(2)
Currency translation differences	(1)	1	-	-
31 March 2016	**(39)**	**(86)**	**(1)**	**(126)**
Acquisitions (Note 33)	(1)	(90)	-	(91)
Credited to the consolidated income statement	-	28	-	28
Currency translation differences	2	4	-	6
31 March 2017	**(38)**	**(144)**	**(1)**	**(183)**

Deferred income tax assets

	Tax losses AED m	Provisions AED m	Other AED m	Total AED m
1 April 2015	**33**	**35**	**16**	**84**
Acquisition	-	2	3	5
(Charge) / credited to the consolidated income statement	(9)	(2)	2	(9)
Transfers	26	(10)	-	16
Recognised in other comprehensive income	-	(5)	-	(5)
Currency translation differences	(2)	1	2	1
31 March 2016	**48**	**21**	**23**	**92**
(Charge) / credited to the consolidated income statement	(6)	(3)	3	(6)
Transfers	(23)	23	12	12
Currency translation differences	(3)	-	2	(1)
31 March 2017	**16**	**41**	**40**	**97**

A deferred tax asset has not been recognised in respect of carried forward tax losses amounting to AED 150 m.

25. Operating leases

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

	2017 AED m	2016 AED m
Less than 1 year	322	205
Between 2 and 5 years	866	671
After 5 years	802	872
	1,990	**1,748**

26. Capital commitments

	2017 AED m	2016 AED m
Authorised and contracted:		
dnata	142	193
Joint ventures	14	13
	156	206
Authorised but not contracted:		
dnata	429	551
	585	**757**

27. Guarantees

	2017 AED m	2016 AED m
Guarantees and letters of credit provided by banks in the normal course of business	**333**	**222**

Guarantees and letters of credit include AED 51 m (2016: AED 40 m) provided by companies under common control on normal commercial terms.

28. Short term bank deposits, cash and cash equivalents

	2017 AED m	2016 AED m
Bank deposits	2,479	2,321
Cash and bank	919	1,144
Cash and bank balances	**3,398**	**3,465**
Less: Short term bank deposits over 3 months	(2,016)	(2,130)
Cash and cash equivalents as per the consolidated statement of financial position	**1,382**	**1,335**
Bank overdrafts (Note 21)	(132)	(145)
Cash and cash equivalents as per the consolidated statement of cash flows	**1,250**	**1,190**

Short term bank deposits, cash and cash equivalents yield an effective interest rate of 2.5% (2016: 1.8%) per annum.

29. Derivative financial instruments

	2017 AED m	2016 AED m
Current assets		
Currency swaps and forwards	5	39
	5	39
Current liabilities		
Currency swaps and forwards	3	-
	3	**-**

The notional principal amounts outstanding are:

	2017 AED m	2016 AED m
Currency contracts	834	929

30. Classification of financial instruments

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

	Loans and receivables AED m	Derivative financial instruments AED m	Assets and liabilities at fair value through profit and loss AED m	Financial liabilities at amortised cost AED m	Total AED m
2017					
Assets					
Derivative financial instruments	-	5	-	-	5
Trade and other receivables (excluding prepayments and advance lease rentals)	2,840	-	-	-	2,840
Short term bank deposits	2,016	-	-	-	2,016
Cash and cash equivalents	1,382	-	-	-	1,382
Total	**6,238**	**5**	**-**	**-**	**6,243**
Liabilities					
Borrowings and lease liabilities	-	-	-	993	993
Trade and other payables (excluding deferred revenue and customer deposits)	-	-	13	2,742	2,755
Derivative financial instruments	-	3	-	-	3
Total	**-**	**3**	**13**	**3,735**	**3,751**
2016					
Assets					
Derivative financial instruments	-	39	-	-	39
Trade and other receivables (excluding prepayments and advance lease rentals)	2,435	-	-	-	2,435
Short term bank deposits	2,130	-	-	-	2,130
Cash and cash equivalents	1,335	-	-	-	1,335
Total	**5,900**	**39**	**-**	**-**	**5,939**
Liabilities					
Borrowings and lease liabilities	-	-	-	658	658
Trade and other payables (excluding deferred revenue and customer deposits)	-	-	54	3,252	3,306
Total	**-**	**-**	**54**	**3,910**	**3,964**

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

31. Related party transactions and balances

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.

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

	2017 AED m	2016 AED m
Trading transactions		
(i) Sale of goods and services		
Sale of goods - Companies under common control	339	376
Services rendered - Companies under common control	2,004	1,853
Services rendered - Joint ventures	40	17
Services rendered - Associates	17	17
	2,400	**2,263**
(ii) Purchase of goods and services		
Purchase of goods - Companies under common control	98	123
Purchase of goods - Associates	2	-
Services received - Companies under common control	446	412
Services received - Joint ventures	236	131
Services received - Associates	-	1
	782	**667**
Other transactions		
(i) Finance income		
Companies under common control	42	26
Joint ventures	3	6
	45	**32**
(ii) Finance cost		
Companies under common control	**4**	**5**
(iii) Compensation to key management personnel		
Salaries and short-term employee benefits	32	40
Post-employment benefits	5	5
	37	**45**

Effective 1 April 2015, the destination and leisure management business of Emirates was transferred to dnata for consideration equal to carrying value of assets and liabilities transferred.

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.

	2017 AED m	2016 AED m
Year end balances		
(i) Receivables-sale of goods and services (Note 14)		
Companies under common control	360	170
Associates	43	32
Joint ventures	42	52
	445	**254**
(ii) Payables-purchase of goods and services (Note 17)		
Joint ventures	58	24
Companies under common control	19	70
	77	**94**
(iii) Borrowings		
Companies under common control	**147**	**135**
(iv) Loans - receivable (Note 14)		
Joint ventures	**111**	**147**
Movement in the loans were as follows:		
Balance brought forward	**147**	**208**
Additions	1	1
Repayments	(20)	(35)
Transfer	-	(20)
Currency translation differences	(17)	(7)
Balance carried forward (Note 14)	**111**	**147**

The loans earned effective interest of 2.8% (2016: 3.3%) per annum.

32. 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 USD LIBOR for United States Dollar, CHF LIBOR for Swiss Francs, GBP LIBOR for Pound 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, Pound 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. At dnata parent level these liabilities provide a natural hedge to its foreign currency investments in these countries.

(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 1,753 m (2016: 1,803 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.

32. 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:

	2017 AED m	2016 AED m
AA- to AA+	153	36
A- to A+	2,276	695
BBB+	568	2,217
Lower than BBB+	396	489

(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.

	Less than 1 year AED m	2 - 5 years AED m	Over 5 years AED m	Total AED m
2017				
Borrowings and lease liabilities	361	660	42	1,063
Derivative financial instruments	3	-	-	3
Trade and other payables (excluding sales in advance, deferred revenue and customer deposits)	2,670	85	-	2,755
	3,034	**745**	**42**	**3,821**
2016				
Borrowings and lease liabilities	276	414	11	701
Trade and other payables (excluding sales in advance, deferred revenue and customer deposits)	3,088	243	-	3,331
	3,364	**657**	**11**	**4,032**

33. Acquisitions

2017

Transecure LLC

On 1 April 2016 dnata obtained 100% control of a joint venture, Transecure LLC by acquiring the remaining 50% beneficial ownership. dnata had a 99% legal ownership and a 50% beneficial ownership in Transecure LLC before this transaction. The step acquisition did not result in any significant fair value gain or loss.

dnata Aviation Services US Inc.

On 4 April 2016, dnata through its wholly owned subsidiary Dnata Aviation Services Limited, United Kingdom (DASL), acquired 100% ownership of Ground Services International Inc. (GSI) and Metro Air Service Inc. (Metro) based in Detroit, Michigan, United States of America. GSI and Metro are leading ground handling and United States Postal Services handling providers. Together they have a presence at 25 airports in the United States of America.

Others

Air Dispatch

On 7 July 2016, dnata, through its wholly owned subsidiary DASL, acquired 95% ownership of Air Dispatch (CLC) s.r.o, Prague, Czech Republic, along with its 100% owned Polish subsidiary Air Dispatch (CLC) Spolka z.o.o., Warsaw, Poland. The business of the acquired entity is to provide outsourced weight and balance / centralised load control (CLC) services for major airlines, carried out on a remote basis from their operating centres in Prague and Warsaw.

Oman United Agencies Travel (OUA)

On 1 September 2016 dnata obtained control of a joint venture, Oman United Agencies Travel LLC by acquiring an additional 26.9% shares. Post this transaction dnata holds 76.9% legal and beneficial ownership in the entity.

Assets and liabilities arising from and recognised on acquisitions have been measured on provisional basis, pending the fair valuation of acquired net assets.

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

	Transecure LLC	dnata Aviation Services US Inc.	Others	Total
	AED m	AED m	AED m	AED m
Property, plant and equipment (Note 8)	-	103	11	114
Investment properties (Note 9)	171	-	-	171
Intangible assets (Note 10)	48	213	32	293
Advance lease rentals (Note 12)	19	-	-	19
Trade and other receivables - net of provision	2	-	-	2
Other current assets	-	5	43	48
Cash and cash equivalents	3	5	5	13
Deferred income tax liabilities (Note 24)	-	(85)	(6)	(91)
Defined benefit obligations (Note 19)	-	-	(3)	(3)
Borrowings (Note 22)	(52)	-	-	(52)
Provisions (Note 20)	-	(4)	-	(4)
Other non-current liabilities	(122)	(8)	(6)	(136)
Current liabilities	(7)	-	(26)	(33)
Fair value of net assets acquired	**62**	**229**	**50**	**341**
Less: Non-controlling interest	-	-	(11)	(11)
dnata's share of net assets acquired	**62**	**229**	**39**	**330**
Goodwill (Note 10)	-	285	21	306
Total purchase consideration	**62**	**514**	**60**	**636**
Less: Cash and cash equivalents acquired	(3)	(5)	(5)	(13)
Less: Fair value of retained interest (Note 11)	(7)	-	(16)	(23)
Less: Contingent consideration	-	(18)	-	(18)
Cash outflow on acquisition	**52**	**491**	**39**	**582**

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

33. Acquisitions (continued)

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

	Transecure LLC AED m	dnata Aviation Services US Inc. AED m	Others AED m	Total AED m
Acquisition-related costs	-	3	1	4
Contribution from acquired businesses				
Revenue from acquisition date to 31 March 2017	23	491	28	542
Profit from acquisition date to 31 March 2017	9	28	1	38
If the acquisition had taken place at the beginning of the year				
Revenue	23	491	42	556
Profit	9	28	4	41

2016

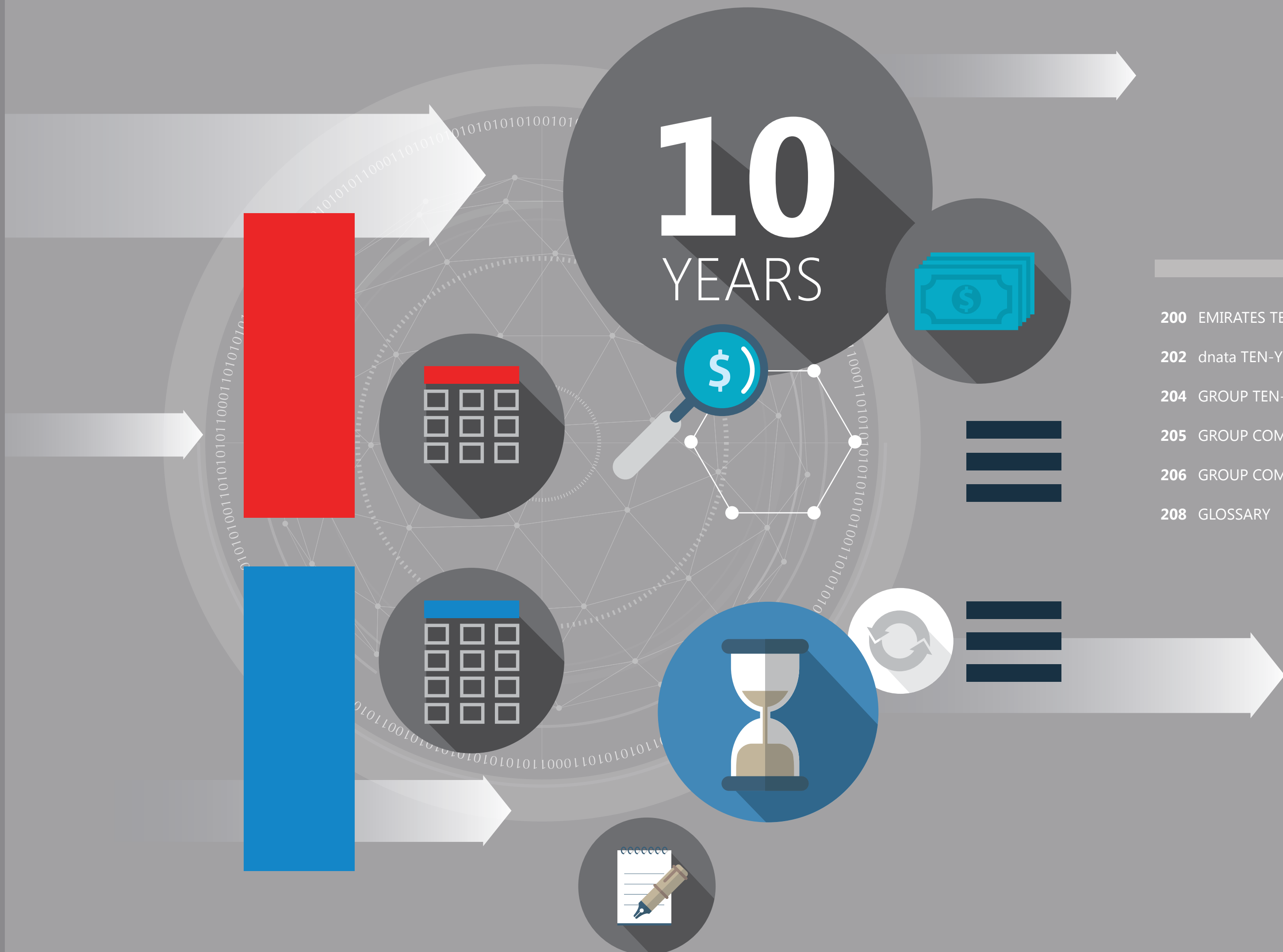
In the previous year, dnata acquired cargo handling operations of Aviapartner and re-named as dnata BV, obtained 100% control of a joint venture, Plafond Fit Out LLC, obtained 70% of shares in RM Services Auxiliaries de Transporte Aero S/A, subsequently re-named as dnata Brazil and 30% shares in Airport Handling SpA, Italy.

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

	dnata BV AED m	Plafond Fit Out AED m	dnata Brazil AED m	Airport Handling SpA AED m	Total AED m
Fair value of net assets acquired	**48**	**41**	**11**	**119**	**219**
Less: Non-controlling interest	-	-	(3)	(83)	(86)
dnata's share of net assets acquired	**48**	**41**	**8**	**36**	**133**
Goodwill (Note 10)	58	66	36	-	160
Bargain purchase	-	-	-	(6)	(6)
Total purchase consideration	**106**	**107**	**44**	**30**	**287**
Less: Cash and cash equivalents acquired	(39)	-	(1)	(68)	(108)
Less: Fair value of retained interest	-	(85)	-	-	(85)
Less: Contingent consideration	-	-	(16)	-	(16)
Cash outflow / (inflow) on acquisition	**67**	**22**	**27**	**(38)**	**78**

34. 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 2017, dnata achieved a return on equity of 20.3% (2016: 20.7%).


10
YEARS

ADDITIONAL INFORMATION

EMIRATES TEN-YEAR OVERVIEW

Consolidated income statement		2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenue and other operating income	AED m	85,061	85,044	88,819	82,636	73,113	62,287	54,231	43,455	43,266	38,810
Operating costs	AED m	82,626	76,714	82,926	78,376	70,274	60,474	48,788	39,890	40,988	34,359
- of which jet fuel	AED m	20,968	19,731	28,690	30,685	27,855	24,292	16,820	11,908	14,443	11,005
- of which employee costs	AED m	12,864	12,452	11,851	10,230	9,029	7,936	7,615	6,345	5,861	5,475
Operating profit	AED m	2,435	8,330	5,893	4,260	2,839	1,813	5,443	3,565	2,278	4,451
Profit attributable to the Owner	AED m	1,250	7,125	4,555	3,254	2,283	1,502	5,375	3,538	686	5,020
Consolidated statement of financial position											
Non-current assets	AED m	93,722	87,752	83,627	74,250	59,856	51,896	43,223	36,870	31,919	27,722
Current assets	AED m	27,836	31,427	27,735	27,354	34,947	25,190	21,867	18,677	15,530	18,790
- of which cash assets	AED m	15,668	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,168	10,360
Total assets	AED m	121,558	119,179	111,362	101,604	94,803	77,086	65,090	55,547	47,449	46,512
Total equity	AED m	35,094	32,405	28,286	25,471	23,032	21,466	20,813	17,475	15,571	16,843
- of which equity attributable to the Owner	AED m	34,508	31,909	27,886	25,176	22,762	21,224	20,606	17,274	15,412	16,687
Non-current liabilities	AED m	48,082	48,250	48,595	43,705	40,452	30,574	22,987	19,552	17,753	14,206
Current liabilities	AED m	38,382	38,524	34,481	32,428	31,319	25,046	21,290	18,520	14,125	15,463
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	10,425	14,105	13,265	12,649	12,814	8,107	11,004	8,328	5,016	7,335
Cash flow from investing activities	AED m	(3,129)	(2,361)	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)
Cash flow from financing activities	AED m	(10,502)	(7,975)	(6,264)	(7,107)	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)
Net change in cash and cash equivalents	AED m	(3,206)	3,769	590	1,285	(1,007)	(2,660)	866	4,769	1,827	(5,354)
Other financial data											
Net change in cash assets	AED m	(4,320)	3,103	324	(8,011)	8,985	1,614	3,462	3,343	(3,192)	1,237
EBITDAR	AED m	21,248	24,415	20,259	17,229	13,891	10,735	13,437	10,638	8,286	9,730
Borrowings and lease liabilities	AED m	51,002	50,105	47,808	42,431	40,525	30,880	23,230	19,605	16,512	13,717
Less: Cash assets	AED m	15,668	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,368	12,715
Net debt	AED m	35,334	30,117	30,923	25,870	15,953	15,293	9,257	9,094	9,144	1,002
Capital expenditure	AED m	12,632	16,723	19,873	21,142	13,378	13,644	12,238	8,053	10,178	9,058

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

Key ratios		**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Operating margin	%	2.9	9.8	6.6	5.2	3.9	2.9	10.0	8.2	5.3	11.5
Profit margin	%	1.5	8.4	5.1	3.9	3.1	2.4	9.9	8.1	1.6	12.9
Return on shareholder's funds	%	3.8	23.8	17.2	13.6	10.4	7.2	28.4	21.6	4.4	33.8
EBITDAR margin	%	25.0	28.7	22.8	20.8	19.0	17.2	24.8	24.5	19.2	25.1
Cash assets to revenue and other operating income	%	18.4	23.5	19.0	20.0	33.6	25.0	25.8	24.2	17.0	32.8
Net debt to equity ratio	%	100.7	92.9	109.3	101.6	69.3	71.2	44.5	52.0	58.7	5.9
Net debt (incl. aircraft operating leases) to equity ratio	%	237.9	215.9	212.1	209.9	186.4	162.1	127.6	158.5	167.0	98.1
Net debt (incl. aircraft operating leases) to EBITDAR	%	392.9	286.5	296.2	310.3	309.1	324.1	197.6	260.3	313.9	169.9
Effective interest rate on borrowings and lease liabilities	%	3.0	3.1	3.3	3.2	3.1	3.0	2.7	2.5	3.5	5.2
Fixed to floating debt mix		75:25	92:8	85:15	94:6	90:10	89:11	89:11	83:17	61:39	68:32
Airline Operating Statistics											
Performance Indicators											
Yield	Fils per RTKM	204	218	245	250	249	251	232	211	254	236
Unit cost	Fils per ATKM	132	132	158	162	167	166	147	136	163	151
Unit cost excluding jet fuel	Fils per ATKM	97	97	102	97	99	97	95	94	104	101
Breakeven load factor	%	64.5	60.4	64.7	64.9	66.9	65.9	63.6	64.4	64.1	64.1
Fleet											
Aircraft	number	259	251	231	217	197	169	148	142	127	109
Average fleet age	months	63	74	75	74	72	77	77	69	64	67
Production											
Destination cities	number	156	153	144	142	133	123	112	102	99	99
Overall capacity	ATKM million	60,461	56,383	50,844	46,820	40,934	35,467	32,057	28,526	24,397	22,078
Available seat kilometres	ASKM million	368,102	333,726	295,740	271,133	236,645	200,687	182,757	161,756	134,180	118,290
Aircraft departures	number	204,543	199,754	181,843	176,039	159,892	142,129	133,772	123,055	109,477	101,709
Traffic											
Passengers carried	number '000	56,076	51,853	48,139	44,537	39,391	33,981	31,422	27,454	22,731	21,229
Passenger seat kilometres	RPKM million	276,608	255,176	235,498	215,353	188,618	160,446	146,134	126,273	101,762	94,346
Passenger seat factor	%	75.1	76.5	79.6	79.4	79.7	80.0	80.0	78.1	75.8	79.8
Cargo carried	tonnes '000	2,577	2,509	2,377	2,250	2,086	1,796	1,767	1,580	1,408	1,282
Overall load carried	RTKM million	39,296	36,931	34,207	31,137	27,621	23,672	22,078	19,063	15,879	14,739
Overall load factor	%	65.0	65.5	67.3	66.5	67.5	66.7	68.9	66.8	65.1	66.8
Employee											
Average employee strength-EK	number	64,768	61,205	56,725	52,516	47,678	42,422	38,797	36,652	35,812	30,177
Average employee strength-airline	number	51,628	48,023	44,571	41,471	38,067	33,634	30,258	28,686	28,037	23,650
Revenue per airline employee	AED '000	1,580	1,717	1,939	1,938	1,868	1,796	1,738	1,459	1,492	1,625

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.

dnata TEN-YEAR OVERVIEW

Consolidated income statement		**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Revenue and other operating income	AED m	12,182	10,630	9,160	7,565	6,622	5,755	4,406	3,160	3,181	2,585
Operating costs	AED m	10,958	9,569	8,155	6,702	5,807	4,971	3,906	2,601	2,714	2,340
- of which employee costs	AED m	4,654	3,847	3,351	3,251	2,771	2,488	2,032	1,387	1,347	1,227
- of which travel services direct costs	AED m	1,913	1,951	1,458	84	n/a	n/a	n/a	n/a	n/a	n/a
- of which airport operations direct costs	AED m	1,138	949	824	883	798	699	582	442	391	234
- of which in-flight catering direct cost	AED m	794	715	735	663	601	451	241	35	40	30
Operating profit	AED m	1,224	1,061	1,005	863	815	784	500	559	467	245
Profit attributable to the Owner	AED m	1,210	1,054	906	829	819	808	576	613	507	305
Consolidated statement of financial position											
Non-current assets	AED m	5,372	4,590	4,219	4,364	3,594	3,759	3,072	1,934	1,984	1,950
Current assets	AED m	6,675	6,388	5,427	4,303	3,977	3,360	3,328	2,704	1,963	1,992
- of which cash assets	AED m	3,398	3,465	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383
Total assets	AED m	12,047	10,978	9,646	8,667	7,571	7,119	6,400	4,638	3,947	3,942
Total equity	AED m	6,706	5,554	4,853	4,756	4,097	3,683	3,282	3,194	2,553	2,180
- of which equity attributable to the Owner	AED m	6,539	5,387	4,788	4,674	4,028	3,614	3,209	3,194	2,553	2,180
Non-current liabilities	AED m	1,542	1,362	1,213	1,386	1,351	1,275	1,115	672	697	845
Current liabilities	AED m	3,799	4,062	3,580	2,525	2,123	2,161	2,003	772	697	917
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	1,281	1,390	1,058	1,125	1,162	1,167	901	764	481	540
Cash flow from investing activities	AED m	(961)	(1,076)	(697)	316	(1,910)	(431)	(1,333)	391	(71)	(1,420)
Cash flow from financing activities	AED m	(146)	(496)	(344)	(443)	(343)	(718)	(96)	(73)	(68)	224
Net change in cash and cash equivalents	AED m	174	(182)	17	998	(1,091)	18	(528)	1,082	342	(656)
Other financial data											
Cash assets	AED m	3,398	3,465	3,148	2,434	2,396	1,999	2,083	1,982	1,350	1,383

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. Travel services direct costs are arising from the acquisitions of Stella Travel in 2014-15 and Gold Medal Travel Group in 2013-14.

Key ratios		**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Operating margin	%	10.0	10.0	11.0	11.4	12.3	13.6	11.3	17.7	14.7	9.5
Profit margin	%	9.9	9.9	9.9	11.0	12.4	14.0	13.1	19.4	15.9	11.8
Return on shareholder's funds	%	20.3	20.7	19.2	19.1	21.4	23.7	18.0	21.3	21.4	15.2
Employee											
Average employee strength	number	40,978	34,117	27,428	22,980	20,229	18,356	17,971	13,298	12,434	11,640
Revenue per employee*	AED '000	297	333	399	356	327	322	323	266	256	241
Performance Indicators											
Airport											
Aircraft handled*	number	623,611	389,412	298,298	288,335	264,950	253,434	232,585	192,120	177,495	119,510
Cargo handled*	tonnes '000	2,844	2,056	1,671	1,604	1,570	1,543	1,494	1,121	1,003	633
Catering											
Meals uplifted	number '000	60,747	57,062	57,687	41,275	28,584	26,708	11,743			
Travel services											
Total transaction value (TTV)	AED m	10,687	11,747	9,782	5,892	5,357	2,630	1,610	1,559		

* Figures for 2007-08 exclude subsidiaries.

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

GROUP TEN-YEAR OVERVIEW

Financial highlights		2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenue and other operating income*	AED m	94,684	92,896	96,053	87,766	77,536	66,149	57,224	45,405	45,231	40,446
Operating costs*	AED m	91,025	83,505	89,155	82,643	73,882	63,552	51,281	41,281	42,486	35,750
Operating profit	AED m	3,659	9,391	6,898	5,123	3,654	2,597	5,943	4,124	2,745	4,696
Operating margin	%	3.9	10.1	7.2	5.8	4.7	3.9	10.4	9.1	6.1	11.6
Profit attributable to the Owner	AED m	2,460	8,179	5,461	4,083	3,102	2,310	5,951	4,151	1,193	5,325
Profit margin	%	2.6	8.8	5.7	4.7	4.0	3.5	10.4	9.1	2.6	13.2
Dividend	AED m	-	2,500	2,569	1,026	1,000	850	2,208	1,556	2,001	1,000
Financial position											
Total assets**	AED m	133,281	129,989	120,886	110,100	102,188	84,127	71,402	60,147	51,358	50,322
Cash assets	AED m	19,066	23,453	20,033	18,995	26,968	17,586	16,056	12,493	8,718	14,003
Employee data											
Average employee strength	number	105,746	95,322	84,153	75,496	67,907	60,778	56,768	49,950	48,246	41,817

* 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.
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.

GROUP COMPANIES OF EMIRATES

Air transportation and related services

Emirates

- 100% The High Street LLC (UAE)
- 100% Transguard Aviation Security LLC (UAE)
- 50% CAE Flight Training (India) Pvt Ltd
- 50% CAE Middle East Holdings Ltd (UAE)
  - 50% CAE Simulation Training Pvt Ltd (India)
- 50% Emirates - CAE Flight Training LLC (UAE)

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
  - 100% Prembev International FZE (UAE)
  - 100% Queen OS Trading FZE (UAE)
  - 90% Seyvine Ltd (Seychelles)
  - 68.7% Maritime and Mercantile International LLC (UAE)
    - 100% Duty Free Dubai Ports FZE (UAE)
    - 100% Harts International LLC (UAE)
      - 100% Golden Globe (BVI) Ltd
        - 50% Arabian Harts International Ltd (BVI)*
    - 100% Harts International Retailers (Middle East) FZE (UAE)
    - 100% Maritime and Mercantile International FZE (UAE)
    - 70% Oman United Agencies LLC (Oman)
      - 92.5% Sohar Catering & Supplies LLC (Oman)
      - 67.1% Onas Trading 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 & Spirit (Thailand) Co. Ltd
  - 40% Zanzibar Maritime and Mercantile International Co. Ltd (Tanzania)
  - 38% Dynamic Brands Pvt Ltd (India)

Hotel operations, food and beverage operations and others

Emirates

- 100% Emirates Hotels (Australia) Pty Ltd
- 100% Emirates Hotel LLC (UAE)
- 100% Emirates Land Development Services LLC (UAE)
- 100% Emirates Leisure Retail (Holding) LLC (UAE)
  - 100% Emirates Leisure Retail (Australia) Pty Ltd
    - 100% ELRA Properties Pty Ltd (Australia)
    - 100% Hudcom Pty Ltd (Australia)
    - 100% Hudsons Adelaide Airport Pty Ltd (Australia)
    - 100% Hudsons Airport Launceston Pty Ltd (Australia)
    - 100% Hudsons Albury Pty Ltd (Australia)
    - 100% Hudsons Bendigo Pty Ltd (Australia)
    - 100% Hudsons Bourke Spring Pty Ltd (Australia)
    - 100% Hudsons Elizabeth (Melb) Pty Ltd (Australia)
    - 100% Hudsons Epworth Richmond Pty Ltd (Australia)
    - 100% Hudsons Gawler Pty Ltd (Australia)
    - 100% Hudsons George (Bris) Pty Ltd (Australia)
    - 100% Hudsons Grenfell Currie Pty Ltd (Australia)
    - 100% Hudsons Hospital Australia Pty Ltd (Australia)
    - 100% Hudsons Hospitals Nth Adelaide Pty Ltd (Australia)
    - 100% Hudsons Hospitals S.A. Pty Ltd (Australia)
    - 100% Hudsons Hospitals Victoria Pty Ltd (Australia)
    - 100% Hudsons King William Pty Ltd (Australia)
    - 100% Hudsons Launceston Pty Ltd (Australia)
    - 100% Hudsons Little Collins Flinders Pty Ltd (Australia)
    - 100% Hudsons Liverpool Pty Ltd (Australia)
    - 100% Hudsons Murray Pty Ltd (Australia)
    - 100% Hudsons Myer Stores Pty Ltd (Australia)
    - 100% Hudsons Shepparton Pty Ltd (Australia)
    - 100% Hudsons WA Airports Pty Ltd (Australia)
    - 100% Hudsons William Pty Ltd (Australia)
  - 100% Emirates Leisure Retail (Singapore) Pte Ltd
  - 68.7% Emirates Leisure Retail LLC (UAE)
    - 100% Community Club Management FZE (UAE)
- 51% Premier Inn Hotels LLC (UAE)
  - 49% Premier Inn Hotels Qatar WLL (Qatar)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.
*Country of principal operations is UAE.

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 Limited (UK)
  - 100% Airline Cleaning Services Pty Ltd (Australia)
  - 100% Airport Handling Services Australia Pty Ltd
  - 100% dnata Airport Services Pty Ltd. (Australia)
  - 100% dnata Aviation Services Canada Limited
    - 50% G.T.A. Ground Handling Limited (Canada)
    - 50% G.T.A. World Cargo Limited (Canada)
  - 100% dnata Aviation Services US Inc. (USA)
    - 100% Ground Services International Inc. (USA)
    - 100% Metro Air Service Inc. (USA)
  - 100% dnata BV (The Netherlands)
  - 100% dnata Limited (UK)
    - 100% dnata Cargo Limited (UK)
    - 100% dnata Ground Limited (UK)
    - 22.6% Airports Bureau Systems Ltd (UK)
  - 100% dnata Pty Ltd (Australia)
  - 70% RM Servicos Auxilliares de Transporte Aereo S/A (Brazil)
  - 30% Airport Handling SpA (Italy)
- 100% dnata Aviation Services Holdings Limited (UAE)
- 100% dnata, Inc. (Philippines)
  - 100% dnata Clark 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)
        - 75% Guangzhou Baiyun International Airport Facilities Management & Operation Corp Ltd (P. R. China)
        - 70% Guangzhou Baiyun International Airport Cleaning Services Corp Ltd (P. R. China)
- 100% Marhaba Bahrain SPC
- 95% Air Dispatch (CLC) s.r.o. (Czech republic)
  - 100% Air Dispatch (CLC) Spolka z.o.o. (Poland)
  - 100% Air Dispatch (CLC) SK s.r.o (Slovakia)
- 80% Dnata Airport Services Kurdistan Ltd (Cayman Islands)
  - 100% Dnata for Airport Services Ltd (Iraq)
- 50% Gerry's Dnata (Private) Ltd (Pakistan)
- 50% India Premier Services Pvt Ltd

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 Services Pty Ltd (Australia)
      - 100% Alpha ATS Pty Ltd (Australia)
    - 100% Alpha Flight UK Ltd
    - 100% Alpha Flight US Inc.
      - 100% Alpha In-flight US LLC
    - 100% dnata srl (Italy)
    - 64.2% dnata Catering srl (Romania)
    - 50% Alpha LSG Ltd (UK)
    - 49% Alpha Flight Services UAE LLC
    - 35.9% Jordan Flight Catering Company Ltd
    - 28.7% Silver Wings OOD (Bulgaria)
      - 99.2% Consortium Alpha DZZD (Bulgaria)
  - 85.2% En Route International Ltd (UK)
    - 100% En Route International Australia Pty Ltd
    - 100% En Route International General Trading LLC (UAE)
    - 100% En Route International Japan Ltd
    - 100% En Route International Limited (Hong Kong)
    - 100% En Route International South Africa (Pty) Ltd
    - 100% En Route International USA, Inc.
  - 50% Mountainfield Investments (Pty) Ltd (South Africa)
    - 100% dnata Newrest (Pty) Ltd (South Africa)

* Also provides catering services

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.

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 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 Inc. (Philippines)
- 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)
  - 76.9% Oman United Agencies Travel LLC (Oman)
    - 100% Sama Travel & Services International LLC (Oman)
    - 50% Moon Travel LLC (Oman)
- 100% Najm Travel LLC (UAE)*
- 100% Travel Partners LLC (UAE)
  - 100% Travel Partners (London) Limited (UK)
- 75% Super Bus Tourism LLC (UAE)
- 70% dnata Travel Company Limited (Saudi Arabia)
- 51% G Travel International LLC (UAE)
- 51% Imagine Enterprise Limited (UK)
  - 100% Imagine Cruising Limited (UK)
    - 100% Imagine Transport Limited (UK)
  - 100% Imagine Cruising Pty Ltd (Australia)
  - 100% Imagine Cruising (Pty) Ltd (South Africa)
- 50% Al Tawfeeq Travels Co. WLL (Qatar)
  - 100% Najm Travels WLL (Qatar)
- 50% Dunya Travel LLC (UAE)
  - 100% Dunya Air Services LLC (UAE)
- 50% Najm Travels LLC (Afghanistan)
- 50% Travel Counsellors LLC (UAE)
  - 100% Travel Counsellors FZE (UAE)
- 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% Bolloré Logistics LLC (UAE)

Others

dnata

- 100% Plafond Fit Out LLC (UAE)
- 100% Transecure LLC (UAE)
- 50% Transguard Group LLC (UAE)
  - 100% CASS International General Trading LLC (UAE)
  - 50% Transguard Cash LLC (UAE)
  - 100% Transguard Group International LLC (UAE)
    - 100% Transguard Group Cash KSA LLC (UAE)
  - 100% Transguard SPS LLC (UAE)
  - 100% Transguard Themis LLC (UAE)
- 9.1% Canary Topco Ltd (UK)

Note: Percentages indicate beneficial interest in the company, legal shareholdings may be different.
The country of incorporation is same as country of principal operations.
*Country of principal operations is Iraq.

GLOSSARY

A

Acquisitions – The sum of purchase consideration for acquisition of subsidiaries and investments made in associates and joint ventures.

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 and cash and cash equivalents.

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 floating 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.

N

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

Net debt to 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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